# ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

**Financial Statements And Dividend Announcement for the Full Year Ended 30 June 2009**

**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL-YEAR ANNOUNCEMENTS**

**1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | **Note** | **Financial Year Ended 30/06/2009** RM'000 | **Financial Year Ended 30/06/2008** RM'000 | **Increase/ (Decrease)** % |
|---|---|---|---|---|
| Revenue | | 22,122 | 24,585 | (10.0) |
| Cost of sales | | (10,388) | (8,339) | 24.6 |
| Gross profit | | 11,734 | 16,246 | (27.8) |
| Other income | | 1,513 | 1,114 | 35.8 |
| Selling and distribution expenses | | (3,245) | (2,515) | 29.0 |
| General and administrative expenses | | (16,753) | (7,791) | 115.0 |
| Other expenses | | (869) | (266) | 226.7 |
| Financial expenses | | (1,196) | (837) | 42.9 |
| (Loss)/Profit before income tax | A | (8,816) | 5,951 | (248.1) |
| Income tax expense | B | (60) | (1,881) | (96.8) |
| Net (loss)/profit | | (8,876) | 4,070 | (318.1) |
| **Attributable to:** | | | | |
| Equity holders of the Company | | (8,128) | 4,056 | (300.4) |
| Minority interests | | (748) | 14 | n.m. |
| | | (8,876) | 4,070 | (318.1) |

n.m. = not meaningful.

## 1(a)(ii) Notes to income statement

A. The (loss)/profit before income tax is determined after crediting/(charging) the followings:

| | Financial Year Ended 30/06/2009 RM'000 | Financial Year Ended 30/06/2008 RM'000 | Increase/ (Decrease) % |
|---|---|---|---|
| Interest income | | | |
| - Bank balances | 308 | 428 | (28.0) |
| - Adjustment of trade receivables to amortised cost | 658 | 248 | 165.3 |
| Waiver of debts by other creditors | 340 | - | n.m. |
| Interest expenses: | | | |
| - Finance leases | (41) | (13) | 215.4 |
| - Adjustment of other payable to amortised cost | (714) | (715) | - |
| - Bank guarantee | (138) | (109) | 26.6 |
| - Bank overdraft | (11) | - | n.m. |
| - Term loans | (292) | - | n.m. |
| Depreciation of property, plant and equipment | (543) | (287) | 89.2 |
| Allowance for impairment of trade and other receivables | (477) | - | n.m. |
| Foreign exchange gain/(loss), net | (86) | 391 | n.m. |
| Loss on disposal of property, plant and equipment | (165) | - | n.m. |
| Operating lease expenses | (1,796) | (883) | 103.4 |

n.m. = not meaningful.

B. Tax expense

| | Financial Year Ended 30/06/2009 RM'000 | Financial Year Ended 30/06/2008 RM'000 | Increase/ (Decrease) % |
|---|---|---|---|
| Income tax expense | | | |
| - Current year | 95 | 1,981 | (95.2) |
| - Over provision in respect of prior years | (20) | (117) | (82.9) |
| Deferred income tax | | | |
| - Current year | (15) | 17 | (188.2) |
| | 60 | 1,881 | (96.8) |

The lower income tax expense for the financial year ended 30 June 2009 was mainly because the Group recorded a loss before income tax, as opposed to a profit before income tax in the previous year.

**1(b)(i) A balance sheet (for the issuer and the group), together with a comparative statement as at the end of the immediate preceding financial year.**

| | Group | | Company | |
|---|---|---|---|---|
| | **30/06/2009** | **30/06/2008** | **30/06/2009** | **30/06/2008** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2,203 | 1,820 | 317 | 364 |
| Investment in subsidiaries | - | - | 229,087 | 225,509 |
| Goodwill on consolidation | 7,838 | - | - | - |
| Trade receivables | 1,033 | 8,738 | - | - |
| | 11,074 | 10,558 | 229,404 | 225,873 |
| **Current assets** | | | | |
| Inventories | 46,185 | 25,389 | - | - |
| Trade receivables | 34,925 | 29,852 | - | - |
| Other receivables and deposits | 4,837 | 1,039 | 2,009 | 131 |
| Prepayments | 267 | 208 | 76 | 93 |
| Amount due from subsidiaries (non-trade) | - | - | 26,957 | 9,087 |
| Cash and bank balances | 29,049 | 19,477 | 12,931 | 7,217 |
| | 115,263 | 75,965 | 41,973 | 16,528 |
| **Current liabilities** | | | | |
| Trade payables | 4,883 | 3,050 | - | - |
| Other payables and accruals | 19,685 | 11,814 | 235 | 787 |
| Finance lease liabilities | 150 | 95 | - | - |
| Bank borrowings | 2,276 | 26 | - | 26 |
| Amount due to directors (non-trade) | - | 486 | - | 486 |
| Current income tax liabilities | 208 | 25 | 34 | - |
| | 27,202 | 15,496 | 269 | 1,299 |
| **Net current assets** | 88,061 | 60,469 | 41,704 | 15,229 |
| **Non-current liabilities** | | | | |
| Other payable | 11,691 | 10,976 | - | - |
| Finance lease liabilities | 462 | 366 | - | - |
| Bank borrowings | 2,557 | - | - | - |
| Deferred income tax liabilities | 103 | 82 | - | - |
| | (14,813) | (11,424) | - | - |
| **Net assets** | 84,322 | 59,603 | 271,108 | 241,102 |

| | Group | | Company | |
|---|---|---|---|---|
| | 30/06/2009 | 30/06/2008 | 30/06/2009 | 30/06/2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | 272,350 | 241,618 | 272,350 | 241,618 |
| Restructuring reserve | (201,554) | (201,554) | - | - |
| Foreign currency translation reserve | 81 | 12 | - | - |
| Retained earnings/ (Accumulated losses) | 10,733 | 18,861 | (1,242) | (516) |
| | 81,610 | 58,937 | 271,108 | 241,102 |
| **Minority interests** | 2,712 | 666 | - | - |
| **Total equity** | 84,322 | 59,603 | 271,108 | 241,102 |

**1(b)(ii) Aggregate amount of group's borrowings and debts securities.**

Amount repayable in one year or less, or on demand

| | As at 30/06/2009 | | As at 30/06/2008 | |
|---|---|---|---|---|
| | Secured | Unsecured | Secured | Unsecured |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Finance lease | 150 | - | 95 | - |
| **Bank borrowings:** | | | | |
| Bank overdraft | 982 | - | 26 | - |
| Term loans | 1,294 | - | - | - |

Amount repayable after one year

| | As at 30/06/2009 | | As at 30/06/2008 | |
|---|---|---|---|---|
| | Secured | Unsecured | Secured | Unsecured |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Finance lease | 462 | - | 366 | - |
| **Bank borrowings:** | | | | |
| Term loans | 2,557 | - | - | - |

**Details of any collateral**

**Finance leases**

Finance leases are for motor vehicles and are secured by way of legal mortgages on the underlying lease assets.

**Bank borrowings**

(a) The subsidiary, HMS Capital Sdn Bhd, was granted a facility comprising bank guarantees of up to RM13,775,000, a term loan of up to RM4,000,000 and a bank overdraft of up to RM500,000 from a licensed bank. The term loan is repayable in 48 monthly instalments, the first instalment commenced in August 2008. This banking facility is secured by bank deposits of RM6,888,000 and a corporate guarantee from the Company.

(b) The subsidiary, U&U Memorial Development (S.P.) Sdn Bhd ("UUMD"), was granted a facility comprising bank guarantees of up to RM500,000, a term loan of up to RM800,000 and a bank overdraft of up to RM700,000 from a licensed bank. The term loan is repayable in 60 monthly instalments, the first instalment commenced in August 2008. This banking facility is secured by bank deposits of RM600,000, a corporate guarantee from Credit Guarantee Corporation (M) Berhad, a corporate guarantee from U&U Memorial Corporation (M) Sdn Bhd, ("UUMC") and personal guarantees from certain directors/managers of UUMD.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | **Financial Year Ended 30/06/2009** RM'000 | **Financial Year Ended 30/06/2008** RM'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net (loss)/profit | (8,876) | 4,070 |
| Adjustments: | | |
| Income tax expense | 60 | 1,881 |
| Depreciation of property, plant and equipment | 546 | 287 |
| Loss on disposal of property, plant and equipment | 165 | - |
| Interest expense | 1,196 | 837 |
| Interest income | (966) | (676) |
| Exchange difference arising from consolidation | 114 | 17 |
| **Operating (loss)/profit before working capital changes** | (7,761) | 6,416 |
| Decrease (Increase) in: | | |
| Inventories | (16,799) | (11,216) |
| Trade and other receivables, deposits and prepayments | 4,803 | (19,488) |
| Increase (Decrease) in: | | |
| Trade and other payables and accruals | 3,210 | 7,883 |
| Amount due to a director (non-trade) | (486) | - |
| **Cash used in operating activities** | (17,033) | (16,405) |
| Income tax paid | (1,582) | (5,238) |
| Interest expense paid | (482) | (123) |
| Interest income received | 308 | 428 |
| **Net cash used in operating activities** | (18,789) | (21,338) |
| **Cash flows from investing activities** | | |
| Net cash flow on acquisition of subsidiaries | (8,145) | - |
| Purchase of property, plant and equipment | (598) | (480) |
| Proceeds from disposal of property, plant and equipment | 30 | - |
| **Net cash used in investing activities** | (8,713) | (480) |

| | Financial Year Ended 30/06/2009 RM'000 | Financial Year Ended 30/06/2008 RM'000 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from issuance of new ordinary shares pursuant to share placement exercise | 17,275 | 20,754 |
| Share placement expenses paid | (51) | (78) |
| Listing expenses paid | - | (1,427) |
| Proceeds from issuance of warrants | 14,205 | - |
| Warrants issue expenses paid | (698) | - |
| Proceeds from exercise of warrants | 1 | - |
| Proceeds from borrowings | 4,000 | - |
| Repayment of borrowings | (933) | - |
| (Increase)/Decrease in bank deposits pledged | (600) | 6,887 |
| Net proceeds from issuance of shares by subsidiary to minority shareholders | 2,458 | 646 |
| Repayment of finance lease liabilities | (139) | (50) |
| **Net cash from financing activities** | 35,518 | 26,732 |
| **Net increase in cash and cash equivalents** | 8,016 | 4,914 |
| **Cash and cash equivalents at the beginning of year** | 12,563 | 7,649 |
| **Cash and cash equivalents and the end of year** | 20,579 | 12,563 |

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance-sheet amounts:

| | 30/06/2009 RM'000 | 30/06/2008 RM'000 |
|---|---|---|
| Cash and bank balances | 29,049 | 19,477 |
| Bank overdraft | (982) | (26) |
| | 28,067 | 19,451 |
| Bank deposits pledged | (7,488) | (6,888) |
| Cash and cash equivalents | 20,579 | 12,563 |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalising issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share capital** RM'000 | **Restructuring reserve** RM'000 | **Foreign currency translation reserve** RM'000 | **Retained earnings** RM'000 | **Total** RM'000 | **Minority interests** RM'000 | **Total equity** RM'000 |
| **Group** | | | | | | | |
| **2009** | | | | | | | |
| Balance at 1 July 2008 | 241,618 | (201,554) | 12 | 18,861 | 58,937 | 666 | 59,603 |
| Foreign currency translation, representing net income recognised directly in equity | - | - | 69 | - | 69 | 46 | 115 |
| Net loss | - | - | - | (8,128) | (8,128) | (748) | (8,876) |
| Total recognised income and expense for the year | - | - | 69 | (8,128) | (8,059) | (702) | (8,761) |
| Issuance of new ordinary shares pursuant to share placement exercise | 17,275 | - | - | - | 17,275 | - | 17,275 |
| Share placement expenses | (51) | - | - | - | (51) | - | (51) |
| Issuance of warrants | 14,205 | - | - | - | 14,205 | - | 14,205 |
| Warrants issue expenses | (698) | - | - | - | (698) | - | (698) |
| Issuance of new shares pursuant to exercise of warrants | 1 | - | - | - | 1 | - | 1 |
| Issuance of new ordinary shares to minority interests | - | - | - | - | - | 2,458 | 2,458 |
| Arising from acquisition of subsidiaries | - | - | - | - | - | 290 | 290 |
| Balance at 30 June 2009 | 272,350 | (201,554) | 81 | 10,733 | 81,610 | 2,712 | 84,322 |

| | Attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Restructuring reserve | Foreign currency translation reserve | Retained earnings | Total | Minority interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **2008** | | | | | | | |
| Balance at 1 July 2007 | 224,540 | (201,554) | - | 14,805 | 37,791 | - | 37,791 |
| Foreign currency translation, representing net income recognised directly in equity | - | - | 12 | - | 12 | 6 | 18 |
| Net profit | - | - | - | 4,056 | 4,056 | 14 | 4,070 |
| Total recognised income and expense for the year | - | - | 12 | 4,056 | 4,068 | 20 | 4,088 |
| Listing expenses | (3,598) | - | - | - | (3,598) | - | (3,598) |
| Issuance of new ordinary shares pursuant to share placement exercise | 20,754 | - | - | - | 20,754 | - | 20,754 |
| Share placement expenses | (78) | - | - | - | (78) | - | (78) |
| Issuance of new ordinary shares to minority interests | - | - | - | - | - | 646 | 646 |
| Balance at 30 June 2008 | 241,618 | (201,554) | 12 | 18,861 | 58,937 | 666 | 59,603 |

| | Share capital RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
|---|---|---|---|
| **Company** | | | |
| **2009** | | | |
| Balance at 1 July 2008 | 241,618 | (516) | 241,102 |
| Net loss, representing total recognised expense for the year | - | (726) | (726) |
| Issuance of new ordinary shares pursuant to share placement exercise | 17,275 | - | 17,275 |
| Share placement expenses | (51) | - | (51) |
| Issuance of warrants | 14,205 | - | 14,205 |
| Warrants issue expenses | (698) | - | (698) |
| Issuance of new shares pursuant to exercise of warrants | 1 | - | 1 |
| Balance at 30 June 2009 | 272,350 | (1,242) | 271,108 |
| **2008** | | | |
| Balance at 1 July 2007 | 224,540 | (218) | 224,322 |
| Listing expenses | (3,598) | - | (3,598) |
| Issuance of new ordinary shares pursuant to share placement exercise | 20,754 | - | 20,754 |
| Share placement expenses | (78) | - | (78) |
| Net loss, representing total recognised expense for the year | - | (298) | (298) |
| Balance at 30 June 2008 | 241,618 | (516) | 241,102 |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The movement of the Company's share capital is as follow:

| | Number of issued shares |
|---|---|
| Balance at 1 July 2008 | 550,000,000 |
| Issuance of new ordinary shares pursuant to share placement exercise on 8 July 2008 | 40,000,000 |
| Issuance of new shares pursuant to exercise of warrants on 18 June 2009 | 2,721 |
| Balance at 30 June 2009 | 590,002,721 |

The number of shares that may be issued on conversion of the Company outstanding warrants as at the end of financial year is as follow:

| | 30/06/2009 | 30/06/2008 |
|---|---|---|
| Total number of shares that may be issued on conversion of the Company outstanding warrants | 589,997,279 | - |

There were no outstanding treasury shares as at 30 June 2009.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding financial year.**

| | 30/06/2009 | 30/06/2008 |
|---|---|---|
| Total number of issued shares excluding treasury shares | 590,002,721 | 550,000,000 |

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the independent auditor.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation are consistent with those applied to the audited financial statements for the financial year ended 30 June 2008, except as disclosed in paragraph 5 below.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective from annual periods beginning on or after 1 January 2008. The adoption of the new/revised FRS and INT FRS did not result in changes to the Group's or the Company's accounting policies and had no material impact on the results under review. Where applicable, the presentation of the financial information has been amended to comply with these standards.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | **Financial Year Ended 30/06/2009** | **Financial Year Ended 30/06/2008** |
|---|---|---|
| Net (loss)/profit for the year attributable to equity holders (RM) | (8,128,000) | 4,056,000 |
| Weighted average number of shares (No.) | 589,232,974 | 513,150,685 |
| Basic (loss)/earnings per share (RM cents) | (1.38) | 0.79 |
| Diluted (loss)/earnings per share (RM cents) | - * | 0.79 |

* No diluted loss per share for financial year ended 30 June 2009 was presented as the exercise of the dilutive warrants will result in anti-dilution of loss per share.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-**

**(a) current financial period reported on; and**
**(b) immediately preceding financial year.**

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **30/06/2009** | **30/06/2008** | **30/06/2009** | **30/06/2008** |
| Net asset value per ordinary share | RM0.14 | RM0.11 | RM0.46 | RM0.44 |

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**A. Review of Financial Performance**

**<u>Financial Year Ended 30 June 2009 ("FY09") vs Financial Year Ended 30 June 2008 ("FY08")</u>**

Group revenue declined by RM2.5 million to RM 22.1 million in FY09, which was mainly attributable to the higher sales rebate of RM1.8 million granted to customers for full settlement of debts. Although the Group recorded marginal decrease in gross revenue, the Group experienced a change in sales mix. Sales of burial plots and niches fell by RM5.5 million during the financial year. The change in sales strategy since the end of 3Q FY08, from the selling and distribution of pre-launched plots and niches to the retail sale of plots and niches, lowered the sales of burial plots and niches. This decrease, however, was mitigated by additional revenues from the sales of columbaria, funeral services, construction of tombs and other service income. These revenues increased by RM5.0 million as compared to FY08.

In line with the fall in revenue, the Group recorded a lower gross profit of RM11.7 million for FY09 (FY08: RM16.2 million). In addition, the drop in gross profit margin, which fell by 13 percentage points to 53%, also contributed to the decrease in gross profit. In the last quarter of FY08 and during the current financial year, the Group completed major infrastructure works for Semenyih Memorial Hills. These resulted in higher costs, which, together with a decrease in pre-need sales following the onset of the global financial crisis, adversely impacted the Group's profitability. In addition, lower-margin ancillary products and services accounted for a higher proportion of sales, which also reduced the gross profit margin for FY09.

The lower gross profit, coupled with higher selling and distribution expenses as well as higher general and administrative expenses, resulted in the Group posting a loss before income tax of RM8.8 million in FY09 compared with a profit before income tax of RM6.0 million in FY08.

Higher selling and distribution expenses were primarily attributable to the expansion and diversification of distribution channels in anticipation of an increase in retail sales. The increase in general and administrative expenses was in line with the Group's continual efforts to build up its selling & distribution channels and its management team, as well as to consolidate the expenses of UUMC, a subsidiary it acquired in FY09. These increases were in the following areas:

- Directors' remuneration, staff salary and benefits of RM4.5 million;
- Office rental of RM1.2 million; and
- Operational and general administrative expenses of RM3.2 million.

## B. Review of Financial Position

**Non-current assets**

The increase of RM0.5 million in non-current assets was due mainly to goodwill arising from the acquisition of UUMC of RM7.8 million. The increase is partly offset by the classification of RM7.7 million from long term trade receivables as at 30 June 2008 to current trade receivables as at 30 June 2009.

**Current assets**

As at 30 June 2009, the current assets of the Group have increased by RM39.3 million to RM115.3 million. This increase was attributed to the following factors:

1. Inventories increased by RM20.8 million to RM46.2 million (RM25.4 million as at 30 June 2008). This increase was due mainly to:

    - Consolidation of inventories totalling RM4.0 million from the acquisition of UUMC; and
    - Additional construction costs of RM20.8 million incurred in FY09.

    These increases were offset by the sale of burial plots, burial niches and columbaria during the year, which had an inventory value of RM4.1 million.

2. Current trade receivables increased by RM5.1 million to RM34.9 million (RM29.8 million as at 30 June 2008). The increase comprised of consolidation of UUMC's trade receivables of RM2.9 million following the acquisition of UUMC, as well as credit sales of RM22.1 million during the year and the re-classification of RM7.7 million from long term trade receivables to current trade receivables. These increases were partly offset by the collection of approximately RM27.3 million during the year and allowance for impairment of trade receivables of RM0.5 million.

3. Other receivables and deposits increased by RM3.8 million to RM4.8 million (RM1.0 million as at 30 June 2008). The increase was mainly attributed to the payment of a deposit of RM1.6 million to a stakeholder prior to commencing a review to assess the Group's potential participation in a project in Hong Kong. Other reasons for the increase are detailed below:

    - Consolidation of UUMC's other receivables and deposits amounting to RM715,000; and
    - Tax recoverable of RM1.8 million.

4. Cash and bank balances increased by RM9.6 million to RM29.1 million (RM19.5 million as at 30 June 2008). The Group generated cash from the following:

    - Net proceeds from the placement of shares amounting to RM17.2 million;
    - Net proceeds from the issuance of warrants amounting to RM13.5 million;
    - Net proceeds from the issuance of shares by a subsidiary to minority shareholders amounting to RM2.5 million; and
    - The drawdown of a term loan, net of repayment, amounting to RM3.1 million.

    These cash inflows were partly utilised to fund the operating activities of RM18.8 million as well as payments of RM4.4 million for the acquisition of UUMC.

**Current liabilities**

The Group's current liabilities, amounting to RM27.2 million as at 30 June 2009, had increased by RM11.7 million since 30 June 2008. This increase was due mainly to:

- An amount of RM4.0 million payable for the acquisition of UUMC;
- Consolidation of UUMC's trade payables, other payables and accruals amounting to RM6.2 million; and
- Bank overdraft and current portion of term loans totalling RM2.3 million.

**Non-current liabilities**

The increase in non-current liabilities of RM3.4 million was primarily attributed to the utilisation of term loans amounting to RM2.6 million.

## C. Review of Cash Flow

The Group recorded an increase in cash and cash equivalents of RM8.0 million in FY09. During the current financial year, the Group raised an aggregate of RM36.3 million from the share placement exercise, issuance of warrants, issuance of new shares by subsidiaries to minority shareholders and the drawdown on a term loan (net of repayment).

These cash inflows were offset partly by the following:

- An operating loss before changes in working capital of approximately RM7.8 million;
- Net decrease in working capital of RM9.3 million;
- Payment of income tax of RM1.6 million; and
- Net cash outflow on the acquisition of UUMC amounting to RM8.1 million.

As a result, the Group ended FY09 in a net cash position of RM20.6 million, net of bank overdraft and deposits pledged.

## 9. Where a forecast or a prospect statement has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The bereavement care services industry is capital intensive and requires specialised industry knowledge. The barriers to entry for this industry are thus high and there is no significant change in the competitive landscape in the industry. The Group will continue on its strategy to develop high end memorial parks and to also provide quality bereavement care services. This will enable the Group to stay competitive against other operators.

The Malaysian economy contracted 6.2% in the first quarter of 2009. Monthly economic indicators up to May 2009 released by the Department of Statistics Malaysia, showed that the economy is still losing momentum. It is expected that Malaysia will experience a recession in 2009, its first since the Asian financial crisis (1997-1999). In addition, the global financial crisis and the political uncertainty in Malaysia have had a negative impact on businesses across all sectors, with investment sentiment turning extremely cautious. As a result, the directors expect trading conditions, especially for pre-need sales, to continue to be difficult in the next 12 months.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim(final) ordinary dividend has been declared 9recommended); and**

**(b) (i) Amount per share ……… cents**

**(ii) Previous corresponding period ……. Cents**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net tax, state the tax rate and the country where dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company up to 5.00 pm) will be registered before entitlements to the dividend determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to the effect.**

No dividend has been declared for the quarter ended 30 June 2009.

## PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCMENT

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Revenue and profit of the Group for the financial year ended 30 June 2009 were mainly derived from the sale of burial plots to customers in Malaysia. The principal assets employed by the Group are located in Malaysia. Accordingly, no segmental information is presented.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8 for review of performance.

**15. A breakdown of sales.**

| | Latest financial year RM'000 | Previous financial year RM'000 | % increase/ (Decrease) |
|---|---|---|---|
| (a) Sales reported for first half year | 11,447 | 15,695 | (27.1) |
| (b) Operating profit/(loss) after tax before deducting minority interests reported for first half year | (2,691) | 5,974 | (145.0) |
| (c) Sales reported for second half year | 10,675 | 8,890 | 20.1 |
| (d) Operating profit/(loss) after tax before deducting minority interests reported for second half year | (6,185) | (1,904) | (224.8) |

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**
**(a) Ordinary**
**(b) Preference**
**(c) Total**

Not applicable.

## 17. Interested persons transactions

Not applicable.

**BY ORDER OF THE BOARD**

**Michael Chu Siu Yin**
**Chief Financial Officer**
**25 August 2009**