



ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

Full Year Financial Statements And Dividend Announcement for the Period Ended 30 June 2010

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

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

	Note	Financial Year Ended		Increase/ (decrease) %
		30 June 2010 RM'000	30 June 2009 RM'000	
Revenue		18,578	23,519	(21.0)
Cost of sales		<u>(7,321)</u>	<u>(10,388)</u>	(29.5)
Gross profit		11,257	13,131	(14.3)
Other income		2,013	1,374	46.5
Expenses				
- Selling and distribution		(2,867)	(4,643)	(38.3)
- General and administrative		(15,664)	(16,753)	(6.5)
- Other		(5,600)	(730)	667.1
- Financial		<u>(1,191)</u>	<u>(1,196)</u>	(0.4)
Loss before income tax	A	(12,052)	(8,817)	36.7
Income tax expense	B	<u>(134)</u>	<u>(59)</u>	127.1
Net loss		<u>(12,186)</u>	<u>(8,876)</u>	37.3
Other comprehensive income, net of tax				
- Foreign currency translation		<u>(204)</u>	<u>115</u>	n.m.
Total comprehensive income		<u>(12,390)</u>	<u>(8,761)</u>	41.4

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Securities Trading Limited ("SGX-ST"). The Sponsor had not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any statements or opinions made or reports contained in this announcement.

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	Note	Financial Year Ended		Increase/ (decrease) %
		30 June 2010 RM'000	30 June 2009 RM'000	
Loss attributable to:				
Owner of the parent		(10,871)	(8,128)	33.7
Non-controlling interests		<u>(1,315)</u>	<u>(748)</u>	75.8
		<u><u>(12,186)</u></u>	<u><u>(8,876)</u></u>	37.3
Total comprehensive income attributable to:				
Owner of the parent		(10,993)	(8,059)	36.4
Non-controlling interests		<u>(1,397)</u>	<u>(702)</u>	99.0
		<u><u>(12,390)</u></u>	<u><u>(8,761)</u></u>	41.4

*n.m. = not meaningful.

1(a)(ii) Notes to statement of comprehensive income

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

	Financial Year Ended		Increase/ (decrease) %
	30 June 2010 RM'000	30 June 2009 RM'000	
Interest income:			
- Bank balances	(279)	(308)	(9.4)
- Adjustment of trade receivables to amortised cost	(79)	(658)	(88.0)
Waiver of debt by other payables	-	(340)	n.m.
Gain on deconsolidation of subsidiary	(1,469)	-	n.m.
Interest expenses:			
- Finance leases	28	41	(31.7)
- Adjustment of other payable to amortised cost	714	714	-
- Bank guarantee	188	138	36.2
- Bank overdraft	37	11	236.4
- Term loan	223	292	(23.6)
Depreciation of property, plant and equipment	491	546	(10.1)
Foreign exchange loss, net	338	86	293.0
Allowance for impairment of trade and other receivables	5,255	304	1,628.6
(Gain)/loss on disposal of property, plant and equipment	(10)	164	n.m.
Development expenditure written off	-	173	n.m.

B. Income tax expense

	Financial Year Ended		
	30 June 2010	30 June 2009	Increase/ (decrease)
	RM'000	RM'000	%
Income tax expense			
- Current year	129	95	35.8
- Under/(over) provision in respect of prior year	10	(20)	n.m.
Deferred income tax			
- Current year	<u>(5)</u>	<u>(16)</u>	(68.8)
	<u>134</u>	<u>59</u>	127.1

A provision of RM129,000 was made for income tax expense for the financial year ended 30 June 2010 even though the Group had recorded a loss before income tax. This was because the loss incurred by the Company cannot be used to claim group relief to offset the relevant taxes imposed on chargeable income of subsidiaries in Malaysia.

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

	Group		Company	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
ASSETS				
Current assets				
Cash and bank balances	17,708	29,049	6,681	12,931
Trade and other receivables	31,098	36,999	36,067	27,022
Inventories and development expenditure	48,131	46,185	-	-
Other current assets	3,191	3,031	1,986	2,020
	<u>100,128</u>	<u>115,264</u>	<u>44,734</u>	<u>41,973</u>
Non-current assets				
Trade and other receivables	166	1,033	-	-
Investment in subsidiaries	-	-	224,540	229,087
Property, plant and equipment	1,936	2,203	281	317
Intangible assets	7,838	7,838	-	-
	<u>9,940</u>	<u>11,074</u>	<u>224,821</u>	<u>229,404</u>
Total assets	<u>110,068</u>	<u>126,338</u>	<u>269,555</u>	<u>271,377</u>
LIABILITIES				
Current liabilities				
Trade and other payables	22,442	24,569	573	235
Borrowings	2,048	2,426	-	-
Current income tax liabilities	40	208	38	34
	<u>24,530</u>	<u>27,203</u>	<u>611</u>	<u>269</u>
Non-current liabilities				
Other payable	12,405	11,691	-	-
Borrowings	1,890	3,019	-	-
Deferred income tax liabilities	98	103	-	-
	<u>14,393</u>	<u>14,813</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>38,923</u>	<u>42,016</u>	<u>611</u>	<u>269</u>
Net assets	<u>71,145</u>	<u>84,322</u>	<u>268,944</u>	<u>271,108</u>

	Group		Company	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
EQUITY				
Equity attributable to owner of the parent				
Share capital	260,083	258,843	260,083	258,843
Restructuring reserve	(201,554)	(201,554)	-	-
Warrant reserve	13,431	13,507	13,431	13,507
Foreign currency translation reserve	5	81	-	-
Retained earnings/ (accumulated losses)	<u>(138)</u>	<u>10,733</u>	<u>(4,570)</u>	<u>(1,242)</u>
	71,827	81,610	268,944	271,108
Non-controlling interests	<u>(682)</u>	<u>2,712</u>	<u>-</u>	<u>-</u>
Total equity	<u><u>71,145</u></u>	<u><u>84,322</u></u>	<u><u>268,944</u></u>	<u><u>271,108</u></u>

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

Amount repayable in one year or less, or on demand

	As at 30/06/2010		As at 30/06/2009	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance leases	132	-	150	-
Bank borrowings:				
Bank overdraft	731	-	982	-
Term loans	1,185	-	1,294	-

Amount repayable after one year

	As at 30/06/2010		As at 30/06/2009	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance leases	320	-	462	-
Bank borrowings:				
Term loans	1,570	-	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 the following financing facilities:
- (i) Bank guarantees of up to RM13,775,000;
 - (ii) A term loan of up to RM4,000,000; and
 - (iii) An overdraft facility of up to RM500,000 from a licensed bank.

The term loan is repayable in 48 monthly instalments, the first of which commenced in August 2008. The recurring monthly instalments have thus far been duly repaid. The banking facility is secured by bank deposits of RM7,018,000 and a corporate guarantee from the Company.

- (b) The subsidiary, U&U Memorial Development (S.P.) Sdn Bhd (“UUMD”), was granted the following financing facilities:
- (i) Bank guarantees of up to RM500,000;
 - (ii) A term loan of up to RM800,000; and
 - (iii) An overdraft facility of up to RM700,000 from a licensed bank.

The term loan is repayable in 60 monthly instalments, the first of which commenced in August 2008. The recurring monthly instalments have thus far been duly repaid. The banking facility is secured by bank deposits of RM638,000, a corporate guarantee from Credit Guarantee Corporation (M) Berhad, a corporate guarantee from U&U Memorial Corporation (M) Sdn Bhd and personal guarantees from certain directors/managers of UUMD.

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

	Financial Year Ended	
	30 June 2010 RM'000	30 June 2009 RM'000
Cash flows from operating activities		
Net loss	(12,186)	(8,876)
Adjustments:		
Depreciation of property, plant and equipment	491	546
Property, plant and equipment written off	7	-
(Gain)/loss on disposal of property, plant and equipment	(10)	164
Gain on disposal of financial asset, at fair value through profit and loss	(2)	-
Interest expense	1,190	1,196
Income tax expense	134	59
Interest income	(358)	(966)
Gain on deconsolidation of subsidiary	(1,469)	-
Exchange difference arising from consolidation	(204)	115
	(12,407)	(7,762)
Changes in working capital, net of effect from acquisition of subsidiaries		
Trade and other receivables	11,445	6,393
Inventories and development expenditure	(3,227)	(16,800)
Other current assets	(160)	(1,929)
Trade and other payables	(1,266)	3,064
	(5,615)	(17,034)
Cash used in operations	(5,615)	(17,034)
Income tax paid	(358)	(1,581)
Interest expense paid	(477)	(482)
Interest income received	279	308
	(6,171)	(18,789)
Net cash used in operating activities	(6,171)	(18,789)
Cash flows from investing activities		
Purchase of property, plant and equipment	(262)	(598)
Proceed from disposal of property, plant and equipment	41	30
Proceed from disposal of financial asset	2	-
Cash flow from deconsolidation of subsidiary	(4,633)	-
Acquisition of subsidiaries, net of cash acquired	-	(8,145)
	(4,852)	(8,713)
Net cash used in investing activities	(4,852)	(8,713)

	Financial Year Ended	
	30 June 2010 RM'000	30 June 2009 RM'000
Cash flows from financing activities		
Net proceeds from issuance of shares to minority shareholders	25	2,458
Proceeds from exercise of warrants	1,164	1
Proceed from issue of warrants	-	14,205
Warrants issue expense paid	-	(698)
Proceeds from issuance of new ordinary shares pursuant to share placement exercise	-	17,275
Share placement expenses paid	-	(51)
Drawdown of term loan	-	4,000
Repayment of term loan	(1,096)	(933)
Increase in fixed deposits pledged	(146)	(622)
Repayment of finance lease obligations	(160)	(139)
Net cash (used in)/provided by financing activities	(213)	35,496
Net (decrease)/increase in cash and cash equivalents	(11,236)	7,994
Cash and cash equivalents at the beginning of year	20,557	12,563
Cash and cash equivalents and the end of year	9,321	20,557

Note to statement of cash flows

Cash and cash equivalent

	30/06/2010 RM'000	30/06/2009 RM'000
Cash and bank balances	17,708	29,049
Less: Bank overdraft	(731)	(982)
Less: Short term bank deposits pledged	(7,656)	(7,510)
Cash and cash equivalents	9,321	20,557

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 owner of the parent →					Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Restructuring reserve RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
Group 2010								
Beginning of financial year	258,843	(201,554)	13,507	81	10,733	81,610	2,712	84,322
Total comprehensive income	-	-	-	(122)	(10,871)	(10,993)	(1,397)	(12,390)
Issuance of new ordinary shares pursuant to exercise of warrants	1,240	-	(76)	-	-	1,164	-	1,164
Issuance of new ordinary shares to non-controlling interests	-	-	-	-	-	-	25	25
Arising from deconsolidation of subsidiary	-	-	-	46	-	46	(2,022)	(1,976)
End of financial year	<u>260,083</u>	<u>(201,554)</u>	<u>13,431</u>	<u>5</u>	<u>(138)</u>	<u>71,827</u>	<u>(682)</u>	<u>71,145</u>

* Less than RM1,000.

	← Attributable to owner of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Restructuring reserve RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
2009								
Beginning of financial year	241,618	(201,554)	-	12	18,861	58,937	666	59,603
Total comprehensive income	-	-	-	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 expense	(51)	-	-	-	-	(51)	-	(51)
Issuance of warrants	-	-	14,205	-	-	14,205	-	14,205
Warrant issue expenses	-	-	(698)	-	-	(698)	-	(698)
Issuance of new shares pursuant to exercise of warrants	1	-	_*	-	-	1	-	1
Issuance of new ordinary shares to non-controlling interests	-	-	-	-	-	-	2,458	2,458
Arising from acquisition of subsidiaries	-	-	-	-	-	-	290	290
End of financial year	<u>258,843</u>	<u>(201,554)</u>	<u>13,507</u>	<u>81</u>	<u>10,733</u>	<u>81,610</u>	<u>2,712</u>	<u>84,322</u>

* Less than RM1,000.

	Share capital RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
2010				
Beginning of financial year	258,843	13,507	(1,242)	271,108
Total comprehensive income	-	-	(3,328)	(3,328)
Issuance of new ordinary shares pursuant to exercise of warrants	<u>1,240</u>	<u>(76)</u>	<u>-</u>	<u>1,164</u>
End of financial year	<u><u>260,083</u></u>	<u><u>13,431</u></u>	<u><u>(4,570)</u></u>	<u><u>268,944</u></u>

2009

Beginning of financial year	241,618	-	(516)	241,102
Total comprehensive income	-	-	(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	<u>1</u>	<u>-*</u>	<u>-</u>	<u>1</u>
End of financial year	<u><u>258,843</u></u>	<u><u>13,507</u></u>	<u><u>(1,242)</u></u>	<u><u>271,108</u></u>

* Less than RM1,000.

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, against the total number of issued shares excluding treasury shares of the issuer, 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 April 2010	590,021,454
Issuance of new shares pursuant to exercise of warrants during the period	<u>3,303,219</u>
Balance at 30 June 2010	<u><u>593,324,673</u></u>

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

	30/06/2010	30/06/2009
Total number of shares that may be issued on conversion of the Company's outstanding warrants	<u>586,675,327</u>	<u>589,997,279</u>

There were no outstanding treasury shares as at 30 June 2010.

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.

	30/06/2010	30/06/2009
Total number of issued shares excluding treasury shares	<u>593,324,673</u>	<u>590,002,721</u>

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 auditors.

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 2009, 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 2009. 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 June 2010	30 June 2009
Net loss for the period attributable to owner of the parent (RM)	(10,871,000)	(8,128,000)
Weighted average number of shares (No.)	590,592,138	589,232,974
Basic loss per share (RM cents)	<u>(1.84)</u>	<u>(1.38)</u>

The Company’s dilutive potential ordinary shares arise from the conversion of warrants that were issued on 18 May 2009. However, no diluted loss per share was presented for financial years ended 30 June 2010 and 30 June 2009 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	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
Net asset value per ordinary share	<u>RM0.12</u>	<u>RM0.14</u>	<u>RM0.45</u>	<u>RM0.46</u>

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

Financial Year Ended 30 June 2010 (“FY10”) vs. Financial Year Ended 30 June 2009 (“FY09”)

Revenue decreased by RM4.9 million in FY10 as compared to the same period in FY09. This was mainly attributed to lower sales of pre-need burial plots, which decreased by RM5.6 million. However, the lower sales in pre-need burial plots was partly offset by higher sales of tomb construction which increased by RM1.2 million.

As a result of the lower revenue, the Group’s gross profit in FY10 amounted to RM11.3 million, RM1.9 million lower than FY09. However, the Group’s gross profit margin increased by 5% in FY10, reaching 61% due mainly to the reversal of accrued commission.

Tighter cost control measures helped the Group to reduce operating expenses by RM2.9 million, but the Group still recorded a loss before income tax of RM12.1 million, an increase of RM3.3 million from FY09. The higher loss before income tax in FY10 was mainly attributed to higher allowances for impairment of trade and other receivables totalling RM5.3 million.

B. Review of Financial Position

There were no major variances in the Group's balance sheet as at 30 June 2010 compared to 30 June 2009 except for:

1. Lower cash and bank balances of RM11.3 million. This is largely due to utilisation of funds in operating activities during the financial year,
2. Lower current trade and other receivables. This is mainly attributable to collection during the year, lower credit sales and allowance for impairment of RM5.3 million provided during the year. The allowance for impairment was made against receivables aged more than one year and the recoverability is doubtful.

C. Review of Cash Flow

In FY10, the Group recorded a decrease in cash and cash equivalents of RM11.2 million. This decrease was primarily attributable to an operating loss before working capital changes of RM12.4 million as well as net cash outflow from deconsolidation of a subsidiary amounting to RM4.6 million. The decrease is partly offset by a net increase in working capital of RM6.8 million.

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 specialized industry knowledge to carry out operations. As a result, the barriers to entry for this industry remain high and there are no significant changes in the competitive landscape for the sector.

The Group will continue with its strategy to develop high-end memorial parks and to provide quality bereavement care services as well. This will enable the Group to stay competitive against other operators.

11. If a decision regarding dividend has been made:

(a) Whether an interim(final) ordinary dividend has been declared (recommended); 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 financial year ended 30 June 2010.

- 13. Utilisation of Proceeds**

As at 30 June 2010, the status of utilisation of proceeds from issuance of warrants which was completed on 18 May 2009 is as follows:

Purposes of utilisation	Proposed utilisation S\$'000	Actual utilisation S\$'000	As a percentage of gross proceeds %
Working capital	5,600	3,233	54.8
Placement expenses	<u>300</u>	<u>289</u>	<u>4.9</u>
Total	<u>5,900</u>	<u>3,522</u>	<u>59.7</u>

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14. 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 2010 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.

- 15. 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.

16. A breakdown of sales.

	Latest financial year RM'000	Previous financial year RM'000	% Increase/ (decrease)
(a) Sales reported for first half year	12,471	11,503	8.4
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(2,429)	(2,691)	(9.7)
(c) Sales reported for second half year	6,107	12,016	(49.2)
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(9,757)	(6,185)	57.8

17. 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.

18. Interested persons transactions

Not applicable.

BY ORDER OF THE BOARD

Lee Keng Mun
Chief Financial Officer
27 August 2010