



ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

Financial Statements And Dividend Announcement for the First Quarter Ended 30 September 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	1st Qtr Ended 30/09/2010 RM'000	30/09/2009 RM'000	Increase/ (decrease) %
Revenue		4,775	6,938	(31.2)
Cost of sales		<u>(2,500)</u>	<u>(3,110)</u>	(19.6)
Gross profit		2,275	3,828	(40.6)
Other income		405	300	35.0
Expenses				
- Selling and distribution		(567)	(540)	5.0
- General and administrative		(3,806)	(3,640)	4.6
- Financial		<u>(289)</u>	<u>(309)</u>	(6.5)
Loss before income tax	A	(1,982)	(361)	449.0
Income tax expense	B	<u>(80)</u>	<u>(246)</u>	67.5
Net loss		<u>(2,062)</u>	<u>(607)</u>	239.7
Other comprehensive income, net of tax				
Currency translation differences arising from consolidation		<u>-</u>	<u>66</u>	n.m.
Total comprehensive loss		<u>(2,062)</u>	<u>(541)</u>	281.1

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 Exchange 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	1st Qtr Ended		Increase/ (decrease) %
	30/09/2010 RM'000	30/09/2009 RM'000	
Loss attributable to:			
Owner of the parent	(2,052)	(557)	268.4
Non-controlling interests	(10)	(50)	(80.0)
	<u>(2,062)</u>	<u>(607)</u>	239.7
Total comprehensive loss attributable to:			
Owner of the parent	(2,052)	(518)	296.1
Non-controlling interests	(10)	(23)	(56.5)
	<u>(2,062)</u>	<u>(541)</u>	281.1

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 following:

	1st Qtr Ended		Increase/ (decrease) %
	30/09/2010 RM'000	30/09/2009 RM'000	
Interest income:			
- Bank balances	(65)	(109)	(40.4)
- Adjustment of trade receivables to amortised cost	(1)	(56)	(98.2)
Interest expenses:			
- Finance leases	6	8	(25.0)
- Adjustment of other payable to amortised cost	178	179	(0.6)
- Bank guarantees	47	47	-
- Bank overdrafts	12	12	-
- Term loans	46	63	(27.0)
Depreciation of property, plant and equipment	132	124	6.5
Foreign exchange gain	(174)	(119)	46.2
Operating lease expenses	381	378	0.8

B. Income tax expense

	1st Qtr Ended		Increase/ (decrease)
	30/09/2010	30/09/2009	(decrease)
	RM'000	RM'000	%
Income tax expense			
- Current period	81	246	(67.1)
- Overprovision in respect of prior year	<u>(1)</u>	<u>-</u>	n.m.
	<u>80</u>	<u>246</u>	(67.5)

An income tax expense of RM81,000 was provided for in the first quarter ended 30 September 2010 although the Group recorded a loss before tax. This was because the loss incurred by the Company cannot be used to claim group relief to offset the relevant taxes imposed on the chargeable income of subsidiaries in Malaysia.

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	
	30/09/2010 RM'000	30/06/2010 RM'000	30/09/2010 RM'000	30/06/2010 RM'000
ASSETS				
Current assets				
Cash and bank balances	16,234	17,708	4,139	6,681
Trade and other receivables	29,540	31,233	37,323	36,067
Inventories and development expenditure	48,794	48,131	-	-
Other current assets	3,400	3,191	2,358	1,986
	<u>97,968</u>	<u>100,263</u>	<u>43,820</u>	<u>44,734</u>
Non-current assets				
Trade and other receivables	23	31	-	-
Investment in subsidiaries	-	-	224,540	224,540
Property, plant and equipment	2,011	1,936	268	281
Intangible asset	7,838	7,838	-	-
	<u>9,872</u>	<u>9,805</u>	<u>224,808</u>	<u>224,821</u>
Total assets	<u>107,840</u>	<u>110,068</u>	<u>268,628</u>	<u>269,555</u>
LIABILITIES				
Current liabilities				
Trade and other payables	22,294	22,442	476	573
Borrowings	2,117	2,048	-	-
Current income tax liabilities	80	40	35	38
	<u>24,491</u>	<u>24,530</u>	<u>511</u>	<u>611</u>
Non-current liabilities				
Other payable	12,583	12,405	-	-
Borrowings	1,550	1,890	-	-
Deferred income tax liabilities	98	98	-	-
	<u>14,231</u>	<u>14,393</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>38,722</u>	<u>38,923</u>	<u>511</u>	<u>611</u>
Net assets	<u>69,118</u>	<u>71,145</u>	<u>268,117</u>	<u>268,944</u>

	Group		Company	
	30/09/2010 RM'000	30/06/2010 RM'000	30/09/2010 RM'000	30/06/2010 RM'000
EQUITY				
Equity attributable to owner of the parent				
Share capital	260,120	260,083	260,120	260,083
Restructuring reserve	(201,554)	(201,554)	-	-
Warrant reserve	13,429	13,431	13,429	13,431
Foreign currency translation reserve	5	5	-	-
Accumulated losses	<u>(2,190)</u>	<u>(138)</u>	<u>(5,432)</u>	<u>(4,570)</u>
	69,810	71,827	268,117	268,944
Non-controlling interests	<u>(692)</u>	<u>(682)</u>	<u>-</u>	<u>-</u>
Total equity	<u>69,118</u>	<u>71,145</u>	<u>268,117</u>	<u>268,944</u>

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

Amount repayable in one year or less, or on demand:

	As at 30/09/2010		As at 30/06/2010	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance leases	129	-	132	-
Bank borrowings:				
Bank overdrafts	782	-	731	-
Term loans	1,206	-	1,185	-

Amount repayable after one year:

	As at 30/09/2010		As at 30/06/2010	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance leases	290	-	320	-
Bank borrowings:				
Term loans	1,260	-	1,570	-

Details of any collateral

Finance lease

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 up to RM13,775,000;
 - (ii) A term loan of up to RM4 million; and
 - (iii) An overdraft facility of up to RM500,000 from a licensed bank.

This 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 fixed deposits of RM7,042,000 and a corporate guarantee from the Company.

- (b) The subsidiary, U&U Memorial Development (S.P.) Sdn Bhd (“UUMD”), was granted the following 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. This banking facility is secured by fixed 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 cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	1st Qtr Ended	
	30/09/2010 RM'000	30/09/2009 RM'000
Cash flows from operating activities		
Net loss	(2,062)	(607)
Adjustments:		
Depreciation of property, plant and equipment	132	124
Interest expenses	289	309
Income tax expense	80	246
Interest income	(66)	(165)
Exchange difference arising from consolidation	-	66
	<u>(1,627)</u>	<u>(27)</u>
Changes in working capital, net of effects from acquisition of subsidiaries		
Financial assets, at fair value through profit and loss	-	(1,177)
Inventories and development expenditure	(663)	(492)
Trade and other receivables	446	(1,761)
Other current assets	(209)	170
Trade and other payables	(148)	(300)
	<u>(2,201)</u>	<u>(3,587)</u>
Cash used in operations	(2,201)	(3,587)
Income tax refunded/(paid)	1,216	(25)
Interest expenses paid	(111)	(130)
Interest income received	65	109
	<u>(1,031)</u>	<u>(3,633)</u>
Net cash used in operating activities	(1,031)	(3,633)
Cash flows from investing activity		
Purchase of property, plant and equipment	(207)	(36)
	<u>(207)</u>	<u>(36)</u>
Net cash used in investing activity	(207)	(36)
Cash flows from financing activities		
Net proceeds from issuance of shares to non-controlling interests	-	24
Proceeds from exercise of warrants	35	6
Repayment of term loans	(289)	(270)
Increase in fixed deposits pledged	(24)	-
Repayment of finance lease obligations	(33)	(38)
	<u>(311)</u>	<u>(278)</u>
Net cash used in financing activities	(311)	(278)
Net decrease in cash and cash equivalents	(1,549)	(3,947)
Cash and cash equivalents at beginning of period	9,321	20,557
Cash and cash equivalents at end of period	7,772	16,610

Note to cash flow statement

Cash and cash equivalents

	30/09/2010 RM'000	30/09/2010 RM'000
Cash and bank balances	16,234	24,895
Less: Bank overdrafts	(782)	(775)
Less: Short-term bank deposits pledged	<u>(7,680)</u>	<u>(7,510)</u>
Cash and cash equivalents	<u><u>7,772</u></u>	<u><u>16,610</u></u>

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	Non-controlling interests	Total equity
	Share capital RM'000	Restructuring reserve RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
Group								
3 months ended 30 September 2010								
Beginning of financial period	260,083	(201,554)	13,431	5	(138)	71,827	(682)	71,145
Total comprehensive loss	-	-	-	-	(2,052)	(2,052)	(10)	(2,062)
Issuance of new ordinary shares pursuant to exercise of warrants	37	-	(2)	-	-	35	-	35
End of financial period	<u>260,120</u>	<u>(201,554)</u>	<u>13,429</u>	<u>5</u>	<u>(2,190)</u>	<u>69,810</u>	<u>(692)</u>	<u>69,118</u>
3 months ended 30 September 2009								
Beginning of financial period	258,843	(201,554)	13,507	81	10,733	81,610	2,712	84,322
Total comprehensive loss	-	-	-	39	(557)	(518)	(23)	(541)
Issuance of new ordinary shares pursuant to exercise of warrants	6	-	- *	-	-	6	-	6
Issue of new ordinary shares to non-controlling interests	-	-	-	-	-	-	24	24
End of financial period	<u>258,849</u>	<u>(201,554)</u>	<u>13,507</u>	<u>120</u>	<u>10,176</u>	<u>81,098</u>	<u>2,713</u>	<u>83,811</u>

* Less than RM1,000

	Share capital RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
3 months ended 30 September 2010				
Beginning of financial period	260,083	13,431	(4,570)	268,944
Total comprehensive loss	-	-	(862)	(862)
Issuance of new ordinary shares pursuant to exercise of warrants	<u>37</u>	<u>(2)</u>	<u>-</u>	<u>35</u>
End of financial period	<u><u>260,120</u></u>	<u><u>13,429</u></u>	<u><u>(5,432)</u></u>	<u><u>268,117</u></u>
3 months ended 30 September 2009				
Beginning of financial period	258,843	13,507	(1,242)	241,102
Total comprehensive loss	-	-	(835)	(835)
Issuance of new ordinary shares pursuant to exercise of warrants	<u>6</u>	<u>- *</u>	<u>-</u>	<u>6</u>
End of financial period	<u><u>258,849</u></u>	<u><u>13,507</u></u>	<u><u>(2,077)</u></u>	<u><u>270,279</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 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 has been as follows:

	Number of issued shares
Balance at 1 July 2010	593,324,673
Issuance of new shares pursuant to exercise of warrants on 7 July 2010	100,000
Share consolidation (Note)	<u>(534,084,269)</u>
Balance at 30 September 2010	<u><u>59,340,404</u></u>

Note: On 22 July 2010, the Company completed its proposed share consolidation of every ten (10) ordinary shares in the capital of the Company into one (1) consolidated share ("Share Consolidation").

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

	30/09/2010	30/09/2009
Total number of shares that may be issued on conversion of the Company's outstanding warrants	<u>58,657,518*</u>	<u>589,982,279</u>

* After the Share Consolidation, the number of unexercised warrants and the exercised price were adjusted in accordance with the terms of the deed poll dated 15 April 2009.

There were no outstanding treasury shares as at 30 September 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.

	30/09/2010	30/06/2010
Total number of issued shares excluding treasury shares	<u>59,340,404</u>	<u>593,324,673</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 nor 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 in the audited financial statements for the financial year ended 30 June 2010, 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 2010. 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.**

	1st Qtr Ended	
	30/09/2010	30/09/2009 (restated)
Net loss for the period attributable to owner of the parent (RM)	(2,052,000)	(557,000)
Weighted average number of shares (No.) (Note)	59,332,795	59,001,625
Basic loss per share (RM cents)	<u>(3.5)</u>	<u>(0.9)</u>

Note: In accordance with FRS33, loss per share disclosure is made based on the number of shares or shares adjusted for the Share Consolidation. The weighted average number of ordinary shares outstanding during the financial period has been adjusted for the reduction in the number of ordinary shares to 59,332,795. The comparative has been restated in a similar fashion.

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 the quarters ended 30 September 2010 and 30 September 2009 as the exercise of the dilutive warrants would have resulted 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	
	30/09/2010	30/06/2010	30/09/2010	30/06/2010
Net asset value per ordinary share	<u>RM1.18</u>	<u>RM0.12**</u>	<u>RM4.52</u>	<u>RM0.45**</u>

** Based on the 593,324,673 issued shares preceding the Share Consolidation.

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

First Quarter Ended 30 September 2010 (“1QFY11”) vs First Quarter Ended 30 September 2009 (“1QFY10”)

Revenue in 1Q FY11 decreased by RM2.2 million as compared with 1QFY10. This decrease was due mainly to lower pre-need sales of burial plots. The Group did not carry out any strategic marketing campaign during the last quarter or the current quarter, which was the main reason for the decrease in such sales.

The Group recorded a lower gross profit of RM2.3 million, in line with the decreased sales and lower gross profit margin. The overall gross profit margin dropped to 48% mainly because of lower sales of burial plots, which earn a higher gross profit margin.

As a result of the lower gross profit, the Group recorded a higher loss before income tax of RM2.0 million in 1Q FY11.

B. Review of Financial Position

There was no material variance noted in the balance sheet of the Group as at 30 September 2010 as compared with 30 June 2010.

C. Review of Cash Flow

In 1Q FY11, the Group recorded a decrease of RM1.5 million in cash and cash equivalents, which was attributable mainly to an operating cash outflows before changes in working capital of RM1.6 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 specialised industry knowledge to carry out operations. As a result, the barriers to entry for this industry remain high and there have been no significant changes in the competitive landscape for the sector.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Book closure date

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 September 2010.

13. Utilisation of Proceeds

As at 30 September 2010, the status of utilisation of proceeds from the warrant issuance completed on 18 May 2009 was as follows:

Purposes of utilisation	Proposed utilisation S\$'000	Actual utilisation S\$'000	As a percentage of gross proceeds %
Working capital	5,600	4,357	73.8
Placement expenses	300	289	4.9
Total	<u>5,900</u>	<u>4,646</u>	<u>78.7</u>

BY ORDER OF THE BOARD

Lee Keng Mun
Chief Financial Officer
12 November 2010



ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED
(Company Reg. No. 200609901H)

CONFIRMATION BY THE BOARD

We, Dato' Dr. Choo Yeow Ming and Mr. Michael Chu Siu Yin, being two of the directors of Asia-Pacific Strategic Investments Limited (the "Company"), do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company that might render the financial results for the first quarter ended 30 September 2010 false or misleading.

BY ORDER OF THE BOARD

(SIGNED)

Dato' Dr. Choo Yeow Ming
Chairman

12 November 2010

(SIGNED)

Mr. Michael Chu Siu Yin
Executive Director