



ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

Financial Statements And Dividend Announcement for the Half-Year And Second Quarter Ended 31 December 2011

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	2nd Qtr Ended		Increase/ (decrease)	Half-Year Ended		Increase/ (decrease)
		31/12/11 RM'000	31/12/10 RM'000	%	31/12/11 RM'000	31/12/10 RM'000	%
Revenue		3,225	5,046	(36.1)	5,711	9,821	(41.8)
Cost of sales		<u>(1,438)</u>	<u>(2,288)</u>	(37.2)	<u>(2,879)</u>	<u>(4,788)</u>	(39.9)
Gross profit		1,787	2,758	(35.2)	2,832	5,033	(43.7)
Other income		41	138	(70.3)	1,646	543	203.1
Expenses							
- Selling and distribution		(694)	(723)	(4.0)	(1,277)	(1,290)	(1.0)
- General and administrative		(3,277)	(3,730)	(12.1)	(6,574)	(7,536)	(12.8)
- Other		(20)	(5)	n.m.	(79)	(5)	n.m.
- Financial		<u>(251)</u>	<u>(286)</u>	(12.2)	<u>(509)</u>	<u>(575)</u>	(11.5)
Loss before income tax	A	(2,414)	(1,848)	30.6	(3,961)	(3,830)	3.4
Income tax expense	B	<u>(32)</u>	<u>(27)</u>	18.5	<u>(49)</u>	<u>(107)</u>	54.2
Net loss and total comprehensive loss		<u>(2,446)</u>	<u>(1,875)</u>	30.5	<u>(4,010)</u>	<u>(3,937)</u>	1.9

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	2nd Qtr Ended		Increase/ (decrease) %	Half-Year Ended		Increase/ (decrease) %
	31/12/11 RM'000	31/12/10 RM'000		31/12/11 RM'000	31/12/10 RM'000	
Net loss and total comprehensive loss attributable to:						
Equity holders of the Company	(2,307)	(1,873)	23.2	(3,615)	(3,925)	(7.9)
Non-controlling interests	<u>(139)</u>	<u>(2)</u>	6,850.0	<u>(395)</u>	<u>(12)</u>	3,191.7
	<u>(2,446)</u>	<u>(1,875)</u>	30.5	<u>(4,010)</u>	<u>(3,937)</u>	1.9

*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:

	2nd Qtr Ended		Increase/ (decrease) %	Half-Year Ended		Increase/ (decrease) %
	31/12/11 RM'000	31/12/10 RM'000		31/12/11 RM'000	31/12/10 RM'000	
Interest income:						
- Bank balances	(44)	(77)	(42.9)	(104)	(143)	(27.3)
- Adjustment of trade receivables to amortised cost	(1)	-	n.m.	(1)	-	n.m.
Interest expenses:						
- Finance leases	9	6	50.0	16	12	33.3
- Adjustment of other payables to amortised cost	164	178	(7.9)	329	356	(7.6)
- Adjustment of trade receivables to amortised cost	-	2	n.m.	-	2	n.m.
- Bank guarantees	57	49	16.3	108	96	12.5
- Bank overdrafts	9	10	(10.0)	19	22	(13.6)
- Term loans	12	41	(70.7)	37	87	(57.5)
Depreciation of property, plant and equipment	146	137	6.6	286	269	6.3
Foreign exchange loss/(gain)	2	(4)	n.m.	61	(178)	n.m.
Operating lease expenses	249	346	(28.0)	513	727	(29.4)
Reversal of allowances for impairment of trade and other receivables	50	-	n.m.	(1,483)	-	n.m.

B. Income tax expense

	2nd Qtr Ended		Increase/ (decrease) %	Half-Year Ended		Increase/ (decrease) %
	31/12/11 RM'000	31/12/10 RM'000		31/12/11 RM'000	31/12/10 RM'000	
Income tax expense						
- Current period	32	27	18.5	49	108	54.6
- Over-provision in respect of prior year	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>(1)</u>	n.m.
	<u>32</u>	<u>27</u>	18.5	<u>49</u>	<u>107</u>	54.2

A provision of RM49,000 was provided for in the six months ended 31 December 2011 though the Group had recorded a loss before tax. This provision was made because losses incurred by subsidiaries in Malaysia cannot be used to claim group relief to offset the 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 immediately preceding financial year.

	Group		Company	
	31/12/2011 RM'000	30/06/2011 RM'000	31/12/2011 RM'000	30/06/2011 RM'000
ASSETS				
Current assets				
Cash and bank balances	11,938	15,493	139	2,100
Trade and other receivables	15,920	16,484	44,047	42,188
Inventories and development expenditure	52,375	50,883	-	-
Other current assets	1,073	1,235	278	385
	<u>81,306</u>	<u>84,095</u>	<u>44,464</u>	<u>44,673</u>
Non-current assets				
Trade and other receivables	-	12	-	-
Investment in subsidiaries	-	-	224,540	224,540
Property, plant and equipment	2,144	2,138	201	228
Intangible assets	7,838	7,838	-	-
	<u>9,982</u>	<u>9,988</u>	<u>224,741</u>	<u>224,768</u>
Total assets	<u>91,288</u>	<u>94,083</u>	<u>269,205</u>	<u>269,441</u>
LIABILITIES				
Current liabilities				
Trade and other payables	22,418	21,065	39	147
Borrowings	1,453	1,942	-	-
Current income tax liabilities	61	32	11	32
	<u>23,932</u>	<u>23,039</u>	<u>50</u>	<u>179</u>
Non-current liabilities				
Other payable	13,446	13,117	-	-
Borrowings	480	487	-	-
Deferred income tax liabilities	103	103	-	-
	<u>14,029</u>	<u>13,707</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>37,961</u>	<u>36,746</u>	<u>50</u>	<u>179</u>
Net assets	<u>53,327</u>	<u>57,337</u>	<u>269,155</u>	<u>269,262</u>

	Group		Company	
	31/12/2011	30/06/2011	31/12/2011	30/06/2011
	RM'000	RM'000	RM'000	RM'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	260,122	260,122	260,122	260,122
Restructuring reserve	(201,554)	(201,554)	-	-
Warrant reserve	13,429	13,429	13,429	13,429
Foreign currency translation reserve	6	6	-	-
Accumulated losses	(17,401)	(13,786)	(4,396)	(4,289)
	54,602	58,217	269,155	269,262
Non-controlling interests	(1,275)	(880)	-	-
Total equity	53,327	57,337	269,155	269,262

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

Amount repayable in one year or less, or on demand

	As at 31/12/2011		As at 30/06/2011	
	Secured	Unsecured	Secured	Unsecured
	RM'000	RM'000	RM'000	RM'000
Finance lease liabilities	177	-	136	-
Bank borrowings:				
Bank overdrafts	621	-	705	-
Term loans	655	-	1,101	-

Amount repayable after one year

	As at 31/12/2011		As at 30/06/2011	
	Secured	Unsecured	Secured	Unsecured
	RM'000	RM'000	RM'000	RM'000
Finance lease liabilities	480	-	394	-
Bank borrowings:				
Term loans	-	-	93	-

Details of any collateral

Finance lease liabilities

Finance lease liabilities 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) A bank guarantee of 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 RM7,287,000 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) A bank guarantee of up to RM500,000; and
 - (ii) An overdraft facility of up to RM700,000 from a licensed bank.

This banking facility is secured by fixed deposits of RM150,000, 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.

	2nd Qtr Ended		Half Year Ended	
	31/12/11	31/12/10	31/12/11	31/12/10
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Net loss	(2,446)	(1,875)	(4,010)	(3,937)
Adjustments:				
Depreciation of property, plant and equipment	146	137	286	269
Property, plant and equipment written off	17	17	17	17
Loss/(gain) on disposal of property, plant and equipment	-	3	(15)	3
Interest expense	251	286	509	575
Income tax expense	32	27	49	107
Interest income	(45)	(77)	(105)	(143)
	<u>(2,045)</u>	<u>(1,482)</u>	<u>(3,269)</u>	<u>(3,109)</u>
Change in working capital				
Inventories and development expenditure	(333)	(113)	(1,492)	(776)
Trade and other receivables	(385)	471	697	917
Other current assets	63	66	162	(143)
Trade and other payables	1,100	(975)	1,353	(1,123)
	<u>(1,600)</u>	<u>(2,033)</u>	<u>(2,549)</u>	<u>(4,234)</u>
Income tax (paid)/refunded, net	(68)	(156)	(140)	1,060
Interest expenses paid	(87)	(106)	(180)	(217)
Interest income received	44	78	104	143
	<u>(1,711)</u>	<u>(2,217)</u>	<u>(2,765)</u>	<u>(3,248)</u>
Cash flows from investing activities				
Additions to property, plant and equipment	(23)	(109)	(113)	(316)
Proceeds from disposal of property, plant and equipment	-	27	22	27
	<u>(23)</u>	<u>(82)</u>	<u>(91)</u>	<u>(289)</u>
Cash flows from financing activities				
Proceeds from exercise of warrants	-	2	-	37
Repayment of term loans	(276)	(752)	(539)	(1,041)
Decrease/(increase) in fixed deposits pledged	(40)	438	(87)	414
Repayment of finance lease liabilities, net	(42)	(60)	(76)	(93)
	<u>(358)</u>	<u>(372)</u>	<u>(702)</u>	<u>(683)</u>
Net decrease in cash and cash equivalents	(2,092)	(2,671)	(3,558)	(4,220)
Cash and cash equivalents at the beginning of period	5,972	7,772	7,438	9,321
Cash and cash equivalents and the end of period	3,880	5,101	3,880	5,101

Note to statement of cash flows

Cash and cash equivalents

	31/12/2011	31/12/2010
	RM'000	RM'000
Cash and bank balances	11,938	13,048
Less: Bank overdrafts	(621)	(705)
Less: Short-term bank deposits pledged	<u>(7,437)</u>	<u>(7,242)</u>
Cash and cash equivalents	<u><u>3,880</u></u>	<u><u>5,101</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 equity holders of the Company →						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	Accumulated losses RM'000	Total RM'000		
Group								
6 months ended 31 December 2011								
Beginning of financial period	260,122	(201,554)	13,429	6	(13,786)	58,217	(880)	57,337
Total comprehensive loss	-	-	-	-	(3,615)	(3,615)	(395)	(4,010)
End of financial period	<u>260,122</u>	<u>(201,554)</u>	<u>13,429</u>	<u>6</u>	<u>(17,401)</u>	<u>54,602</u>	<u>(1,275)</u>	<u>53,327</u>
6 months ended 31 December 2010								
Beginning of financial period	260,083	(201,554)	13,431	5	(138)	71,827	(682)	71,145
Total comprehensive loss	-	-	-	-	(3,925)	(3,925)	(12)	(3,937)
Issuance of new ordinary shares pursuant to exercise of warrants	39	-	(2)	-	-	37	-	37
End of financial period	<u>260,122</u>	<u>(201,554)</u>	<u>13,429</u>	<u>5</u>	<u>(4,063)</u>	<u>67,939</u>	<u>(694)</u>	<u>67,245</u>

	Share capital RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
6 months ended 31 December 2011				
Beginning of financial period	260,122	13,429	(4,289)	269,262
Total comprehensive loss	<u>-</u>	<u>-</u>	<u>(107)</u>	<u>(107)</u>
End of financial period	<u>260,122</u>	<u>13,429</u>	<u>(4,396)</u>	<u>269,155</u>
6 months ended 31 December 2010				
Beginning of financial period	260,083	13,431	(4,570)	268,944
Total comprehensive loss	-	-	(2,012)	(2,012)
Issuance of new ordinary shares pursuant to exercise of warrants	<u>39</u>	<u>(2)</u>	<u>-</u>	<u>37</u>
End of financial period	<u>260,122</u>	<u>13,429</u>	<u>(6,582)</u>	<u>266,969</u>

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.

There have been no changes in the Company's share capital since the end of the previous period reported on.

As at the end of the financial period currently being reported on, the number of shares that could have been issued on conversion of the Company's outstanding warrants is as follows:

	31/12/2011	31/12/2010
Total number of shares that may be issued on conversion of the Company's outstanding warrants	<u>58,657,027</u>	<u>58,657,027</u>

There were no outstanding treasury shares as at 31 December 2011.

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 immediately preceding financial year.

	31/12/2011	31/12/2010
Total number of issued shares excluding treasury shares	<u>59,340,895</u>	<u>59,340,895</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 2011, 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 July 2011. 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.**

	2nd Quarter Ended		Half Year Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Net loss for the period attributable to equity holders of the Company (RM'000)	(2,307)	(1,873)	(3,615)	(3,925)
Weighted average number of shares ('000)	59,341	59,340	59,341	59,336
Basic loss per share (RM cents)	<u>(3.9)</u>	<u>(3.2)</u>	<u>(6.1)</u>	<u>(6.6)</u>

The Company's dilutive potential ordinary shares are the warrants. However, no diluted loss per share was presented as the exercise of the warrants would 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	
	31/12/2011	30/06/2011	31/12/2010	30/06/2011
Net asset value per ordinary share	<u>RM0.92</u>	<u>RM0.98</u>	<u>RM4.54</u>	<u>RM4.54</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

Second Quarter Ended 31 December 2011 (“2QFY12”) vs Second Quarter Ended 31 December 2010 (“2QFY11”)

Revenue in 2QFY12 was RM3.2 million, down by RM1.8 million as compared with the RM5.0 million recorded in 2QFY11. The decrease was due to lower revenue from pre-need sales of burial plots and columbaria, which decreased by RM1.9 million and RM387,000, respectively. Pre-need sales dipped largely because of softening market conditions that arose from weaker economic conditions regionally. However, the decrease was mitigated by higher tomb construction revenue of RM500,000.

In line with the lower revenue, the Group recorded a gross profit of RM1.8 million in 2QFY12, RM1.0 million lesser than in 2QFY11. It continued with its Group-wide cost-cutting initiatives, which reduced general and administrative expenses by RM453,000. However, despite the lower operating expenses, the Group's loss before income tax of RM2.4 million was larger than the amount posted in 2QFY11.

Half Year Ended 31 December 2011 (“1H FY12”) vs Half Year Ended 31 December 2010 (“1H FY11”)

Revenue in 1HFY12 stood at RM5.7 million, RM4.1 million lower than in 1HFY11. The main reason for the dip in revenue was due to a drop in pre-need sales of burial plots and columbaria, which fell by RM3.4 million and RM893,000, respectively.

The Group recorded a lower gross profit of RM2.8 million, in line with the decreased sales. Despite the lower gross profit, it recorded a marginal increase in loss before tax of RM131,000 to RM4.0 million as compared with 1HFY11. Such increase was due mainly to the Group-wide cost-cutting initiatives, which reduced general and administrative expenses by RM1.0 million, as well as due to the reversal of allowances for impairment of trade and other receivables by RM1.5 million.

B. Review of Financial Position

There were no major variances between the Group's balance sheet as at 31 December 2011 and as at 30 June 2011, with the exception of lower cash and bank balances of RM11.9 million. The lower balances were due mainly to the repayment of a term loan (RM539,000) and the utilisation of funds in operating activities (RM2.8 million) during the period.

C. Review of Cash Flow

The Group recorded a decrease in cash and cash equivalents of RM3.6 million in 1HFY12. This decrease was attributed primarily to an operating loss before working capital changes of RM3.3 million as well as repayment of bank borrowings of RM615,000.

- 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.**

Trading conditions are expected to remain difficult for the Group in 2012 as the weak global economic situation has dampened demand for pre-need sales of burial plots and columbaria in Malaysia. This development has been exacerbated by intense price competition in all aspects of our business, especially in the mass market segment. In contrast, our premium market segment is expected to fare better, although sales are expected to slow down in 2012.

The Group expects to post seasonally lower sales for the January to March 2012 quarter because of the Chinese Lunar New Year, since cultural taboos hamper pre-need sales activities during this auspicious period. As a result, the Group expects a weak performance from its existing memorial park facilities in Kuala Lumpur and Kedah in 3QFY12. However, pre-need sales from the Group's newly launched Kota Kinabalu facility in East Malaysia will kick in from 3QFY11.

Despite the tough operating environment, the Group will continue with its strategy of developing high-end memorial parks and providing quality bereavement services as the Group expects the high return of its premium products will continue to be attractive and appealing to investors when market recovers. In addition, the Group is on the lookout for viable investment opportunities in the region, and is in a good position to benefit when the sector recovers, as the bereavement care services industry is capital-intensive and requires specialised industry knowledge to carry out operations.

- 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 quarter ended 31 December 2011.

BY ORDER OF THE BOARD

**Lee Keng Mun
Chief Financial Officer
13 February 2012**



ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

CONFIRMATION BY THE BOARD

We, Dato' Dr Choo Yeow Ming and Hano Maeloa, 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 half-year ended 31 December 2011 false or misleading.

BY ORDER OF THE BOARD

(SIGNED)

Dato' Dr Choo Yeow Ming
Chairman

13 February 2012

(SIGNED)

Hano Maeloa
Director