



# ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

## Financial Statements And Dividend Announcement for the Half-Year And Second Quarter Ended 31 December 2012

### 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) %
		31/12/12 RM'000	31/12/11 RM'000		31/12/12 RM'000	31/12/11 RM'000	
<u>Continuing operations</u>							
Revenue		40	40	-	80	79	1.3
Cost of sales		-	-	-	-	-	-
Gross profit		40	40	-	80	79	1.3
Other gains - net		14	-	n.m.	10	101	(90.1)
Expenses							
- Selling and distribution		(22)	(13)	69.2	(28)	(27)	3.7
- General and administrative		(1,266)	(1,254)	1.0	(2,367)	(2,471)	(4.2)
Loss before income tax		(1,234)	(1,227)	0.6	(2,305)	(2,318)	(0.6)
Income tax		-	-	-	-	-	-
Loss from continuing operations		(1,234)	(1,227)	0.6	(2,305)	(2,318)	(0.6)
<u>Discontinued operations</u>							
(Loss)/profit from discontinued operations	A	(522)	(1,219)	(57.2)	306	(1,692)	n.m.
<b>Total loss</b>	B	<u>(1,756)</u>	<u>(2,446)</u>	(28.2)	<u>(1,999)</u>	<u>(4,010)</u>	(50.1)
<b>Other comprehensive income, net of tax</b>							
Currency translation differences arising from consolidation		(8)	-	n.m.	(8)	-	n.m.
<b>Total comprehensive loss</b>		<u>(1,764)</u>	<u>(2,446)</u>	(27.9)	<u>(2,007)</u>	<u>(4,010)</u>	(50.0)

*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.*

The contact person for the Sponsor is Mr Ng Joo Khin.  
Telephone number: 6389 3000. Email: [jookhin.ng@stamfordlaw.com.sg](mailto:jookhin.ng@stamfordlaw.com.sg)

	Note	2nd Qtr Ended		Increase/ (decrease) %	Half-Year Ended		Increase/ (decrease) %
		31/12/12 RM'000	31/12/11 RM'000		31/12/12 RM'000	31/12/11 RM'000	
<b>Total loss attributable to:</b>							
Equity holders of the Company		(1,756)	(2,307)	(23.9)	(1,980)	(3,615)	(45.2)
Non-controlling interests		-	(139)	n.m.	(19)	(395)	(95.2)
		<u>(1,756)</u>	<u>(2,446)</u>	(28.2)	<u>(1,999)</u>	<u>(4,010)</u>	(50.1)
<b>Total comprehensive loss attributable to:</b>							
Equity holders of the Company		(1,764)	(2,307)	(23.5)	(1,988)	(3,615)	(45.0)
Non-controlling interests		-	(139)	n.m.	(19)	(395)	(95.2)
		<u>(1,764)</u>	<u>(2,446)</u>	(27.9)	<u>(2,007)</u>	<u>(4,010)</u>	(50.0)

n.m. = Not meaningful.

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

#### A. Discontinued operations and disposal group classified as held for sale

On 17 April 2012, the Company entered into a conditional sale-and-purchase agreement (“SPA”) with Bright Eagle Enterprises Group Limited (“BEEGL”) whereby the Company will acquire the entire issued and paid-up share capital of BEEGL Khalid Limited (“BEEGL-K”) and BEEGL Saad Limited (“BEEGL-S”) from BEEGL (“Proposed Acquisition”). Pursuant to the SPA, the entire issued and paid-up share capital of HMSC Capital Sdn Bhd (“HMSC”), a wholly owned subsidiary of the Company, consisting of 5,000,000 ordinary shares and valued at S\$60,726,295, will be transferred to BEEGL upon completion of the Proposed Acquisition. The details of the Proposed Acquisition were announced on 17 April 2012.

As at 31 December 2012, the assets and liabilities related to HMSC and its subsidiaries (collectively “HMSC Group”) have been presented in the balance sheet under current assets as “Assets of disposal group classified as held-for-sale” and under current liabilities as “Liabilities directly associated with disposal group classified as held-for-sale”, and its results have been presented separately in the statement of comprehensive income as “Profit/(loss) from discontinued operations”.

The results of the discontinued operations for the period ended 31 December 2012, and the re-measurement of the disposal group are as follows:

	2nd Qtr Ended		Increase/ (decrease) %	Half-Year Ended		Increase/ (decrease) %
	31/12/12 RM'000	31/12/11 RM'000		31/12/12 RM'000	31/12/11 RM'000	
Revenue	2,625	3,185	(17.6)	4,976	5,632	(11.6)
Cost of sales	<u>(1,086)</u>	<u>(1,438)</u>	(24.5)	<u>(2,226)</u>	<u>(2,879)</u>	(22.7)
Gross profit	1,539	1,747	(11.9)	2,750	2,753	(0.1)
Other gains, net	214	21	919.0	1,985	1,466	35.4
Expenses						
- Selling and distribution	(561)	(681)	(17.6)	(892)	(1,250)	(28.6)
- General and administration	(1,740)	(2,023)	(14.0)	(3,516)	(4,103)	(14.3)
- Finance	<u>(66)</u>	<u>(251)</u>	(73.7)	<u>(113)</u>	<u>(509)</u>	(77.8)
(Loss)/profit before tax from discontinued operations	(614)	(1,187)	(48.3)	214	(1,643)	n.m.
Tax credit/(income tax)	<u>92</u>	<u>(32)</u>	n.m.	<u>92</u>	<u>(49)</u>	n.m.
(Loss)/profit from discontinued operations	<u>(522)</u>	<u>(1,219)</u>	(57.2)	<u>306</u>	<u>(1,692)</u>	n.m.
Loss attributable to equity holders of the Company relates to:						
- Loss from continuing operations	(1,234)	(1,227)	0.6	(2,305)	(2,318)	(0.6)
- (Loss)/profit from discontinued operations	<u>(522)</u>	<u>(1,080)</u>	(51.7)	<u>325</u>	<u>(1,297)</u>	n.m.
Total	<u>(1,756)</u>	<u>(2,307)</u>	(23.9)	<u>(1,980)</u>	<u>(3,615)</u>	(45.2)

n.m. = Not meaningful.

B. The net loss is determined after charging/(crediting) the following:

	Note	2nd Qtr Ended		Increase/ (decrease) %	Half-Year Ended		Increase/ (decrease) %
		31/12/12 RM'000	31/12/11 RM'000		31/12/12 RM'000	31/12/11 RM'000	
Gain on disposal of subsidiaries	(i)	-	-	-	(1,692)	-	n.m.
(Reversal of allowances)/allowance for impairment of trade and other receivables	(ii)	(221)	50	n.m.	(304)	(1,483)	(79.5)
Interest income:							
- Bank balances		(60)	(44)	36.4	(123)	(104)	18.3
Interest expenses:							
- Bank borrowings	(iii)	37	87	(57.5)	84	180	(53.3)
- Adjustment of other payable to amortised cost	(iv)	-	164	n.m.	-	329	n.m.
Depreciation of property, plant and equipment		115	146	(21.2)	240	286	(16.1)
Operating lease expenses	(v)	226	249	(9.2)	441	513	(14.0)
Goodwill written off		-	-	-	196	-	n.m.

n.m. = Not meaningful.

Note (i)

On 30 July 2012, the Group completed the disposal of its entire equity interest in 175,000 shares of U&U Memorial Corporation (M) Sdn Bhd (“UUMC”), which represented 70% of the issued and paid-up share capital of UUMC, for a cash consideration of RM4,400,000 (“UUMC Disposal”). The UUMC Disposal has resulted in a gain of RM1,692,000 for the Group.

Note (ii)

The reversal of allowances for impairment of trade and other receivables in 1H FY13 was lower mainly because collections from doubtful accounts were lower than in 1H FY12.

Note (iii)

The reduction in interest on bank borrowings was in line with the completion of the UUMC Disposal on 30 July 2012 as well as settlement of the Group’s term loan in July 2012.

Note (iv)

There was no adjustment of other payable to amortised cost in 1H FY13 as these other payable was stated at their settlement value as at 30 June 2012 and no further adjustment to amortised cost is required.

Note (v)

Operating lease expenses were lower mainly as a result of the completion of the UUMC Disposal on 30 July 2012.

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/12</b> RM'000	<b>30/06/12</b> RM'000	<b>31/12/12</b> RM'000	<b>30/06/12</b> RM'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	4,386	7,039	4,386	7,039
Trade and other receivables	-	-	43,646	42,903
Other current assets	304	274	304	274
	<u>4,690</u>	<u>7,313</u>	<u>48,336</u>	<u>50,216</u>
Assets of disposal group classified as held-for-sale (Note (vi))	68,846	85,914	-	-
	<u>73,536</u>	<u>93,227</u>	<u>48,336</u>	<u>50,216</u>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	109,169	109,169
Property, plant and equipment	155	178	155	178
	<u>155</u>	<u>178</u>	<u>109,324</u>	<u>109,347</u>
<b>Total assets</b>	<u>73,691</u>	<u>93,405</u>	<u>157,660</u>	<u>159,563</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Other payables	392	744	392	744
Current income tax liabilities	7	17	7	17
	<u>399</u>	<u>761</u>	<u>399</u>	<u>761</u>
Liabilities directly associated with disposal group classified as held-for-sale (Note (vi))	23,306	41,318	-	-
<b>Total liabilities</b>	<u>23,705</u>	<u>42,079</u>	<u>399</u>	<u>761</u>
<b>Net assets</b>	<u>49,986</u>	<u>51,326</u>	<u>157,261</u>	<u>158,802</u>

	<b>Group</b>		<b>Company</b>	
	<b>31/12/12</b> RM'000	<b>30/06/12</b> RM'000	<b>31/12/12</b> RM'000	<b>30/06/12</b> RM'000
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	269,860	269,860	269,860	269,860
Restructuring reserve	(201,554)	(201,554)	-	-
Warrant reserve	13,429	13,429	13,429	13,429
Foreign currency translation reserve	(2)	6	-	-
Accumulated losses	(31,747)	(29,767)	(126,028)	(124,487)
	<u>49,986</u>	<u>51,974</u>	<u>157,261</u>	<u>158,802</u>
Non-controlling interests	-	(648)	-	-
<b>Total equity</b>	<u>49,986</u>	<u>51,326</u>	<u>157,261</u>	<u>158,802</u>

Note (vi)

The major classes of assets and liabilities of the disposal group classified as held-for-sale as at 31 December 2012 are as follows:

	<b>Group</b>	
	<b>31/12/12</b> RM'000	<b>30/06/12</b> RM'000
<b>Assets:</b>		
Cash and bank balances	13,719	14,665
Trade and other receivables	8,149	9,473
Inventories and development expenditure	45,883	51,338
Other current assets	57	886
Property, plant and equipment	1,038	1,714
Intangible asset	-	7,838
Assets of disposal group classified as held-for-sale	<u>68,846</u>	<u>85,914</u>
<b>Liabilities:</b>		
Trade and other payables	9,315	26,371
Borrowings	216	1,069
Other payable – non-current	13,775	13,775
Deferred income tax liabilities	-	103
Liabilities directly associated with disposal group classified as held-for-sale	<u>23,306</u>	<u>41,318</u>
Net assets directly associated with disposal group classified as held-for-sale	<u>45,540</u>	<u>44,596</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 31/12/12		As at 30/06/12	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance lease liabilities	73	-	157	-
<b>Bank borrowings:</b>				
Bank overdraft	-	-	404	-
Term loan	-	-	96	-

Amount repayable after one year:

	As at 31/12/12		As at 30/06/12	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance lease liabilities	143	-	412	-

**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.

**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.**

	<b>2nd Qtr Ended</b>		<b>Half-Year Ended</b>	
	<b>31/12/12</b>	<b>31/12/11</b>	<b>31/12/12</b>	<b>31/12/11</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Total loss	(1,756)	(2,446)	(1,999)	(4,010)
Adjustments for:				
(Tax credit)/income tax	(92)	32	(92)	49
Interest income	(60)	(45)	(123)	(105)
Depreciation of property, plant and equipment	115	146	240	286
Loss/(gain) on disposal of property, plant and equipment	1	-	1	(15)
Property, plant and equipment written off	-	17	-	17
Gain on disposal of subsidiaries	-	-	(1,692)	-
Goodwill written off	-	-	196	-
Interest expense	66	251	113	509
Exchange differences arising from consolidation	(8)	-	(8)	-
	<u>(1,734)</u>	<u>(2,045)</u>	<u>(3,364)</u>	<u>(3,269)</u>
<b>Changes in working capital</b>				
Inventories and development expenditure	(665)	(333)	(615)	(1,492)
Trade and other receivables	661	(385)	686	697
Other current assets	25	63	42	162
Trade and other payables	(104)	1,100	(407)	1,353
	<u>(1,817)</u>	<u>(1,600)</u>	<u>(3,658)</u>	<u>(2,549)</u>
<b>Cash used in operations</b>				
Income tax (paid)/refunded, net	274	(68)	293	(140)
Interest received	60	44	123	104
	<u>(1,483)</u>	<u>(1,624)</u>	<u>(3,242)</u>	<u>(2,585)</u>
<b>Net cash used in operating activities</b>				
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(20)	(23)	(35)	(113)
Proceeds from disposal of property, plant and equipment	1	-	1	22
Acquisition of non-controlling interests	-	-	(40)	-
Cash flow from disposal of subsidiaries	-	-	370	-
	<u>(19)</u>	<u>(23)</u>	<u>296</u>	<u>(91)</u>
<b>Net cash (used in)/from investing activities</b>				
<b>Cash flows from financing activities</b>				
Repayment of borrowings	-	(276)	(96)	(539)
Increase in bank deposits pledged	(48)	(40)	(98)	(87)
Repayment of finance lease liabilities, net	(33)	(42)	(69)	(76)
Interest paid	(37)	(87)	(84)	(180)
	<u>(118)</u>	<u>(445)</u>	<u>(347)</u>	<u>(882)</u>
<b>Net cash used in financing activities</b>				
<b>Net decrease in cash and cash equivalents</b>	<u>(1,620)</u>	<u>(2,092)</u>	<u>(3,293)</u>	<u>(3,558)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>11,966</u>	<u>5,972</u>	<u>13,639</u>	<u>7,438</u>
<b>Cash and cash equivalents at end of period</b>	<u>10,346</u>	<u>3,880</u>	<u>10,346</u>	<u>3,880</u>



## Note to statement of cash flows

### A. Cash and cash equivalents

	<b>Half-Year Ended</b>	
	<b>31/12/12</b>	<b>31/12/11</b>
	<b>RM'000</b>	<b>RM'000</b>
Continuing operations:		
Cash and bank balances	4,386	11,937
Less: Bank overdrafts	-	(620)
Less: Bank deposits pledged	-	(7,437)
	<u>4,386</u>	<u>3,880</u>
Discontinued operations:		
Cash and bank balances	13,719	-
Less: Bank deposits pledged	(7,759)	-
	<u>5,960</u>	<u>-</u>
Cash and cash equivalents	<u>10,346</u>	<u>3,880</u>

### B. Cash flows attributable to discontinued operations

The impact of the discontinued operations on the cash flows of the Group is as follows:

	<b>2nd Qtr Ended</b>		<b>Half-Year Ended</b>	
	<b>31/12/12</b>	<b>31/12/11</b>	<b>31/12/12</b>	<b>31/12/11</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating cash outflows	(51)	(1,089)	(588)	(624)
Investing cash inflows/(outflows)	(19)	(23)	295	(91)
Financing cash outflows	<u>(118)</u>	<u>(445)</u>	<u>(300)</u>	<u>(882)</u>
Net cash outflows	<u>(188)</u>	<u>(1,557)</u>	<u>(593)</u>	<u>(1,597)</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		
<b>Group</b>								
<b>6 months ended 31 December 2012</b>								
Beginning of financial period	269,860	(201,554)	13,429	6	(29,767)	51,974	(648)	51,326
Total comprehensive loss	-	-	-	(8)	(1,980)	(1,988)	(19)	(2,007)
Disposal of subsidiaries	-	-	-	-	-	-	511	511
Acquisition of non-controlling interests	-	-	-	-	-	-	156	156
End of financial period	<u>269,860</u>	<u>(201,554)</u>	<u>13,429</u>	<u>(2)</u>	<u>(31,747)</u>	<u>49,986</u>	<u>-</u>	<u>49,986</u>
<b>6 months ended 31 December 2011</b>								
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>

	Share capital RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<b>Company</b>				
<b>6 months ended 31 December 2012</b>				
Beginning of financial period	269,860	13,429	(124,487)	158,802
Total comprehensive loss	<u>-</u>	<u>-</u>	<u>(1,541)</u>	<u>(1,541)</u>
End of financial period	<u>269,860</u>	<u>13,429</u>	<u>(126,028)</u>	<u>157,261</u>
<b>6 months ended 31 December 2011</b>				
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>

**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.

The Company did not have any treasury shares as at 31 December 2012.

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

	31/12/12	31/12/11
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>

**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.**

	31/12/12	30/06/12
Total number of issued shares excluding treasury shares	<u>69,340,895</u>	<u>69,340,895</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 as the Company did not have any treasury shares as at 31 December 2012.

**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 2012, 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 Interpretations of FRS ("INT FRS") that are relevant to its operations and effective from annual periods beginning on or after 1 July 2012. 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.**

a) Basic loss per share

Half-Year Ended	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Net loss/(profit) attributable to equity holders of the Company (RM'000)	(2,305)	(2,318)	325	(1,297)	(1,980)	(3,615)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	69,341	59,341	69,341	59,341	69,341	59,341
Basic (loss)/earnings per share (RM cents per share)	<u>(3.3)</u>	<u>(3.9)</u>	<u>0.5</u>	<u>(2.2)</u>	<u>(2.8)</u>	<u>(6.1)</u>

2nd Quarter Ended	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Net loss attributable to equity holders of the Company (RM'000)	(1,234)	(1,227)	(522)	(1,080)	(1,756)	(2,307)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	69,341	59,341	69,341	59,341	69,341	59,341
Basic loss per share (RM cents per share)	<u>(1.8)</u>	<u>(2.1)</u>	<u>(0.7)</u>	<u>(1.8)</u>	<u>(2.5)</u>	<u>(3.9)</u>

b) Diluted loss per share

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 excluding treasury shares of the issuer at the end of the :-**

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

	<b>Group</b>		<b>Company</b>	
	<b>31/12/12</b>	<b>30/06/12</b>	<b>31/12/12</b>	<b>30/06/12</b>
Net asset value per ordinary share	<u>RM0.72</u>	<u>RM0.74</u>	<u>RM2.27</u>	<u>RM2.29</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 2012 ("2Q FY13") vs Second Quarter Ended 31 December 2011 ("2Q FY12")**

**Continuing operations**

The Group's revenue and loss after income tax in 2Q FY13 were on a par with those recorded in 2Q FY12, amounting to RM40,000 and RM1.2 million respectively.

*Other gains, net*

Other gains of RM14,000 consisted mainly of government grant received.

*Selling and distribution expenses*

The higher selling and distribution expenses recorded in 2Q FY13 was due mainly to higher marketing expenses incurred.

**Discontinued operations**

*Revenue and gross profit*

Revenue was lower in 2Q FY13 mainly because of the exclusion of UUMC Group's revenue upon completion of the UUMC Disposal on 30 July 2012. In line with the lower revenue, gross profit amounted to RM1.5 million in 2Q FY13, compared with RM1.7 million in 2Q FY12. However, the gross profit margin increased by 4%, which was attributable mainly to the higher maintenance fee income achieved in 2Q FY13.

*Other gains, net*

Higher other gains, net in 2Q FY13 was due mainly to higher reversal of allowance for impairment loss of trade receivables amounting to RM221,000.

*Selling and distribution expenses, general and administrative expenses and finance expenses*

The Group reported lower operational expenses with a difference of RM588,000 in 2Q FY13. The improvement was attributable mainly to exclusion of UUMC's expenses upon the completion of the UUMC Disposal on 30 July 2012.

*Tax credit*

The tax credit of RM92,000 reported in 2Q FY13 arose from reversal of deferred tax liabilities which were no longer required.

### *Net loss*

The Group reported a loss after income tax of RM522,000, which was lower than the RM1.2 million posted in 2Q FY12.

### **Overall group**

The net loss recorded by the Group was RM1.8 million, lower than the net loss of RM2.4 million posted in 2QFY12.

### **Half Year Ended 31 December 2012 (“1H FY13”) vs Half Year Ended 31 December 2011 (“1H FY12”)**

#### **Continuing operations**

Revenue and net loss for 1H FY13 amounted to RM80,000 and RM2.3 million respectively. The levels were largely unchanged from those seen in 1H FY12.

#### **Discontinued operations**

##### *Revenue and gross profit*

Revenue in 1H FY13 stood at RM5.0 million, RM656,000 lower than that recorded in 1H FY12. The dip in revenue arose mainly from the exclusion of UUMC Group’s revenue upon the completion of the UUMC Disposal. The decrease, however, was offset by an increase in maintenance fee income to RM339,000.

Gross profit amounted to RM2.8 million, which is comparable to that recorded in 1H FY12 even though sales decreased. The main reason was an increase in sales of high-margin products and services.

##### *Other gains, net*

The Group’s other gains, net stood at RM2.0 million for 1H FY13, increased by RM0.5 million as compared to 1H FY12. This other gains mainly consist of a gain of RM1.7 million from the UUMC Disposal and a reversal of allowance for impairment loss of trade receivables amounting to RM304,000.

##### *Selling and distribution expenses, general and administrative expenses and finance expenses*

The Group reported lower operational expenses by RM1.3 million in 1H FY13. The decrease was attributable mainly to exclusion of UUMC’s expenses upon the completion of the UUMC Disposal on 30 July 2012.

##### *Tax credit*

The tax credit of RM92,000 reported in 1H FY13 was arose from reversal of deferred tax liabilities which is no longer required.

### *Net loss*

The Group reported a profit after income tax of RM306,000 as compared with a loss before income tax of RM1.7 million in 1H FY12.

### **Overall group**

The Group’s net loss in 1H FY13 was a vast improvement over that seen in 1H FY12, amounting to RM2.0 million, halving the RM4.0 million recorded previously.

## **B. Review of Financial Position**

### *Cash and bank balances*

Cash and bank balances decreased by RM2.7 million in 1H FY13. The decrease was attributable mainly to the utilisation of funds towards operating activities.

### *Other current assets*

The increase in other current assets of RM30,000 in 1H FY13 was mainly due to higher prepaid expenses as at 31 December 2012.

### *Property, plant and equipment*

Property, plant and equipment decreased by RM23,000 in 1H FY13. The decrease was solely due to depreciation charge for the period.

### *Other payables*

The decrease of other payables of RM352,000 in 1H FY13 was mainly attributable to settlement of amount owing to other creditors.

### *Current income tax liabilities*

The decrease of current income tax liabilities of RM10,000 in 1H FY13 was solely due to payment of income tax instalments to the tax authority.

### *Assets of disposal group classified as held-for-sale and liabilities directly associated with disposal group classified as held-for-sale*

The decrease in the assets of the disposal group classified as held-for-sale and the liabilities directly associated with the disposal group classified as held-for-sale was in line with the deconsolidation of UUMC's balance sheet from the Group's statement of financial position upon completion of the UUMC Disposal.

## **C. Review of Cash Flow**

The Group recorded a RM3.3 million decrease in cash and cash equivalents in 1H FY13. The decrease was attributed primarily to the following:

- i.) net cash used in operating activities of RM3.2 million. This negative cash flow recorded in operating activities was mainly attributable to an operating loss before working capital changes of RM3.4 million; and
- ii.) net cash used in financing activities of RM347,000. The cash outflows from financing activities arose from the repayment of bank borrowings and related interest totalling RM249,000 as well as increase in bank deposits pledged of RM98,000.

The decrease was offset partially by a net cash inflow of RM370,000 from the disposal of UUMC.

## **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.**

A. Bereavement care business

The Malaysia Parliament is due to be dissolved by April 2013 or earlier and it is expected that the Prime Minister, Datuk Sri Najib Tun Razak will call for a general election (“GE”) soon. The Group expects trading conditions to remain difficult over the next quarter as investors and potential customers will hold back purchases of our pre-need products because of concerns over the results of the GE.

In addition, the Group expects to post seasonally lower sales for the January to March 2013 quarter because of the Chinese Lunar New Year, since cultural taboos hamper pre-need sales activities during this auspicious period.

B. Proposed Acquisition of BEEGL-K and BEEGL-S

As mentioned in Paragraph 1(a)(ii), the Company has entered into a sale-and-purchase agreement (“SPA”) to acquire a 100% equity interest in BEEGL-K and BEEGL-S from Bright Eagle Enterprises Group Limited (“BEEGL”). BEEGL has secured two joint development agreements (“JDAs”) for the conversion of up to seven fuel oil-based power generation units into coal-based power generators in Pakistan. BEEGL-K and BEEGL-S are two special-purpose vehicles incorporated by BEEGL to carry out the rights and obligations of the JDAs. Pursuant to the SPA, the remaining bereavement care business of the Group will be transferred to BEEGL.

The Proposed Acquisition will change the Group’s core business from bereavement care to the provision of engineering solutions in the power generation industry. As announced on 17 December 2012, the Company has extended the Long Stop Date (as defined in the SPA) by another four months to 16 April 2013 subject to the following conditions:

- (a) BEEGL will consider the Company’s suggestions and carry out a restructuring and optimisation of its existing shareholders and project participants in order to increase the reliability and feasibility of the projects (the “Restructuring and Optimisation”); and
- (b) the Restructuring and Optimisation shall be completed prior to the expiry of the Long Stop Date which may involve the projects contemplated under the SPA being carried out by or assigned to affiliated parties of BEEGL subject to the required approval for such interested-party transactions being obtained.

The Proposed Acquisition is expected to take more than six months to complete and is not expected to have any significant impact on the Group in the next reporting period.

**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 31 December 2012.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained for the quarter ended 31 December 2012.

**14. Utilisation of Proceeds**

On 18 May 2012, the Company completed the issuance of 10,000,000 new ordinary shares at \$0.40 per share. The proceeds from the issuance of new shares were initially to be utilised as follows:

<b>Use of Proceeds</b>	<b>Percentage Allocation (%)</b>
<b>i.</b> To fund part of the Cash Consideration as defined in the Company’s announcement dated 17 April 2012 (the “April Announcement”), this being one of the many components of First Consideration to be satisfied by the Company and as provided for under paragraph 3.2 of the April Announcement	50 - 70
<b>ii.</b> To pay for the some of the expenses incurred by the Company in connection with the Proposed Acquisition as defined in the April Announcement	10 - 30
<b>iii.</b> General working capital of the Company	10 - 30

As announced on 31 July 2012, the Company revised the intended use of the proceeds and as at 31 December 2012, the status in terms of utilisation was as follows:

<b>Use of Proceeds</b>	<b>Actual utilisation S\$'000</b>	<b>As a percentage of gross proceeds %</b>	<b>Proposed utilisation ratio %</b>
General working capital	2,152	53.8	30-60*
Expenses in relation to the Proposed Acquisition	146	3.7	30-60*
Share issue expense	<u>25</u>	<u>0.6</u>	^
<b>Total</b>	<u>2,323</u>	<u>58.1</u>	

Note:

\* Proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses.

^ Share issue expense are estimated at S\$30,000.

With respect to the S\$2,152,000 used for general working capital, the breakdown was as follows:

<b>General working capital – Purpose of utilisation</b>	<b>Percentage utilised (%)</b>
Payment of employee compensation and directors' fee	53.0
Payment of office overheads	25.7
Payment of professional fees and other compliance costs	13.6
Payment to suppliers	<u>7.7</u>
<b>Total</b>	<u>100.0</u>

The use of the proceeds is in accordance with the stated use.

**BY ORDER OF THE BOARD**

**Lee Keng Mun**  
**Chief Financial Officer**  
**7 February 2013**



## ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

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### CONFIRMATION BY THE BOARD

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We, Dato' Dr Choo Yeow Ming and Lee Keng Mun, 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 which may render the financial results for the half-year ended 31 December 2012 to be false or misleading in any material respect.

### BY ORDER OF THE BOARD

(SIGNED)

Dato' Dr Choo Yeow Ming  
Director

7 February 2013

(SIGNED)

Lee Keng Mun  
Director