



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

Financial Statements And Dividend Announcement for the Third Quarter Ended 31 March 2014

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	3rd Qtr Ended		Increase/ (decrease)	9 Months Ended		Increase/ (decrease)
		31/03/14	31/03/13	(decrease)	31/03/14	31/03/13	(decrease)
		RM'000	RM'000	%	RM'000	RM'000	%
<u>Continuing operations</u>							
Revenue		1,980	2,227	(11.1)	9,480	6,586	43.9
Cost of sales		(968)	(1,072)	(9.7)	(3,844)	(2,806)	37.0
Gross profit		1,012	1,155	(12.4)	5,636	3,780	49.1
Other gains, net		148	1,841	(92.0)	761	3,733	(79.6)
Expenses							
- Selling and distribution		(400)	(2,047)	(80.5)	(1,137)	(2,872)	(60.4)
- General and administrative		(3,210)	(2,749)	16.8	(9,327)	(8,460)	10.2
- Finance		(50)	(31)	61.3	(124)	(136)	(8.8)
Loss before income tax		(2,500)	(1,831)	36.5	(4,191)	(3,955)	6.0
Income tax credit	B	-	-	n.m.	27	92	(70.7)
Loss from continuing operations		(2,500)	(1,831)	36.5	(4,164)	(3,863)	7.8
<u>Discontinued operations</u>							
Profit from discontinued operations		-	-	n.m.	-	33	n.m.
Total loss	A	<u>(2,500)</u>	<u>(1,831)</u>	36.5	<u>(4,164)</u>	<u>(3,830)</u>	8.7
Other comprehensive income, net of tax							
Currency translation differences arising from consolidation		-	-	n.m.	-	(8)	n.m.
Total comprehensive loss		<u>(2,500)</u>	<u>(1,831)</u>	36.5	<u>(4,164)</u>	<u>(3,838)</u>	8.5

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

	3rd Qtr Ended		Increase/	9 Months Ended		Increase/
Note	31/03/14	31/03/13	(decrease)	31/03/14	31/03/13	(decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Total loss attributable to:						
Equity holders of the Company	(2,500)	(1,831)	36.5	(4,164)	(3,811)	9.3
Non-controlling interests	-	-	n.m.	-	(19)	n.m.
	<u>(2,500)</u>	<u>(1,831)</u>	36.5	<u>(4,164)</u>	<u>(3,830)</u>	8.7
Total comprehensive loss attributable to:						
Equity holders of the Company	(2,500)	(1,831)	36.5	(4,164)	(3,819)	9.0
Non-controlling interests	-	-	n.m.	-	(19)	n.m.
	<u>(2,500)</u>	<u>(1,831)</u>	36.5	<u>(4,164)</u>	<u>(3,838)</u>	8.5

n.m. = Not meaningful.

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

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

	3rd Qtr Ended		Increase/	9 Months Ended		Increase/	
Note	31/03/14	31/03/13	(decrease)	31/03/14	31/03/13	(decrease)	
	RM'000	RM'000	%	RM'000	RM'000	%	
Gain on disposal of subsidiaries	(i)	-	-	n.m.	-	(1,683)	n.m.
Interest income:							
- Bank balances	(ii)	(111)	(54)	105.6	(298)	(177)	68.4
Reversal of allowances for impairment of trade and other receivables	(iii)	-	(1,686)	n.m.	(300)	(1,990)	(84.9)
Interest expenses:							
- Bank borrowings	(iv)	50	38	31.6	124	122	1.6
Depreciation of property, plant and equipment	(v)	78	111	(29.7)	241	342	(29.5)
Operating lease expenses	(vi)	248	214	15.9	741	655	13.1
Goodwill written off		-	-	n.m.	-	196	n.m.

n.m. = Not meaningful.

Note (i)

The gain on the disposal of subsidiaries in 9M FY13 consisted of the gain from the disposal of U&U Memorial Corporation (M) Sdn Bhd ("UUMC"), which was completed on 30 July 2012.

Note (ii)

The increase in interest income in 3Q FY14 and 9M FY14 was in line with the increase in average deposits placed with the banks.

Note (iii)

The lower reversal of allowances for impairment of trade and other receivables in 3Q FY14 and 9M FY14 was mainly because of lower collections from doubtful accounts.

Note (iv)

The increase in interest expenses for bank borrowings was due mainly to higher bank guarantee fees charged by the bank.

Note (v)

The decrease in depreciation of property, plant and equipment was attributable mainly to the decrease in depreciable assets.

Note (vi)

Operating lease expenses were higher mainly because of an increase in office rental.

B. Income tax expenses

	3rd Qtr Ended		Increase/	9 Months Ended		Increase/
	31/03/14	31/03/13	(decrease)	31/03/14	31/03/13	(decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Income tax expenses						
- Overprovision in respect of prior years	<u>-</u>	<u>92</u>	n.m.	<u>27</u>	<u>92</u>	(70.7)

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	
	31/03/14 RM'000	30/06/13 RM'000	31/03/14 RM'000	30/06/13 RM'000
ASSETS				
Current assets				
Cash and bank balances	25,210	15,707	6,325	2,151
Trade and other receivables	8,206	7,418	53,993	46,881
Inventories and development expenditure	45,324	45,336	-	-
Other current assets	2,283	817	2,035	641
Income tax recoverable	-	206	-	-
	<u>81,023</u>	<u>69,484</u>	<u>62,353</u>	<u>49,673</u>
Non-current assets				
Trade receivables	-	558	-	-
Investment in subsidiaries	-	-	109,169	109,169
Property, plant and equipment	3,383	1,831	103	133
	<u>3,383</u>	<u>2,389</u>	<u>109,272</u>	<u>109,302</u>
Total assets	<u>84,406</u>	<u>71,873</u>	<u>171,625</u>	<u>158,975</u>
LIABILITIES				
Current liabilities				
Trade and other payables	10,233	9,283	40	421
Finance lease liabilities	81	79	-	-
Current income tax liabilities	5	16	5	16
	<u>10,319</u>	<u>9,378</u>	<u>45</u>	<u>437</u>
Non-current liabilities				
Other payables	13,775	13,775	-	-
Finance lease liabilities	123	184	-	-
	<u>13,898</u>	<u>13,959</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>24,217</u>	<u>23,337</u>	<u>45</u>	<u>437</u>
Net assets	<u>60,189</u>	<u>48,536</u>	<u>171,580</u>	<u>158,538</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	285,677	269,860	285,677	269,860
Restructuring reserve	(201,554)	(201,554)	-	-
Warrant reserve	13,429	13,429	13,429	13,429
Foreign currency translation reserve	-	6	-	-
Accumulated losses	(37,363)	(33,205)	(127,526)	(124,751)
Total equity	<u>60,189</u>	<u>48,536</u>	<u>171,580</u>	<u>158,538</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 31/03/14		As at 30/06/13	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance lease liabilities	81	-	79	-

Amount repayable after one year:

	As at 31/03/14		As at 30/06/12	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance lease liabilities	123	-	184	-

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.

	3rd Qtr Ended		9 Months Ended	
	31/03/14 RM'000	31/03/13 RM'000	31/03/14 RM'000	31/03/13 RM'000
Cash flows from operating activities				
Total loss	(2,500)	(1,831)	(4,164)	(3,830)
Adjustments for:				
Depreciation of property, plant and equipment	78	111	241	342
Income tax credit	-	-	(27)	(92)
Interest income	(111)	(54)	(298)	(177)
Loss on disposal of property, plant and equipment	-	-	-	1
Gain on disposal of subsidiaries	-	-	-	(1,683)
Goodwill written off	-	-	-	196
Interest expense	50	31	124	144
Exchange differences arising from consolidation	-	-	-	(8)
Translation differences	(1)	-	18	-
	<u>(2,484)</u>	<u>(1,743)</u>	<u>(4,106)</u>	<u>(5,107)</u>
Changes in working capital				
Inventories and development expenditure	(123)	22	12	(593)
Trade and other receivables	725	317	(230)	1,004
Other current assets	(120)	(8)	(1,466)	34
Trade and other payables	19	(145)	950	(552)
	<u>(1,983)</u>	<u>(1,557)</u>	<u>(4,840)</u>	<u>(5,214)</u>
Income tax (paid)/refunded, net	(6)	267	222	560
Interest received	111	54	298	177
	<u>(1,878)</u>	<u>(1,236)</u>	<u>(4,320)</u>	<u>(4,477)</u>
Net cash used in operating activities				
	<u>(1,878)</u>	<u>(1,236)</u>	<u>(4,320)</u>	<u>(4,477)</u>
Cash flows from investing activities				
Additions to property, plant and equipment	(266)	(11)	(1,793)	(46)
Proceeds from disposal of property, plant and equipment	-	-	-	1
Acquisition of non-controlling interests	-	-	-	(40)
Disposal of subsidiaries, net of cash disposed of	-	-	-	369
	<u>(266)</u>	<u>(11)</u>	<u>(1,793)</u>	<u>284</u>
Net cash (used in)/from investing activities				
	<u>(266)</u>	<u>(11)</u>	<u>(1,793)</u>	<u>284</u>
Cash flows from financing activities				
Proceeds from issuance of new ordinary shares	(30)	-	8,430	-
Proceeds from exercise of warrants	3,503	-	7,387	-
Repayment of borrowings	-	-	-	(96)
Increase in bank deposits pledged	(2,591)	(55)	(5,941)	(153)
Repayment of finance lease liabilities, net	(20)	(33)	(59)	(102)
Interest paid	(50)	(38)	(124)	(122)
	<u>812</u>	<u>(126)</u>	<u>9,693</u>	<u>(473)</u>
Net cash from/(used in) financing activities				
	<u>812</u>	<u>(126)</u>	<u>9,693</u>	<u>(473)</u>
Net (decrease)/increase in cash and cash equivalents				
	<u>(1,332)</u>	<u>(1,373)</u>	<u>3,580</u>	<u>(4,666)</u>
Cash and cash equivalents at beginning of period	12,713	10,346	7,820	13,639
Effects of currency translation on cash and cash equivalents	1	-	(18)	-
	<u>11,382</u>	<u>8,973</u>	<u>11,382</u>	<u>8,973</u>
Cash and cash equivalents at end of period				
	<u>11,382</u>	<u>8,973</u>	<u>11,382</u>	<u>8,973</u>

Note to statement of cash flows

A. Cash and cash equivalents

	31/03/14 RM'000	31/03/13 RM'000
Cash and bank balances	25,210	16,787
Less: Bank deposits pledged	<u>(13,828)</u>	<u>(7,814)</u>
Cash and cash equivalents	<u><u>11,382</u></u>	<u><u>8,973</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 →							
	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	Non- controlling interests RM'000	Total equity RM'000
Group								
9 months ended 31 March 2014								
Beginning of financial period	269,860	(201,554)	13,429	6	(33,205)	48,536	-	48,536
Total comprehensive loss	-	-	-	-	(4,164)	(4,164)	-	(4,164)
Issuance of new ordinary shares	8,844	-	-	-	-	8,844	-	8,844
Share issue expense	(414)	-	-	-	-	(414)	-	(414)
Issuance of new ordinary shares pursuant to exercise of warrants	7,387	-	-	-	-	7,387	-	7,387
Arising from deconsolidation of subsidiary	-	-	-	(6)	6	-	-	-
End of financial period	<u>285,677</u>	<u>(201,554)</u>	<u>13,429</u>	<u>-</u>	<u>(37,363)</u>	<u>60,189</u>	<u>-</u>	<u>60,189</u>
9 months ended 31 March 2013								
Beginning of financial period	269,860	(201,554)	13,429	6	(29,767)	51,974	(648)	51,326
Total comprehensive loss	-	-	-	(8)	(3,811)	(3,819)	(19)	(3,838)
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>(33,578)</u>	<u>48,155</u>	<u>-</u>	<u>48,155</u>

	Share capital RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
9 months ended 31 March 2014				
Beginning of financial period	269,860	13,429	(124,751)	158,538
Total comprehensive loss	-	-	(2,775)	(2,775)
Issuance of new ordinary shares	8,844	-	-	8,844
Share issue expenses	(414)	-	-	(414)
Issuance of new ordinary shares pursuant to exercise of warrants	7,387	-	-	7,387
End of financial period	<u>285,677</u>	<u>13,429</u>	<u>(127,526)</u>	<u>171,580</u>
9 months ended 31 March 2013				
Beginning of financial period	269,860	13,429	(124,487)	158,802
Total comprehensive loss	-	-	(2,195)	(2,195)
End of financial period	<u>269,860</u>	<u>13,429</u>	<u>(126,682)</u>	<u>156,607</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.

The movement of the Company's share capital was as follows:

	Number of issued shares
Balance at 1 January 2014	134,034,249
Issuance of new ordinary shares pursuant to the exercise of the 2013 Warrants (as defined herein)	3,237,681
Issuance of new ordinary shares pursuant to the exercise of the Introducer Warrants (as defined herein)	<u>5,500,000</u>
Balance at 31 March 2014	<u>142,771,930</u>

The Company did not have any treasury shares as at 31 March 2014.

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

	31/03/14	31/03/13
- Warrants expiring on 16 May 2014 ("2009 Warrants")	69,385,269*	58,657,027
- Warrants expiring on 16 July 2018 ("2013 Warrants")	1,409,871	-
- Warrants expiring on 9 December 2014 ("Introducer Warrants")	5,500,000	-
- Warrants expiring on 20 March 2017 ("Introducer (SPA) Warrants")	16,500,000	-
	<u>92,795,140</u>	<u>58,657,027</u>

* As announced on 17 July 2013, an additional 10,728,254 of the 2009 Warrants were issued pursuant to the 2009 Warrants Adjustments (as defined in the Company's announcement dated 12 June 2013) as a result of the Rights cum Warrants Issue (as defined in the Company's announcement dated 7 May 2013).

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.

	31/03/14	30/06/13
Total number of issued shares excluding treasury shares	<u>142,771,930</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.

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 2013, 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 2013. 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

9 Months Ended	Total	
	31/03/14	31/03/13
Net loss attributable to equity holders of the Company (RM’000)	(4,164)	(3,811)
Weighted average number of ordinary shares outstanding for basic loss per share (’000)	123,476	89,320
Basic loss per share (RM cents per share)	<u>(3.4)</u>	<u>(4.3)</u>

3rd Quarter Ended	Total	
	31/03/14	31/03/13
Net loss attributable to equity holders of the Company (RM’000)	(2,500)	(1,831)
Weighted average number of ordinary shares outstanding for basic loss per share (’000)	136,400	89,320
Basic loss per share (RM cents per share)	<u>(1.8)</u>	<u>(2.1)</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.**

	Group		Company	
	31/03/14	30/06/13	31/03/14	30/06/13
Net asset value per ordinary share	<u>RM0.42</u>	<u>RM0.70</u>	<u>RM1.20</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

Third Quarter Ended 31 March 2014 (“3Q FY14”) vs Third Quarter Ended 31 March 2013 (“3Q FY13”)

Revenue and gross profit

Overall revenue was lower in 3Q FY14 because of a decrease in revenue from tomb construction and funeral services. In line with the lower revenue, gross profit came to RM1.0 million in 3Q FY14 as compared with RM1.2 million in 3Q FY13.

Other gains, net

The figure decreased in 3Q FY14 mainly because there was no reversal of allowances for impairment losses on trade receivables in this quarter, whereas a sum of RM1.7 million was posted in 3Q FY13.

Selling and distribution expenses

Selling and distribution expenses came to RM400,000, a decrease of RM1.6 million from the RM2.0 million posted in 3Q FY13. The decrease arose mainly because higher incentives of RM1.7 million were granted to customers in 3Q FY13 to encourage them to complete their burial plot purchases promptly.

General and administrative expenses

General and administrative expenses were higher in 3Q FY14 than in 3Q FY13, rising by RM461,000. The increase was attributable mainly to an increase in professional fees and staff costs.

Finance expenses

The increase in finance expenses was due mainly to higher bank guarantee fees charged by the bank.

Net loss

The Group reported a loss after income tax of RM2.5 million, which was greater than the loss of RM1.8 million posted in 3Q FY13. The main reason was the decrease in gross profit and other gains and the increase in general and administrative expenses even though selling and distribution expenses were lower, as discussed above.

9 Months Ended 31 March 2014 (“9M FY14”) vs 9 Months Ended 31 March 2013 (“9M FY13”)

Revenue and gross profit

Revenue in 9M FY14 came to RM9.5 million, which was RM2.9 million higher than that recorded in 9M FY13. The higher revenue arose mainly from increased sales for columbaria, tomb construction and burial plots. In line with the higher sales recorded in 9M FY14, the Group reported a higher gross profit of RM5.6 million as compared with RM3.8 million in 9M FY13.

Other gains, net

The figure came to RM761,000 for 9M FY14 as compared with the RM3.7 million in 9M FY13. The decrease arose from a decrease in the reversal of allowances for impairment losses on trade receivables and a gain of RM1.7 million from the Group's disposal of its 70% interest in U&U Memorial Corporation (M) Sdn Bhd ("UUMC") which was completed on 30 July 2012.

Selling and distribution expenses

Selling and distribution expenses decreased to RM1.1 million in 9M FY14 mainly because no incentives were granted to customers, whereas incentives of RM1.9 million were granted in 9M FY13.

General and administrative expenses

General and administrative expenses in 9M FY14 were higher than the RM8.5 million recorded in 9M FY13 by RM867,000. The increase was due mainly to an increase in professional fees and staff costs.

Tax credit

The tax credit of RM27,000 reported in 9M FY14 arose from the reversal of overprovision for income tax in previous years.

Net loss

The Group reported a loss after income tax of RM4.2 million in 9M FY14 as compared with a loss after income tax of RM3.8 million in 9M FY13.

B. Review of Financial Position as at 31 March 2014 vs 30 June 2013

Cash and bank balances

The increase in cash and bank balances was due mainly to funds raised from the issuance of new ordinary shares pursuant to the rights issue completed on 17 July 2013 as well as proceeds from the exercise of warrants totalling RM15.8 million. The positive cash flow was partially offset by net cash used in operating activities and in the purchase of property, plant and equipment.

Trade and other receivables

The increase in trade and other receivables was the result of an increase in credit sales during the nine-month period.

Other current assets

The increase in other current assets in 9M FY14 was due to a deposit amounting to RM1.6 million ("Escrow Sum") placed with an escrow agent pursuant to the proposed acquisition of Coeur Gold Armenia Ltd. The Escrow Sum is refundable upon the occurrence of any one of the following events, whichever is the earliest:

- (a) the memorandum of understanding dated 3 September 2013 entered into by the Company with Mr George Richmond and China Global Energy Resources Ltd has lapsed;
- (b) the proposed acquisition has been aborted; or
- (c) the proposed acquisition has been completed.

The increase in Escrow Sum was offset by the decrease in deferred expenditure of RM349,000.

Non-current trade receivables

The Company grants certain customers easy payment terms of up to 24 months, and amounts collectable in excess of 12 months from the balance sheet date are classified as non-current trade receivables. As at 31 March 2014, such receivables were Nil as compared with RM558,000 as at 30 June 2013.

Property, plant and equipment

Property, plant and equipment increased by RM1.6 million in 9M FY14 largely because of construction costs for the funeral parlour.

Trade and other payables

The RM950,000 increase in trade and other payables in 9M FY14 was attributable mainly to the increase in sales commissions accrued, which was in line with the increase in sales and higher deferred sales for tomb construction and funeral packages.

Current income tax liabilities

The decrease in current income tax liabilities in 9M FY14 was due solely to the payment of income tax instalments to the tax authority.

C. Review of Cash Flow for 9M FY14 vs 9M FY13

The Group recorded a RM3.6 million increase in cash and cash equivalents in 9M FY14. The increase was attributable primarily to proceeds from the rights issue completed on 17 July 2013 as well as proceeds from the exercise of warrants totalling RM15.8 million. The positive cash flow was partly offset by the following items:

- i.) A RM5.9 million increase in pledged short-term deposits;
- ii.) Additions to property, plant and equipment amounting to RM1.8 million, which arose mainly from construction costs for the funeral parlour;
- iii.) Net cash used in operating activities of RM4.3 million. This cash outflow resulted from RM4.1 million in operating losses before working capital changes as well as negative working capital changes of RM0.7 million. These items were partially offset by net income tax refunded and interest received totalling RM0.5 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.

A. Bereavement care business

The construction of the funeral parlour on the land leased from the Ulu Langat Hokkien Association was completed in December 2013. Operations will commence once the certificate of fitness is received from the relevant authorities.

B. Proposed Acquisition of Coeur Gold Armenia Ltd

On 25 February 2014, the Company entered into a conditional sale-and-purchase agreement (the “S&P Agreement”) with GR Business Holdings Limited whereby the Company will acquire the entire issued and paid-up share capital of Coeur Gold Armenia Limited (the “Target”) from GR Business Holdings Limited.

The Target is an investment holding company organised and existing under the laws of the Republic of Seychelles and holds controlling interests in the two companies as set out below. The two companies in turn hold mining exploration rights in the Azatek and Sofi Bina Mineral Deposits, Armenia in respect of gold, silver, antimony and copper:

- (a) Vayk Gold LLC (“VGL”), a company incorporated in the Republic of Armenia. The Target holds 80% of the entire issued share capital of VGL; and
- (b) Vardani Zartong Ltd (“VZL”), a company registered by the “Meghri” Territorial Subdivision of the State Register Book of Legal Entities of the Republic of Armenia. The Target holds 80% of the entire issued share capital of VZL.

The aggregate consideration payable by the Company in relation to the Acquisition is S\$500,000,000, subject to adjustments in accordance with the terms of the S&P Agreement. The consideration shall be payable in the form of 1,347,136,209 new shares of the Company allotted and issued to the Vendor.

The proposed acquisition, if undertaken and completed, is expected to result in a “very substantial acquisition” or reverse takeover of the Company, and is conditional upon approval by the shareholders as well as approval by the SGX-ST.

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 March 2014.

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 March 2014.

14. **Utilisation of Proceeds**

A. Share placement completed on 18 May 2012

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

Use of Proceeds	Percentage Allocation (%)
i. 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
ii. 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
iii. As 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 March 2013, the status in terms of utilisation was as follows:

Use of Proceeds	Actual utilisation S\$’000	As a percentage of gross proceeds %	Proposed utilisation ratio %
General working capital	2,400	60.0	30-60*
Expenses in relation to the Proposed Acquisition	159	4.0	30-60*
Share issue expenses	25	0.6	
Total	2,584	64.6	

Note:

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

With respect to the S\$2,400,000 used for general working capital, the breakdown is as follows:

General working capital – Purpose of utilisation	Percentage utilised (%)
Payment of employee compensation and directors’ fees	52.8
Payment of office overheads	26.8
Payment of professional fees and other compliance costs	14.0
Payments to suppliers	6.4
Total	100.0

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

B. Rights cum Warrants Issue completed on 17 July 2013

On 17 July 2013, the Company issued 34,670,447 new ordinary shares at S\$0.10 per share pursuant to the Rights cum Warrant Issue. The status in terms of utilisation of proceeds was as follows:

Use of Proceeds	Actual utilisation S\$'000	As a percentage of gross proceeds %	Proposed utilisation ratio %
Funding growth and expansion	777	22.4	50-70 [#]
General working capital	1,651	47.6	30-50 [#]
Share issue expenses	164	4.7	
Total	2,592	74.7	

Note:

[#] The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses.

With respect to the S\$1,651,000 used for general working capital, the breakdown was as follows:

General working capital – Purpose of utilisation	Percentage Utilised (%)
Payment of employee compensation and directors' fees	42.4
Payment of office overheads	20.0
Payment of professional fees and other compliance costs	8.0
Payment to suppliers	29.6
Total	100.0

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

C. Proceeds from exercise of the 2013 Warrants

As at 31 March 2014, a total of 33,260,576 of the 2013 Warrants had been exercised and S\$1,663,029 had been received by the Group. The Group utilised all the proceeds for general working capital and the breakdown was as follows:

General working capital – Purpose of utilisation	Percentage Utilised (%)
Payment of employee compensation and directors' fees	43.2
Payment of office overheads	18.4
Payment of professional fees and other compliance costs	14.7
Payment to suppliers	23.7
Total	100.0

D. Proceeds from exercise of the Introducer Warrants

As at 31 March 2014, 5,500,000 Introducer Warrants (as defined in the Company's announcement dated 7 April 2014) had been exercised and S\$1,188,000 had been received by the Group. The Group had not utilised the proceeds as at 31 March 2014.

BY ORDER OF THE BOARD

Lee Keng Mun
Chief Financial Officer
7 May 2014



ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

CONFIRMATION BY THE BOARD

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 that might render the financial results for the nine months and the third quarter ended 31 March 2014 false or misleading in any material respect.

BY ORDER OF THE BOARD

(SIGNED)

Dato' Dr Choo Yeow Ming
Director

7 May 2014

(SIGNED)

Lee Keng Mun
Director