



APEX HEALTHCARE BERHAD
(473108-T)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2002

THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENTS
INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		30/09/2002	30/09/2001	30/09/2002	30/09/2001
		RM'000	RM'000	RM'000	RM'000
Revenue	4	40,233	35,315	120,497	104,343
Expenses excluding finance cost and tax		(37,080)	(32,834)	(111,021)	(96,287)
Other Operating Income		91	161	331	628
Profit from operations		3,244	2,642	9,807	8,684
Finance cost		(16)	(31)	(92)	(133)
Share of results of associates and jointly controlled entities		-	-	-	-
Profit before tax	4	3,228	2,611	9,715	8,551
Tax	3	(963)	(615)	(2,797)	(2,028)
Profit after tax		2,265	1,996	6,918	6,523
Less: Minority interests		-	-	-	-
Net profit for the period		2,265	1,996	6,918	6,523

Earnings per share		<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>Sen</u>
- Basic	5	5.21	4.60	15.91	15.03
- Diluted	5	5.12	4.60	15.65	15.03



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CONDENSED CONSOLIDATED BALANCE SHEET
INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

	Note	As at 30/09/2002 RM'000	<u>Audited</u> As at 31/12/2001 RM'000
Non Current Assets			
Property, plant and equipment	7	31,200	31,988
Other non-current assets		-	-
		<u>31,200</u>	<u>31,988</u>
Current Assets			
Inventories		26,396	26,978
Trade and other receivables		37,009	28,668
Deposits, bank & cash balances		12,386	6,613
		<u>75,791</u>	<u>62,259</u>
Less: Current Liabilities			
Trade and other payables		27,287	18,825
Retirement benefits		519	501
Provision for taxation		761	1,156
Bank borrowings	9	761	2,006
Proposed dividend		1,742	-
		<u>31,070</u>	<u>22,488</u>
Net Current Assets		<u>44,721</u>	<u>39,771</u>
Less: Non-Current Liabilities			
Provision for retirement benefits		1,020	764
Deferred taxation		511	395
		<u>1,531</u>	<u>1,159</u>
		<u>74,390</u>	<u>70,600</u>
Capital and Reserves			
Share Capital	10	43,546	43,400
Reserves		30,844	27,200
Shareholders' equity		<u>74,390</u>	<u>70,600</u>
Net Tangible Assets per share (RM)		<u>1.71</u>	<u>1.63</u>



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

	Note	Share capital		<u>Non-Distributable</u>		<u>Distributable</u>	
		RM'000	Share Premium RM'000	Revaluation & other reserves RM'000	Retained Profits RM'000	Total RM'000	
Balance as at 1 January 2002							
- as previously reported		43,400	3,440	5,602	16,422	68,864	
- prior year adjustment	1	-	-	-	1,736	1,736	
- as restated		43,400	3,440	5,602	18,158	70,600	
Net profit for the nine months period		-	-	-	6,918	6,918	
Dividends for the year ended:							
- 31 December 2001 (Final)		-	-	-	(1,741)	(1,741)	
- 31 December 2002 (interim)		-	-	-	(1,742)	(1,742)	
Issue of shares:							
-Employees Share Option Scheme	10	146	209	-	-	355	
Balance as at 30 September 2002		43,546	3,649	5,602	21,593	74,390	

Note: There are no comparative figures as this is the first interim Statement of Changes in Equity prepared in accordance with MASB 26 – “Interim Financial Reporting”.



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

	9 months ended 30.09.2002
	RM'000
Cash flows from operating activities	
Net profit for the nine month period	6,918
Adjustments	5,375
Operating profit before working capital changes	<u>12,293</u>
Decrease in inventories	583
Increase in receivables	(8,254)
Increase in payables	8,465
Cash generated from operations	<u>13,087</u>
Interest paid	(92)
Tax paid	(3,165)
Interest received	67
Net cash generated from operating activities	<u>9,897</u>
Net cash flow used in investing activities	(1,490)
Net cash flow used in financing activities	(1,967)
Net increase in cash and cash equivalents	<u>6,440</u>
Cash and cash equivalents at the beginning of the financial period	5,946
Currency translation differences	-
Cash and cash equivalents at the end of the financial period	<u>12,386</u> =====

Note: There are no comparative figures as this is the first interim Cash Flow Statement prepared in accordance with MASB 26 – “Interim Financial Reporting”.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2002

NOTES TO THE INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, "Interim Financial Reporting" and Paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements. It should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2001 which were reported on without any qualification by the Auditors.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2001 except for the change in accounting policy on the recognition of final dividends proposed in compliance with MASB 19 which came into effect for financial statements covering periods beginning on or after 1 July 2001.

The final dividend in respect of financial year ended 31 December 2001 which was previously accrued as a liability when proposed by the Board of Directors, is now accrued as a liability after approval by shareholders at the Annual General Meeting. As disclosed in the interim financial report for the three months ended 31 March 2002, the change in accounting policy has been accounted for retrospectively. The effect of the change is disclosed in the condensed consolidated statement of changes in equity.

2. Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the interim period ended 30 September 2002.

3. Tax

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/09/2002	30/09/2001	30/09/2002	30/09/2001
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- income tax	919	494	2,678	1,675
- deferred tax	41	121	116	353
	<u>960</u>	<u>615</u>	<u>2,794</u>	<u>2,028</u>
In respect of prior year:				
- income tax	3	-	3	-
	<u>963</u>	<u>615</u>	<u>2,797</u>	<u>2,028</u>

The effective tax rate is slightly higher than the statutory income tax rate due to certain expenses which are not deductible for tax purposes.



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NOTES TO THE INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

4. Segmental Reporting

BUSINESS SEGMENTS	Manufactur ing	Retailing and Distribution	Others	Elimi nation	GROUP
9 MONTHS ENDED 30/09/2002	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	18,276	102,221	-		120,497
Inter-segment revenue			26,737	(26,737)	-
Total Revenue	18,276	102,221	26,737	(26,737)	120,497
Profit/(Loss) before tax	5,795	4,091	(171)	-	9,715
9 MONTHS ENDED 30/09/2001	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	16,020	88,322	-		104,343
Inter-segment revenue			2,254	(2,254)	-
Total Revenue	16,020	88,322	2,254	(2,254)	104,343
Profit before tax	5,040	3,389	7	-	8,551

5. Earnings per share

		3 MONTHS ENDED		9 MONTHS ENDED	
		30/09/2002	30/09/2001	30/09/2002	30/09/2001
Basic Earnings per share					
Net profit for the period	RM'000	2,265	1,996	6,918	6,523
Weighted average number of ordinary shares in issue	'000	43,476	43,400	43,476	43,400
Basic earnings per share	sen	5.21	4.60	15.91	15.03
Diluted Earnings per share					
Net profit for the period	RM'000	2,265	1,996	6,918	6,523
Weighted average number of ordinary shares in issue	'000	43,476	43,400	43,476	43,400
Adjustment for share options	'000	731	-	731	-
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	44,207	43,400	44,207	43,400
Diluted earnings per share	sen	5.12	4.60	15.65	15.03



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NOTES TO THE INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties during the interim period ended 30 September 2002.

7. Property, Plant & Equipment

The carrying value of land and buildings is based on a valuation carried out in year 2000 by independent qualified valuers using the comparison and investment method that have been brought forward, without amendment from the previous year's audited financial statements.

8. Quoted Investments

- a) There were no acquisitions or disposals of quoted investments during the interim period ended 30 September 2002.
- b) There were no quoted investments held at 30 September 2002.

9. Bank Borrowings

The Group's current bank borrowings denominated in Ringgit Malaysia as at 30 September 2002 are as follows:

Bank borrowings	Secured	Unsecured	Total
Domestic	RM'000	RM'000	RM'000
- Banks	-	761	761
- Others	-	-	-
TOTAL	-	761	761

The Group did not have any non-current bank borrowings denominated either in Ringgit Malaysia or foreign currency as at 30 September 2002.

10. Changes in Debt and Equity Securities

During the interim period ended 30 September 2002, the Company increased its issued and paid up share capital to RM43,546,000 from RM43,400,000 by way of the issue of 146,000 ordinary shares of RM1.00 each following the exercise of share options by employees.

Other than the above, there were no other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the interim period ended 30 September 2002.



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11. Changes in Group Composition

The Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the interim period ended 30 September 2002.

12. Status of Corporate Proposals

On 21 August 2002, the Company announced the following –

- a. Proposed bonus issue of up to 23,870,000 new ordinary shares of RM1.00 each in the Company credited as fully paid on the basis of one (1) bonus share for every two (2) existing ordinary shares of RM1.00 each in the Company by way of capitalization from the share premium and retained profits of the Company and
- b. Proposed transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company from the Second Board to the Main Board of the Kuala Lumpur Stock Exchange.

Through its Advisor, Commerce International Merchant Bankers Berhad, the Company expects to submit its application for the above corporate proposals to the relevant authorities in due course.

13. Off Balance Sheet Financial Instruments

At 11 November 2002, the Group's outstanding forward foreign exchange contracts for trade receivables are as follows –

Contracted amount in S\$'000	RM'000 equivalent	Contractual rate	Maturity date
114	242	2.119 to 2.133	31 March 2003
44	94	2.163	30 April 2003
158	336		

The Group does not anticipate any market or credit risks arising from these financial instruments.

The Group enters into short-term forward foreign exchange contracts to manage its exposure to fluctuations in foreign currency exchange rates on specific transactions arising from trade receivables.

The Group's policy is that foreign currency transactions hedged by forward foreign exchange contracts are translated to Ringgit Malaysia at the rates specified in such forward contracts. Exchange differences do not arise from such transactions as the rates used at transaction dates are similar to that adopted at settlement dates.



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14. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 September 2002 are as follows:

<u>Property, Plant and Equipment</u>	<u>RM'000</u>
Authorised and contracted	664
Authorised but not contracted	6,613
	<u>7,277</u>

15. Changes in Contingent liabilities

Corporate guarantees that have been furnished by the Company to banks in respect of credit facilities utilized by its subsidiaries decreased from RM4.2 million at 31 December 2001 to RM3.3 million at 30 September 2002.

16. Material Litigations

The Company and its subsidiaries have no outstanding material litigations at the date of this report.

17. Related Parties Transactions

Significant related parties transactions of the Group for the interim period ended 30 September 2002 are as follows:

	<u>RM'000</u>
With Grafton Pharmasia Pte Ltd	
Sale of goods	4,462
Purchase of goods	1,914
With Grafton Laboratories Pte Ltd	
Royalty	171

Grafton Pharmasia Pte Ltd and Grafton Laboratories Pte Ltd are both subsidiaries of United Medicorp Pte Ltd, which holds 30% equity interest in Apex Pharmacy Holdings Sdn Bhd, a substantial shareholder of the Company.

18. Comparison with Preceding Quarter's Results

For the quarter under review, the Group's profit before tax is RM 3.23 million, a 2% increase over RM 3.17 million recorded in the immediate preceding quarter.



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19. Review of Performance

The Group recorded a turnover of RM 40.2 million and profit before tax of RM 3.23 million for the current quarter. For the nine months ended 30 September 2002, the Group recorded a turnover of RM 120.5 million and profit before tax of RM 9.72 million, increases of 15% and 14% respectively over that recorded for the previous financial period ended 30 September 2001.

During the quarter, the Group's marketing and distribution division, Apex Pharmacy Marketing Sdn Bhd, expanded warehousing facilities in Kota Kinabalu and Penang in line with strong business growth in these two areas. Xepa-Soul Pattinson (Malaysia) Sdn Bhd successfully registered Covastin® and Ezede'® for sale in Singapore, while newly launched products gained market share amidst good response by pharmacists and doctors. Apex Pharmacy Sdn Bhd and Malaysian Herbal Corporation launched the first Malaysian Specialty Naturals Centre in the Apex Pharmacy outlet at Tesco Puchong.. Year-to-date performance of the Group is in line with the expectations of the Board of Directors.

20. Significant Post Balance Sheet Events

On 31 October 2002, the Group announced that its wholly owned subsidiary, Apex Pharmacy Marketing Sdn Bhd ('APM'), had entered into a Sale and Purchase Agreement with RHB Bank Berhad on 31 October 2002 to purchase a piece of freehold industrial land held under Lot No. 4892 H.S. (D) 4636, Mukim of Damansara, District of Petaling, Selangor of approximately 2.5 acres for a cash consideration of RM5.1 million. The land will be used by APM to construct a purpose-designed warehouse and office facilities to accommodate existing operations and anticipated future growth in its business.

21. Seasonal and Cyclical Factors

The Group's interim operations were not subject to any seasonal or cyclical factors.

22. Prospects for the remaining period to the end of the financial year

Although fresh uncertainties have arisen over regional economic and political conditions in recent months, the Group expects all divisions to perform satisfactorily in the last quarter. Effort is continually directed at improving operational efficiencies, securing prime locations for retail pharmacy outlets and increasing exports for the Group's generic pharmaceutical products. Barring unforeseen circumstances, the Board expects performance for the full year to compare favourably with that of the previous year.

23. Profit Forecast

Not applicable.

24. Dividend

- a. An interim tax exempt ordinary dividend of 4 sen per share in respect of the financial year ending 31 December 2002 has been paid on 14 October 2002 (2001: interim tax exempt of 3 sen per share).
- b. The total dividend declared and paid to date in respect of the current financial year is 4 sen per share.