



APEX HEALTHCARE BERHAD
(473108-T)
Incorporated in Malaysia

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2004
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2004

	Note	3 MONTHS ENDED		YEAR ENDED	
		31/03/2004	31/03/2003	31/03/2004	31/03/2003
		RM'000	RM'000	RM'000	RM'000
Revenue	8	50,809	46,257	50,809	46,257
Expenses excluding finance cost and tax		(46,411)	(42,622)	(46,411)	(42,622)
Other operating income		266	276	266	276
Profit from operations	8	4,664	3,911	4,664	3,911
Finance cost		(16)	(14)	(16)	(14)
Share of results of associates and jointly controlled entities		-	-	-	-
Profit before taxation		4,648	3,897	4,648	3,897
Taxation	19	(1,236)	(1,086)	(1,236)	(1,086)
Profit after taxation		3,412	2,811	3,412	2,811
Less: Minority interests		-	-	-	-
Net profit for the period		3,412	2,811	3,412	2,811
Earnings per share					
		<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
- Basic	27	5.15	4.29	5.15	4.29
- Diluted	27	5.07	4.28	5.07	4.28

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2004

		<u>As at</u> 31/03/2004 RM'000	<u>Audited</u> As at 31/12/2003 RM'000
Non Current Assets			
Property, plant and equipment	9	36,751	36,414
		<u>36,751</u>	<u>36,414</u>
Current Assets			
Inventories		34,588	31,065
Trade and other receivables		47,136	36,552
Deposits, bank and cash balances		11,761	11,472
		<u>93,485</u>	<u>79,089</u>
Less: Current Liabilities			
Trade and other payables		36,268	25,709
Current taxation		1,002	825
Bank borrowings	23	2,565	2,360
Dividend payable		-	-
		<u>39,835</u>	<u>28,894</u>
Net Current Assets		<u>53,650</u>	<u>50,195</u>
Less: Non-Current Liability			
Deferred taxation		2,639	2,519
		<u>87,762</u>	<u>84,090</u>
Capital and Reserves			
Share capital		66,857	66,697
Reserves		20,905	17,393
Shareholders' equity		<u>87,762</u>	<u>84,090</u>
Net Tangible Assets per share (RM)		<u>1.31</u>	<u>1.26</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2004

	Share capital	Non-Distributable		Distributable	Total	
		Share Premium	Revaluation & other reserves	Retained Profits		
	Note	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2004		66,697	392	4,191	12,810	84,090
Net profit for the 3-months period					3,412	3,412
Dividends						
- 31 December 2003 (final)	7				-	-
Issue of shares:						
-Employees Share Option Scheme	6	160	100	-	-	260
Balance as at 31 March 2004		66,857	492	4,191	16,222	87,762
Balance as at 1 January 2003						
- as previously reported		43,557	3,664	5,765	23,944	76,930
- prior year adjustment		-	-	(1,574)	(196)	(1,770)
- as restated		43,557	3,664	4,191	23,748	75,160
Net profit for the 3-months period			-	-	2,811	2,811
Dividends						
- 31 December 2002 (final)					-	-
Issue of shares:						
-Employees Share Option Scheme		-	-	-	-	-
Balance as at 31 March 2003		43,557	3,664	4,191	26,559	77,971

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial report.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED
31 MARCH 2004**

	Period ended 31.03.2004 RM'000	Period ended 31.03.2003 RM'000
Cash flows from operating activities		
Profit before taxation	4,648	3,897
Adjustments:		
Depreciation and amortization	873	823
(Profit)/loss on disposal of property, plant and equipment	(73)	(166)
Other non-cash items	<u>255</u>	<u>24</u>
Operating profit before working capital changes	5,703	4,578
Increase in inventories and receivables	(14,377)	(8,853)
Increase in payables	<u>10,559</u>	<u>6,209</u>
Cash generated from operations	1,885	1,934
Cash used in operating activities:		
Tax paid	<u>(951)</u>	<u>(852)</u>
Net cash generated from operating activities	934	1,082
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,214)	(6,416)
Proceeds from disposal of property, plant and equipment	77	167
Interest received	<u>42</u>	<u>14</u>
	<u>(1,095)</u>	<u>(6,235)</u>
Cash flows from financing activities:		
Proceeds from issue of shares	260	-
Dividends paid	-	-
Term loan raised less repaid	403	-
Other financing activities raised/(repaid)	<u>46</u>	<u>(722)</u>
	<u>709</u>	<u>(722)</u>
Net increase / (decrease) in cash and cash equivalents	548	(5,875)
Cash and cash equivalents at the beginning of the financial year	10,118	11,157
Currency translation differences	-	-
Cash and cash equivalents at the end of the financial quarter	10,666	5,282

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial report.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2004

1. Accounting policies and methods of computation

The interim financial report is unaudited and has been prepared in compliance with MASB Standard No.26, "Interim Financial Reporting" and Paragraph 9.22 of the Bursa Malaysia Securities Berhad [F1]Listing Requirements. It should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 December 2003.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2003.

2. Audit report qualifications of the preceding annual financial statements

The Auditors had reported without any qualifications on the Group's audited financial statements for the year ended 31 December 2003.

3. Seasonality or cyclicity of interim operations

The Group's interim operations are not affected materially by any seasonal or cyclical factors.

4. Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 31 March 2004.

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial year

There were no changes in estimates of amounts reported in the prior interim periods of the current and prior financial years.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

During the period ended 31 March 2004, the Company increased its issued and paid up share capital to RM66,857,200 from RM66,697,500 by way of the issue of 159,700 ordinary shares of RM1.00 each following the exercise of share options by employees.

Other than the above, there were no 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 period ended 31 March 2004.

7. Dividends paid

There were no dividends paid during the current interim period ended 31 March 2004.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2004
(continued)**

8. Segmental Reporting

BUSINESS SEGMENTS	Manufactu- ring	Retailing and distribution	Investment holding	GROUP
PERIOD ENDED 31/03/2004	RM'000	RM'000	RM'000	RM'000
Total Revenue	11,697	42,926	343	54,966
Inter-segment revenue	(3,814)	-	(343)	(4,157)
External Revenue	7,883	42,926	-	50,809
Segment Results (external)	3,423	1,651	(202)	4,872
Unallocated corporate expenses				(208)
Profit from operations				4,664
Finance costs, net				(16)
Profit before taxation				4,648
PERIOD ENDED 31/03/2003	RM'000	RM'000	RM'000	RM'000
Total Revenue	9,982	40,225	299	50,506
Inter-segment revenue	(3,950)	-	(299)	(4,249)
External Revenue	6,032	40,225	-	46,257
Segment Results (external)	2,666	1,595	(242)	4,019
Unallocated corporate expenses				(108)
Profit from operations				3,911
Finance costs, net				(14)
Profit before taxation				3,897

9. Valuations of 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.

10. Significant Post Balance Sheet Events

There were no significant events that had arisen subsequent to the end of the period ended 31 March 2004.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2004
(continued)**

11 Changes in Group Composition

On 16th March 2004, the Company acquired a wholly owned subsidiary, Supreme Pillar Sdn Bhd for a total cash consideration of RM2. Subsequently on 2nd April 2004, the name of the subsidiary was changed to AHealth Properties Sdn Bhd.

Other than the above, the Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the period ended 31 March 2004.

12. Changes in Contingent liabilities or Contingent assets.

There were no contingent liabilities or contingent assets of the Group since the end of the last annual balance sheet date.

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2004 are as follows:

<u>Property, Plant and Equipment</u>	<u>RM'000</u>
Authorised and contracted for	8,627
Authorised but not contracted for	3,949
	<u>12,576</u>

14. Related Party Transactions

Significant related party transactions of the Group for the period ended 31 March 2004 are as follows:

	<u>RM'000</u>
With Grafton Pharmasia Pte Ltd	
Sale of goods	1,204
Purchase of goods	337
With Grafton Laboratories Pte Ltd	
Royalty	24

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.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2004
(continued)**

ADDITIONAL INFORMATION REQUIRED BY BMSB LISTING REQUIREMENTS

15. Review of Performance

The Group recorded a turnover of RM 50.8 million and profit before taxation of RM 4.6 million for the current quarter and interim period ended 31 March 2004, increases of 10% and 19% respectively over that recorded for the same interim period of the previous year.

During the quarter, Apex Pharmacy Sdn Bhd relocated its City Square branch in Johor Bahru to a larger store in the same shopping complex. Xepa-Soul Pattinson (M) Sdn Bhd ("XSP"), the Group's manufacturing subsidiary, practices a policy of continual quality upgrading and commenced installation of a new RM 1.6 million water supply system by Ponzini Pharma. Sales of XSP's market leading range of cough syrups exceeded expectations. The Group's distribution arm, Apex Pharmacy Marketing Sdn Bhd, was appointed an exclusive distributor to pharmacies for well-known consumer health care products by Colgate-Palmolive, including Colgate toothpaste and Protex soap.

16. Material changes in the profit before taxation for the quarter

For the quarter under review, the Group's profit before taxation was RM 4.6 million, a 10% increase over RM 4.2 million recorded in the immediate preceding quarter.

17. Prospects

Performance for the first quarter of 2004 was ahead of budget and barring unforeseen circumstances, the Board is optimistic that the Group will be able to build on this good start for the remainder of the current financial year.

18. Profit Forecast /Profit Guarantee

Not applicable.

19. Taxation

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- income tax	1,116	937	1,116	937
- deferred tax	120	149	120	149
	<u>1,236</u>	<u>1,086</u>	<u>1,236</u>	<u>1,086</u>
In respect of prior period:				
- income tax	-	-	-	-
	<u>1,236</u>	<u>1,086</u>	<u>1,236</u>	<u>1,086</u>

The effective tax rate for the current quarter is marginally lower than the statutory tax rate principally due to the availability of tax incentives for one of its subsidiary.



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(continued)**

20. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties during the period ended 31 March 2004.

21. Quoted Securities

- (i) There were no acquisitions or disposals of quoted securities during the period ended 31 March 2004.
- (ii) There were no quoted securities held as at 31 March 2004.

22. Status of Corporate Proposals

There are no corporate proposals announced and not completed at 12th May 2004.

23. Group Borrowings and Debt Securities

- (i) The Group's current bank borrowings denominated in Ringgit Malaysia as at 31 March 2004 were as follows:

Bank borrowings	Secured	Unsecured	Total
Domestic	RM'000	RM'000	RM'000
- Banks	-	2,565	2,565
- Others	-	-	-
Total	-	2,565	2,565

- (ii) The Group did not have any non-current bank borrowings and debt securities denominated either in Ringgit Malaysia or foreign currency as at 31 March 2004.

24. Off Balance Sheet Financial Instruments

- (i) At 12th May 2004, the Group's outstanding forward foreign exchange contracts to hedge its trade receivables are as follows –

Contracted amount in S\$'000	RM'000 equivalent	Contractual rate	Maturity date
65	145	2.23 to 2.24	30 September 2004
39	87	2.21	29 October 2004
104	232		

- (ii) The Group does not anticipate any market or credit risks arising from these financial instruments.
- (iii) 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.
- (iv) 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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(continued)**

25. Material Litigations

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

26. Dividends

The Board of Directors do not recommend any interim dividend to be paid in the period ended 31 March 2004.

27. Earnings per share

		3 MONTHS ENDED		PERIOD ENDED	
		31/03/2004	31/03/2003	31/03/2004	31/03/2003
Basic Earnings per share			Restated		Restated
Profit after taxation	RM'000	3,412	2,811	3,412	2,811
Weighted average number of ordinary shares in issue	'000	66,313	65,559	66,313	65,559
Basic earnings per share	sen	5.15	4.29	5.15	4.29
<u>Diluted Earnings per share</u>					
Profit after taxation	RM'000	3,412	2,811	3,412	2,811
Weighted average number of ordinary shares in issue	'000	66,313	65,559	66,313	65,559
Adjustment for share options	'000	997	167	997	167
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	67,310	65,726	67,310	65,726
Diluted earnings per share	sen	5.07	4.28	5.07	4.28

The basic and diluted earnings per share for the previous quarter has been restated as a result of the adjustment to the weighted average number of ordinary shares in issue which has taken into account the effects of dilutive potential ordinary shares arising from the conversion of the bonus issue.