APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

		3 MONTHS ENDED		**YEAR ENDED**	**Audited**
	Note	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
		RM'000	RM'000	RM'000	RM'000
Revenue	10	**55,795**	**43,646**	**224,288**	**190,184**
Cost of sales		(42,421)	(31,961)	(171,532)	(142,070)
Gross profit		**13,374**	**11,685**	**52,756**	**48,114**
Other income		441	(87)	1,053	716
Selling & marketing expenses		(6,174)	(5,300)	(24,817)	(24,202)
Administrative expenses		(2,998)	(2,461)	(11,246)	(9,149)
Other expenses		(262)	(261)	(476)	(645)
Gain on disposal of subsidiary		-	-	-	4,946
Finance cost		(232)	(164)	(1,076)	(612)
Negative goodwill arising from the acquisition of subsidiary		-	-	1,007	-
Share of results of associate		194	415	1,017	504
Profit before tax		**4,343**	**3,827**	**18,218**	**19,672**
Income tax expense	21	(1,362)	(707)	(4,833)	(3,887)
Net profit for the period		**2,981**	**3,120**	**13,385**	**15,785**
Attributable to:					
Equity holders of the parent		2,981	3,120	13,385	15,785
Minority interest		-	-	-	-
		2,981	**3,120**	**13,385**	**15,785**
Earnings per share attributable to equity holders of the parent:		**Sen**	**Sen**	**Sen**	**Sen**
- Basic	29	**4.34**	**4.62**	**19.50**	**23.39**
- Diluted	29	**4.34**	**4.59**	**19.50**	**23.21**

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial report.

APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2006

	Note	As at 31/12/2006 RM'000	Audited As at 31/12/2005 RM'000 (restated)
Non-Current Assets			
Property, plant and equipment	3 & 11	55,676	49,088
Investment properties		2,913	-
Intangible assets	3	1,835	852
Investment in associate		10,227	9,784
		70,651	59,724
Current Assets			
Inventories		38,565	35,608
Trade and other receivables		62,607	50,524
Deposits, bank and cash balances		14,182	7,116
		115,354	93,248
TOTAL ASSETS		**186,005**	**152,972**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		74,974	67,649
Reserves		9,086	6,338
Retained earnings		38,315	28,584
		122,375	102,571
Minority interest		-	-
TOTAL EQUITY		**122,375**	**102,571**
Non-Current Liabilities			
Borrowings	25	5,501	3,134
Deferred tax liabilities		3,909	3,547
		9,410	6,681
Current Liabilities			
Borrowings	25	12,708	11,209
Trade and other payables		40,499	32,478
Current tax payable		1,013	33
Dividend payable		-	-
		54,220	43,720
TOTAL LIABILITIES		**63,630**	**50,401**
TOTAL EQUITY AND LIABILITIES		**186,005**	**152,972**
		RM	**RM**
Net Assets per share attributable to ordinary equity holders of the parent		**1.63**	**1.52**

The Condensed Consolidated Balance Sheets should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial report.

APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Non-Distributable Revaluation & other reserves RM'000	Distributable Retained Profits RM'000	Total RM'000
YEAR ENDED 31 DECEMBER 2006						
Balance as at 1 January 2006		67,649	986	5,352	28,584	102,571
Effects of adopting FRS 140	2	-	-	(1,499)	1,266	(233)
		67,649	986	3,853	29,850	102,338
Foreign currency translation, representing amount recognised directly in equity		-	-	(73)	-	(73)
Net profit for the year		-	-	-	13,385	13,385
Total recognised income and expense for the year		-	-	(73)	13,385	13,312
Dividends	9	-	-	-	(4,920)	(4,920)
Issue of ordinary shares pursuant to ESOS & Private Placement	8	7,325	4,611	-	-	11,936
Share issue expenses		-	(291)	-	-	(291)
Balance as at 31 December 2006		**74,974**	**5,306**	**3,780**	**38,315**	**122,375**
YEAR ENDED 31 DECEMBER 2005						
Balance as at 1 January 2005		67,372	810	6,074	16,977	91,233
Net gain/(loss) recognised directly in equity:						
- revaluation surplus realised upon sale of property		-	-	(680)	680	-
-Foreign currency translation		-	-	(42)	-	(42)
Net profit for the year		-	-	-	15,785	15,785
Total recognised income and expense for the year		-	-	(722)	16,465	15,743
Dividends	9	-	-	-	(4,858)	(4,858)
Issue of ordinary shares pursuant to ESOS		277	176	-	-	453
Balance as at 31 December 2005		**67,649**	**986**	**5,352**	**28,584**	**102,571**

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 2005 and the accompanying explanatory notes attached to the interim financial report.

APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	YEAR ENDED	
		Audited
	31/12/2006	**31/12/2005**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	**18,218**	**19,672**
Adjustments:		
Depreciation and amortization	4,674	3,991
Net profit on disposal of property, plant and equipment	(130)	(249)
Profit on disposal of subsidiary	-	(4,946)
Share of results of associate	(1,017)	(504)
Negative goodwill arising from acquisition of subsidiary	(1,007)	-
Other non-cash items	1,599	580
Operating profit before working capital changes:	22,337	18,544
Inventories and receivables	3,248	(21,208)
Payables	(11,281)	10,546
Cash generated from operations	14,304	7,882
Tax paid	(3,650)	(3,597)
Net cash generated from operating activities	**10,654**	**4,285**
Cash flows from investing activities:		
Acquisition of associate paid in cash	-	(9,280)
Dividends received from associate	574	-
Net cash inflow from acquisition of subsidiary	1,579	-
Proceeds from disposal of subsidiary	-	9,387
Purchase of property, plant and equipment & intangible assets	(9,748)	(7,978)
Proceeds from disposal of property, plant and equipment	192	2,014
Interest received	137	213
Net cash used in investing activities	**(7,266)**	**(5,644)**
Cash flows from financing activities:		
Proceeds from issue of shares	11,645	453
Term loans raised	1,448	1,280
Dividends paid	(4,920)	(4,858)
Other financing activities (paid)/raised	(6,544)	303
Net cash generated from / (used in) financing activities	**1,629**	**(2,822)**
Net increase / (decrease) in cash and cash equivalents	**5,017**	**(4,181)**
Cash and cash equivalents at the beginning of the financial year	**2,215**	**6,438**
Currency translation difference	(73)	(42)
Cash and cash equivalents at the end of the financial year	**7,159**	**2,215**

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial report.

APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies and methods of computation

The interim financial report has been prepared under the historical cost convention except for the revaluation of properties included within property, plant and equipment and investment properties.

The interim financial report is unaudited and has been prepared in compliance with FRS No.134, "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 December 2005.

2 Changes in accounting policies

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial perioc beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of these FRS, other than FRS 140, does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of FRS 140 is discussed below:

FRS 140: Investment Property

The adoption of this new FRS had resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value determined by external valuers. Gains or losses arising from changes in fair values of investment properties are recognised in profit or loss in the period in which they arise. Prior to 1 January 2006, investment properties wer stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to equity as a revaluation surplus. The investment properties were last revalued in 2004. In accordance with the transitional provisions of FRS 140, this accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2006:

	As at 1/1/2006
	RM'000
Decrease in revaluation and other reserves	1,499
Increase in deferred tax liabilities	233
Increase in retained earnings	1,266

APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

3 Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

		Adjustments	
	Previously stated	FRS 138	Restated
At 31 December 2005	RM'000	RM'000	RM'000
Property, Plant & Equipment	49,940	(852)	49,088
Intangible Assets	-	852	852

4 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 2005.

5 Seasonality or cyclicality of interim operations

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

6 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the year ended 31 December 2006 except for the negative goodwill arising from the acquisition of subsidiary as disclosed in the Income Statement.

7 Changes in estimates of amounts reported in prior interim years 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 financial year or prior financial year.

8 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

During the year ended 31 December 2006, the Company increased its issued and paid-up share capital to RM74,973,500 from RM 67,649,200 by way of issuance of 724,300 ordinary shares of RM1.00 each from the exercise of share options by employees and 6,600,000 ordinary shares of RM1.00 each from the private placement exercise.

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 year ended 31 December 2006.

9 Dividends paid

The amount of dividends paid/payable during the current and previous interim periods are as follows:

	31/12/2006	31/12/2005
In respect of the financial year ended 31 December	RM'000	RM'000
2006: Interim Dividend of 5 sen gross per share less tax payable on 16-Oct-06	2,461	-
2005: Final Dividend of 5 sen gross per share less tax paid on 23-Jun-06	2,459	-
2005: Interim Dividend of 5 sen gross per share less tax paid on 12-Oct-05	-	2,429
2004: Final Dividend of 5 sen gross per share less tax paid on 23-Jun-05	-	2,429
	4,920	4,858

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

10 Segmental Reporting

BUSINESS SEGMENTS	Manufacturing	Retailing and distribution	Investment holding	**GROUP**
PERIOD ENDED 31/12/2006	RM'000	RM'000	RM'000	RM'000
Total Revenue	47,186	190,465	2,204	239,855
Inter-segment revenue	(14,064)	-	(1,503)	(15,567)
External Revenue	33,122	190,465	701	**224,288**
Segment Results (external)	12,882	6,770	(1,368)	18,284
Unallocated corporate expenses				(1,014)
Finance costs				(1,076)
Negative goodwill from the acquisition of subsidiary				1,007
Share of results of associate				1,017
Profit before tax				**18,218**

BUSINESS SEGMENTS	Manufacturing	Retailing and distribution	Investment holding	**GROUP**
PERIOD ENDED 31/12/2005	RM'000	RM'000	RM'000	RM'000
Total Revenue	42,954	161,873	10,718	215,545
Inter-segment revenue	(15,321)	-	(10,040)	(25,361)
External Revenue	27,633	161,873	678	**190,184**
Segment Results (external)	11,017	6,605	(1,862)	15,760
Unallocated corporate expenses				(926)
Gain on disposal of subsidiary				4,946
Finance costs, net				(612)
Share of results of associate				504
Profit before tax				**19,672**

11 Valuations of Property, Plant & Equipment

The carrying value of land and buildings is based on a valuation carried out in the year ended 31 December 2004 by independent qualified valuers using the comparison method to reflect the market value that have been brought forward, without amendments from that year's audited financial statements.

12 Significant Post Balance Sheet Events

There were no significant events that had arisen subsequent to the end of this current period.

13 Changes in Group Composition

As reported in the previous quarters, the Group completed its acquisition of 100% equity interest in Apex Pharmacy Marketing Pte Ltd (formerly known as Grafton Pharmasia Pte Ltd) on 18th January 2006 and incorporated a new wholly owned subsidiary in Singapore, Avex Pharmaceuticals Pte Ltd on 7th July 2006.

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 year ended 31 December 2006.

14 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 except as disclosed in note 27.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

15 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2006 are as follows:

Property, Plant and Equipment	RM'000
Authorised and contracted for	14,495
Authorised but not contracted for	5,972
	20,467

16 Related Party Transactions

There were no related party transactions during the year ended 31 December 2006.

17 Review of Performance

For the fourth quarter of financial year 2006, group turnover was RM 55.8 million and group profit before tax was RM 4.3 million. For the 12 months to December 2006, turnover was RM 224.3 million and profit before tax was RM 18.2 million.

Financial year 2006 profit before tax was increased by a one-time recognition of negative goodwill in the first quarter amounting to RM 1.0 million arising from the revaluation of the Agnesia trademark. Profit for the comparable twelve months of financial year 2005 was increased by one-time gains from the divestment of retail operations and the disposal of surplus light industrial properties amounting to RM 5.2 million. From recurrent operations only, profit before tax for 2006 is therefore RM 17.2 million, an increase of 17% from RM 14.9 million in the previous year.

Core operations of manufacturing and wholesale in Malaysia performed consistently well and continue to grow steadily. The Group's associate company, Xiamen Maidiken Science & Technology Company Limited, contributed RM 1.0 million over the period compared to RM 0.5 million in the previous financial year.

18 Material changes in the profit before tax for the quarter

Profit before tax for the fourth quarter of 2006 was RM 4.4 million, a 10% increase over the RM 4.0 million achieved for the third quarter. This is attributed to continued strong performance of all key operations and to strengthening of sales towards the end of the year.

19 Prospects

The Group is pursuing its stated strategy of focusing on development of channels and ownership of marketable brands to add value to underlying products. A range of new products is in the development pipeline, both under the existing Xepa Soul and Agnesia name, and newly-created brands which are already entering markets. The Group has some ten different trademark submissions awaiting approval in various countries. Together with the group’s strategic investments which give exposure to markets and important channels in China and Singapore, the Group is positioned to transition from a purely domestic pharmaceutical company into a regional one. The Board therefore expects a satisfactory level of profits for financial year 2007.

20 Profit Forecast /Profit Guarantee

Not applicable.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

21 Income Tax Expense

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
income tax	1,351	643	4,679	3,484
deferred tax	14	83	130	382
others		15		15
	1,365	741	4,809	3,881
In respect of prior year:				
income tax	(3)	1	24	41
deferred tax		(35)		(35)
	1,362	707	4,833	3,887

The effective tax rate for the current quarter was higher than the statutory tax rate principally due to non deductibility of certain expenses for tax purposes.

22 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the year ended 31 December 2006.

23 Quoted Securities

(a) There were no acquisitions or disposals of quoted securities during the year ended 31 December 2006.
(b) There were no quoted securities held as at 31 December 2006.

24 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 21st February 2007.

25 Group Borrowings and Debt Securities

	AS AT	
	31/12/2006	31/12/2005
Short term bank borrowings	RM'000	RM'000
Secured	-	-
Unsecured	12,708	11,209
Total	12,708	11,209
Long term bank borrowings		
Secured	-	-
Unsecured	5,501	3,134
Total	5,501	3,134
Bank borrowings denominated in foreign currency as at 31 December 2006	SGD'000	RM'000
Singapore Dollars	2,342	5,386

The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 31 December 2006.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

26 Off Balance Sheet Financial Instruments

(a) The Group's policy is that all foreign currency transactions are hedged by short-term forward contracts. These are translated to the functional currency of the respective entities of the Group at the rates specified in such forward contracts. The Group enters into these forward contracts to protect the Group from movements in exchange rates.

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

(c) At 21st February 2007, the Group's outstanding forward foreign exchange contracts to hedge its foreign currency transactions are as follows -

Contracted amount in foreign currency to the nearest thousand	RM'000 equivalent	Contracted rate	Maturity date
SGD 153	347	2.27	29-Jun-07
SGD 80	180	2.27	31-Jul-07
USD 72	250	3.49	1-Jun-07
USD 4	15	3.53	13-Aug-07
£20	140	6.97	13-Aug-07
NZD 35	87	2.44	13-Aug-07
	1,019		

27 Material Litigation

As reported in the previous quarter, the Company's wholly-owned subsidiary, Apex Pharmacy Marketing Sdn Bhd ("APM"), together with Stable Growth Sdn Bhd ("SGSB"), the main contractor for APM's new warehouse and corporate headquarters ("the Building") located at 2, Jalan SS13/5, Subang Jaya, 47500 Petaling Jaya, (APM and SGSB are collectively known as "co-defendents"), had on 19 August 2005, been served with a writ of summons filed by Memory Tech Sdn Bhd ("Plaintiff"). The Plaintiff has claimed a sum of RM90,058.15 as damages and RM1,596,000 as consequential losses, arising from the alleged damage to the Plaintiff's building and resulting short circuit caused by a piece of roofing material that the Plaintiff alleges was blown off the roof of the Building while it was being constructed.

APM has denied liability for any such losses and will vigorously defend the suit. APM has instructed its solicitors to seek redress against any party liable for such damage if the same is proven, including the insurers involved during the construction of the building. APM's solicitors have advised that it has a strong defence and is likely to succeed in avoiding liability for such damage and/or being indemnified for any liability by insurers of its contractors. The court has fixed a further mention date on 7th March 2007 pending the extraction of a fourth party notice filed by SGSB’s lawyers

As at 21st February 2007, there has been no change in the status save as disclosed above.

28 Dividends

(a) The Board of Directors is recommending a final dividend of 5 sen gross per share less 28% tax in respect of the financial year ended 31 December 2006 for shareholders approval at the forthcoming Annual General Meeting. (Year 2005: Final dividend of 5 sen gross per share less 28% tax).

(b) The total dividend for the current financial year is 10 sen (Year 2005: Total dividend of 10 sen gross per share less 28% tax).

APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

29 Earnings per share

		3 MONTHS ENDED		YEAR ENDED	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
Basic Earnings per share					
Profit after tax	RM'000	2,981	3,120	13,385	15,785
Weighted average number of ordinary shares in issue	'000	68,656	67,486	68,656	67,486
Basic earnings per share	sen	**4.34**	**4.62**	**19.50**	**23.39**
Diluted Earnings per share					
Profit after tax	RM'000	2,981	3,120	13,385	15,785
Weighted average number of ordinary shares in issue	'000	68,656	67,486	68,656	67,486
Adjustment for share options	'000	0	516	0	516
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	68,656	68,002	68,656	68,002
Diluted earnings per share	sen	**4.34**	**4.59**	**19.50**	**23.21**