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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2007

		3 MONTHS ENDED		PERIOD ENDED	
	Note	30/09/2007	30/09/2006	30/09/2007	30/09/2006
		RM'000	RM'000	RM'000	RM'000
Revenue	10	**57,742**	**55,539**	**178,596**	**168,493**
Cost of sales		(44,169)	(42,629)	(136,700)	(129,082)
Gross profit		**13,573**	**12,910**	**41,896**	**39,411**
Other income		336	259	989	665
Selling & marketing expenses		(6,973)	(6,266)	(21,687)	(18,696)
Administrative expenses		(2,897)	(2,744)	(8,431)	(8,248)
Other expenses		(105)	(99)	(328)	(243)
Deferred gain on previously disposed subsidiary	6	-	-	1,825	-
Finance cost		(128)	(267)	(470)	(844)
Negative goodwill arising from the acquisition of subsidiary				-	1,007
Share of results of associates		448	219	938	823
Profit before tax		**4,254**	**4,012**	**14,732**	**13,875**
Income tax expense	22	(333)	(1,100)	(2,294)	(3,472)
Net profit for the period		**3,921**	**2,912**	**12,438**	**10,403**
Attributable to:					
Equity holders of the parent		3,921	2,912	12,438	10,403
Minority interest		-	-	-	-
		3,921	**2,912**	**12,438**	**10,403**
Earnings per share attributable to equity holders of the parent:					
		Sen	**Sen**	**Sen**	**Sen**
- Basic	30	**5.23**	**4.29**	**16.59**	**15.32**
- Diluted	30	**5.23**	**4.28**	**16.59**	**15.29**

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial report.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

	Note	As at 30/09/2007 RM'000	Audited As at 31/12/2006 RM'000
Non-Current Assets			
Property, plant and equipment	3 & 11	61,213	48,478
Investment properties		2,869	2,913
Prepaid land lease payments	2 & 3	7,137	7,198
Intangible assets		1,630	1,835
Investment in associates		15,035	10,227
		87,884	70,651
Current Assets			
Inventories		39,258	38,407
Trade and other receivables		61,565	64,466
Deposits, bank and cash balances		10,499	14,182
		111,322	117,055
TOTAL ASSETS		**199,206**	**187,706**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		74,974	74,974
Reserves		9,058	9,086
Retained earnings		45,015	38,312
		129,047	122,372
Minority interest		-	-
TOTAL EQUITY		**129,047**	**122,372**
Non-Current Liabilities			
Borrowings	26	13,568	5,484
Deferred tax liabilities		4,639	3,909
		18,207	9,393
Current Liabilities			
Borrowings	26	6,107	13,002
Trade and other payables		42,314	41,951
Current tax payable		532	988
Dividend payable		2,999	-
		51,952	55,941
TOTAL LIABILITIES		**70,159**	**65,334**
TOTAL EQUITY AND LIABILITIES		**199,206**	**187,706**
		RM	**RM**
Net Assets per share attributable to ordinary equity holders of the parent		**1.72**	**1.63**

The Condensed Consolidated Balance Sheets should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial report.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2007

			Non-Distributable		Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Revaluation & other reserves RM'000	Retained Profits RM'000	Total RM'000
PERIOD ENDED 30 SEPTEMBER 2007						
Balance as at 1 January 2007		74,974	5,306	3,780	38,312	122,372
Foreign currency translation, representing amount recognised directly in equity		-	-	(28)	-	(28)
Net profit for the 9-months period		-	-	-	12,438	12,438
Total recognised income and expense for the period		-	-	(28)	12,438	12,410
Dividends	9	-	-	-	(5,735)	(5,735)
Balance as at 30 September 2007		**74,974**	**5,306**	**3,752**	**45,015**	**129,047**
PERIOD ENDED 30 SEPTEMBER 2006						
Balance as at 1 January 2006		67,649	986	5,352	28,584	102,571
Foreign currency translation, representing amount recognised directly in equity		-	-	(74)	-	(74)
Net profit for the 9-months period		-	-	-	10,403	10,403
Total recognised income and expense for the period		-	-	(74)	10,403	10,329
Dividends	9	-	-	-	(4,920)	(4,920)
Issue of ordinary shares pursuant to ESOS		724	453	-	-	1,177
Balance as at 30 September 2006		**68,373**	**1,439**	**5,278**	**34,067**	**109,157**

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 2006 and the accompanying explanatory notes attached to the interim financial report.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	PERIOD ENDED	
	30/09/2007 RM'000	30/09/2006 RM'000
Cash flows from operating activities		
Profit before tax	**14,732**	**13,875**
Adjustments:		
Depreciation and amortization	3,566	3,479
Net profit on disposal of property, plant and equipment	(201)	(168)
Deferred gain on previously disposed subsidiary	(1,825)	-
Share of results of associates	(938)	(823)
Negative goodwill arising from acquisition of subsidiary	-	(1,007)
Other non-cash items	2,665	1,063
Operating profit before working capital changes:	17,999	16,419
Inventories and receivables	(342)	3,886
Payables	1,043	(8,210)
Cash generated from operations	18,700	12,095
Tax paid	(1,922)	(2,594)
Net cash generated from operating activities	**16,778**	**9,501**
Cash flows from investing activities		
Acquisition of associate paid in cash	(3,870)	-
Dividends received from associate	-	574
Net cash inflow from acquisition of subsidiary	-	1,579
Proceeds from disposal of subsidiary in previous year	1,145	-
Purchase of property, plant and equipment & intangible assets	(16,057)	(7,051)
Proceeds from disposal of property, plant and equipment	267	192
Interest received	98	93
Net cash used in investing activities	**(18,417)**	**(4,613)**
Cash flows from financing activities:		
Proceeds from issue of shares	-	1,177
Term loans raised /(repaid)	10,010	(1,080)
Dividends paid	(2,736)	(2,459)
Other financing activities paid	(5,996)	(5,895)
Net cash generated from /(used in) financing activities	**1,278**	**(8,257)**
Net decrease in cash and cash equivalents	**(361)**	**(3,369)**
Cash and cash equivalents at the beginning of the financial year	**9,709**	**2,215**
Currency translation difference	(28)	(74)
Cash and cash equivalents at the end of the financial period	**9,320**	**(1,228)**

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial report.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

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 2006.

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 2006 except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS") and Interpretations effective to the Group for financial period beginning 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures
Amendment to $FRS119_{2004}$	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of these FRS, other than FRS 117, does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of FRS 117 is discussed below:

FRS 117: Leases

The adoption of this new FRS had resulted in a change in accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front lease payment represents prepaid lease payments and are amortized on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortized amount of previously revalued leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively and as disclosed in note 3, certain comparatives have been restated. There were no effects on the consolidated income statement for the year ended 31 December 2006.

3 Comparatives

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

	Previously	Adjustments FRS 117	Restated
At 31 December 2006	RM'000	RM'000	RM'000
Property, plant & equipment	55,676	(7,198)	48,478
Prepaid land lease payments	-	7,198	7,198

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 2006.

5 Seasonality or cyclicality of interim operations

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (continued)

6 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 September 2007 except for the recognition of deferred gain arising from the Company's previously disposed subsidiary, Apex Pharmacy Sendirian Berhad upon the expiration of the two years warranty period 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

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 30 September 2007.

9 Dividends paid

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

In respect of the financial year ended 31 December	30/09/2007 RM’000	30/09/2006 RM’000
2007: Interim Tax-exempt Dividend of 4 sen per share payable on 16-Oct-07	2,999	-
2006: Final Dividend of 5 sen gross per share less tax paid on 22-Jun-07	2,736	-
2006: Interim Dividend of 5 sen gross per share less tax paid on 16-Oct-06	-	2,461
2005: Final Dividend of 5 sen gross per share less tax paid on 23-Jun-06	-	2,459
	5,735	4,920

10 Segmental Reporting

BUSINESS SEGMENTS	Manufacturing	Marketing and distribution	Investment holding	**GROUP**
PERIOD ENDED 30/09/2007	RM’000	RM’000	RM’000	RM’000
Total Revenue	36,026	152,924	1,675	190,625
Inter-segment revenue	(10,823)	-	(1,206)	(12,029)
External Revenue	25,203	152,924	469	**178,596**
Segment Results (external)	8,366	5,754	(677)	13,443
Unallocated corporate expenses				(1,004)
Finance costs				(470)
Deferred gain on previously disposed subsidiary				1,825
Share of results of associate				938
Profit before tax				**14,732**

BUSINESS SEGMENTS	Manufacturing	Marketing and distribution	Investment holding	**GROUP**
PERIOD ENDED 30/09/2006	RM’000	RM’000	RM’000	RM’000
Total Revenue	35,005	143,434	1,648	180,087
Inter-segment revenue	(10,467)	-	(1,127)	(11,594)
External Revenue	24,538	143,434	521	**168,493**
Segment Results (external)	9,085	5,386	(599)	13,872
Unallocated corporate expenses				(983)
Finance costs				(844)
Negative goodwill from the acquisition of subsidiary				1,007
Share of results of associate				823
Profit before tax				**13,875**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (continued)

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

On 17th October 2007, the Company announced that Apex Pharmacy Marketing Sdn Bhd ("APM") and ABio Marketing Sdn Bhd ("ABIO"), both wholly owned subsidiaries of the Company, had on 17th October 2007 filed a Writ of Summons against Sante de Pharma Sdn Bhd ("SDP") for Breach of Contract in respect of distribution agreements ('Agreements') entered into between APM and SDP and ABIO and SDP.

APM and ABIO are taking legal action against SDP to seek court orders:

- for SDP to pay RM1,247,426.98, this being the total net sum owed to APM and ABIO by SDP pursuant to the Agreements;
- compelling SDP to collect stocks valued at RM838,076.43 currently in the possession of APM and ABM and to pay APM and ABIO the said sum, failing which APM and ABIO shall seek an order to dispose of the stock to recover the value; and
- damages to be assessed based on estimated loss of profits as a result of the wrongful termination of the Agreements.

APM and ABIO have in addition instituted legal proceedings to restrain SDP or any other party from dealing with or attempting to distribute the products referred to in the said Agreements.

Other than the above, there were no other 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's acquisition of 20% of the issued and paid up share capital of Maritzberg Investments Limited ("MIL") for consideration of USD 1,092,500 (equivalent to RM 3,745,090) was completed on 30th April 2007. MIL, an investment holding company incorporated in the British Virgin Islands has acquired 95% of the issued and paid up share capital of PT Penta Valent, a nation-wide pharmaceutical distribution company operating in Indonesia.

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 30 September 2007.

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 28.

15 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 September 2007 are as follows:

Property, Plant and Equipment	RM'000
Authorised and contracted for	899
Authorised but not contracted for	3,590
	4,489

16 Related Party Transactions

There were no related party transactions during the period ended 30 September 2007.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (continued)

17 Review of Performance

For the third quarter of financial year 2007, the Group's turnover was RM 57.7 million and group profit after tax was RM 3.9 million. Year to date group profit after tax was RM 12.4 million on the back of revenue of RM 178.6 million. This represents a year-on-year increase of 20% and 6% respectively.

During the third quarter, the manufacturing division launched a generic amlodipine, Zynor™, for the treatment of high blood pressure. Three of its products have been granted registration in Vietnam.

The wholesale and distribution operations performed well notwithstanding prudent provisions made in relation to a legal action against a supplier as disclosed in note 12. The Group's Indonesian associate company PT Penta Valent, moved to a purpose-built headquarters and warehouse in Jakarta during the quarter.

18 Material changes in the profit before tax for the quarter

Profit before tax for the three month period was RM 4.3 million as compared to RM 6.1 million for the quarter immediately preceding. The material variance is due to a non-recurring item of RM 1.8 million of final post-warranty payment in relation to the disposal of Apex Pharmacy Sdn Bhd which was received in the second quarter of 2007.

19 Commentary

(a) Prospects

Barring unforeseen circumstances, the Board expects that the Group will perform to expectations for the remaining period to the end of the financial year 2007.

(b) Progress to achieve forecast revenue or profit estimate

Not applicable

20 Statement by the Board of Directors' opinion on the achievability of forecast revenue or profit estimate

Not applicable

21 Profit Forecast /Profit Guarantee

Not applicable.

22 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
income tax	557	1,016	1,965	3,329
deferred tax	177	56	730	115
others	-	-	-	-
	734	1,072	2,695	3,444
In respect of prior year:				
income tax	(401)	28	(401)	28
deferred tax	-	-	-	-
	333	1,100	2,294	3,472

The effective tax rate for the current quarter was lower than the statutory tax rate principally due to availability of tax incentives in one of its subsidiaries.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (continued)

23 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the period ended 30 September 2007.

24 Quoted Securities

(a) There were no acquisitions or disposals of quoted securities during the period ended 30 September 2007.
(b) There were no quoted securities held as at 30 September 2007.

25 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 14th November 2007.

26 Group Borrowings and Debt Securities

	AS AT 30/09/2007	AS AT 30/09/2006
Short term bank borrowings	RM'000	RM'000
Secured	239	119
Unsecured	5,868	12,846
Total	6,107	12,965
Long term bank borrowings		
Secured	598	957
Unsecured	12,970	1,853
Total	13,568	2,810

Bank borrowings denominated in foreign currency as at 30 September 2007:	SGD'000	RM'000
Singapore Dollars	876	2,016

The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 30 September 2007.

27 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) As at 14th November 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	Nature and terms	
SGD	119	274	2.29	28-Mar-08	Sale of goods	6 months
SGD	69	158	2.30	28-Apr-08	Sale of goods	6 months
		432				

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (continued)

28 Material Litigation

As disclosed in note 12, the Company's wholly owned subsidiaries, Apex Pharmacy Marketing Sdn Bhd and ABIO Marketing Sdn Bhd have filed a Writ of Summons against Sante de Pharma Sdn Bhd for breach of contract in respect of distribution agreeements.

As reported in the previous quarter, the Company's wholly-owned subsidiary, 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 postponed the Case Management to 17th January 2008.

As at 14th November 2007, there has been no change in the status save as disclosed above.

29 Dividends

(a) The tax exempt interim dividend of 4 sen per share in respect of the financial period ending 31 December 2007 has been paid on 16th October 2007.

(b) The total dividend for the current financial year is 4 sen tax exempt. (Year 2006: Total dividend of 5 sen gross per share less 28% tax).

30 Earnings per share

		3 MONTHS ENDED		PERIOD ENDED	
		30/09/2007	30/09/2006	30/09/2007	30/09/2006
Basic Earnings per share					
Profit after tax	RM'000	3,921	2,912	12,438	10,403
Weighted average number of ordinary shares in issue	'000	74,974	67,925	74,974	67,925
Basic earnings per share	sen	**5.23**	**4.29**	**16.59**	**15.32**
Diluted Earnings per share					
Profit after tax	RM'000	3,921	2,912	12,438	10,403
Weighted average number of ordinary shares in issue	'000	74,974	67,925	74,974	67,925
Adjustment for share options	'000	-	129	-	129
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	74,974	68,054	74,974	68,054
Diluted earnings per share	sen	**5.23**	**4.28**	**16.59**	**15.29**