



**APEX HEALTHCARE BERHAD (473108-T)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009  
(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2009**

	Note	3 MONTHS ENDED		PERIOD ENDED	
		31/03/2009	31/03/2008	31/03/2009	31/03/2008
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	8	<b>70,278</b>	<b>63,855</b>	<b>70,278</b>	<b>63,855</b>
Cost of sales		(52,913)	(48,516)	(52,913)	(48,516)
<b>Gross profit</b>		<b>17,365</b>	<b>15,339</b>	<b>17,365</b>	<b>15,339</b>
Other income		355	195	355	195
Selling & marketing expenses		(8,682)	(7,781)	(8,682)	(7,781)
Administrative expenses		(2,910)	(2,725)	(2,910)	(2,725)
Other expenses		(176)	(69)	(176)	(69)
Finance cost		(217)	(270)	(217)	(270)
Share of results of associates		196	320	196	320
<b>Profit before tax</b>	8	<b>5,931</b>	<b>5,009</b>	<b>5,931</b>	<b>5,009</b>
Income tax expense	20	(1,656)	(1,052)	(1,656)	(1,052)
<b>Net profit for the period</b>		<b>4,275</b>	<b>3,957</b>	<b>4,275</b>	<b>3,957</b>
<b>Attributable to:</b>					
Equity holders of the parent		4,229	3,957	4,229	3,957
Minority interest		46	-	46	-
		<b>4,275</b>	<b>3,957</b>	<b>4,275</b>	<b>3,957</b>

**Earnings per share attributable to equity holders of the parent:**

		<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
- Basic	28	<b>5.64</b>	<b>5.28</b>	<b>5.64</b>	<b>5.28</b>
- Diluted	28	<b>5.64</b>	<b>5.28</b>	<b>5.64</b>	<b>5.28</b>

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Report.



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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2009**

		<u>Audited</u>
	As at	As at
Note	31/03/2009	31/12/2008
	RM'000	RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	9 59,600	59,903
Investment properties	3,829	3,850
Prepaid land lease payments	7,017	7,035
Intangible assets	1,428	1,479
Investment in associates	29,492	29,296
Deferred tax assets	167	167
	<u>101,533</u>	<u>101,730</u>
<b>Current Assets</b>		
Inventories	41,643	41,893
Trade and other receivables	73,366	67,706
Deposits, bank and cash balances	15,950	6,919
	<u>130,959</u>	<u>116,518</u>
<b>TOTAL ASSETS</b>	<b><u>232,492</u></b>	<b><u>218,248</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	74,974	74,974
Reserves	9,297	9,297
Retained earnings	62,648	58,419
	<u>146,920</u>	<u>142,690</u>
<b>Minority interest</b>	7,476	7,430
<b>TOTAL EQUITY</b>	<b><u>154,396</u></b>	<b><u>150,120</u></b>
<b>Non-Current Liabilities</b>		
Borrowings	24 11,301	11,618
Deferred tax liabilities	3,185	2,702
	<u>14,486</u>	<u>14,320</u>
<b>Current Liabilities</b>		
Borrowings	24 11,371	11,541
Trade and other payables	51,249	41,620
Current tax payable	990	647
Dividend payable	-	-
	<u>63,610</u>	<u>53,808</u>
<b>TOTAL LIABILITIES</b>	<b><u>78,096</u></b>	<b><u>68,128</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>232,492</u></b>	<b><u>218,248</u></b>
	<b>RM</b>	<b>RM</b>
<b>Net Assets per share attributable to ordinary equity holders of the parent</b>	<b><u>1.96</u></b>	<b><u>1.90</u></b>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Report.



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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2009**

	Note	<u>Non-Distributable</u>		<u>Distributable</u>		Minority Interests RM'000	Total RM'000
		Share Capital RM'000	Share Premium RM'000	Revaluation & other reserves RM'000	Retained Profits RM'000		
<b><u>PERIOD ENDED 31 MARCH 2009</u></b>							
Balance as at 1 January 2009		74,974	5,305	3,992	58,419	7,430	150,120
Foreign currency translation, representing amount recognised directly in equity		-	-	-	-	-	-
Net profit for the 3-months period		-	-	-	4,229	46	4,275
Total recognised income and expense for the period		-	-	-	4,229	46	4,275
Dividends	7	-	-	-	-	-	-
<b>Balance as at 31 March 2009</b>		<b>74,974</b>	<b>5,305</b>	<b>3,992</b>	<b>62,648</b>	<b>7,476</b>	<b>154,396</b>
<b><u>PERIOD ENDED 31 MARCH 2008</u></b>							
Balance as at 1 January 2008		74,974	5,305	3,762	49,490	-	133,531
Foreign currency translation, representing amount recognised directly in equity		-	-	-	-	-	-
Net profit for the 3-months period		-	-	-	3,957	-	3,957
Total recognised income and expense for the period		-	-	-	3,957	-	3,957
Dividends		-	-	-	-	-	-
<b>Balance as at 31 March 2008</b>		<b>74,974</b>	<b>5,305</b>	<b>3,762</b>	<b>53,447</b>	<b>-</b>	<b>137,488</b>

**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 2008 and the accompanying explanatory notes attached to the Interim Financial Report.**



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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2009**

	PERIOD ENDED	
	31/03/2009	31/03/2008
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	5,931	5,009
Adjustments:		
Depreciation and amortization	1,588	1,512
Net profit on disposal of property, plant and equipment	(138)	-
Share of results of associates	(196)	(320)
Other non-cash items	832	600
Operating profit before working capital changes:	8,017	6,801
Inventories and receivables	(6,036)	(3,910)
Payables	9,630	5,100
Cash generated from operations	11,611	7,991
Tax paid	(837)	(622)
<b>Net cash generated from operating activities</b>	<b>10,774</b>	<b>7,369</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment & intangible assets	(1,197)	(364)
Proceeds from disposal of property, plant and equipment	141	-
Interest received	18	47
<b>Net cash used in investing activities</b>	<b>(1,038)</b>	<b>(317)</b>
<b>Cash flows from financing activities:</b>		
Term loans repaid	(749)	(947)
Other financing activities paid	(937)	(687)
<b>Net cash used in financing activities</b>	<b>(1,686)</b>	<b>(1,634)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,050</b>	<b>5,418</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>5,711</b>	<b>7,524</b>
Currency translation difference	-	-
<b>Cash and cash equivalents at the end of the financial period</b>	<b>13,761</b>	<b>12,942</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Report.



**APEX HEALTHCARE BERHAD (473108-T)**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009**

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 significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2008.

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 2008.

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 2008.

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 2009.

5 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 years of the current financial year or prior financial year.

6 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 31 March 2009.

7 Dividends paid

There were no dividends paid during the current period ended 31 March 2009.

8 Segmental Reporting

<b>BUSINESS SEGMENTS</b>	Manufacturing	Marketing and distribution	Investment holding	<b>GROUP</b>
<b>PERIOD ENDED 31/03/2009</b>	RM'000	RM'000	RM'000	RM'000
Total Revenue	16,512	58,054	605	75,171
Inter-segment revenue	(4,427)	-	(466)	(4,893)
External Revenue	12,085	58,054	139	<b>70,278</b>
Segment Results (external)	4,505	2,639	(892)	6,252
Unallocated corporate expenses				(300)
Finance costs				(217)
Share of results of associate				196
Profit before tax				<b>5,931</b>
<b>BUSINESS SEGMENTS</b>	Manufacturing	Marketing and distribution	Investment holding	<b>GROUP</b>
<b>PERIOD ENDED 31/03/2008</b>	RM'000	RM'000	RM'000	RM'000
Total Revenue	13,871	55,369	573	69,813
Inter-segment revenue	(5,530)		(428)	(5,958)
External Revenue	8,341	55,369	145	<b>63,855</b>
Segment Results (external)	3,382	2,265	(378)	5,269
Unallocated corporate expenses				(310)
Finance costs				(270)
Share of results of associate				320
Profit before tax				<b>5,009</b>



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009 (continued)**

9 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.

10 Significant Post Balance Sheet Events

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

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 period ended 31 March 2009.

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 except as disclosed in note 26.

13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 March 2009 is as follows:

	<u>RM'000</u>
Authorised capital expenditure approved and contracted for	171
Authorised capital expenditure approved but not contracted for	<u>2,856</u>
	<u><u>3,027</u></u>

14 Related Party Transactions

There were no related party transactions during the period ended 31 March 2009.

15 Review of Performance

Despite poor economic conditions, the Group achieved RM 5.9 million profit before tax on revenues of RM 70.3 million in the first three months of 2009. This represents growth of 10% in revenue and 18% in profit before tax over that achieved in the first quarter of 2008. The Group's growth is organic and attributed to good manufacturing export sales and sales to the public healthcare sector as well as the continued steady performance of distribution and wholesale activities. Several new products, including own-brands AVEX generic pharmaceuticals were launched in the Group's markets during the quarter. The improved performance is also due to increased focus on the efficient management of working capital, inventories and receivables.

16 Material changes in the profit before tax for the quarter

Profit before tax for the current quarter is RM 5.9 million compared to RM 4.7 million in the previous quarter. The 25% increase in profit before tax is attributed largely to increased sales of own-brand and Xepa<sup>SP</sup> pharmaceutical products, which typically command better margins.

17 Commentary

(a) Prospects

The Group's core values of Service, Quality and Integrity are reflected in financial prudence, long-term planning, and constant investment at all levels of operations. These values are standing the Group in good stead during the current downturn. Although the economic outlook remains weak, the current set of results tangibly demonstrates the Group's resilience. Barring unforeseen circumstances, the Board is cautiously optimistic that performance for the current financial year will be satisfactory.

(b) Progress to achieve forecast revenue or profit estimate

Not applicable



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009 (continued)**

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

Not applicable

19 Profit Forecast /Profit Guarantee

Not applicable.

20 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
income tax	1,623	1,124	1,623	1,124
deferred tax	33	(72)	33	(72)
others	-	-	-	-
	<u>1,656</u>	<u>1,052</u>	<u>1,656</u>	<u>1,052</u>
<b>In respect of prior period:</b>				
income tax	-	-	-	-
deferred tax	-	-	-	-
	<u>1,656</u>	<u>1,052</u>	<u>1,656</u>	<u>1,052</u>

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

21 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the period ended 31 March 2009.

22 Quoted Securities

(a) There were no acquisitions or disposals of quoted securities during the period ended 31 March 2009.

(b) There were no quoted securities held as at 31 March 2009.

23 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 13th May 2009.

24 Group Borrowings and Debt Securities

	AS AT	
	31/03/2009	31/12/2008
	RM'000	RM'000
<b>Short term bank borrowings</b>		
Secured	250	250
Unsecured	11,121	11,291
Total	<u>11,371</u>	<u>11,541</u>
<b>Long term bank borrowings</b>		
Secured	312	312
Unsecured	10,989	11,306
Total	<u>11,301</u>	<u>11,618</u>
<b>Bank borrowings denominated in foreign currency as at 31 March 2009:</b>		
Singapore Dollars	2,120	5,089



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The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 31 March 2009.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009 (continued)**

**25 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 13th May 2009, 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	125	297	2.38	30-Sep-09	Sale of goods 6 months
SGD	122	290	2.38	30-Oct-09	Sale of goods 6 months
		587			

**26 Material Litigations**

**(a) Shah Alam High Court Writ of Summons between APM and SDP and ABIO and SDP**

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 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 RM1,247,427, 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 currently in the possession of APM and ABIO 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.

Subsequently on 17th December 2007, SDP has filed a counter claim against APM and ABIO claiming the following:

- against APM, the sum of RM 2,514,740 being the amount allegedly owed by APM to SDP, loss of profit of RM 230,000, loss of reputation and goodwill to be determined by the court, interest, legal costs and other reliefs; and
- against ABIO, the sum of RM 1,420,719 being the amount allegedly owed by ABIO to SDP, loss of profit of RM 120,000, loss of reputation and goodwill to be determined by the court, interest, legal costs and other reliefs.

The Company is of the opinion that the counter claims have no merit, and the Company's legal counsel has taken action to persecute the Company's claims and defend against the counter claims.

There has been no further developments save that the Court has postponed the case to 22nd June 2009 for further clarifications/decision.

**(b) Shah Alam High Court Writ of Summons between Memory Tech Sdn Bhd and APM**

There has been no change in status from that which has been reported in the previous quarters save that the plaintiff, Memory Tech Sdn Bhd is currently undergoing liquidation. The court has postponed the case management to 5th August 2009 whilst the Notice of Indemnity has been fixed for mention on 3rd June 2009.



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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009  
(THE FIGURES HAVE NOT BEEN AUDITED)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009 (continued)****27 Dividends**

The Board of Directors do not recommend the payment of any interim dividend for the period ended 31 March 2009 (First quarter 2008: Nil)

(First

**28 Earnings per share**

		3 MONTHS ENDED		PERIOD ENDED	
		31/03/2009	31/03/2008	31/03/2009	31/03/2008
<b><u>Basic Earnings per share</u></b>					
Profit after tax	RM'000	4,229	3,957	4,229	3,957
Weighted average number of ordinary shares in issue	'000	74,974	74,974	74,974	74,974
<b>Basic earnings per share</b>	<b>sen</b>	<b>5.64</b>	<b>5.28</b>	<b>5.64</b>	<b>5.28</b>
<b><u>Diluted Earnings per share</u></b>					
Profit after tax	RM'000	4,229	3,957	4,229	3,957
Weighted average number of ordinary shares in issue	'000	74,974	74,974	74,974	74,974
Adjustment for share options	'000	-	-	-	-
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	74,974	74,974	74,974	74,974
<b>Diluted earnings per share</b>	<b>sen</b>	<b>5.64</b>	<b>5.28</b>	<b>5.64</b>	<b>5.28</b>