



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

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

|   | Note | 3 MONTHS ENDED |               | YEAR ENDED     |                |
|---|------|----------------|---------------|----------------|----------------|
|   |      | 31/12/2009     | 31/12/2008    | 31/12/2009     | 31/12/2008     |
|   |      | RM'000         | RM'000        | RM'000         | RM'000         |
|   |      |                |               | <u>Audited</u> |                |
| <b>Revenue</b>  | 8    | <b>70,118</b>  | <b>65,412</b> | <b>282,719</b> | <b>259,239</b> |
| Cost of sales   |      | (51,442)       | (49,500)      | (212,069)      | (196,668)      |
| <b>Gross profit</b>   |      | <b>18,676</b>  | <b>15,912</b> | <b>70,650</b>  | <b>62,571</b>  |
| Other income  |      | 987            | 570           | 1,875          | 1,303          |
| Selling & marketing expenses  |      | (7,999)        | (8,102)       | (34,804)       | (32,768)       |
| Administrative expenses   |      | (3,632)        | (3,313)       | (12,584)       | (12,197)       |
| Other expenses  |      | (933)          | (852)         | (1,432)        | (1,196)        |
| Finance cost  |      | (100)          | (262)         | (608)          | (1,015)        |
| Share of results of associates  |      | 5,259          | 748           | 6,996          | 2,321          |
| <b>Profit before tax</b>  | 8    | <b>12,258</b>  | <b>4,701</b>  | <b>30,093</b>  | <b>19,019</b>  |
| Income tax expense  | 20   | (1,737)        | (859)         | (5,543)        | (3,911)        |
| <b>Net profit for the year</b>  |      | <b>10,521</b>  | <b>3,842</b>  | <b>24,550</b>  | <b>15,108</b>  |
| <b>Attributable to:</b>   |      |                |               |                |                |
| Equity holders of the parent  |      | 8,733          | 3,633         | 22,144         | 14,776         |
| Minority interest   |      | 1,788          | 209           | 2,406          | 332            |
|   |      | <b>10,521</b>  | <b>3,842</b>  | <b>24,550</b>  | <b>15,108</b>  |
| <b>Earnings per share attributable to equity holders of the parent:</b> |      |                |               |                |                |
|   |      | <u>Sen</u>     | <u>Sen</u>    | <u>Sen</u>     | <u>Sen</u>     |
| - Basic   | 28   | <b>11.65</b>   | <b>4.85</b>   | <b>29.54</b>   | <b>19.71</b>   |
| - Diluted   | 28   | <b>11.65</b>   | <b>4.85</b>   | <b>29.54</b>   | <b>19.71</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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(THE FIGURES HAVE NOT BEEN AUDITED)

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

|   |      | <b>As at</b>          | <b>Audited</b>        |
|---|------|-----------------------|-----------------------|
|   | Note | 31/12/2009            | As at<br>31/12/2008   |
|   |      | RM'000                | RM'000                |
| <b>Non-Current Assets</b>   |      |                       |                       |
| Property, plant and equipment   | 9    | 58,885                | 59,903                |
| Investment properties   | 9    | 3,800                 | 3,850                 |
| Prepaid land lease payments   | 9    | 7,825                 | 7,035                 |
| Intangible assets   |      | 1,405                 | 1,479                 |
| Investment in associates  |      | 35,791                | 29,296                |
| Deferred tax assets   |      | 58                    | 167                   |
|   |      | <u>107,764</u>        | <u>101,730</u>        |
| <b>Current Assets</b>   |      |                       |                       |
| Inventories   |      | 41,562                | 41,893                |
| Trade and other receivables   |      | 68,197                | 67,706                |
| Deposits, bank and cash balances  |      | 19,950                | 6,919                 |
|   |      | <u>129,709</u>        | <u>116,518</u>        |
| <b>TOTAL ASSETS</b>   |      | <b><u>237,473</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  |      | 12,492                | 9,297                 |
| Retained earnings   |      | 75,081                | 58,419                |
|   |      | <u>162,547</u>        | <u>142,690</u>        |
| <b>Minority interest</b>  |      | 9,836                 | 7,430                 |
| <b>TOTAL EQUITY</b>   |      | <b><u>172,383</u></b> | <b><u>150,120</u></b> |
| <b>Non-Current Liabilities</b>  |      |                       |                       |
| Borrowings  | 24   | 8,943                 | 11,618                |
| Deferred tax liabilities  |      | 3,948                 | 2,702                 |
|   |      | <u>12,891</u>         | <u>14,320</u>         |
| <b>Current Liabilities</b>  |      |                       |                       |
| Borrowings  | 24   | 2,798                 | 11,541                |
| Trade and other payables  |      | 47,829                | 41,620                |
| Current tax payable   |      | 1,572                 | 647                   |
| Dividend payable  |      | -                     | -                     |
|   |      | <u>52,199</u>         | <u>53,808</u>         |
| <b>TOTAL LIABILITIES</b>  |      | <b><u>65,090</u></b>  | <b><u>68,128</u></b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | <b><u>237,473</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>2.17</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.



**APEX HEALTHCARE BERHAD (473108-T)**  
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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**  
(THE FIGURES HAVE NOT BEEN AUDITED)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009**

|   | Note | Share<br>Capital<br>RM'000 | Non-Distributable<br>Share<br>Premium<br>RM'000 | Revaluation &<br>other reserves<br>RM'000 | Distributable<br>Retained<br>Profits<br>RM'000 | Minority<br>Interests<br>RM'000 | Total<br>RM'000 |
|---|------|----------------------------|---|---|--|---------------------------------|-----------------|
| <b><u>YEAR ENDED 31 DECEMBER 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 |      | -                          | -   | 67  | -  | -                               | 67              |
| Net profit for the 12-months period   |      | -                          | -   | -   | 22,144   | 2,406                           | 24,550          |
| Total recognised income and expense for the year                                |      | -                          | -   | 67  | 22,144   | 2,406                           | 24,617          |
| Revaluation surplus on properties   | 9    |                            |   | 3,128                                     |  |                                 | 3,128           |
| Dividends   | 7    | -                          | -   | -   | (5,482)  | -                               | (5,482)         |
| <b>Balance as at 31 December 2009</b>   |      | <b>74,974</b>              | <b>5,305</b>                                    | <b>7,187</b>                              | <b>75,081</b>                                  | <b>9,836</b>                    | <b>172,383</b>  |
| <b><u>YEAR ENDED 31 DECEMBER 2008</u></b>                                       |      |                            |   |   |  |                                 |                 |
| Balance as at 1 January 2008  |      |                            |   |   |  |                                 |                 |
| As previously stated  |      | 74,974                     | 5,305   | 3,762                                     | 49,490   | -                               | 133,531         |
| Effects of adopting FRS 112   |      | -                          | -   | -   | 2,320  |                                 | 2,320           |
| As restated   |      | 74,974                     | 5,305   | 3,762                                     | 51,810   |                                 | 135,851         |
| Foreign currency translation, representing amount recognised directly in equity |      | -                          | -   | 230                                       | -  |                                 | 230             |
| Minority interest in subsidiary   |      |                            |   |   |  | 7,098                           | 7,098           |
| Net profit for the 12-months period   |      | -                          | -   | -   | 14,776   | 332                             | 15,108          |
| Total recognised income and expense for the year                                |      | -                          | -   | 230                                       | 14,776   | 7,430                           | 22,436          |
| Dividends   | 7    | -                          | -   | -   | (6,148)  | -                               | (6,148)         |
| Movements of reserves as a result of group restructuring                        |      | -                          | -   | -   | (2,019)  |                                 | (2,019)         |
| <b>Balance as at 31 December 2008</b>   |      | <b>74,974</b>              | <b>5,305</b>                                    | <b>3,992</b>                              | <b>58,419</b>                                  | <b>7,430</b>                    | <b>150,120</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 FOURTH QUARTER ENDED 31 DECEMBER 2009**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009**

|   | <u>Audited</u>  |                 |
|---|-----------------|-----------------|
|   | YEAR ENDED      |                 |
|   | 31/12/2009      | 31/12/2008      |
|   | RM'000          | RM'000          |
| <b>Cash flows from operating activities</b>                             |                 |                 |
| Profit before tax   | 30,093          | 19,019          |
| Adjustments:  |                 |                 |
| Depreciation and amortization   | 6,306           | 6,224           |
| Net (profit)/loss on disposal of property, plant and equipment          | (171)           | 126             |
| Impairment of assets net of reversals                                   | 268             | 441             |
| Fair value adjustment on investment properties                          | 50              | 50              |
| Share of results of associates  | (6,996)         | (2,321)         |
| Inventories written off and written down                                | 1,442           | 758             |
| Allowance for doubtful debts less written back                          | 962             | 485             |
| Other non-cash items  | 511             | 969             |
| Operating profit before working capital changes:                        | 32,465          | 25,751          |
| Inventories   | (1,112)         | (2,292)         |
| Receivables   | (1,225)         | (5,499)         |
| Payables  | 6,210           | (313)           |
| Cash generated from operations  | 36,338          | 17,647          |
| Tax paid  | (3,518)         | (2,955)         |
| <b>Net cash generated from operating activities</b>                     | <b>32,820</b>   | <b>14,692</b>   |
| <b>Cash flows from investing activities</b>                             |                 |                 |
| Acquisition of associate paid in cash                                   | -               | (6,562)         |
| Dividends received from associate                                       | 501             | -               |
| Purchase of property, plant and equipment & intangible assets           | (3,029)         | (4,168)         |
| Proceeds from disposal of property, plant and equipment                 | 179             | 593             |
| Interest received   | 98              | 125             |
| <b>Net cash used in investing activities</b>                            | <b>(2,251)</b>  | <b>(10,012)</b> |
| <b>Cash flows from financing activities:</b>                            |                 |                 |
| Term loans repaid   | (2,990)         | (3,696)         |
| Dividends paid  | (5,482)         | (6,148)         |
| Other financing activities (repaid)/received                            | (7,830)         | 3,303           |
| <b>Net cash used in financing activities</b>                            | <b>(16,302)</b> | <b>(6,541)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>             | <b>14,267</b>   | <b>(1,861)</b>  |
| <b>Cash and cash equivalents at the beginning of the financial year</b> | <b>5,711</b>    | <b>7,524</b>    |
| Currency translation difference   | (28)            | 48              |
| <b>Cash and cash equivalents at the end of the financial year</b>       | <b>19,950</b>   | <b>5,711</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.



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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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, prepaid land leases and investment properties as disclosed in note 9.

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 year ended 31 December 2009.

**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 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 year ended 31 December 2009.

**7 Dividends paid**

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

|  | 31/12/2009    | 31/12/2008    |
|--|---------------|---------------|
| <u>In respect of the financial year ended 31 December</u>                        | <u>RM'000</u> | <u>RM'000</u> |
| 2009: Interim Dividend of 5.25 sen gross per share less tax payable on 16-Oct-09 | 2,952         |               |
| 2008: Final Dividend of 4.5 sen gross per share less tax paid on 23-Jun-09       | 2,530         | -             |
| 2008: Interim Dividend of 5 sen gross per share less tax payable on 16-Oct-08    | -             | 2,774         |
| 2007: Final Tax-exempt Dividend of 4.5 sen per share paid on 23-Jun-08           |               | 3,374         |
|  | <u>5,482</u>  | <u>6,148</u>  |

**8 Segmental Reporting**

| <b>BUSINESS SEGMENTS</b>       | Manufacturing | Marketing and distribution | Investment holding | <b>GROUP</b>   |
|--------------------------------|---------------|----------------------------|--------------------|----------------|
| <b>YEAR ENDED 31/12/2009</b>   | <b>RM'000</b> | <b>RM'000</b>              | <b>RM'000</b>      | <b>RM'000</b>  |
| Total Revenue                  | 65,445        | 235,686                    | 16,801             | 317,932        |
| Inter-segment revenue          | (19,075)      | -                          | (16,138)           | (35,213)       |
| External Revenue               | 46,370        | 235,686                    | 663                | <b>282,719</b> |
| Segment Results (external)     | 15,723        | 11,023                     | (1,884)            | 24,862         |
| Unallocated corporate expenses |               |                            |                    | (1,157)        |
| Finance costs                  |               |                            |                    | (608)          |
| Share of results of associate  |               |                            |                    | 6,996          |
| Profit before tax              |               |                            |                    | <b>30,093</b>  |

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009****(THE FIGURES HAVE NOT BEEN AUDITED)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**8 Segmental Reporting - cont'd

| <b>BUSINESS SEGMENTS</b>       | Manufacturing | Marketing and distribution | Investment holding | <b>GROUP</b>   |
|--------------------------------|---------------|----------------------------|--------------------|----------------|
| <b>YEAR ENDED 31/12/2008</b>   | RM'000        | RM'000                     | RM'000             | RM'000         |
| Total Revenue                  | 55,376        | 221,720                    | 13,293             | 290,389        |
| Inter-segment revenue          | (18,489)      | -                          | (12,661)           | (31,150)       |
| External Revenue               | 36,887        | 221,720                    | 632                | <b>259,239</b> |
| Segment Results (external)     | 12,365        | 8,032                      | (1,412)            | 18,985         |
| Unallocated corporate expenses |               |                            |                    | (1,272)        |
| Finance costs                  |               |                            |                    | (1,015)        |
| Share of results of associate  |               |                            |                    | 2,321          |
| Profit before tax              |               |                            |                    | <b>19,019</b>  |

9 Valuations of Property, Plant & Equipment, Investment Properties and Prepaid Land Lease

The carrying value of land and buildings is based on a valuation carried out in the current year ended 31 December 2009 by independent qualified valuers using the comparison and depreciated replacement cost methods to reflect their market value.

10 Significant Post Balance Sheet Events

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

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 year ended 31 December 2009.

12 Changes in Contingent liabilities or Contingent assets.

There were no changes in 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 December 2009 is as follows:

|  | RM'000       |
|--|--------------|
| Authorised capital expenditure approved and contracted for     | 777          |
| Authorised capital expenditure approved but not contracted for | 8,608        |
|  | <u>9,385</u> |

14 Related Party Transactions

There were no related party transactions during the year ended 31 December 2009.

15 Review of Performance

The Group's revenue for the final quarter of 2009 was RM70.1 million and its profit before tax was RM 12.3 million. For the 12 months to December 2009, the Group achieved record revenues of RM282.7 million and profit before tax of RM 30.1 million, representing increases of 9.1% and 58.2% respectively over the result for the previous financial year.

Manufacturing revenue and profits exceeded budget in the fourth quarter, helped by good acceptance of newly launched products, better export and tender sales. A Representative Office in Vietnam was opened to direct and strengthen marketing initiatives. Wholesale and Distribution returned improved gross margins, attributed to a greater proportion of own brand products in the sales mix and better purchasing.

Profit contribution from the Group's associated company, Xiamen Maidiken Science & Technology Co Ltd ('MDK'), China, rose to RM 7.1 million on the back of an 18% growth in revenue in the year 2009. During the year, MDK's intermediate holding company for its retail and distribution operations, Luyan (Fujian) Pharma Co Ltd, issued new shares at a premium to new investors for a 24.5% equity stake. Recognition of the Group's share of the premium further enhanced Group profits in the fourth quarter of 2009.



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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

16 Material changes in the profit before tax for the quarter

Profit before taxation for the current quarter is RM 12.3 million, which is a 94% increase over that achieved in the third quarter of 2009. This is mainly attributed to improved gross profits arising from a higher proportion of own brand products in the Group's sales mix, increased manufacturing efficiency at Xepa-Soul Pattinson (Malaysia) Sdn Bhd and a strong profit contribution from the Group's associate company in China, Xiamen Maidiken Science and Technology Co Ltd.

17 Commentary

(a) Prospects

The strong performance of the Group in 2009 is the result of sound strategic planning and execution, continuous upgrading of manufacturing facilities, careful regional expansion, focused brand management and an emphasis on staff training and development. Barring unforeseen circumstances, the Board expects these foundations to enable the Group to return another satisfactory performance in 2010.

(b) Progress to achieve forecast revenue or profit estimate

Not applicable.

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 |            | YEAR ENDED   |              |
|-----------------------------|----------------|------------|--------------|--------------|
|                             | 31/12/2009     | 31/12/2008 | 31/12/2009   | 31/12/2008   |
|                             | RM'000         | RM'000     | RM'000       | RM'000       |
| In respect of current year: |                |            |              |              |
| income tax                  | 1,628          | 597        | 4,338        | 3,571        |
| deferred tax                | 109            | 262        | 1,327        | 548          |
| others                      | -              | -          | -            | -            |
|                             | <u>1,737</u>   | <u>859</u> | <u>5,665</u> | <u>4,119</u> |
| In respect of prior year:   |                |            |              |              |
| income tax                  | -              | -          | (122)        | (208)        |
| deferred tax                | -              | -          | -            | -            |
|                             | <u>1,737</u>   | <u>859</u> | <u>5,543</u> | <u>3,911</u> |

The effective tax rate for the current quarter and financial year was lower than the statutory tax rate principally due to the non-taxable profits contributed by the Group's associated companies.

21 Sale of Unquoted Investments and/or Properties

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

22 Quoted Securities

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

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

23 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 16th February 2010.

24 Group Borrowings and Debt Securities

|                            | AS AT        |               |
|----------------------------|--------------|---------------|
|                            | 31/12/2009   | 31/12/2008    |
|                            | RM'000       | RM'000        |
| Short term bank borrowings |              |               |
| Secured                    | 254          | 250           |
| Unsecured                  | 2,544        | 11,291        |
| Total                      | <u>2,798</u> | <u>11,541</u> |



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

24 Group Borrowings and Debt Securities - cont'd

|   | AS AT      |            |
|---|------------|------------|
|   | 31/12/2009 | 31/12/2008 |
| Long term bank borrowings   | RM'000     | RM'000     |
| Secured   | 64         | 312        |
| Unsecured   | 8,879      | 11,306     |
| Total   | 8,943      | 11,618     |
| Bank borrowings denominated in foreign currency as at 31 December 2009: | SGD'000    | RM'000     |
| Singapore Dollars   | 130        | 318        |

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

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 16th February 2010, the Group's outstanding forward foreign exchange contracts to hedge its foreign currency transactions are as follows -

|  | Contracted amount in foreign<br>currency to the nearest thousand | RM'000<br>equivalent | Contracted<br>rate | Maturity date | Nature                | Terms      |
|--|--|----------------------|--------------------|---------------|-----------------------|------------|
|  | SGD 91   | 221                  | 2.43               | 25-Feb-10     | Purchase of goods     | 1.2 months |
|  | USD 82   | 281                  | 3.43               | 31-Mar-10     | Purchase of goods     | 1.9 months |
|  | EURO 44  | 210                  | 4.81               | 15-Apr-10     | Purchase of machinery | 2.4 months |
|  | SGD 180  | 434                  | 2.41               | 30-Jun-10     | Sale of goods         | 5.5 months |
|  | USD 90   | 304                  | 3.37               | 30-Jun-10     | Purchase of goods     | 5.6 months |
|  | SGD 54   | 130                  | 2.42               | 30-Jul-10     | Sale of goods         | 6.0 months |
|  |  | 1,580                |                    |               |                       |            |

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 have taken 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 prosecute 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 7th April 2010 for further Case Management.



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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009  
(THE FIGURES HAVE NOT BEEN AUDITED)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**26 Material Litigations - cont'd(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 and their lawyers have officially discharged themselves. Our solicitors has requested the Official Assignee to withdraw the suit, failing which they will apply to the court to strike out the suit.

27 Dividends

- (a) The Board of Directors is recommending a final dividend of 4.50 sen gross per share less 25% tax and a special dividend of 10.00 sen gross per share less 25% tax in respect of the financial year ended 31 December 2009 for shareholders' approval at the forthcoming Annual General Meeting ( Year 2008: Final taxable dividend of 4.50 sen gross per share less 25% tax).
- (b) The total dividend for the current financial year is 19.75 sen gross per share less tax. (Year 2008: Total taxable dividend of 9.5 sen gross per share).
- (c) The date of the book closure and payment for the final and special dividends will be announced in due course.

28 Earnings per share

|  |        | 3 MONTHS ENDED |             | YEAR ENDED   |              |
|--|--------|----------------|-------------|--------------|--------------|
|  |        | 31/12/2009     | 31/12/2008  | 31/12/2009   | 31/12/2008   |
| <b><u>Basic Earnings per share</u></b>   |        |                |             |              |              |
| Profit after tax   | RM'000 | 8,733          | 3,633       | 22,144       | 14,776       |
| Weighted average number of ordinary shares in issue                                | '000   | 74,974         | 74,974      | 74,974       | 74,974       |
| Basic earnings per share   | sen    | <b>11.65</b>   | <b>4.85</b> | <b>29.54</b> | <b>19.71</b> |
| <b><u>Diluted Earnings per share</u></b>   |        |                |             |              |              |
| Profit after tax   | RM'000 | 8,733          | 3,633       | 22,144       | 14,776       |
| 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       |
| Diluted earnings per share   | sen    | <b>11.65</b>   | <b>4.85</b> | <b>29.54</b> | <b>19.71</b> |