



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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	3 MONTHS ENDED		YEAR ENDED	
		31/12/2011	31/12/2010	31/12/2011	31/12/2010
		RM'000	RM'000	RM'000	RM'000
					<b><u>Audited</u></b>
<b>Revenue</b>		<b>92,330</b>	<b>77,454</b>	<b>366,002</b>	<b>313,718</b>
Cost of sales		(68,268)	(56,829)	(270,862)	(230,207)
<b>Gross profit</b>		<b>24,062</b>	<b>20,625</b>	<b>95,140</b>	<b>83,511</b>
Other income		617	509	1,537	1,371
Selling & marketing expenses		(12,456)	(9,813)	(45,426)	(39,474)
Administrative expenses		(4,303)	(4,820)	(15,437)	(15,307)
Other expenses		(415)	(274)	(627)	(611)
Finance cost		(44)	(88)	(288)	(353)
Reversal of impairment loss/(Impairment loss) on initial classification of asset (or disposal group) as held for sale	14	1,870	-	(330)	-
Share of results of associates net of tax	14	-	13,188	1,280	15,957
<b>Profit before tax</b>	7	<b>9,331</b>	<b>19,327</b>	<b>35,849</b>	<b>45,094</b>
Income tax expense	23	(1,322)	(1,636)	(7,381)	(6,754)
<b>Net profit for the year</b>		<b>8,009</b>	<b>17,691</b>	<b>28,468</b>	<b>38,340</b>
<b>Other comprehensive income / (expense)</b>					
Currency exchange differences on translating foreign entities		233	(11)	463	(446)
Revaluation increase of properties, net of deferred tax		-	33	-	-
<b>Total comprehensive income for the year</b>		<b>8,242</b>	<b>17,713</b>	<b>28,931</b>	<b>37,894</b>
<b>Net profit attributable to:</b>					
Owners of the parent		8,017	13,216	28,075	32,942
Minority interest		(8)	4,475	393	5,398
<b>Net profit for the year</b>		<b>8,009</b>	<b>17,691</b>	<b>28,468</b>	<b>38,340</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		8,247	13,238	28,533	32,502
Minority interest		(5)	4,475	398	5,392
<b>Total comprehensive income for the year</b>		<b>8,242</b>	<b>17,713</b>	<b>28,931</b>	<b>37,894</b>
<b>Earnings per share attributable to owners of the parent:</b>					
- Basic	29	<b>8.55</b>	<b>14.10</b>	<b>29.96</b>	<b>35.15</b>
- Diluted	29	<b>8.55</b>	<b>14.10</b>	<b>29.96</b>	<b>35.15</b>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2010 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 2011**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

		<b>As at</b>	<b>Audited</b>
	Note	<b>31/12/2011</b>	<b>31/12/2010</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	11	76,112	69,223
Investment properties		3,590	3,810
Intangible assets		1,218	1,285
Investment in associates	14	-	49,594
Available-for-sale investment		3,928	3,928
Deferred tax assets		748	359
		<u>85,596</u>	<u>128,199</u>
<b>Current Assets</b>			
Inventories		43,098	38,914
Trade and other receivables		86,158	75,578
Derivatives		-	47
Deposits, bank and cash balances		22,802	23,250
		<u>152,058</u>	<u>137,789</u>
Assets or disposal group classified as held for sale	14	50,245	-
		<u>202,303</u>	<u>137,789</u>
<b>TOTAL ASSETS</b>		<b><u>287,899</u></b>	<b><u>265,988</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		63,665	50,846
Borrowings	25	2,267	2,840
Derivatives		13	-
Current tax payable		1,005	1,144
		<u>66,950</u>	<u>54,830</u>
<b>Non-Current Liabilities</b>			
Borrowings	25	1,345	6,612
Deferred tax liabilities		7,392	6,175
		<u>8,737</u>	<u>12,787</u>
<b>TOTAL LIABILITIES</b>		<b><u>75,687</u></b>	<b><u>67,617</u></b>
<b>NET ASSETS</b>		<b><u>212,212</u></b>	<b><u>198,371</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owner of the parent</b>			
Share capital		93,717	93,717
Reserves		7,208	6,748
Retained earnings	9	97,957	82,598
		<u>198,883</u>	<u>183,063</u>
<b>Minority interest</b>		<u>13,330</u>	<u>15,308</u>
<b>TOTAL EQUITY</b>		<b><u>212,212</u></b>	<b><u>198,371</u></b>
		<b>RM</b>	<b>RM</b>
<b>Net Assets per share attributable to owner of the parent</b>		<b><u>2.12</u></b>	<b><u>1.95</u></b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2010 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 2011**

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	<u>Non-Distributable</u>			<u>Distributable</u>		Minority Interests	Total Equity
		Share Capital	Share Premium	Revaluation & other reserves	Retained Profits	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>YEAR ENDED 31 DECEMBER 2011</u></b>								
Balance at 1 January 2011		93,717	-	6,748	82,598	183,063	15,308	198,371
Net profit for the 12-months period		-	-	-	28,075	28,075	393	28,468
Other comprehensive income/(expense)		-	-	460	-	460	3	463
Total comprehensive income/(expense)		-	-	460	28,075	28,535	396	28,931
Purchase of equity interest from minority interest		-	-	-	(1,353)	(1,353)	(2,113)	(3,466)
Dividend paid to minority interest		-	-	-	-	-	(261)	(261)
Dividends	8	-	-	-	(11,363)	(11,363)	-	(11,363)
<b>Balance at 31 December 2011</b>		<b>93,717</b>	<b>-</b>	<b>7,208</b>	<b>97,957</b>	<b>198,883</b>	<b>13,330</b>	<b>212,212</b>
<b><u>YEAR ENDED 31 DECEMBER 2010</u></b>								
Balance at 1 January 2010		74,974	5,305	7,188	75,080	162,547	9,836	172,383
Net profit for the 12-months period		-	-	-	32,942	32,942	5,398	38,340
Other comprehensive income/(expense)		-	-	(440)	-	(440)	(6)	(446)
Total comprehensive income/(expense)		-	-	(440)	32,942	32,502	5,392	37,894
Issue of bonus shares		18,743	(5,305)	-	(13,438)	-	-	-
Share issue expenses		-	-	-	(84)	(84)	-	(84)
Subscription of shares by minority interest		-	-	-	-	-	80	80
Dividends	8	-	-	-	(11,902)	(11,902)	-	(11,902)
<b>Balance at 31 December 2010</b>		<b>93,717</b>	<b>-</b>	<b>6,748</b>	<b>82,598</b>	<b>183,063</b>	<b>15,308</b>	<b>198,371</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 2010 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 2011**

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2011**

	YEAR ENDED	
	31/12/2011	31/12/2010
	RM'000	RM'000
<b>Cash flows from operating activities</b>		<u><b>Audited</b></u>
Profit before tax	35,849	45,094
Adjustments:		
Depreciation and amortization	6,612	6,278
Net profit on disposal of property, plant and equipment	(228)	(149)
Share of results of associates net of tax	(1,280)	(15,957)
Impairment loss on initial classification of the asset (or disposal group) as held for sale	330	-
Fair value adjustment on investment properties	-	(10)
Fair value changes of derivatives	59	(47)
Inventories written off and written down	831	1,260
Allowance for doubtful debts less written back	1,027	129
Interest paid	288	353
Other non-cash items	(547)	145
Operating profit before working capital changes:	42,941	37,096
Inventories	(5,014)	1,388
Receivables	(11,615)	(7,752)
Payables	13,164	3,183
Cash generated from operations	39,476	33,915
Tax paid	(6,826)	(7,281)
<b>Net cash generated from operating activities</b>	<u><b>32,650</b></u>	<u><b>26,634</b></u>
<b>Cash flows from investing activities</b>		
Purchase of equity interest from minority interests	(3,466)	-
Dividends received from associate	661	-
Dividends paid to minority shareholders	(261)	-
Minority interests capital contribution	-	80
Purchase of property, plant and equipment & intangible assets	(13,251)	(8,889)
Proceeds from disposal of property, plant and equipment	250	150
Interest received	201	183
<b>Net cash used in investing activities</b>	<u><b>(15,866)</b></u>	<u><b>(8,476)</b></u>
<b>Cash flows from financing activities:</b>		
Term loans repaid	(5,328)	(2,685)
Dividends paid	(11,363)	(11,902)
Share issue expenses paid	-	(84)
Other financing activities paid	(288)	(469)
<b>Net cash used in financing activities</b>	<u><b>(16,979)</b></u>	<u><b>(15,140)</b></u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(195)</b>	<b>3,018</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>22,739</b>	<b>19,950</b>
Currency translation difference	258	(229)
<b>Cash and cash equivalents at the end of the financial year</b>	<u><u><b>22,802</b></u></u>	<u><u><b>22,739</b></u></u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Report.



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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

1 Basis of Preparation and Accounting policies

The interim financial report has been prepared under the historical cost basis except for the following assets and liabilities which are measured at fair values: properties included within property, plant and equipment as disclosed in note 10, investment properties, and derivatives.

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 2010.

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2010, except for the adoption of the following Financial Reporting Standards ("FRS") and Issues Committee ("IC") Interpretations:

Description	Effective for annual periods commencing on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (Revised)	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 2: Group Cash-settled share-based Payment Transactions	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 7: Improvements to FRSs (2010)	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a lease	1 January 2011
Amendments to IC Interpretation 13: Improvements to FRSs (2010)	1 January 2011
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124 : Related Party Disclosure	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and, the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the Board of Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 which are effective for annual periods beginning on or after 1 July 2010 are described below.

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures.

The changes from revised FRS 3 and Amendments to FRS 127 has affected the Group's acquisition of an additional 4% equity interest in First SGC Pte Ltd ("FSGC") from the minority interests for a cash consideration of S\$ 1.45 million equivalent to RM 3.5 million. This acquisition has been accounted for as an equity transaction as reflected in the Consolidated Statement of Changes in Equity.



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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

**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 2010.

**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 2011.

**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 other than that disclosed in note 19.

**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 2011.

**7 Profit before tax**

The following items have been included in arriving at profit before tax

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Interest income	21	55	201	183
Other income including investment income	225	335	965	1,069
Interest expense	(44)	(88)	(288)	(353)
Depreciation and amortization	(1,720)	(1,662)	(6,612)	(6,278)
Reversal of provision/(provision for and write off of receivables)	(136)	114	(1,027)	(129)
Provision for and write off of inventories	(564)	(1,025)	(831)	(1,260)
Gain or loss on disposal of quoted or unquoted investments or properties	-	-	-	-
Reversal of impairment/(impairment) of asset (or disposal group) as held for sale	1,870	-	(330)	-
Impairment of financial assets	-	(54)	-	(54)
Foreign exchange gains less losses	102	(111)	281	(114)
Gain/(loss) on derivatives	(6)	14	(59)	47
Exceptional items	-	-	-	-

**8 Dividends paid**

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

	31/12/2011	31/12/2010
	RM'000	RM'000
<u>In respect of the financial year ended 31 December</u>		
2011: Interim Dividend of 5.50 sen gross per share less tax paid on 30-Sep-11	3,866	-
2010: Final Dividend of 4.0 sen gross per share less tax and Special Tax-exempt Dividend of 5.0 sen per share paid on 23-Jun-11	7,497	-
2010: Interim Tax-exempt Dividend of 4 sen per share payable on 15-Oct-10	-	3,749
2009: Final Dividend of 4.5 sen gross per share less tax and Special Dividend of 10.0 sen gross per share less tax paid on 23-Jun-10	-	8,153
	<u>11,363</u>	<u>11,902</u>

**9 Realised and Unrealised Profits/Losses Disclosure**

Total retained profits/(accumulated losses) of the Company and its subsidiaries:

	31/12/2011	31/12/2010
	RM'000	RM'000
Realised	98,398	80,966
Unrealised	(2,059)	(1,373)
	<u>96,339</u>	<u>79,593</u>
Total share of retained profits /(accumulated losses) from associated companies		
Realised	19,170	18,795
Unrealised	-	-
	<u>115,509</u>	<u>98,388</u>
Less: Consolidation adjustments	(17,552)	(15,790)
Total group retained profits as per consolidated accounts	<u>97,957</u>	<u>82,598</u>





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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

10 Segment Information

The Group's operating segments determined in accordance with FRS 8 is materially similar to that previously identified under FRS 114 and is based on information contained in routine internal management reports provided to the Chief Executive Officer, who is the Group's chief decision maker.

<b>OPERATING SEGMENTS</b>	Manufacturing & Marketing	Wholesale & Distribution	Corporate	Adjustments & eliminations	<b>GROUP</b>
<b>YEAR ENDED 31/12/2011</b>	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	84,718	326,900	26,054		437,672
Inter-segment revenue	(49,887)	(1,009)	(20,774)	71,670	-
External Revenue	34,831	325,891	5,280	71,670	<b>437,672</b>
Segment Results (external)	25,577	13,652	(1,597)	(1,495)	36,137
Finance costs					(288)
Profit before tax					<b>35,849</b>
<b>YEAR ENDED 31/12/2010</b>	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	74,618	257,565	21,331		353,514
Inter-segment revenue	(20,731)	-	(19,065)	39,796	-
External Revenue	53,887	257,565	2,266	39,796	<b>353,514</b>
Segment Results (external)	21,262	12,347	13,616	(1,778)	45,447
Finance costs					(353)
Profit before tax					<b>45,094</b>
<b>Segment assets</b>					
31-Dec-2011	75,475	142,048	69,060	1,316	<b>287,899</b>
31-Dec-2010	80,008	116,857	68,188	935	<b>265,988</b>

11 Valuations of Property, Plant and Equipment

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

12 Significant Post Balance Sheet Events

On 9th January 2012, the Group's exercise to dispose of its 49% equity stake in Xiamen Maidiken Science & Technology Co Ltd ('MDK') was completed.

Other than the above, there were no significant events that had arisen subsequent to the end of this current year.

13 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 current quarter ended 31 December 2011.



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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

14 Reclassification

As reported in the previous quarter, upon the approval of the Board of Directors to dispose the Group's investment in Associate, Xiamen Maidiken Science & Technology Co. Ltd, China, the Group has reclassified this investment to an Asset (or disposal group) classified as held for sale and re-measured at the lower of its carrying amount and fair value less costs to sell in accordance with FRS 5: Non-Current Assets held for sale and Discontinued Operations.

15 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.

16 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 December 2011 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	-
Authorised capital expenditure approved but not contracted for	10,018
	<u>10,018</u>

17 Related Party Transactions

There were no related party transactions during the year ended 31 December 2011.

18 Detailed Performance Analysis of Operating Segments of the Group

The Group's revenue for the final quarter of 2011 was RM 92.3 million and its profit before tax was RM 9.33 million. For the 12 months to December 2011, the Group achieved record revenues of RM 366.0 million, a growth of 17% over that achieved in 2010. Profit before tax is lower at RM 35.8 million compared to RM 45.1 million reported for financial year 2010. This is due to recognition of both non-recurring and operational income of RM 15.9 million from Xiamen Maidiken Science and Technology Co ('MDK') in 2010, which the Group has since divested. If performance were to be evaluated without contributions from MDK, profit before tax in 2011 grew 19% over 2010.

Manufacturing & Marketing

Xepa's full year performance exceeded budget with revenue growth of 10% over 2010, supported by continued strong sales in domestic markets, contract manufacturing and tenders. In particular, sales growth was strong in the Singapore pharmacy and the Malaysian cardiovascular and metabolic products sector due to successful promotional activities. The phenylephrine based range of products (Sedilix-Rx, Cough-en Rx, and Febricol Rx), launched in 2010 in part to mitigate the effect of Malaysian government restriction on the use of pseudoephedrine, enjoyed strong market acceptance with sales exceeding expectations in 2011. During the current quarter, Xepa successfully installed and commissioned RM 11 million worth of additional manufacturing and packaging facilities in order to increase both production capacity and capability. This upgrading also allows Xepa to enjoy the tax re-investment allowance incentive which will no longer be available from financial year 2012.

Wholesale & Distribution

In 2011, Apex Pharma, its wholesale, marketing and distribution sector grew revenue by 27% and profit before tax by 23%, driven by strong sales performance in all its business units namely pharmaceutical wholesaling, consumer products division and physical distribution services. Profit margins continue to be strengthened with a greater proportion of own brand products in the sales mix. During the quarter, Apex extended its AVO branded range of diagnostic devices with AVOLife for monitoring blood pressure.

Corporate

The Group's Corporate segment comprises its investments in the retail pharmacy business, properties and associated companies. Revenue in this sector rose 122% year on year with the opening of the second retail pharmacy outlet located at City Square Mall, Johor Bahru in October 2010. Rental income from investment properties were stable. However, the segment registered a loss in 2011 compared to 2010 as the Group ceased recognizing profit contributions from its associate in China, MDK, from the date of reclassification as reported in Note 14.

19 Material changes in the profit before tax for the quarter

Profit before tax for the current quarter recorded RM 9.3 million, which is 52% higher than the RM 6.1 million achieved in the immediate preceding quarter. This is attributed to the subsequent revision to the estimated fair value less costs to sell of the *Assets (or disposal group) as held for sale* and mentioned in note 14.





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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

20 Commentary

(a) Prospects

The Group has well-defined business strategies built around its core expertise in the pharmaceutical, diagnostics and consumer healthcare products sectors. Strong execution with good internal controls in place have enabled the Group to deliver consistently satisfactory performance. The pharmaceutical markets in which the Group operates are forecasted to grow steadily in 2012. Upon these fundamentals and barring unforeseen circumstances, the Board is optimistic that the Group's performance in 2012 will again be satisfactory.

(b) Progress to achieve forecast revenue or profit estimate

Not applicable.

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

Not applicable.

22 Profit Forecast /Profit Guarantee

Not applicable.

23 Income Tax Expense

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
income tax	1,121	1,793	6,931	6,837
deferred tax	213	(161)	686	149
	<u>1,334</u>	<u>1,632</u>	<u>7,617</u>	<u>6,986</u>
In respect of prior year:				
income tax	(12)	-	(236)	(236)
deferred tax	-	4	-	4
	<u>1,322</u>	<u>1,636</u>	<u>7,381</u>	<u>6,754</u>

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

24 Status of Corporate Proposals

Other than the disposal of Group's investment in MDK which was completed on 9th January 2012, there were no other corporate proposals announced but not completed as at 16th February 2012.

25 Group Borrowings and Debt Securities

	AS AT	
	31/12/2011	31/12/2010
	RM'000	RM'000
Short term bank borrowings		
Secured	-	61
Unsecured	2,267	2,779
Total	<u>2,267</u>	<u>2,840</u>
Long term bank borrowings		
Unsecured	1,345	6,612
Total	<u>1,345</u>	<u>6,612</u>
Bank borrowings denominated in foreign currency as at 31 December 2011:	SGD'000	RM'000
Singapore Dollars	-	-

The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 31 December 2011.



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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

26 Fair Value Changes of Financial Liabilities

As at 31 December 2011, the Group does not have any financial liabilities measured at fair value through profit or loss.

27 Material Litigations

There is no pending material litigation at the date of this report.

28 Dividends

- (a) The Board of Directors is recommending a final dividend of 5.0 sen gross per share less 25% tax and a special tax-exempt dividend of 5.0 sen per share in respect of the financial year ended 31 December 2011 for shareholders' approval at the forthcoming Annual General Meeting. (Year 2010: Final taxable dividend of 4.0 sen gross per share less 25% tax and Special tax-exempt dividend of 5.0 sen per share).
- (b) The total taxable and tax-exempt dividends for the current financial year is 10.50 sen gross per share less tax and 5.0 sen per share respectively. (Year 2010: Total tax-exempt dividend of 9 sen per share and taxable dividend of 4.0 sen gross per share).
- (c) Subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, the final dividend and special tax-exempt dividend will be paid on 22 June 2012 and the entitlement date for the payment is 1 June 2012.

29 Earnings per share

		3 MONTHS ENDED		YEAR ENDED	
		31/12/2011	31/12/2010	31/12/2011	31/12/2010
<b><u>Basic Earnings per share</u></b>					
Profit after tax	RM'000	8,017	13,216	28,075	32,942
Weighted average number of ordinary shares in issue	'000	93,717	93,717	93,717	93,717
Basic earnings per share	sen	<b>8.55</b>	<b>14.10</b>	<b>29.96</b>	<b>35.15</b>
<b><u>Diluted Earnings per share</u></b>					
Profit after tax	RM'000	8,017	13,216	28,075	32,942
Weighted average number of ordinary shares in issue	'000	93,717	93,717	93,717	93,717
Diluted earnings per share	sen	<b>8.55</b>	<b>14.10</b>	<b>29.96</b>	<b>35.15</b>