



APEX HEALTHCARE BERHAD [199801016979 (473108-T)]
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/09/2022	30/09/2021	30/09/2022	30/09/2021
		RM'000	RM'000	RM'000	RM'000
Revenue		232,079	211,058	657,249	573,101
Cost of sales		(178,865)	(166,712)	(510,721)	(453,675)
Gross profit		53,214	44,346	146,528	119,426
Other income		1,714	2,305	4,859	6,047
Selling & marketing expenses		(22,197)	(20,801)	(64,755)	(55,520)
Administrative expenses		(6,866)	(7,221)	(20,314)	(19,653)
Other expenses		(287)	(344)	(784)	(1,031)
Finance costs		(181)	(206)	(549)	(643)
Share of results of an associate		6,998	472	15,079	1,481
Profit before tax	A7	32,395	18,551	80,064	50,107
Income tax expense	B6	(5,515)	(4,547)	(13,928)	(11,404)
Net profit for the period		26,880	14,004	66,136	38,703
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(2)	2,492	(6)	2,489
Total comprehensive income for the period		26,878	16,496	66,130	41,192
Net profit attributable to:					
Owners of the parent		26,881	14,010	66,140	38,714
Non-controlling interest		(1)	(6)	(4)	(11)
Net profit for the period		26,880	14,004	66,136	38,703
Total comprehensive income attributable to:					
Owners of the parent		26,879	16,502	66,134	41,203
Non-controlling interest		(1)	(6)	(4)	(11)
Total comprehensive income for the period		26,878	16,496	66,130	41,192
Earnings per share attributable to owners of the parent:					
- Basic	B11	5.67	2.96	13.95	8.17
- Diluted	B11	5.66	2.95	13.93	8.16

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.



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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	As at 30/09/2022 RM'000	As at 31/12/2021 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	180,828	167,100
Investment properties		13,830	11,602
Intangible assets		2,820	2,561
Right-of-use assets		5,267	5,700
Investment in an associate		55,818	40,739
Other Investment		313	-
Deferred tax assets		1,806	1,005
		<u>260,682</u>	<u>228,707</u>
Current Assets			
Inventories		105,308	95,397
Receivables		185,067	158,817
Prepayments		1,889	2,159
Tax recoverable		1,307	977
Derivative financial instruments	A15 & B12	120	28
Deposits, bank and cash balances		152,752	194,059
		<u>446,443</u>	<u>451,437</u>
TOTAL ASSETS		<u>707,125</u>	<u>680,144</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		161,209	143,265
Borrowings	B8	5,857	5,857
Lease liabilities		611	792
Derivative financial instruments	A15 & B12	4	-
Current tax payable		3,187	1,985
		<u>170,868</u>	<u>151,899</u>
Non-Current Liabilities			
Borrowings	B8	5,107	9,500
Lease liabilities		5,038	5,273
Deferred tax liabilities		7,976	6,615
		<u>18,121</u>	<u>21,388</u>
TOTAL LIABILITIES		<u>188,989</u>	<u>173,287</u>
NET ASSETS		<u>518,136</u>	<u>506,857</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		129,710	127,191
Reserves		14,510	14,567
Retained earnings		373,916	365,018
		<u>518,136</u>	<u>506,776</u>
Non-controlling interest		-	81
TOTAL EQUITY		<u>518,136</u>	<u>506,857</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>1.09</u>	<u>1.07</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)**
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Note	← Non-Distributable →			Distributable	Equity	Non-controlling Interest	Total Equity
	Share Capital	Foreign currency translation reserve	Share option reserve	Retained Earnings	attributable to owners of the parent, total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 30 SEPTEMBER 2022							
Balance at 1 January 2022	127,191	13,023	1,544	365,018	506,776	81	506,857
Total comprehensive income	-	(6)	-	66,140	66,134	(4)	66,130
Liquidation in Subsidiary	-	-	-	-	-	(77)	(77)
Share options granted	-	-	469	-	469	-	469
Share options lapsed	-	-	(16)	16	-	-	-
Transfer to share capital for share options exercised	504	-	(504)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(57,258)	(57,258)	-	(57,258)
Issuance of ordinary share pursuant to ESOS		2,015	-	-	2,015	-	2,015
Total transaction with owners		2,015	-	(57,258)	(55,243)	-	(55,243)
Balance as at 30 September 2022	129,710	13,017	1,493	373,916	518,136	-	518,136
PERIOD ENDED 30 SEPTEMBER 2021							
Balance at 1 January 2021	125,255	10,536	1,232	330,807	467,830	135	467,965
Total comprehensive income	-	2,489	-	38,714	41,203	(11)	41,192
Share options granted	-	-	485	-	485	-	485
Share options lapsed	-	-	(4)	4	-	-	-
Transfer to share capital for share options exercised	322	-	(322)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(25,220)	(25,220)	-	(25,220)
Issuance of ordinary share pursuant to ESOS		1,483	-	-	1,483	-	1,483
Total transaction with owners		1,483	-	(25,220)	(23,737)	-	(23,737)
Balance as at 30 September 2021	127,060	13,025	1,391	344,305	485,781	124	485,905

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	PERIOD ENDED	
	30/09/2022	30/09/2021
	RM'000	RM'000
Operating activities		
Profit before tax	80,064	50,107
Adjustments for:		
Depreciation and amortisation	11,449	11,676
Net profit on disposal of property, plant and equipment	(712)	(85)
Property, plant and equipment written off	2	7
Share of results of an associate	(15,079)	(1,481)
Fair value changes of derivative financial instruments	(88)	91
Share options granted	469	485
Depreciation of right-of-use assets	628	621
Lease interest expense	230	248
Inventories written off/ (written back)	185	(31)
Impairment on receivables net of reversals	(220)	197
Interest expense	314	395
Interest income	(1,134)	(1,219)
Operating cash flows before changes in working capital	76,108	61,011
Inventories	(10,096)	89
Receivables	(25,759)	(36,491)
Payables	17,945	21,541
Cash generated from operations	58,198	46,150
Tax paid	(12,496)	(8,911)
Net cash flows generated from operating activities	45,702	37,239
Investing activities		
Purchase of property, plant and equipment & intangible assets	(27,759)	(8,885)
Proceeds from disposal of property, plant and equipment	798	85
Withdrawal in short term deposit	81,890	6,128
Investment in trust fund	(313)	-
Dividend from associated company	-	140
Dividends paid to non-controlling interest	(78)	-
Interest received	1,134	1,219
Net cash flows generated from/(used in) investing activities	55,672	(1,313)
Financing activities		
Proceed from issuance of shares under ESOS	2,015	1,483
Repayment of term loans	(4,393)	(4,393)
Dividends paid	(57,258)	(25,220)
Interest paid	(314)	(395)
Payment of lease liabilities	(841)	(811)
Net cash flows used in financing activities	(60,791)	(29,336)
Net increase in cash and cash equivalents	40,583	6,590
Cash and cash equivalents at 1 January	103,860	86,632
Effect of exchange rate changes on cash and cash equivalents	-	1,341
Cash and cash equivalents at the end of the financial period	144,443	94,563

Included in the deposits, bank and cash balances was RM 8,309,000 (30 September 2021: RM 80,168,000) placed with money market fund held for investment purposes and deposits with licensed banks with tenure more than 3 months. Both of these does not form part of cash and cash equivalents.

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.



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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
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A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2022

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2022 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. It should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 December 2021.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the certain financial assets and liabilities classified as financial assets and liabilities at fair value through profit or loss and financial assets designated as available for sale.

A2 Significant accounting policies

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2021 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvement to MFRS Standards 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application of the abovementioned standards and amendments do not have any material impacts to the current and prior periods financial statements upon their first adoption.

A3 Seasonality or cyclicity of interim operations

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

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 September 2022.

A5 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.

A6 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 third quarter ended 30 September 2022 except for the issuance of 360,000 new ordinary shares pursuant to exercise of options under the Executive Share Options Scheme ("ESOS").

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Interest income	365	362	1,134	1,219
Other income including investment income	974	1,472	2,613	3,779
Interest expense	(97)	(125)	(314)	(395)
Depreciation and amortisation	(3,996)	(3,913)	(11,449)	(11,676)
Depreciation of right-of-use assets	(209)	(210)	(628)	(621)
Impairment on receivables net of reversals	(25)	(197)	220	(197)
Inventories (written off)/ written back	(20)	(36)	(185)	31
Net profit on disposal of property, plant and equipment	138	82	712	85
Property, plant and equipment written off	(2)	(7)	(2)	(7)
Fair value changes of derivative financial instruments	62	(47)	88	(91)
Foreign exchange gain	138	296	131	521



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A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

A8 Dividends paid and declared

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

	30/09/2022 RM'000	30/09/2021 RM'000
<u>In respect of the financial year ended 31 December</u>		
2022: Interim single-tier dividend comprising 3.00 sen per share paid on 15-September-22	14,326	-
2021: Final single-tier dividend comprising 3.00 sen per share paid on 16-June-22	14,310	-
2021: Special dividend comprising 6.00 sen per share paid on 16-June-22	28,622	-
2021: Interim single-tier dividend comprising 2.50 sen per share paid on 15-September-21	-	11,904
2020: Final single-tier dividend comprising 2.80 sen per share paid on 16-June-21	-	13,316
	<u>57,258</u>	<u>25,220</u>

A9 Segment Information

The Group is organised into three main business units based on their activities, and has three reportable operating segments as follows:

- (i) Manufacturing of pharmaceutical products ("Manufacturing");
- (ii) Distribution of pharmaceutical and healthcare products ("Distribution"); and
- (iii) Corporate comprising investments, properties and others ("Corporate").

OPERATING SEGMENTS

	Manufacturing RM'000	Distribution RM'000	Corporate RM'000	Adjustments RM'000	GROUP RM'000
PERIOD ENDED 30/09/2022					
External Revenue	61,715	595,502	32	-	657,249
Inter-segment revenue	109,668	27	17,616	(127,311)	-
Total Revenue	<u>171,383</u>	<u>595,529</u>	<u>17,648</u>	<u>(127,311)</u>	<u>657,249</u>
Segment Results	45,700	27,743	9,655	(2,485)	80,613
Finance costs					(549)
Profit before tax					<u>80,064</u>
PERIOD ENDED 30/09/2021					
External Revenue	43,371	529,218	512	-	573,101
Inter-segment revenue	82,648	249	17,357	(100,254)	-
Total Revenue	<u>126,019</u>	<u>529,467</u>	<u>17,869</u>	<u>(100,254)</u>	<u>573,101</u>
Segment Results	29,636	24,774	(1,603)	(2,057)	50,750
Finance costs					(643)
Profit before tax					<u>50,107</u>
Segment assets					
30-Sep-2022	246,157	346,677	118,554	(4,263)	707,125
31-Dec-2021	213,505	325,808	146,190	(5,359)	680,144
Segment liabilities					
30-Sep-2022	(51,856)	(119,802)	(6,167)	(11,164)	(188,989)
31-Dec-2021	(46,000)	(114,709)	(3,977)	(8,601)	(173,287)

A10 Significant Events After the Reporting Date

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

A11 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 period ended 30 September 2022 save for the announcement on the voluntary winding-up of CS Health Store Sdn Bhd, an indirect 60%-owned subsidiary of the Company on 21 September 2022.

A12 Property, plant and equipment

During the current quarter ended 30 September 2022, prepaid capital expenditure paid by the Group was RM 3.5 million (30 September 2021: RM 3.4 million).

Assets with zero carrying amount were disposed of by the Group during the current quarter ended 30 September 2022 and 30 September 2021, resulting in a net gain on disposal of RM 138,000 (30 September 2021: RM 82,000) recognised and included in other income in the statement of comprehensive income.

There was no material asset written off in the current quarter and the corresponding quarter in the previous year.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 September 2022 are as follows:

Authorised capital expenditure approved and contracted for	RM'000 5,592
Authorised capital expenditure approved but not contracted for	12,024
	<u>17,616</u>



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A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the period ended 30 September 2022 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2021.

A15 Fair value hierarchy

The Group uses the following level of fair value hierarchy for determining the fair value of its financial instruments carried at fair value.

Financial asstes:	30/09/2022	31/12/2021
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	116	28

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the current interim period and financial year ended 2021.

A16 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 reporting date.



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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
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B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1 Detailed Performance Analysis of Operating Segments of the Group

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year To-date	Changes
	30/09/2022	30/09/2021		30/09/2022	30/09/2021	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	232,079	211,058	10.0%	657,249	573,101	14.7%
Operating Profit	25,578	18,285	39.9%	65,534	49,269	33.0%
Share of results of an associate	6,998	472	1382.6%	15,079	1,481	918.2%
Finance Cost	(181)	(206)	-12.1%	(549)	(643)	-14.6%
Profit Before Tax	32,395	18,551	74.6%	80,064	50,107	59.8%
Profit After Tax	26,880	14,004	91.9%	66,136	38,703	70.9%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the third quarter of 2022, consolidated quarterly revenue of Group operating subsidiaries rose further to a new high of RM 232.1 million, 11% better than the preceding quarter and 10% higher than the RM 211.1 million reported for the third quarter of 2021. This is possible because demand for pharmaceuticals, medical devices and consumer healthcare products continue to stay elevated in both domestic and international markets. In particular, sales of respiratory medications, including the Group's cough and cold products, remained strong due to the prevalence of Covid-19 and influenza cases in the community. Operating profit for the quarter rose to RM 25.6 million, 40% better than the same period in 2021.

Share of results from associate company Straits Apex Group Sdn Bhd ('SAG') for the quarter is RM 7.0 million, a significant increase over the RM 0.5 million in the same period last year as uninterrupted production throughout the quarter enabled SAG to fulfil scheduled customer orders.

With strong contributions from the operating subsidiaries and the associate, Group profit before tax ('PBT') reached a new high of RM 32.4 million for the third quarter, 75% better than the RM 18.6 million achieved for the same quarter in the previous year. Group profit after tax ('PAT') rose 92% to RM 26.8 million, helped by a significantly stronger share of net-of-tax earnings from the Group's associated company.

During the quarter, the Group signed a Subscription and Shareholder Agreement with Shanghai Pharmaceuticals Holding Co Ltd, China, ('SPH') to subscribe for 40% equity in a Singapore joint venture company ('JV Co') to commercialize pharmaceuticals, consumer healthcare products and medical devices from the SPH and Apex Healthcare Berhad Groups under the brand of the JV Co in selective ASEAN countries and other international markets.

The Group's wholly owned manufacturing subsidiary Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('Xepa') has commenced commercial production at its recently commissioned third high-capacity liquid production line, doubling the Group's total installed annual production capacity for liquids such as cough and cold syrups.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first nine months of 2022, Group revenue reached RM 657.2 million, a growth of 15% when compared to the RM 573.1 million in the same period in 2021. This has been achieved because of the strong sales performance of operating subsidiaries that is driven by continued economic recovery, increased consumer activity and the prevalence of respiratory illnesses in the community. Year to date operating profit reached RM 65.5 million, 33% higher than the RM 49.3 million achieved in the same period last year.

Share of results from associated company is RM 15.1 million, significantly higher than the RM 1.5 million recognized in 2021. This is due to significantly higher customer orders secured for delivery in 2022. Year to date scheduled fulfilment of these orders have been made possible because of uninterrupted production in the last two quarters.

Group PBT for the first nine months of 2022 reached a new high of RM 80.1 million, 60% higher than the RM 50.1 million achieved in the corresponding period in 2021. This also exceeds the Group PBT achieved for the whole of financial year 2021 and is due to the strong year-to-date performance of all operating subsidiaries and the associate for reasons outlined above. Group PAT climbed 71% to RM 66.1 million, helped by an improved share of net of tax earnings from the associate.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/09/2022	30/06/2022	RM'000	(%)
	RM'000	RM'000	RM'000	(%)
Revenue	232,079	209,248	22,831	10.9%
Operating Profit	25,578	20,804	4,774	22.9%
Share of results of an associate	6,998	7,223	(225)	-3.1%
Finance Cost	(181)	(176)	(5)	2.8%
Profit Before Tax	32,395	27,851	4,544	16.3%
Profit After Tax	26,880	23,486	3,394	14.5%

Group profit before tax for the current quarter is RM 32.4 million, an increase of 16% when compared to RM 27.9 million achieved in the immediate preceding quarter. This is due to a greater proportion of manufacturing segment revenue, which carry stronger margins, in the sales mix for the third quarter.



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B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B3 Commentary

a Prospects

The Malaysian economy is expected to maintain its recovery for the rest of 2022, supported by the transition to the endemic phase, the reopening of international borders as well as strong external demand from major trading partners. This recovery, as well as the prevalence of Covid-19 infections and the rise in influenza cases in the community, fueled an unprecedented demand for pharmaceuticals, medical devices and consumer healthcare products in the first 9 months of 2022.

However, the prospects of sustaining this recovery momentum into 2023 have weakened in line with growing pessimism over global growth prospects brought about by the impact of the Ukraine-Russia war on food and energy prices, rising interest rates, record inflation and slowing demand in many countries. In its statement on 15 September 2022, the World Bank notes that global growth is slowing sharply, and the risks of a global recession in 2023 have risen.

The pharmaceutical industry is less likely to be severely affected by these developing headwinds as the demand for medicines is relatively stable through economic cycles. However, the Group continues to see upward cost pressure on imported raw materials and finished goods as well as supply chain uncertainties, and expects its performance to moderate, should economic and operating conditions continue to worsen.

To sustain growth through these anticipated challenges, the Group will continue to build strongly on its proven fundamentals, while retaining the agility to seize new market opportunities when presented. Further unforeseen market changes and developments aside, the Group expects an improved performance in 2022 and is confident that its longer-term growth prospects are positive in an increasingly challenging global economic environment.

b Progress to achieve forecast revenue or profit estimate

Not applicable.

B4 Statement by the Board of Directors' opinion on the achievability of forecast revenue or profit estimate

Not applicable.

B5 Profit Forecast /Profit Guarantee

Not applicable.

B6 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	4,631	4,380	11,449	9,980
Deferred tax	(50)	(370)	560	(200)
Foreign tax	934	537	1,919	1,624
	<u>5,515</u>	<u>4,547</u>	<u>13,928</u>	<u>11,404</u>

The effective tax rate for the current quarter and previous year corresponding quarter were lower than the statutory rate of 24% due to the net-of-tax profit contributed by the Group's associated company.

B7 Status of Corporate Proposals

On 21 September 2022, the Company through its wholly-owned Singapore subsidiary, First SGC Pte Ltd ("FSGC") entered into a Subscription and Shareholder Agreement ("SSA") with Shanghai Pharmaceutical Import & Export Co., Ltd. ("SHPIEC"), a wholly-owned subsidiary of Shanghai Pharmaceuticals Holding Co. Ltd., ("SPH") a Fortune Global 500 company incorporated in Shanghai, China to subscribe S\$ 1.2 million (Ringgit Malaysia 3.9 million) for 40% equity in a Singapore joint venture company to be incorporated. As at the date of this announcement, the proposed subscription has not been completed.

There were no corporate proposals announced but not completed as at 9 November 2022.

B8 Group Borrowings and Debt Securities

	As at 30/09/2022		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	5,107	5,857	10,964

	As at 31/12/2021		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	9,500	5,857	15,357

The bank borrowings is to part finance the construction of the new oral solid dosage plant, SPP NOVO by Xepa-Soul Pattinson (Malaysia) Sdn Bhd, a wholly-owned subsidiary of the Company. The loans are denominated in Ringgit Malaysia and secured by a Corporate Guarantee provided by the Company. The weighted average interest rates are tagged to a percentage margin above one-month Effective Cost of Funds. Other than the principal repayments, there were no material changes in the amount of borrowings at the end of the current quarter compared to the end of the previous financial year ended 31 December 2021.



APEX HEALTHCARE BERHAD [199801016979 (473108-T)]
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B9 Material Litigation

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

B10 Dividend Payable

a The interim single-tier dividend of 3.0 sen per share in respect of the financial year ending 31 December 2022 which was declared by the Board of Directors in the previous quarter was paid on 15 September 2022. (Year 2021: Interim single-tier dividend of 2.5 sen per share paid on 15 September 2021).

b The total dividend declared and paid to-date in the current financial year is 3.0 sen per share. (Year 2021: Single-tier dividend of 2.5 sen per share).

B11 Earnings per share

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

		3 MONTHS ENDED		PERIOD ENDED	
		30/09/2022	30/09/2021	30/09/2022	30/09/2021
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	26,881	14,010	66,140	38,714
Weighted average number of ordinary shares in issue	'000	474,266	473,603	474,266	473,603
Basic earnings per share	sen	5.67	2.96	13.95	8.17
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	26,881	14,010	66,140	38,714
Weighted average number of ordinary shares in issue	'000	474,266	473,603	474,266	473,603
Effect of dilution-Share options	'000	461	829	461	829
Adjusted weighted average number of ordinary shares in issue	'000	474,727	474,432	474,727	474,432
Diluted earnings per share	sen	5.66	2.95	13.93	8.16

B12 Derivative Financial Instruments

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered into currencies other than their functional currencies by the subsidiary companies. These companies enter into short-term forward foreign exchange contracts to manage their exposure to fluctuations in foreign currency exchange rates on specific transactions arising from trade receivables and payables.

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/09/2022 RM'000	30/09/2022 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	8,527	8,652
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(2,541)	(2,549)
	5,986	6,103

No derivative was entered into by the Company which has not been disclosed in the preceding financial year or any quarters in the current financial year. Since the end of the previous financial year or any quarters in the current financial year, there was no change in any of the information disclosed in respect of the following:

- a The credit risk, market risk and liquidity risks associated with the derivatives;
- b The policies in place for mitigating or controlling the risks associated with these derivatives;
- c The related accounting policies.

The net cash requirements relating to these contracts was RM 5,986,000.

B13 Fair Value Changes of Financial Liabilities

As at 30 September 2022, the Group did not have any significant financial liabilities measured at fair value through profit or loss other than the disclosure in note A15.

B14 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2021 was not qualified.

Authorisation for issue

The interim financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 16 November 2022.