



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2012

	Note	3 MONTHS ENDED		CUMULATIVE PERIOD	
		30/06/2012	30/06/2011	30/06/2012	30/06/2011
		RM'000	RM'000	RM'000	RM'000
			<u>(restated)</u>		<u>(restated)</u>
Revenue		100,678	88,983	204,804	181,805
Cost of sales		(74,969)	(66,235)	(150,793)	(133,819)
Gross profit		25,709	22,748	54,011	47,986
Other income		1,610	462	1,941	730
Selling & marketing expenses		(11,831)	(10,951)	(23,745)	(22,004)
Administrative expenses		(4,014)	(3,758)	(8,356)	(7,277)
Other expenses		(106)	(129)	(119)	(212)
Finance cost		(35)	(83)	(72)	(164)
Share of results of associates net of tax		-	449	-	1,280
Profit before tax	A7	11,333	8,738	23,660	20,339
Income tax expense	B6	(2,959)	(2,072)	(8,949)	(4,557)
Net profit for the period		8,374	6,666	14,711	15,782
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income net of tax		-	-	-	-
Total comprehensive income for the period		8,374	6,666	14,711	15,782
Net profit attributable to:					
Owners of the parent		8,362	6,523	14,682	15,397
Non-controlling interest		12	143	29	385
Net profit for the period		8,374	6,666	14,711	15,782
Total comprehensive income attributable to:					
Owners of the parent		8,362	6,523	14,682	15,397
Non-controlling interest		12	143	29	385
Total comprehensive income for the period		8,374	6,666	14,711	15,782
Earnings per share attributable to owners of the parent:					
- Basic	B11	8.92	6.96	15.67	16.43
- Diluted	B11	8.92	6.96	15.67	16.43

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



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	As at 30/06/2012 RM'000	As at 31/12/2011 RM'000 <u>(restated)</u>	As at 1/1/2011 RM'000 <u>(restated)</u>
ASSETS				
Non-Current Assets				
Property, plant and equipment	A12	75,131	76,112	69,223
Investment properties		3,482	3,518	3,810
Intangible assets		1,181	1,218	1,285
Investment in associates		-	-	49,594
Deferred tax assets		905	748	359
Available-for-sale financial asset		3,928	3,928	3,928
		<u>84,627</u>	<u>85,524</u>	<u>128,199</u>
Current Assets				
Inventories		48,181	43,098	38,914
Trade and other receivables		97,054	86,380	75,578
Derivative financial instruments	B12	85	-	47
Deposits, bank and cash balances		59,046	22,802	23,250
		<u>204,366</u>	<u>152,280</u>	<u>137,789</u>
Non-current assets held for sale		-	50,245	-
		<u>204,366</u>	<u>202,525</u>	<u>137,789</u>
TOTAL ASSETS		<u>288,993</u>	<u>288,049</u>	<u>265,988</u>
EQUITY AND LIABILITIES				
Current Liabilities				
Borrowings	B8	2,267	2,267	2,840
Derivative financial instruments		-	12	-
Trade and other payables		71,160	63,887	50,846
Current tax payable		4,167	1,005	1,144
		<u>77,594</u>	<u>67,171</u>	<u>54,830</u>
Non-Current Liabilities				
Borrowings	B8	212	1,345	6,612
Deferred tax liabilities		5,287	6,899	5,682
		<u>5,499</u>	<u>8,244</u>	<u>12,294</u>
TOTAL LIABILITIES		<u>83,093</u>	<u>75,415</u>	<u>67,124</u>
NET ASSETS		<u>205,900</u>	<u>212,634</u>	<u>198,864</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital		93,717	93,717	93,717
Reserves		460	460	-
Retained earnings	B14	111,603	105,121	89,833
		<u>205,780</u>	<u>199,298</u>	<u>183,550</u>
Non-controlling interest		120	13,336	15,314
TOTAL EQUITY		<u>205,900</u>	<u>212,634</u>	<u>198,864</u>
		RM	RM	RM
Net Assets per share attributable to owners of the parent		<u>2.20</u>	<u>2.13</u>	<u>1.96</u>

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



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE CUMULATIVE PERIOD ENDED 30 JUNE 2012

Note	Share Capital RM'000	Equity attributable		Retained Profits RM'000	to owners of the parent total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
		<u>Non-Distributable</u> Share Premium RM'000	Revaluation & other reserves RM'000				
<u>PERIOD ENDED 30 JUNE 2012</u>							
	93,717	-	460	105,121	199,298	13,336	212,634
	-	-	-	14,682	14,682	29	14,711
	Transaction with owners						
	Disposal of non-current asset held for sale by non-controlling interest						
	-	-	-	-	-	(13,245)	(13,245)
	-	-	-	(8,200)	(8,200)	-	(8,200)
	-	-	-	(8,200)	(8,200)	(13,245)	(21,445)
	93,717	-	460	111,603	205,780	120	205,900
<u>PERIOD ENDED 30 JUNE 2011 (restated)</u>							
	93,717	-	-	89,833	183,550	15,314	198,864
	-	-	-	15,397	15,397	385	15,782
	Transaction with owners						
	Acquisition of additional interest in existing subsidiary						
	-	-	-	(1,353)	(1,353)	(2,113)	(3,466)
	-	-	-	-	-	(261)	(261)
	-	-	-	(7,497)	(7,497)	-	(7,497)
	-	-	-	(8,850)	(8,850)	(2,374)	(11,224)
	93,717	-	-	96,380	190,097	13,325	203,422

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



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE CUMULATIVE PERIOD ENDED 30 JUNE 2012

	CUMULATIVE PERIOD	
	30/06/2012 RM'000	30/06/2011 RM'000 <i>(restated)</i>
Cash flows from operating activities		
Profit before tax	23,660	20,339
Adjustments:		
Depreciation and amortisation	3,619	3,322
Net profit on disposal of property, plant and equipment	(475)	(94)
Share of results of associates net of tax	-	(1,280)
Fair value changes of derivative financial instruments	(98)	10
Inventories written off and written down	100	142
Allowance for doubtful debts	12	822
Interest expense	72	164
Interest income	(225)	(139)
Operating profit before working capital changes:	26,665	23,286
Inventories	(5,183)	(8,166)
Receivables	(10,686)	(13,121)
Payables	7,298	12,564
Cash generated from operations	18,094	14,563
Tax paid	(3,103)	(2,964)
Net cash generated from operating activities	14,991	11,599
Cash flows from investing activities		
Proceeds from the disposal of non-current assets held for sale	32,547	-
Acquisition of non-controlling interest	-	(3,466)
Dividends from associate	-	661
Dividends paid to non-controlling interest	-	(261)
Repayment of capital injection to non-controlling interest	(24)	-
Purchase of property, plant and equipment & intangible assets	(2,638)	(3,731)
Proceeds from disposal of property, plant and equipment	549	100
Interest received	225	139
Net cash generated/(used) in investing activities	30,659	(6,558)
Cash flows from financing activities:		
Term loans repaid	(1,134)	(1,195)
Dividends paid	(8,200)	(7,497)
Other financing activities paid	(72)	(164)
Net cash used in financing activities	(9,406)	(8,856)
Net increase/(decrease) in cash and cash equivalents	36,244	(3,815)
Cash and cash equivalents at 1 January	22,802	22,738
Cash and cash equivalents at the end of the financial period	59,046	18,923

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



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2012

A1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These unaudited condensed consolidated interim financial statements for the period ended 30 June 2012 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. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These unaudited condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position and financial performance is set out in Note A2 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

A2 Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences as explained below, the requirements under FRS and MFRS are similar. Therefore, 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 2011.

a Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from the full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- i) The classification of former business combinations under FRS is maintained;
- ii) There is no re-measurement of original fair values determined at the time of business combinations (date of acquisition); and
- iii) The carrying amount of goodwill recognized under FRS is not adjusted.

b Property, plant and equipment

Under FRS 116, the Group has initially recognized all items of property, plant and equipment at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. The Group's properties comprising land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and impairment losses recognised after the date of revaluation.

Upon transition to MFRS, the Group has elected to measure all its properties, plant and equipment using the cost method under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land and buildings as at 31 December 2009 which was the date of revaluation as its deemed cost as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM 6,884,000 (30 June 2011: RM 6,884,000; 31 December 2011: RM 6,884,000) was transferred to retained earnings on the date of transition.

c Investment properties

Under FRS, the Group's investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Upon transition to MFRS, the Group has elected to measure all its investment properties using the cost method under MFRS 140 Investment Properties. At the date of transition to MFRS, the Group elected to regard the fair value of its investment properties at the date of transition as its deemed cost at that date. The deferred tax liability of RM 493,000 (30 June 2011: RM 493,000; 31 December 2011: RM 493,000) that arose upon the revaluation of the properties prior to FRS was transferred to retained earnings on the date of transition. Under the cost model, a depreciation charge of RM 54,000; (30 June 2011: RM 54,000; 31 December 2011: RM 72,000) was charged to the carrying amount of investment properties and the resulting adjustments were recognised against retained earnings.



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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

d Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM136,000 (30 June 2011: RM 136,000; 31 December 2011: RM 136,000) were adjusted to retained earnings.

e Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MRFS are provided below:

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Note 2 (b) Property plant and equipment RM'000	Note 2 (c) Investment property RM'000	Note 2 (d) Foreign currency translation reserve RM'000	MFRS as at 1 January 2011 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	69,223				69,223
Investment properties	3,810				3,810
Intangible assets	1,285				1,285
Investment in associates	49,594				49,594
Deferred tax assets	359				359
Available-for-sale investment	3,928				3,928
	<u>128,199</u>				<u>128,199</u>
Current Assets					
Inventories	38,914				38,914
Trade and other receivables	75,578				75,578
Derivative financial instruments	47				47
Deposits, bank and cash balances	23,250				23,250
	<u>137,789</u>				<u>137,789</u>
TOTAL ASSETS	<u>265,988</u>				<u>265,988</u>
EQUITY AND LIABILITIES					
Current Liabilities					
Borrowings	2,840				2,840
Derivative financial instruments	-				-
Trade and other payables	50,846				50,846
Current tax payable	1,144				1,144
	<u>54,830</u>				<u>54,830</u>
Non-Current Liabilities					
Borrowings	6,612				6,612
Deferred tax liabilities	6,175		(493)		5,682
	<u>12,787</u>				<u>12,294</u>
TOTAL LIABILITIES	<u>67,617</u>				<u>67,124</u>
NET ASSETS	<u>198,371</u>				<u>198,864</u>
EQUITY					
Equity attributable to owner of the parent					
Share capital	93,717				93,717
Reserves	6,748	(6,884)		136	-
Retained earnings	82,598	6,884	493	(142)	89,833
	<u>183,063</u>				<u>183,550</u>
Non-controlling interest	15,308			6	15,314
TOTAL EQUITY	<u>198,371</u>				<u>198,864</u>



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(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

(ii) Reconciliation of equity as at 30 June 2011

	FRS as at 30 June 2011 RM'000	Note 2 (b) Property plant and equipment RM'000	Note 2 (c) Investment property RM'000	Note 2 (d) Foreign currency translation reserve RM'000	MFRS as at 30 June 2011 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	69,711		(18)		69,693
Investment properties	3,810		(36)		3,774
Intangible assets	1,253				1,253
Investment in associates	50,355				50,355
Deferred tax assets	3,928				3,928
Available-for-sale investment	585				585
	<u>129,642</u>				<u>129,588</u>
Current Assets					
Inventories	46,939				46,939
Trade and other receivables	87,695				87,695
Derivative financial instruments	38				38
Deposits, bank and cash balances	18,923				18,923
	<u>153,595</u>				<u>153,595</u>
TOTAL ASSETS	<u>283,237</u>				<u>283,183</u>
EQUITY AND LIABILITIES					
Current Liabilities					
Borrowings	2,267				2,267
Derivative financial instruments	-				-
Trade and other payables	63,410				63,410
Current tax payable	2,360				2,360
	<u>68,037</u>				<u>68,037</u>
Non-Current Liabilities					
Borrowings	5,479				5,479
Deferred tax liabilities	6,738		(493)		6,245
	<u>12,217</u>				<u>11,724</u>
TOTAL LIABILITIES	<u>80,254</u>				<u>79,761</u>
NET ASSETS	<u>202,983</u>				<u>203,422</u>
EQUITY					
Equity attributable to owner of the parent					
Share capital	93,717				93,717
Reserves	6,748	(6,884)		136	-
Retained earnings	89,199	6,884	439	(142)	96,380
	<u>189,664</u>				<u>190,097</u>
Non-controlling interest	13,319			6	13,325
TOTAL EQUITY	<u>202,983</u>				<u>203,422</u>



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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

(iii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 Dec 2011 RM'000	Note 2 (b) Property plant and equipment RM'000	Note 2 (c) Investment property RM'000	Note 2 (d) Foreign currency translation reserve RM'000	MFRS as at 31 Dec 2011 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	76,112				76,112
Investment properties	3,590		(72)		3,518
Intangible assets	1,218				1,218
Investment in associates	-				-
Deferred tax assets	748				748
Available-for-sale investment	3,928				3,928
	<u>85,596</u>				<u>85,524</u>
Current Assets					
Inventories	43,098				43,098
Trade and other receivables	86,380				86,380
Derivative financial instruments	-				-
Deposits, bank and cash balances	22,802				22,802
	<u>152,280</u>				<u>152,280</u>
Assets or disposal group classified as held for sale	50,245				50,245
	<u>202,525</u>				<u>202,525</u>
TOTAL ASSETS	<u>288,121</u>				<u>288,049</u>
EQUITY AND LIABILITIES					
Current Liabilities					
Borrowings	2,267				2,267
Derivative financial instruments	12				12
Trade and other payables	63,887				63,887
Current tax payable	1,005				1,005
	<u>67,171</u>				<u>67,171</u>
Non-Current Liabilities					
Borrowings	1,345				1,345
Deferred tax liabilities	7,392		(493)		6,899
	<u>8,737</u>				<u>8,244</u>
TOTAL LIABILITIES	<u>75,908</u>				<u>75,415</u>
NET ASSETS	<u>212,213</u>				<u>212,634</u>
EQUITY					
Equity attributable to owner of the parent					
Share capital	93,717				93,717
Reserves	7,208	(6,884)		136	460
Retained earnings	97,958	6,884	421	(142)	105,121
	<u>198,883</u>				<u>199,298</u>
Non-controlling interest	13,330			6	13,336
TOTAL EQUITY	<u>212,213</u>				<u>212,634</u>



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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

(iv) Reconciliation of total comprehensive income for the current quarter and cumulative period ended 30 June 2011

	Current Quarter			Cumulative Period		
	FRS 30 June 2011 RM'000	Note 2 (c) Investment property RM'000	MFRS 30 June 2011 RM'000	FRS 30 June 2011 RM'000	Note 2 (c) Investment property RM'000	MFRS 30 June 2011 RM'000
Revenue	88,983		88,983	181,805		181,805
Cost of sales	(66,208)	(27)	(66,235)	(133,765)	(54)	(133,819)
Gross profit	22,775		22,748	48,040		47,986
Other income	427	35	462	670	60	730
Selling & marketing expenses	(10,951)		(10,951)	(22,004)		(22,004)
Administrative expenses	(3,758)		(3,758)	(7,277)		(7,277)
Other expenses	(94)	(35)	(129)	(152)	(60)	(212)
Finance cost	(83)		(83)	(164)		(164)
Loss recognised on re-measurement of non-current asset classified as held for sale to fair value less cost to sell	-		-	-		-
Share of results of associates net of tax	449		449	1,280		1,280
Profit before tax	8,765		8,738	20,393		20,339
Income tax expense	(2,072)		(2,072)	(4,557)		(4,557)
Net profit for the period	6,693		6,666	15,836		15,782
Foreign currency translation, representing other comprehensive income net of tax	-		-	-		-
Total comprehensive income for the period	6,693		6,666	15,836		15,782
Net profit attributable to:						
Owners of the parent	6,550	(27)	6,523	15,451	(54)	15,397
Non-controlling interest	143		143	385		385
Net profit for the period	6,693		6,666	15,836		15,782
Total comprehensive income attributable to:						
Owners of the parent	6,550	(27)	6,523	15,451	(54)	15,397
Non-controlling interest	143		143	385		385
Total comprehensive income for the period	6,693		6,666	15,836		15,782

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 June 2012.

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 other than that the subsequent revision to the estimated fair value less costs to sell of the asset (or disposal group) as held for sale as reported in the previous quarter.

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 period ended 30 June 2012.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2012 (continued)

A7 <u>Profit before tax</u>	3 MONTHS ENDED		CUMULATIVE PERIOD	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Included in profit before tax are the following items:	RM'000	RM'000	RM'000	RM'000
Interest income	194	77	225	139
Other income including investment income	930	289	1,143	491
Interest expense	(35)	(83)	(72)	(164)
Depreciation and amortisation	(1,774)	(1,668)	(3,619)	(3,322)
Allowance for doubtful debts	(36)	(692)	(12)	(822)
Inventories written down and written off	(49)	(15)	(100)	(142)
Net gain on disposal of quoted or unquoted investments or properties, plant and equipment	419	71	475	94
Impairment of non-current asset as held for sale	-	-	-	-
Impairment of other financial assets	-	-	-	-
Foreign exchange gains less losses	(4)	42	75	82
Gain/(loss) on derivative financial instruments	67	2	98	(10)
Exceptional items	-	-	-	-

A8 Dividends paid and declared

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

	30/06/2012	30/06/2011
	RM'000	RM'000
<u>In respect of the financial year ended 31 December</u>		
2011: Final Dividend of 5.0 sen gross per share less tax and Special Tax-exempt Dividend of 5.0 sen per share paid on 22-Jun-12	8,200	-
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
	<u>8,200</u>	<u>7,497</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 and marketing of pharmaceutical products;
- (ii) Wholesale and distribution of pharmaceutical and healthcare products; and
- (iii) Corporate comprising investments in retail pharmacy business and properties and the provision of management services.

OPERATING SEGMENTS	Manufacturing & Marketing	Wholesale & Distribution	Corporate	Adjustments & eliminations	GROUP
PERIOD ENDED 30/6/2012	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	13,863	187,957	2,984	-	204,804
Inter-segment revenue	34,920	-	1,644	(36,564)	-
Total Revenue	48,783	187,957	4,628	(36,564)	204,804
Segment Results (external)	17,685	8,822	(1,985)	(790)	23,732
Finance costs					(72)
Profit before tax					23,660
PERIOD ENDED 30/6/2011	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	22,523	157,004	2,278	-	181,805
Inter-segment revenue	20,402	-	5,051	(25,453)	-
Total Revenue	42,925	157,004	7,329	(25,453)	181,805
Segment Results (external)	13,678	7,205	332	(712)	20,503
Finance costs					(164)
Profit before tax					20,339
Segment assets					
30-Jun-2012	86,332	148,927	52,352	1,382	288,993
31-Dec-2011	75,475	142,247	69,010	1,317	288,049

A10 Significant Events After the Reporting Date

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

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 quarter ended 30 June 2012.



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A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2012 (continued)

A12 Property, plant and equipment

During the three months ended 30 June 2012, the Group acquired assets at a cost of RM2,299,000 (30 June 2011: RM3,731,000). Included in the total assets acquired is an amount of capital-in-progress of RM835,000 (30 June 2011: RM Nil). This capital-in-progress represents the expenditure incurred for the construction of new Administration Building which commenced in June 2012 and is expected to be completed by March 2013.

Assets with a carrying amount of RM74,000 were disposed of by the Group during the three months ended 30 June 2012 (30 June 2011: RM6,000), resulting in a gain on disposal of RM419,000 (30 June 2011: RM71,000), recognised and included in other income in the statement of comprehensive income.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 June 2012 are as follows:

	<u>RM'000</u>
Authorised capital expenditure approved and contracted for	3,804
Authorised capital expenditure approved but not contracted for	<u>5,262</u>
	<u><u>9,066</u></u>

A14 Related Party Transactions

There were no related party transactions during the period ended 30 June 2012.

A15 Fair value hierarchy

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

	Significant other observable inputs (Level 2)	
Financial assets/(liabilities):	30/06/2012	31/12/2011
Derivatives - Forward currency contracts	<u>85</u>	<u>(12)</u>

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 2011.

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

B1 Detailed Performance Analysis of Operating Segments of the Group

For the second quarter, the Group recorded revenue of RM 100.7 million with a profit before tax of RM 11.3 million, which is a growth of 13% and 30% respectively over the second quarter of 2011. Profit after tax is RM 8.4 million, an increase of 26% over the RM 6.7 million achieved for the same quarter in the last financial year.

For the first six months of 2012, the Group achieved revenue of RM 204.8 million with a profit before tax of RM 23.7 million, representing growth of 13% and 16% over that achieved in the first half of 2011. Profit after tax is RM 14.7 million, a decline of 7% over the RM 15.8 million achieved for the same period in the last financial year. This is attributed to the recognition of a non-recurring tax charge of RM 2.5 million on completion of the divestment of the Group's investment in Xiamen Maidiken Science and Technology Co Ltd, China recognized in the first quarter of 2012.

Manufacturing & Marketing

Xepa's revenue for the half year reached RM 48.8 million, exceeding expectations with revenue growth of 14% over the same period in 2011. This is due to stable and sustained sales growth in the domestic market, Singapore exports and tenders. During the quarter, Xepa launched Sommeil, an innovative melatonin mouth film to aid sleep, through chain retail pharmacies in Singapore. Construction progress of the new Administration Building is on schedule with the award of the construction tender in the current quarter.

Wholesale & Distribution

In the first half year, Apex Pharma grew revenue by 20% over the same period in the previous year. Sales momentum was maintained from the strong first quarter, with all divisions performing well. During the current quarter, urine test strips were introduced for sale under the Group's AVO Diagnostics brand. Hydra 24, a non-oily cream preparation for the treatment of cracked heels was also launched under the Group's Agnesia brand, extending its range beyond medicated powders to secure a stronger consumer presence. Initial response from the market is encouraging. Revenue in Singapore reached a new high of RM 41.7 million for the first half year, a growth of 17% over 2011 on the back of strong contributions from wholesale and consumer divisions.

Corporate

In the first half year, retail pharmacy sales grew 35% over the same period last year. Rental income from investment properties was stable and there were no additions or disposals during the second quarter. The Group's sponsorship of young athletes in cycling and taekwondo under Majilis Sukan Negeri Terengganu was officially launched in Kuala Terengganu on 12th June.

B2 Material changes in the profit before tax for the quarter

Profit before tax in the current quarter of RM 11.3 million is 8% lower than the RM 12.3 million recorded in the immediate preceding quarter, attributed to a moderated demand for the Group's products following an exceptionally strong first quarter.

B3 Commentary

(a) Prospects

The Group continued to perform well in the second quarter, despite an uncertain and volatile global economic outlook. This is due to sustained demand from the Group's key markets of Malaysia and Singapore for its range of products and services, and this is expected to continue in the medium term.

In all business groups, effort continues to be directed at improving operating efficiencies through continual enhancement of standard operating procedures, close monitoring of additional performance indicators, and tight controls over purchasing, receivables and inventories.

Submission of applications for product registrations in overseas markets as well as domestic registration of new products under the Group's brand names continues. New product launches are planned in the second half year for registrations secured in the second quarter.

The Board is therefore confident that barring unforeseen circumstances, the Group's well placed fundamentals will enable it to return another satisfactory performance in 2012.

(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		CUMULATIVE PERIOD ENDED	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
income tax	2,916	1,935	6,266	4,362
deferred tax	-	-	103	58
capital gains tax from the disposal of an asset held for sale	-	-	2,537	-
	<u>2,916</u>	<u>1,935</u>	<u>8,906</u>	<u>4,420</u>
In respect of prior period:				
income tax	43	137	43	137
	<u>2,959</u>	<u>2,072</u>	<u>8,949</u>	<u>4,557</u>

The effective tax rate for the cumulative period was higher than the statutory tax rate principally due to the capital gain tax paid upon the disposal of a non-current asset held for sale in the first quarter 2012.



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

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 7th August 2012.

B8 Group Borrowings and Debt Securities

	AS AT	
	30/06/2012	31/12/2011
	RM'000	RM'000
Short term bank borrowings		
Secured	-	-
Unsecured	2,267	2,267
Total	2,267	2,267
Long term bank borrowings		
Unsecured	212	1,345
Total	212	1,345
Bank borrowings denominated in foreign currency as at 30 June 2012:	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 30 June 2012.

B9 Material Litigation

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

B10 Dividend Payable

- The Board of Directors is pleased to declare the payment of an interim dividend of 6.00 sen gross per share less 25% tax in respect of the financial year ending 31 December 2012, resulting in a total dividend to-date for the current financial year of 6.00 sen gross per share less tax. (Year 2011: Interim taxable dividend of 5.50 sen gross per share).
- The interim dividend will be paid on 28 September 2012 and the entitlement date for the payment is 13 September 2012.

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		CUMULATIVE PERIOD ENDED	
		30/06/2012	30/06/2011	30/06/2012	30/06/2011
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	8,362	6,523	14,682	15,397
Weighted average number of ordinary shares in issue	'000	93,717	93,717	93,717	93,717
Basic earnings per share	sen	8.92	6.96	15.67	16.43
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	8,362	6,523	14,682	15,397
Weighted average number of ordinary shares in issue	'000	93,717	93,717	93,717	93,717
Diluted earnings per share	sen	8.92	6.96	15.67	16.43

B12 Derivative Financial Instruments

(a) The Group's derivative financial instruments as at 30 June 2012 are as follows -

Type of Derivatives	Contract / Notional Amount	Changes in Fair Value	
		Assets	Liabilities
Forward Currency Contracts	RM'000	RM'000	RM'000
Less than 1 year			
Sale of goods	3,076	83	-
Purchase of goods	324	2	-
	3,400	85	-

- The Group does not anticipate any market or credit risks arising from these derivatives.
- The cash requirements relating to these contracts is RM 3,400,000.
- There have been no changes since the end of the previous financial year in respect of the following:
 - the types of derivative contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
 - the risk management policies in place for mitigating and controlling the risks associated with these derivative contracts; and
 - the related accounting policies.



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

B13 Fair Value Changes of Financial Liabilities

As at 30 June 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

B14 Realised and Unrealised Profits/Losses Disclosure

	30/06/2012	Year ended 31/12/2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		(restated)
Realised	130,675	104,608
Unrealised	(2,227)	(2,059)
	<u>128,448</u>	<u>102,549</u>
Total share of retained profits from associated companies		
Realised	34,508	27,520
Unrealised	-	6,988
	<u>162,956</u>	<u>137,057</u>
Less: Consolidation adjustments	(51,353)	(31,936)
Total group retained profits as per consolidated accounts	<u>111,603</u>	<u>105,121</u>

B15 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2011 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 15 August 2012.