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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2007

		3 MONTHS ENDED		PERIOD ENDED	
	Note	30/06/2007	30/06/2006	30/06/2007	30/06/2006
		RM'000	RM'000	RM'000	RM'000
Revenue	10	**61,014**	**54,870**	**120,854**	**112,954**
Cost of sales		(46,664)	(42,718)	(92,531)	(86,453)
Gross profit		**14,350**	**12,152**	**28,323**	**26,501**
Other income		409	245	653	406
Selling & marketing expenses		(7,847)	(6,015)	(14,714)	(12,430)
Administrative expenses		(2,684)	(2,763)	(5,534)	(5,504)
Other expenses		(124)	(102)	(223)	(144)
Deferred gain on previously disposed subsidiary	6	1,825	-	1,825	-
Finance cost		(152)	(320)	(342)	(577)
Negative goodwill arising from the acquisition of subsidiary		-	-	-	1,007
Share of results of associates		301	414	490	604
Profit before tax		**6,078**	**3,611**	**10,478**	**9,863**
Income tax expense	22	(1,055)	(871)	(1,961)	(2,371)
Net profit for the period		**5,023**	**2,740**	**8,517**	**7,492**
Attributable to:					
Equity holders of the parent		5,023	2,740	8,517	7,492
Minority interest		-	-	-	-
		5,023	**2,740**	**8,517**	**7,492**
Earnings per share attributable to equity holders of the parent:		**Sen**	**Sen**	**Sen**	**Sen**
- Basic	30	**6.70**	**4.04**	**11.36**	**11.06**
- Diluted	30	**6.70**	**4.04**	**11.36**	**11.04**

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial report.

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2007

	Note	As at 30/06/2007 RM'000	Audited As at 31/12/2006 RM'000
Non-Current Assets			
Property, plant and equipment	3 & 11	59,278	48,478
Investment properties		2,884	2,913
Prepaid land lease payments	2 & 3	7,158	7,198
Intangible assets		1,697	1,835
Investment in associates		14,587	10,227
		85,604	70,651
Current Assets			
Inventories		35,578	38,407
Trade and other receivables		66,262	64,466
Deposits, bank and cash balances		12,489	14,182
		114,329	117,055
TOTAL ASSETS		**199,933**	**187,706**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		74,974	74,974
Reserves		9,050	9,086
Retained earnings		44,092	38,312
		128,116	122,372
Minority interest		-	-
TOTAL EQUITY		**128,116**	**122,372**
Non-Current Liabilities			
Borrowings	26	13,568	5,484
Deferred tax liabilities		4,463	3,909
		18,031	9,393
Current Liabilities			
Borrowings	26	11,684	13,002
Trade and other payables		40,705	41,951
Current tax payable		1,397	988
Dividend payable		-	-
		53,786	55,941
TOTAL LIABILITIES		**71,817**	**65,334**
TOTAL EQUITY AND LIABILITIES		**199,933**	**187,706**
		RM	**RM**
Net Assets per share attributable to ordinary equity holders of the parent		**1.71**	**1.63**

The Condensed Consolidated Balance Sheets should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial report.

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2007

			Non-Distributable		Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Revaluation & other reserves RM'000	Retained Profits RM'000	Total RM'000
PERIOD ENDED 30 JUNE 2007						
Balance as at 1 January 2007		74,974	5,306	3,780	38,312	122,372
Foreign currency translation, representing amount recognised directly in equity		-	-	(36)	-	(36)
Net profit for the 6-months period		-	-	-	8,517	8,517
Total recognised income and expense for the period		-	-	(36)	8,517	8,481
Dividends	9	-	-	-	(2,737)	(2,737)
Balance as at 30 June 2007		**74,974**	**5,306**	**3,744**	**44,092**	**128,116**
PERIOD ENDED 30 JUNE 2006						
Balance as at 1 January 2006		67,649	986	5,352	28,584	102,571
Foreign currency translation, representing amount recognised directly in equity		-	-	(74)	-	(74)
Net profit for the 6-months period		-	-	-	7,492	7,492
Total recognised income and expense for the period		-	-	(74)	7,492	7,418
Dividends	9	-	-	-	(2,459)	(2,459)
Issue of ordinary shares pursuant to ESOS		645	402	-	-	1,047
Balance as at 30 June 2006		**68,294**	**1,388**	**5,278**	**33,617**	**108,577**

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 2006 and the accompanying explanatory notes attached to the interim financial report.

APEX HEALTHCARE BERHAD (473108-T)
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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007

	PERIOD ENDED	
	30/06/2007 RM'000	30/06/2006 RM'000
Cash flows from operating activities		
Profit before tax	**10,478**	**9,863**
Adjustments:		
Depreciation and amortization	2,375	2,320
Net profit on disposal of property, plant and equipment	(157)	(68)
Deferred gain on previously disposed subsidiary	(1,825)	-
Share of results of associates	(490)	(604)
Negative goodwill arising from acquisition of subsidiary	-	(1,007)
Other non-cash items	1,742	795
Operating profit before working capital changes:	12,123	11,299
Inventories and receivables	(487)	4,135
Payables	(566)	(12,124)
Cash generated from operations	11,070	3,310
Tax paid	(953)	(1,752)
Net cash generated from operating activities	**10,117**	**1,558**
Cash flows from investing activities		
Acquisition of associate paid in cash	(3,870)	-
Dividends received from associate	-	-
Net cash inflow from acquisition of subsidiary	-	1,579
Proceeds from disposal of subsidiary	1,145	-
Purchase of property, plant and equipment & intangible assets	(13,033)	(2,397)
Proceeds from disposal of property, plant and equipment	223	72
Interest received	74	69
Net cash used in investing activities	**(15,461)**	**(677)**
Cash flows from financing activities:		
Proceeds from issue of shares	-	1,047
Term loans raised /(repaid)	10,390	(699)
Dividends paid	(2,737)	(2,459)
Other financing activities paid	(930)	(5,421)
Net cash generated from /(used in) financing activities	**6,723**	**(7,532)**
Net increase/(decrease) in cash and cash equivalents	**1,379**	**(6,651)**
Cash and cash equivalents at the beginning of the financial year	**9,709**	**2,215**
Currency translation difference	(36)	(74)
Cash and cash equivalents at the end of the financial period	**11,052**	**(4,510)**

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial report.

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007

1 Accounting policies and methods of computation

The interim financial report has been prepared under the historical cost convention except for the revaluation of properties included within property, plant and equipment and investment properties.

The 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 2006.

2 Changes in accounting policies

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2006 except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS") and Interpretations effective to the Group for financial period beginning 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures
Amendment to $FRS119_{2004}$	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of these FRS, other than FRS 117, does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of FRS 117 is discussed below:

FRS 117: Leases

The adoption of this new FRS had resulted in a change in accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front lease payment represents prepaid lease payments and are amortized on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortized amount of previously revalued leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively and as disclosed in note 3, certain comparatives have been restated. There were no effects on the consolidated income statement for the year ended 31 December 2006.

3 Comparatives

The following comparative amounts have been restated due to the adoption of the revised FRSs:

		Adjustments	
	Previously stated	FRS 117	Restated
At 31 December 2006	RM'000	RM'000	RM'000
Property, plant & equipment	55,676	(7,198)	48,478
Prepaid land lease payments	-	7,198	7,198

4 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 2006.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007 (continued)

5 Seasonality or cyclicality of interim operations

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

6 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 June 2007 except for the recognition of deferred gain arising from the Company's previously disposed subsidiary, Apex Pharmacy Sendirian Berhad upon the expiration of the two years warranty period as disclosed in the Income Statement.

7 Changes in estimates of amounts reported in prior interim years of the current financial year or in prior financial year

There were no changes in estimates of amounts reported in the prior interim periods of the current financial year or prior financial year.

8 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 2007.

9 Dividends paid

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

	30/06/2007	30/06/2006
In respect of the financial year ended 31 December	RM'000	RM'000
2006: Final Dividend of 5 sen gross per share less tax paid on 22-Jun-07	2,737	-
2005: Final Dividend of 5 sen gross per share less tax paid on 23-Jun-06	-	2,459
	2,737	2,459

10 Segmental Reporting

BUSINESS SEGMENTS	Manufacturing	Marketing and distribution	Investment holding	GROUP
PERIOD ENDED 30/06/2007	RM'000	RM'000	RM'000	RM'000
Total Revenue	24,005	103,658	1,112	128,775
Inter-segment revenue	(7,119)	-	(802)	(7,921)
External Revenue	16,886	103,658	310	**120,854**
Segment Results (external)	5,886	3,804	(519)	9,171
Unallocated corporate expenses				(666)
Finance costs				(342)
Deferred gain on previously disposed subsidiary				1,825
Share of results of associate				490
Profit before tax				**10,478**

BUSINESS SEGMENTS	Manufacturing	Marketing and distribution	Investment holding	GROUP
PERIOD ENDED 30/06/2006	RM'000	RM'000	RM'000	RM'000
Total Revenue	23,343	96,079	1,100	120,522
Inter-segment revenue	(6,816)	-	(752)	(7,568)
External Revenue	16,527	96,079	348	**112,954**
Segment Results (external)	6,123	3,792	(392)	9,523
Unallocated corporate expenses				(694)
Finance costs				(577)
Negative goodwill from the acquisition of subsidiary				1,007
Share of results of associate				604
Profit before tax				**9,863**

11 Valuations of Property, Plant & Equipment

The carrying value of land and buildings is based on a valuation carried out in the year ended 31 December 2004 by independent qualified valuers using the comparison method to reflect the market value that have been brought forward, without amendments from that year's audited financial statements.

12 Significant Post Balance Sheet Events

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

13 Changes in Group Composition

As reported in the preceding quarter, the Group's acquisition of 20% of the issued and paid up share capital of Maritzberg Investments Limited ("MIL") for consideration of USD 1,092,500 (equivalent to RM 3,745,090) was completed on 30th April 2007. MIL, an investment holding company incorporated in the British Virgin Islands has acquired 95% of the issued and paid up share capital of PT Penta Valent, a nation-wide pharmaceutical distribution company operating in Indonesia.

Other than the above, the Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the period ended 30 June 2007.

14 Changes in Contingent liabilities or Contingent assets.

There were no contingent liabilities or contingent assets of the Group since the end of the last annual balance sheet date except as disclosed in note 28.

15 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2007 are as follows:

Property, Plant and Equipment	RM'000
Authorised and contracted for	3,567
Authorised but not contracted for	3,869
	7,436

16 Related Party Transactions

There were no related party transactions during the period ended 30 June 2007.

17 Review of Performance

For the second quarter of financial year 2007, group turnover was RM61.0 million and group profit after tax was RM 5.0 million. Year to date group profit after tax was RM 8.5 million on the back of revenue of RM 120.8 million. Compared to the same quarter of year 2006, revenue increased by 11%. After adjusting for non-recurring income, profit after tax was higher by 17% from that achieved in the same quarter of year 2006.

Xepa-Soul Pattinson experienced strong sales in the second quarter, launching two new products; Mucoprom Elixir, an addition to the Group's market leading range of cough mixtures, and Glenix (generic name: Glimepiride), for the treatment of Type 2 Diabetes Mellitus. Distribution division added new agencies and launched a new 50 gram packing of the Group's Agnesia medicated powder. Pharmaceutical wholesale continue to grow in Malaysia and has been established in Singapore. Luyan (Fujian) Group, the Group's associate company in Fujian, China, has secured substantial tender orders which will generate sales throughout the year. The non-recurring item of RM 1.8m is the final post-warranty payment relating to the divestment of Apex Pharmacy Sdn Bhd in FY 2005.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007 (continued)

18 Material changes in the profit before tax for the quarter

Profit before tax for the second quarter of FY 2007 is RM 6.1 million compared to RM 4.4 million for the first quarter. The change is accounted for primarily by the non-recurring item mentioned above.

19 Commentary

(a) Prospects

More new product launches have been scheduled for the second half, and construction of the new plant for production of liquid products is expected to complete on schedule in the third quarter. Continuing effort is underway to secure registrations for the Group's own brand products in Indonesia and Vietnam. Barring unforeseen circumstances, the Board expects that the Group will perform satisfactorily in the second half of FY 2007

(b) Progress to achieve forecast revenue or profit estimate

Not applicable

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

Not applicable

21 Profit Forecast /Profit Guarantee

Not applicable.

22 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
income tax	700	868	1,408	2,312
deferred tax	355	3	553	59
others				-
	1,055	871	1,961	2,371
In respect of prior year:				
income tax	-	-	-	-
deferred tax	-	-	-	-
	1,055	871	1,961	2,371

The effective tax rate for the current quarter was lower than the statutory tax rate principally due to availability of tax incentives in one of its subsidiary.

23 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the period ended 30 June 2007.

24 Quoted Securities

(a) There were no acquisitions or disposals of quoted securities during the period ended 30 June 2007.
(b) There were no quoted securities held as at 30 June 2007.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007 (continued)

25 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 15th August 2007.

26 Group Borrowings and Debt Securities

	AS AT 30/06/2007	AS AT 30/06/2006
Short term bank borrowings	RM'000	RM'000
Secured	299	179
Unsecured	11,385	17,422
Total	11,684	17,601
Long term bank borrowings		
Secured	598	957
Unsecured	12,970	1,853
Total	13,568	2,810

Bank borrowings denominated in foreign currency as at 30 June 2007:	SGD'000	RM'000
Singapore Dollars	1,015	2,334

The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 30 June 2007.

27 Off Balance Sheet Financial Instruments

(a) The Group's policy is that all foreign currency transactions are hedged by short-term forward contracts. These are translated to the functional currency of the respective entities of the Group at the rates specified in such forward contracts. The Group enters into these forward contracts to protect the Group from movements in exchange rates.

(b) The Group does not anticipate any market or credit risks arising from these financial instruments.

(c) At 15th August 2007, the Group's outstanding forward foreign exchange contracts to hedge its foreign currency transactions are as follows -

Contracted amount in foreign currency to the nearest thousand		RM'000 equivalent	Contracted rate	Maturity date	Nature and terms	
SGD	151	341	2.26	28-Dec-07	Sale of goods	6 months
SGD	69	157	2.28	31-Jan-08	Sale of goods	6 months
USD	83	287	3.45	27-Aug-07	Purchase of goods	2 months
USD	16	56	3.49	17-Jan-08	Purchase of goods	6 months
GBP	15	108	7.05	11-Feb-08	Purchase of goods	6 months
		949				

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007 (continued)

28 Material Litigation

As reported in the previous quarter, the Company's wholly-owned subsidiary, Apex Pharmacy Marketing Sdn Bhd ("APM"), together with Stable Growth Sdn Bhd ("SGSB"), the main contractor for APM's new warehouse and corporate headquarters ("the Building") located at 2, Jalan SS13/5, Subang Jaya, 47500 Petaling Jaya, (APM and SGSB are collectively known as "co-defendents"), had on 19 August 2005, been served with a writ of summons filed by Memory Tech Sdn Bhd ("Plaintiff"). The Plaintiff has claimed a sum of RM90,058.15 as damages and RM1,596,000 as consequential losses, arising from the alleged damage to the Plaintiff's building and resulting short circuit caused by a piece of roofing material that the Plaintiff alleges was blown off the roof of the Building while it was being constructed.

APM has denied liability for any such losses and will vigorously defend the suit. APM has instructed its solicitors to seek redress against any party liable for such damage if the same is proven, including the insurers involved during the construction of the building. APM's solicitors have advised that it has a strong defence and is likely to succeed in avoiding liability for such damage and/or being indemnified for any liability by insurers of its contractors. The court has fixed 5th October 2007 for Case Management

As at 15th August 2007, there has been no change in the status save as disclosed above.

29 Dividends

(a) The Board of Directors is pleased to declare the payment of a tax exempt interim dividend of 4 sen gross per share in respect of the financial period ending 31 December 2007, resulting in a total dividend todate for the current financial year of 4 sen. (Year 2006: Interim dividend of 5 sen gross per share less 28% tax).

(b) The date of the book closure for the interim dividend will be announced in due course.

30 Earnings per share

		3 MONTHS ENDED		PERIOD ENDED	
		30/06/2007	30/06/2006	30/06/2007	30/06/2006
Basic Earnings per share					
Profit after tax	RM'000	5,023	2,740	8,517	7,492
Weighted average number of ordinary shares in issue	'000	74,974	67,757	74,974	67,757
Basic earnings per share	sen	**6.70**	**4.04**	**11.36**	**11.06**
Diluted Earnings per share					
Profit after tax	RM'000	5,023	2,740	8,517	7,492
Weighted average number of ordinary shares in issue	'000	74,974	67,757	74,974	67,757
Adjustment for share options	'000	-	135	-	135
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	74,974	67,892	74,974	67,892
Diluted earnings per share	sen	**6.70**	**4.04**	**11.36**	**11.04**