

Apex Healthcare Looking For Suitable Acquisitions

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PHARMACEUTICAL firm Apex Healthcare Bhd, which is investing RM26 million to expand a factory in Malacca, may buy other companies to build its own brand of products and expand distribution network.

The firm last year took over the almost century-old maker of Agnesia brand antiseptic powder, through the purchase of Singapore-based Grafton Pharmasia Pte Ltd.

It also bought a 40 per cent stake in a China-based pharmaceutical group in 2004 to grow its distribution network in that country.

"We are looking at several more (acquisitions) to build the pharmaceutical brands and are seeking for those that will help us sell," managing director Dr Kee Kirk Chin said in a briefing in Subang Jaya yesterday.

It is on the lookout for suitable targets, he said, but nothing firm

Apex Healthcare looking for suitable acquisitions

is on the horizon.

Apex is now focused on making and distributing pharmaceutical and healthcare products after selling its loss-making retail outlets to Hong Kong's Watson Personal Care Stores Sdn Bhd in 2004.

"Pharmacies are increasingly turning into convenience stores with a chain in multiple locations and are dominated by big brands. The skill required to run a retail pharmacy is now completely different from what we know," Kee said.

The company now earns 65 per



cent of its gross profit from manufacturing and the rest are from distribution of products.

It made RM15.8 million in net profit last year on RM190.2 million of revenue, but the profit was also boosted by the disposal of its retail arm.

Apex's manufacturing arm,

Xepa-Soul Pattinson Sdn Bhd, is adding a new factory next to its current plant in Cheng Industrial Estate in Malacca to meet growing demand for off-patent pharmaceuticals from both domestic and export markets.

Xepa-Soul is Malaysia's largest private sector maker of off-patent medicines and it currently exports a quarter of its output to Singapore, Middle East, Africa and other countries in Asia Pacific.

The plant is designed to last the company for the next seven to 10 years and Apex will finance the

expansion with RM20 million bank loans and RM6 million of its own money.

When the operation starts by August next year, the new plant will allow Apex to make three times more cream products, two and a half times more eye drops and boost capacity of liquid productions by 50 per cent.

Xepa-Soul's pre-tax profit has been growing at an average of 10 per cent in recent years and it expects to see stronger growth with the additional capacity. Xepa-Soul executive director Goh Ser Heng said.