



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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009  
(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009**

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/06/2009	30/06/2008	30/06/2009	30/06/2008
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	8	<b>69,920</b>	<b>62,547</b>	<b>140,198</b>	<b>126,402</b>
Cost of sales		(53,329)	(47,300)	(106,242)	(95,816)
<b>Gross profit</b>		<b>16,591</b>	<b>15,247</b>	<b>33,956</b>	<b>30,586</b>
Other income		227	258	582	453
Selling & marketing expenses		(8,786)	(8,338)	(17,468)	(16,119)
Administrative expenses		(2,982)	(3,022)	(5,892)	(5,747)
Other expenses		(178)	(116)	(354)	(185)
Finance cost		(157)	(232)	(374)	(502)
Share of results of associates		876	432	1,072	752
<b>Profit before tax</b>	8	<b>5,591</b>	<b>4,229</b>	<b>11,522</b>	<b>9,238</b>
Income tax expense	20	(1,029)	(997)	(2,685)	(2,049)
<b>Net profit for the period</b>		<b>4,562</b>	<b>3,232</b>	<b>8,837</b>	<b>7,189</b>
<b>Attributable to:</b>					
Equity holders of the parent		4,216	3,232	8,445	7,189
Minority interest		346	-	392	-
		<b>4,562</b>	<b>3,232</b>	<b>8,837</b>	<b>7,189</b>

**Earnings per share attributable to equity holders of the parent:**

		<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
- Basic	28	<b>5.62</b>	<b>4.31</b>	<b>11.26</b>	<b>9.59</b>
- Diluted	28	<b>5.62</b>	<b>4.31</b>	<b>11.26</b>	<b>9.59</b>

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Report.



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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

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

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2009**

		<u>Audited</u>
	As at	As at
Note	30/06/2009	31/12/2008
	RM'000	RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	9 58,460	59,903
Investment properties	3,808	3,850
Prepaid land lease payments	6,998	7,035
Intangible assets	1,378	1,479
Investment in associates	29,868	29,296
Deferred tax assets	252	167
	<u>100,764</u>	<u>101,730</u>
<b>Current Assets</b>		
Inventories	42,696	41,893
Trade and other receivables	70,769	67,706
Deposits, bank and cash balances	13,162	6,919
	<u>126,627</u>	<u>116,518</u>
<b>TOTAL ASSETS</b>	<b><u>227,391</u></b>	<b><u>218,248</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	74,974	74,974
Reserves	9,297	9,297
Retained earnings	64,334	58,419
	<u>148,605</u>	<u>142,690</u>
<b>Minority interest</b>	7,822	7,430
<b>TOTAL EQUITY</b>	<b><u>156,427</u></b>	<b><u>150,120</u></b>
<b>Non-Current Liabilities</b>		
Borrowings	24 10,422	11,618
Deferred tax liabilities	3,450	2,702
	<u>13,872</u>	<u>14,320</u>
<b>Current Liabilities</b>		
Borrowings	24 8,983	11,541
Trade and other payables	46,933	41,620
Current tax payable	1,176	647
Dividend payable	-	-
	<u>57,092</u>	<u>53,808</u>
<b>TOTAL LIABILITIES</b>	<b><u>70,964</u></b>	<b><u>68,128</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>227,391</u></b>	<b><u>218,248</u></b>
	<b>RM</b>	<b>RM</b>
<b>Net Assets per share attributable to ordinary equity holders of the parent</b>	<b><u>1.98</u></b>	<b><u>1.90</u></b>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 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 2009**

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009**

	Note	<u>Non-Distributable</u>		<u>Distributable</u>		Minority Interests	Total
		Share Capital	Share Premium	Revaluation & other reserves	Retained Profits		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>PERIOD ENDED 30 JUNE 2009</u></b>							
Balance as at 1 January 2009		74,974	5,305	3,992	58,419	7,430	150,120
Foreign currency translation, representing amount recognised directly in equity		-	-	-	-	-	-
Net profit for the 6-months period		-	-	-	8,445	392	8,837
Total recognised income and expense for the period		-	-	-	8,445	392	8,837
Dividends	7	-	-	-	(2,530)	-	(2,530)
<b>Balance as at 30 June 2009</b>		<b>74,974</b>	<b>5,305</b>	<b>3,992</b>	<b>64,334</b>	<b>7,822</b>	<b>156,427</b>
<b><u>PERIOD ENDED 30 JUNE 2008</u></b>							
Balance as at 1 January 2008							
As previously stated		74,974	5,305	3,762	49,490	-	133,531
Effects of adopting FRS 112					2,320		2,320
As restated		74,974	5,305	3,762	51,810		135,851
Foreign currency translation, representing amount recognised directly in equity		-	-	-	-	-	-
Net profit for the 6-months period		-	-	-	7,189	-	7,189
Total recognised income and expense for the period		-	-	-	7,189	-	7,189
Dividends		-	-	-	(3,374)	-	(3,374)
<b>Balance as at 30 June 2008</b>		<b>74,974</b>	<b>5,305</b>	<b>3,762</b>	<b>55,625</b>	<b>-</b>	<b>139,666</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Report.



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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009  
(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009**

	PERIOD ENDED	
	30/06/2009	30/06/2008
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	11,522	9,238
Adjustments:		
Depreciation and amortization	3,188	3,061
Net profit on disposal of property, plant and equipment	(138)	(12)
Impairment of assets	-	-
Share of results of associates	(1,072)	(752)
Other non-cash items	2,374	1,051
Operating profit before working capital changes:	15,874	12,586
Inventories and receivables	(5,884)	(4,217)
Payables	5,313	4,492
Cash generated from operations	15,303	12,861
Tax paid	(1,518)	(1,156)
<b>Net cash generated from operating activities</b>	<b>13,785</b>	<b>11,705</b>
<b>Cash flows from investing activities</b>		
Acquisition of associate paid in cash	-	(491)
Dividends received from associate	500	-
Purchase of property, plant and equipment & intangible assets	(1,571)	(816)
Proceeds from disposal of property, plant and equipment	144	17
Interest received	44	94
<b>Net cash used in investing activities</b>	<b>(883)</b>	<b>(1,196)</b>
<b>Cash flows from financing activities:</b>		
Term loans repaid	(1,498)	(1,893)
Dividends paid	(2,530)	(3,374)
Other financing activities paid	(2,183)	(1,110)
<b>Net cash used in financing activities</b>	<b>(6,211)</b>	<b>(6,377)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,691</b>	<b>4,132</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>5,711</b>	<b>7,524</b>
Currency translation difference	-	-
<b>Cash and cash equivalents at the end of the financial period</b>	<b>12,402</b>	<b>11,656</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 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 2009  
(THE FIGURES HAVE NOT BEEN AUDITED)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2009**

**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 significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2008.

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 2008.

**2 Audit report qualifications of the preceding annual financial statements**

The Auditors had reported without any qualifications on the Group's audited financial statements for the year ended 31 December 2008.

**3 Seasonality or cyclicity of interim operations**

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

**4 Unusual items**

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 June 2009.

**5 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 years of the current financial year or prior financial year.

**6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the period ended 30 June 2009.

**7 Dividends paid**

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

	30/06/2009	30/06/2008
<u>In respect of the financial year ended 31 December</u>	RM'000	RM'000
2008: Final Dividend of 4.5 sen gross per share less tax paid on 23-Jun-09	2,530	-
2007: Final Tax-exempt Dividend of 4.5 sen per share paid on 23-Jun-08		3,374
	2,530	3,374

**8 Segmental Reporting**

<b>BUSINESS SEGMENTS</b>	Manufacturing	Marketing and distribution	Investment holding	<b>GROUP</b>
<b>PERIOD ENDED 30/06/2009</b>	RM'000	RM'000	RM'000	RM'000
Total Revenue	33,620	115,757	3,980	153,357
Inter-segment revenue	(9,474)	-	(3,685)	(13,159)
External Revenue	24,146	115,757	295	<b>140,198</b>
Segment Results (external)	8,462	4,195	(1,228)	11,429
Unallocated corporate expenses				(605)
Finance costs				(374)
Share of results of associate				1,072
Profit before tax				<b>11,522</b>

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009****(THE FIGURES HAVE NOT BEEN AUDITED)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2009 (continued)****8 Segmental Reporting - cont'd**

<b>BUSINESS SEGMENTS</b>	Manufacturing	Marketing and distribution	Investment holding	<b>GROUP</b>
<b>PERIOD ENDED 30/06/2008</b>	RM'000	RM'000	RM'000	RM'000
Total Revenue	27,329	108,747	3,247	139,323
Inter-segment revenue	(9,966)	-	(2,955)	(12,921)
External Revenue	17,363	108,747	292	<b>126,402</b>
Segment Results (external)	6,375	4,065	(789)	9,651
Unallocated corporate expenses				(663)
Finance costs				(502)
Share of results of associate				752
Profit before tax				<b>9,238</b>

**9 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.

**10 Significant Post Balance Sheet Events**

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

**11 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 period ended 30 June 2009.

**12 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 26.

**13 Capital Commitments**

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 June 2009 is as follows:

	RM'000
Authorised capital expenditure approved and contracted for	79
Authorised capital expenditure approved but not contracted for	2,582
	<u>2,661</u>

**14 Related Party Transactions**

There were no related party transactions during the period ended 30 June 2009.

**15 Review of Performance**

For the six months to June 2009, the Group achieved profit before tax of RM 11.5 million on revenues of RM 140.2 million. These represent respectively 21% and 11% growth over the first half of financial year 2008. Carried forward by the strong sales momentum in the first quarter, performance of the Manufacturing division achieved record levels at both top and bottom lines. The good performance is partly attributed to strong export and public healthcare sector sales. Private sector sales also performed well. The Marketing and Distribution business likewise grew steadily, with continued good market acceptance of newly launched own brand products, stable wholesaling activities and growing export sales for Agnesia® medicated talcum powder.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2009 (continued)**

16 Material changes in the profit before tax for the quarter

There is no material change in profit before tax of RM 5.59 million in the second quarter and RM 5.93 million achieved in the first quarter.

17 Commentary

(a) Prospects

The Group has performed well amidst generally weak market conditions. Ongoing efforts to improve the levels of inventory and receivables are bearing fruit and more new product launches are anticipated. Barring unforeseen circumstances, the Board is optimistic that the Group will deliver a consistent result for the remainder of the year.

(b) Progress to achieve forecast revenue or profit estimate

Not applicable

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

Not applicable

19 Profit Forecast /Profit Guarantee

Not applicable.

20 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
income tax	848	803	2,021	1,927
deferred tax	180	195	663	123
others	-	-	-	-
	1,028	998	2,684	2,050
In respect of prior period:				
income tax	1	(1)	1	(1)
deferred tax				-
	1,029	997	2,685	2,049

21 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the period ended 30 June 2009.

22 Quoted Securities

(a) There were no acquisitions or disposals of quoted securities during the period ended 30 June 2009.

(b) There were no quoted securities held as at 30 June 2009.

23 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 12th August 2009.

24 Group Borrowings and Debt Securities

	AS AT	
	30/06/2009	31/12/2008
	RM'000	RM'000
Short term bank borrowings		
Secured	187	250
Unsecured	8,796	11,291
Total	8,983	11,541

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	AS AT	
	30/06/2009	31/12/2008
	RM'000	RM'000
Long term bank borrowings		
Secured	250	312
Unsecured	10,172	11,306
Total	10,422	11,618
Bank borrowings denominated in foreign currency as at 30 June 2009:	SGD'000	RM'000
Singapore Dollars	1,299	3,117

The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 30 June 2009.

**25 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) As at 12th August 2009, 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 120	289	2.41	30-Oct-09	Sale of goods 4 months
	SGD 212	516	2.43	31-Dec-09	Sale of goods 6 months
	SGD 52	127	2.43	29-Jan-10	Sale of goods 6 months
		932			

**26 Material Litigations****(a) Shah Alam High Court Writ of Summons between APM and SDP and ABIO and SDP**

On 17th October 2007, the Company announced that Apex Pharmacy Marketing Sdn Bhd ("APM") and ABio Marketing Sdn Bhd ("ABIO"), both wholly owned subsidiaries of the Company, had filed a Writ of Summons against Sante de Pharma Sdn Bhd ("SDP") for breach of contract in respect of distribution agreements ('Agreements') entered into between APM and SDP and ABIO and SDP.

APM and ABIO are taking legal action against SDP to seek court orders:

- for SDP to pay RM1,247,427, this being the total net sum owed to APM and ABIO by SDP pursuant to the Agreements;
- compelling SDP to collect stocks valued at RM838,076 currently in the possession of APM and ABIO and to pay APM and ABIO the said sum, failing which APM and ABIO shall seek an order to dispose of the stock to recover the value; and
- damages to be assessed based on estimated loss of profits as a result of the wrongful termination of the Agreements.

APM and ABIO have in addition instituted legal proceedings to restrain SDP or any other party from dealing with or attempting to distribute the products referred to in the said Agreements.

Subsequently on 17th December 2007, SDP has filed a counter claim against APM and ABIO claiming the following:

- against APM, the sum of RM 2,514,740 being the amount allegedly owed by APM to SDP, loss of profit of RM 230,000, loss of reputation and goodwill to be determined by the court, interest, legal costs and other reliefs; and
- against ABIO, the sum of RM 1,420,719 being the amount allegedly owed by ABIO to SDP, loss of profit of RM 120,000, loss of reputation and goodwill to be determined by the court, interest, legal costs and other reliefs.

The Company is of the opinion that the counter claims have no merit, and the Company's legal counsel has taken action to prosecute the Company's claims and defend against the counter claims.

There has been no further developments save that the Court has postponed the case to 24th August 2009 for further clarifications/decision.





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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2009 (continued)**

26 Material Litigations - cont'd

(b) Shah Alam High Court Writ of Summons between Memory Tech Sdn Bhd and APM

There has been no change in status from that which has been reported in the previous quarters save that the plaintiff, Memory Tech Sdn Bhd is currently undergoing liquidation. The court has postponed the case management to October 2009 whilst the Notice of Indemnity has been fixed for mention on 2nd September 2009.

27 Dividends

(a) The Board of Directors is pleased to declare the payment of an interim dividend of 5.25 sen gross per share less 25% tax in respect of the financial period ending 31 December 2009, resulting in a total dividend to-date for the current financial year of 5.25 sen gross per share less tax. (Year 2008: Interim taxable dividend of 5 sen gross per share).

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

28 Earnings per share

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
<b><u>Basic Earnings per share</u></b>				
Profit after tax RM'000	4,216	3,232	8,445	7,189
Weighted average number of ordinary shares in issue '000	74,974	74,974	74,974	74,974
<b>Basic earnings per share sen</b>	<b>5.62</b>	<b>4.31</b>	<b>11.26</b>	<b>9.59</b>
<b><u>Diluted Earnings per share</u></b>				
Profit after tax RM'000	4,216	3,232	8,445	7,189
Weighted average number of ordinary shares in issue '000	74,974	74,974	74,974	74,974
Adjustment for share options '000	-	-	-	-
Weighted average number of ordinary shares in issue for diluted earnings per share '000	74,974	74,974	74,974	74,974
<b>Diluted earnings per share sen</b>	<b>5.62</b>	<b>4.31</b>	<b>11.26</b>	<b>9.59</b>