

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017**

	Note	3 MONTHS ENDED		PERIOD ENDED	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>154,652</b>	<b>147,478</b>	<b>154,652</b>	<b>147,478</b>
Cost of sales		(121,489)	(115,280)	(121,489)	(115,280)
<b>Gross profit</b>		<b>33,163</b>	<b>32,198</b>	<b>33,163</b>	<b>32,198</b>
Other income		1,912	1,112	1,912	1,112
Selling & marketing expenses		(16,898)	(16,033)	(16,898)	(16,033)
Administrative expenses		(5,510)	(5,339)	(5,510)	(5,339)
Other expenses		(770)	(607)	(770)	(607)
Finance cost		-	(13)	-	(13)
Share of results of an associate		1,015	1,048	1,015	1,048
Profit before tax	A7	<b>12,912</b>	<b>12,366</b>	<b>12,912</b>	<b>12,366</b>
Income tax expense	B6	(2,813)	(2,547)	(2,813)	(2,547)
<b>Net profit for the period</b>		<b>10,099</b>	<b>9,819</b>	<b>10,099</b>	<b>9,819</b>
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations, net of tax		(35)	(2,130)	(35)	(2,130)
<b>Total comprehensive income for the period</b>		<b>10,064</b>	<b>7,689</b>	<b>10,064</b>	<b>7,689</b>
<b>Net profit attributable to:</b>					
Owners of the parent		10,091	9,813	10,091	9,813
Non-controlling interest		8	6	8	6
<b>Net profit for the period</b>		<b>10,099</b>	<b>9,819</b>	<b>10,099</b>	<b>9,819</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		10,056	7,683	10,056	7,683
Non-controlling interest		8	6	8	6
<b>Total comprehensive income for the period</b>		<b>10,064</b>	<b>7,689</b>	<b>10,064</b>	<b>7,689</b>
<b>Earnings per share attributable to owners of the parent:</b>		<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
- Basic	B11	<b>8.61</b>	<b>8.38</b>	<b>8.61</b>	<b>8.38</b>
- Diluted	B11	<b>8.61</b>	<b>8.38</b>	<b>8.61</b>	<b>8.38</b>

The Condensed Consolidated Statement 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 FIRST QUARTER ENDED 31 MARCH 2017**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	Note	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000 <u>(Audited)</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	A12	104,155	100,841
Investment properties		7,367	7,383
Intangible assets		1,977	2,022
Investment in an associate		6,121	5,106
Deferred tax assets		201	4
Receivables		10,000	10,000
Long term investment		5,520	5,520
		<u>135,341</u>	<u>130,876</u>
<b>Current Assets</b>			
Inventories		68,865	65,778
Receivables		145,093	138,827
Prepayments		683	568
Tax recoverable		216	223
Derivative financial instruments	A15 & B12	69	101
Deposits, bank and cash balances		89,074	82,035
		<u>304,000</u>	<u>287,532</u>
<b>TOTAL ASSETS</b>		<b><u>439,341</u></b>	<b><u>418,408</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowings	B8	13	13
Payables		109,979	99,878
Current tax payable		2,800	1,927
		<u>112,792</u>	<u>101,818</u>
<b>Non-Current Liabilities</b>			
Borrowings	B8	10	12
Deferred tax liabilities		4,019	4,191
		<u>4,029</u>	<u>4,203</u>
<b>TOTAL LIABILITIES</b>		<b><u>116,821</u></b>	<b><u>106,021</u></b>
<b>NET ASSETS</b>		<b><u>322,520</u></b>	<b><u>312,387</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		117,146	117,146
Reserves		13,418	13,384
Retained earnings	B14	191,532	181,441
		<u>322,096</u>	<u>311,971</u>
Non-controlling interest		424	416
<b>TOTAL EQUITY</b>		<b><u>322,520</u></b>	<b><u>312,387</u></b>
		<b>RM</b>	<b>RM</b>
<b>Net Assets per share attributable to owners of the parent</b>		<b><u>2.75</u></b>	<b><u>2.66</u></b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017**

	← Non-Distributable		Share option reserve	→ Distributable		Equity attributable to owners of the parent, total	Non- controlling Interest	Total Equity
	Share Capital	Foreign currency translation reserve		Retained Earnings				
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>PERIOD ENDED 31 MARCH 2017</b>								
Balance at 1 January 2017	117,146	13,288	96	181,441	311,971	416	312,387	
Total comprehensive income	-	(35)	-	10,091	10,056	8	10,064	
Share options granted	-	-	69	-	69	-	69	
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	-	-	-	
<b>Balance as at 31 March 2017</b>	<b>117,146</b>	<b>13,253</b>	<b>165</b>	<b>191,532</b>	<b>322,096</b>	<b>424</b>	<b>322,520</b>	
<b>PERIOD ENDED 31 MARCH 2016</b>								
Balance at 1 January 2016	117,146	11,198	-	159,958	288,302	383	288,685	
Total comprehensive income	-	(2,130)	-	9,813	7,683	6	7,689	
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	-	-	-	
<b>Balance as at 31 March 2016</b>	<b>117,146</b>	<b>9,068</b>	<b>-</b>	<b>169,771</b>	<b>295,985</b>	<b>389</b>	<b>296,374</b>	

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2017**

	PERIOD ENDED	
	31/03/2017	31/03/2016
	RM'000	RM'000
<b>Operating activities</b>		
Profit before tax	12,912	12,366
Adjustments for:		
Depreciation and amortisation	2,389	2,253
Net profit on disposal of property, plant and equipment	(14)	(40)
Share of results of an associate	(1,015)	(1,048)
Fair value changes of derivative financial instruments	32	(12)
Share options granted	69	-
Inventories written off and written down	63	60
Impairment loss on trade receivables net of reversals	13	15
Interest expense	-	13
Interest income	(748)	(420)
Operating cash flows before changes in working capital	13,701	13,187
Inventories	(3,150)	(3,342)
Receivables	(6,394)	(7,523)
Payables	10,100	12,438
Cash generated from operations	14,257	14,760
Tax paid	(2,301)	(2,307)
<b>Net cash flows generated from operating activities</b>	<b>11,956</b>	<b>12,453</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment & intangible assets	(5,677)	(256)
Proceeds from disposal of property, plant and equipment	14	40
Placement in short term deposit	(1,615)	(2,161)
Interest received	748	420
<b>Net cash flows used in investing activities</b>	<b>(6,530)</b>	<b>(1,957)</b>
<b>Financing activities</b>		
Finance lease repaid	(2)	(4)
Other financing activities paid	-	(13)
<b>Net cash flows used in financing activities</b>	<b>(2)</b>	<b>(17)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,424</b>	<b>10,479</b>
<b>Cash and cash equivalents at 1 January</b>	<b>71,812</b>	<b>56,817</b>
Effect of exchange rate changes on cash and cash equivalents	-	(802)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>77,236</b>	<b>66,494</b>

Included in the deposits, bank and cash balances is RM 11,838,000 ( 31 March 2016 : RM 14,697,000) placed with money market fund held for investment purposes and 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.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

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

**A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2017**

**A1 Basis of preparation**

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2017 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 2016.

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 2016 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2014 - 2016 Cycle	1 January 2017
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017

The initial application of the abovementioned standards, amendments and interpretations did 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 31 March 2017.

**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 period ended 31 March 2017.

**A7 Profit before tax**

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Interest income	748	420	748	420
Other income including investment income	598	431	598	431
Interest expense	-	(13)	-	(13)
Depreciation and amortisation	(2,389)	(2,253)	(2,389)	(2,253)
Impairment loss on trade receivables net of reversals	(13)	(15)	(13)	(15)
Written off and written down of inventories	(63)	(60)	(63)	(60)
Net profit on disposal of property, plant and equipment	14	40	14	40
Fair value (loss)/gain of derivative financial instruments	(32)	12	(32)	12
Foreign exchange loss	(81)	(225)	(81)	(225)

**A8 Dividends paid and declared**

There were no dividends paid during the current period ended 31 March 2017.

**A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2017 (continued)**

**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.

<b>OPERATING SEGMENTS</b>	Manufacturing and Marketing	Wholesale and Distribution	Corporate	Adjustments and eliminations	<b>GROUP</b>
<b>PERIOD ENDED 31/03/2017</b>	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	5,598	146,821	2,233		154,652
Inter-segment revenue	23,958	165	900	(25,023)	-
<b>Total Revenue</b>	<b>29,556</b>	<b>146,986</b>	<b>3,133</b>	<b>(25,023)</b>	<b>154,652</b>
Segment Results	9,107	4,879	(624)	(450)	12,912
Finance costs					-
<b>Profit before tax</b>					<b>12,912</b>
<b>PERIOD ENDED 31/03/2016</b>	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	5,759	139,633	2,086		147,478
Inter-segment revenue	21,705	209	826	(22,740)	-
<b>Total Revenue</b>	<b>27,464</b>	<b>139,842</b>	<b>2,912</b>	<b>(22,740)</b>	<b>147,478</b>
Segment Results	8,325	5,008	(127)	(827)	12,379
Finance costs					(13)
<b>Profit before tax</b>					<b>12,366</b>
<b>Segment assets</b>					
31-Mar-2017	114,158	281,879	50,437	(7,133)	<b>439,341</b>
31-Dec-2016	109,796	268,474	48,461	(8,323)	<b>418,408</b>
<b>Segment liabilities</b>					
31-Mar-2017	(12,286)	(92,935)	(4,780)	(6,820)	<b>(116,821)</b>
31-Dec-2016	(12,052)	(84,306)	(3,545)	(6,118)	<b>(106,021)</b>

**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 31 March 2017.

**A12 Property, plant and equipment**

During the current quarter ended 31 March 2017, prepaid capital expenditure and assets acquired by the Group was RM 5.6 million (31 March 2016: RM 0.3 million).

**A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2017 (continued)**

**A13 Capital Commitments**

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 March 2017 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	38,440
Authorised capital expenditure approved but not contracted for	54,219
	<u>92,659</u>

**A14 Related Party Transactions**

The Group does not have any significant transactions with related parties during the period ended 31 March 2017 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2016.

**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 assets:	31/03/2017	31/12/2016
	RM'000	RM'000
	<u>(Level 2)</u>	
Derivatives - Forward currency contracts	<u>69</u>	<u>101</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 2016.

**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.



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

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

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

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

**B1 Detailed Performance Analysis of Operating Segments of the Group**

In the first quarter of 2017, the Group achieved revenue of RM 154.7 million, a growth of 4.9% when compared to the first quarter of 2016. Revenue from all business units performed in line with expectations, with good progress made in securing more public sector sales in both Malaysia and Singapore. Three new pharmaceutical products under Group Brands were launched successfully in the current quarter.

Gross profit grew 3.0% to RM 33.2 million compared to RM 32.2 million in the same period last year. In the current quarter, a greater proportion of the sales mix is derived from lower margin distribution agencies. Other income is higher at RM 1.9 million due to increased interest income from bank deposits. Expenses were in line with budget and in tandem with revenue growth. Share of profit from associate company Straits Apex Sdn Bhd amounted to RM 1.0 million, comparable to that recognized in the first quarter of previous year.

Profit before tax for the first quarter is RM 12.9 million, 4.4% higher than the RM 12.4 million achieved in the corresponding period in 2016.

**B2 Material changes in the profit before tax for the quarter**

Profit before tax for the first quarter of 2017 is RM 12.9 million, which is 27.7% better than the RM 10.1 million achieved in the last quarter of 2016. This is mainly due to accounting adjustments amounting to RM 4.8 million charged in the last quarter of 2016. These adjustments comprised the write off of the residual value of an existing carpark demolished as part of site clearance for SPP NOVO and the impairment loss arising from the Group's investment in associate Straits Apex Sdn Bhd.

**B3 Commentary**

**a Prospects**

The prospects for manufacturing, marketing and distribution of pharmaceuticals and consumer healthcare products remain positive in the markets we operate. Market demand is underpinned by continual focus on generic drugs to reduce healthcare costs, affluent and informed consumers demanding quality and value in healthcare products and in certain countries, an ageing population.

Our performance expectations for 2017 are shaped by continued uncertainties in the global economy, increasing competition and the persistent weakness of the Malaysian Ringgit against major foreign currencies, all of which contribute to a challenging business environment. These notwithstanding and without further unforeseen circumstances, the Board expects the Group to deliver another year of satisfactory performance for 2017.

**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	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	3,011	2,825	3,011	2,825
Deferred tax	(368)	(402)	(368)	(402)
Foreign tax	170	124	170	124
	<u>2,813</u>	<u>2,547</u>	<u>2,813</u>	<u>2,547</u>

The effective tax rate for the current quarter and cumulative period was lower than the statutory tax rate due to the net of tax profits contributed by the Group's associated company.

**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 10th May 2017.

**B8 Group Borrowings and Debt Securities**

	31/03/2017	31/12/2016
	RM'000	RM'000
Current		
Secured obligations under finance lease	13	13
Non-current		
Secured obligations under finance lease	10	12
	<u>23</u>	<u>25</u>
Obligations under finance lease denominated in foreign currency as at 31 March 2017:	SGD'000	SGD'000
Singapore Dollars	<u>7</u>	<u>8</u>

The Group does not have any current or non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 31 March 2017.

**B9 Material Litigation**

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

**B10 Dividend Payable**

The Board of Directors does not recommend the payment of any interim dividend for the period ended 31 March 2017 (31 March 2016: Nil).

**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	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
<b><u>Basic Earnings per share</u></b>					
Profit after tax	RM'000	10,091	9,813	10,091	9,813
Weighted average number of ordinary shares in issue	'000	117,146	117,146	117,146	117,146
Basic earnings per share	sen	<u>8.61</u>	<u>8.38</u>	<u>8.61</u>	<u>8.38</u>
<b><u>Diluted Earnings per share</u></b>					
Profit after tax	RM'000	10,091	9,813	10,091	9,813
Weighted average number of ordinary shares in issue	'000	117,146	117,146	117,146	117,146
Effect of dilution-Share options	'000	104	-	104	-
Adjusted weighted average number of ordinary shares in issue	'000	117,250	117,146	117,250	117,146
Diluted earnings per share	sen	<u>8.61</u>	<u>8.38</u>	<u>8.61</u>	<u>8.38</u>

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

**B12 Derivative Financial Instruments**

a The Group's derivative financial instruments as at 31 March 2017 are as follows -

Type of Derivatives	Contract / Notional Amount RM'000	Changes in Fair Value	
		Assets RM'000	Liabilities RM'000
Forward Currency Contracts			
Less than 1 year			
Sale of goods	4,364	60	-
Purchase of goods	(605)	9	-
	<u>3,759</u>	<u>69</u>	<u>-</u>

b The Group does not anticipate any market or credit risks arising from these derivatives.

c The net cash requirements relating to these contracts was RM3,759,000.

d There have been no changes since the end of the previous financial year in respect of the following:

- (i) 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;
- (ii) the risk management policies in place for mitigating and controlling the risks joint venture / associate with these derivative contracts; and
- (iii) the related accounting policies.

**B13 Fair Value Changes of Financial Liabilities**

As at 31 March 2017, the Group does not have any significant financial liabilities measured at fair value through profit or loss other than the disclosure in note A15.

**B14 Realised and Unrealised Profits/Losses Disclosure**

	Year ended	
	31/03/2017 RM'000	31/12/2016 RM'000
Total retained earnings of the Group:		
Realised	213,662	204,139
Unrealised	(2,799)	(2,926)
	<u>210,863</u>	<u>201,213</u>
Total share of results of a joint venture prior to becoming an associate::		
Realised	(695)	(695)
Total share of results of an associate:		
Realised	4,004	2,989
	<u>214,172</u>	<u>203,507</u>
Less: Consolidation adjustments	(22,640)	(22,066)
Total Group's retained earnings as per consolidated accounts	<u>191,532</u>	<u>181,441</u>

**B15 Auditors' report on preceding annual financial statements**

The Auditors' report on the Group's financial statements for the year ended 31 December 2016 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 17th May 2017.