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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/09/2018	30/09/2017	30/09/2018	30/09/2017
		RM'000	RM'000	RM'000	RM'000
Revenue		**165,253**	**157,730**	**489,599**	**467,679**
Cost of sales		(124,904)	(123,652)	(369,608)	(365,729)
Gross profit		**40,349**	**34,078**	**119,991**	**101,950**
Other income		1,382	1,574	4,543	5,533
Selling & marketing expenses		(17,218)	(17,045)	(55,013)	(51,382)
Administrative expenses		(7,532)	(5,990)	(20,489)	(17,473)
Other expenses		(605)	(35)	(1,901)	(1,386)
Finance cost		-	-	-	(1)
Share of results of an associate		2,261	720	5,400	2,426
Profit before tax	A7	**18,637**	**13,302**	**52,531**	**39,667**
Income tax expense	B6	(3,695)	(2,012)	(10,667)	(7,978)
Net profit for the period		**14,942**	**11,290**	**41,864**	**31,689**
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(28)	(36)	(2,740)	(106)
Total comprehensive income for the period		**14,914**	**11,254**	**39,124**	**31,583**
Net profit attributable to:					
Owners of the parent		14,897	11,270	41,777	31,658
Non-controlling interest		45	20	87	31
Net profit for the period		**14,942**	**11,290**	**41,864**	**31,689**
Total comprehensive income attributable to:					
Owners of the parent		14,869	11,234	39,037	31,552
Non-controlling interest		45	20	87	31
Total comprehensive income for the period		**14,914**	**11,254**	**39,124**	**31,583**
Earnings per share attributable to owners of the parent:					
		Sen	**Sen**	**Sen**	**Sen**
- Basic	B11	**12.71**	**9.62**	**35.65**	**27.02**
- Diluted	B11	**12.64**	**9.61**	**35.45**	**27.00**

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	As at 30/09/2018 RM'000	As at 31/12/2017 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	164,862	124,974
Investment properties		9,825	10,049
Intangible assets		1,778	1,970
Investment in an associate		15,874	10,474
Deferred tax assets		783	212
Receivables		5,853	10,000
		198,975	157,679
Current Assets			
Inventories		83,399	69,018
Receivables		159,323	139,323
Prepayments		585	4,148
Tax recoverable		218	295
Derivative financial instruments	A15 & B12	65	17
Long term investment		-	5,520
Deposits, bank and cash balances		82,171	80,903
		325,761	299,224
TOTAL ASSETS		**524,736**	**456,903**
EQUITY AND LIABILITIES			
Current Liabilities			
Borrowings	B8	5,862	7
Derivative financial instruments	A15 & B12	21	128
Payables		124,362	106,545
Current tax payable		5,132	3,505
		135,377	110,185
Non-Current Liabilities			
Borrowings	B8	17,518	-
Deferred tax liabilities		2,683	3,063
		20,201	3,063
TOTAL LIABILITIES		**155,578**	**113,248**
NET ASSETS		**369,158**	**343,655**
EQUITY			
Equity attributable to owners of the parent			
Share capital		118,329	117,146
Reserves		11,330	13,656
Retained earnings		238,991	212,432
		368,650	343,234
Non-controlling interest		508	421
TOTAL EQUITY		**369,158**	**343,655**
		RM	**RM**
Net Assets per share attributable to owners of the parent		**3.12**	**2.93**

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	Non-Distributable			Distributable			
		Share Capital	Foreign currency translation reserve	Share option reserve	Retained Earnings	Equity attributable to owners of the parent, total	Non-controlling Interest	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 30 SEPTEMBER 2018								
Balance at 1 January 2018		117,146	13,147	509	212,432	343,234	421	343,655
Total comprehensive income		-	(2,740)	-	41,777	39,037	87	39,124
Share options granted		-	-	668	-	668	-	668
Share options lapsed		-	-	(29)	29	-	-	-
Transfer to share capital for share options exercised		225	-	(225)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(15,247)	(15,247)	-	(15,247)
Issuance of ordinary share pursuat to ESOS		958	-	-	-	958	-	958
Total transaction with owners		958	-	-	(15,247)	(14,289)	-	(14,289)
Balance as at 30 September 2018		**118,329**	**10,407**	**923**	**238,991**	**368,650**	**508**	**369,158**
PERIOD ENDED 30 SEPTEMBER 2017								
Balance at 1 January 2017		117,146	13,288	96	181,441	311,971	416	312,387
Total comprehensive income		-	(106)	-	31,658	31,552	31	31,583
Share options granted		-	-	244	-	244	-	244
Share options lapsed		-	-	(3)	3	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(13,472)	(13,472)	-	(13,472)
Total transaction with owners		-	-	-	(13,472)	(13,472)	-	(13,472)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	-	(24)	(24)
Balance as at 30 September 2017		**117,146**	**13,182**	**337**	**199,630**	**330,295**	**423**	**330,718**

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	PERIOD ENDED	
	30/09/2018	30/09/2017
	RM'000	RM'000
Operating activities		
Profit before tax	**52,531**	**39,667**
Adjustments for:		
Depreciation and amortisation	6,701	7,252
Net profit on disposal of property, plant and equipment	(71)	(442)
Property, plant and equipment written off	2	20
Share of results of an associate	(5,400)	(2,426)
Fair value changes of derivative financial instruments	(155)	108
Share options granted	668	244
Inventories written off	173	161
Impairment loss on trade receivables net of reversals	519	107
Interest expense	-	1
Interest income	(1,278)	(1,884)
Operating cash flows before changes in working capital	53,690	42,808
Inventories	(14,554)	(8,609)
Receivables	(12,809)	(9,903)
Payables	17,817	19,151
Cash generated from operations	44,144	43,447
Tax paid	(9,913)	(8,397)
Net cash flows generated from operating activities	**34,231**	**35,050**
Investing activities		
Purchase of property, plant and equipment & intangible assets	(47,492)	(24,899)
Proceeds from disposal of property, plant and equipment	71	788
Withdrawal from short term deposit	5,168	7,745
Interest received	1,278	1,884
Net cash flows used in investing activities	**(40,975)**	**(14,482)**
Financing activities		
Finance lease repaid	(3)	(16)
Proceed from issuance of shares under ESOS	958	-
Drawndown of term loans	23,375	-
Dividends paid	(15,247)	(13,472)
Dividends paid to non-controlling interest	-	(24)
Other financing activities paid	-	(1)
Net cash flows generated from/ (used in) financing activities	**9,083**	**(13,513)**
Net increase in cash and cash equivalents	**2,339**	**7,055**
Cash and cash equivalents at 1 January	**74,908**	**71,812**
Effect of exchange rate changes on cash and cash equivalents	(1,423)	-
Cash and cash equivalents at the end of the financial period	**75,824**	**78,867**

Included in the deposits, bank and cash balances was RM 6,347,000 (30 September 2017 : RM 2,477,000) 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.

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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2018

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2018 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 2017.

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 2017 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The initial application of the abovementioned standards and amendments did not have any material impacts to the current and prior periods financial statements upon their first adoption except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement; impairment; and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group has performed a detailed impact assessment of two aspects of MFRS 9, ie classification and measurement; and impairment. Subject to changes arising from further reasonable and supportable information, the assessment is based on currently available information.

Based on the analysis of the Group's financial assets and liabilities as at 30 September 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Accordingly, the Group does not expect MFRS 9 to affect significantly the classification and measurement of these financial assets.

There is no material impact on the Group's accounting for financial liabilities, as the new requirements remain largely the same as it was under MRFR 139.

(b) Impairment

The adoption of MFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The Group has applied the simplified approach and recorded expected credit losses on all trade receivables and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the overall economic environment. The adoption of the ECL requirements of MFRS 9 does not result in a significant increase in impairment allowances of the Group and no increase in allowance is adjusted to Retained Earnings.

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (continued)

A2 Significant accounting policies (continued)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that is applicable to revenue arising from contracts with customers. MFRS 15 supersedes the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has adopted the new standard on the required effective date using the modified retrospective method. This method allows the cumulative impact of the adoption be recognised in retained earnings as of 1 January 2018. The directors have assessed the effects of applying the new standard on the Group's financial statements and concluded that the application of MFRS 15 does not have a significant impact.

(a) Sale of goods

The Group's contract with its customers are for the manufacturing and distribution of pharmaceutical and healthcare products. These sales are generally made on an outright basis and does not constitute several distinct performance obligations, hence the adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss.

(b) Rights of return

The Group provide its customers with a right to return of its products as part of its customary business practice. Customers may only exercise their rights to return when certain conditions are met i.e., products which are damaged upon receipt; products which are wrongly supplied; and products with a specified remaining shelf life that can be returned within a stated return period. The Group concluded that upon the adoption of MFRS 15, the adjustment to revenue from the sale of goods with a related adjustment to cost of sales will not be significant.

(c) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements are not significant.

A3 Seasonality or cyclicality 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 September 2018.

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 30 September 2018 except for the issuance of 285,000 new ordinary shares persuant to exercise of options under the Executive Share Options Scheme ("ESOS") at the exercise price of RM 3.36 each.

A7 Profit before tax

Included in profit before tax are the following items:	3 MONTHS ENDED 30/09/2018 RM'000	3 MONTHS ENDED 30/09/2017 RM'000	PERIOD ENDED 30/09/2018 RM'000	PERIOD ENDED 30/09/2017 RM'000
Interest income	367	481	1,278	1,884
Other income including investment income	678	825	2,112	2,320
Interest expense	-	-	-	(1)
Depreciation and amortisation	(2,263)	(2,455)	(6,701)	(7,252)
Impairment loss on trade receivables net of reversals	(269)	(87)	(519)	(107)
Written off of inventories	(35)	(46)	(173)	(161)
Net profit on disposal of property, plant and equipment	71	400	71	442
Property, plant and equipment written off	(2)	(1)	(2)	(20)
Fair value gain/(loss) of derivative financial instruments	102	(5)	155	(108)
Foreign exchange (loss)/gain	(238)	26	(255)	107

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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (continued)

A8 Dividends paid and declared

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

In respect of the financial period ended 30th September	30/09/2018 RM'000	30/09/2017 RM'000
2018: Interim single-tier dividend comprising 6.5 sen single tier per share paid on 28-September-18	7,632	-
2017: Final dividend comprising 6.5 sen single tier per share paid on 14-June-18	7,615	-
2017: Interim single-tier dividend of 5.5 sen per share paid on 29-Sep-17	-	6,443
2016: Final dividend comprising 6.0 sen single tier per share paid on 16-June-17	-	7,029
	15,247	13,472

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 ("M&M");
(ii) Wholesale and distribution of pharmaceutical and healthcare products("W&D"); and
(iii) Corporate comprising investments in retail pharmacy business and properties and the provision of management services ("CORP").

OPERATING SEGMENTS	M&M	W&D	CORP	Adjustments	**GROUP**
PERIOD ENDED 30/09/2018	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	38,745	444,139	6,715	-	489,599
Inter-segment revenue	80,894	3,821	21,152	(105,867)	-
Total Revenue	119,639	447,960	27,867	(105,867)	489,599
Segment Results	36,309	16,395	1,699	(1,872)	52,531
Finance costs					-
Profit before tax					**52,531**

OPERATING SEGMENTS	M&M	W&D	CORP	Adjustments	**GROUP**
PERIOD ENDED 30/09/2017	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	21,044	439,471	7,164	-	467,679
Inter-segment revenue	76,118	583	17,007	(93,708)	-
Total Revenue	97,162	440,054	24,171	(93,708)	**467,679**
Segment Results	27,691	14,110	(606)	(1,527)	39,668
Finance costs					(1)
Profit before tax					**39,667**
Segment assets					
30-Sep-2018	189,591	288,387	55,020	(8,262)	**524,736**
31-Dec-2017	134,100	277,794	54,013	(9,004)	**456,903**
Segment liabilities					
30-Sep-2018	(53,341)	(87,808)	(6,590)	(7,839)	**(155,578)**
31-Dec-2017	(22,261)	(80,052)	(4,366)	(6,569)	**(113,248)**

A10 Significant Events After the Reporting Date

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

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 September 2018.

A12 Property, plant and equipment

During the current quarter ended 30 September 2018, prepaid capital expenditure paid by and assets acquired by the Group was RM 33.8 million (30 September 2017: RM 12.5 million).

Assets with carrying amount of RM Nil were disposed of by the Group during the current quarter ended 30 September 2018 (30 September 2017: RM 346,000), resulting in a net gain on disposal of RM 71,000 (30 September 2017: RM 400,000), recognised and included in other income in the statement of comprehensive income.

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (continued)

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 September 2018 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	18,767
Authorised capital expenditure approved but not contracted for	10,775
	29,542

A14 Related Party Transactions

The Group does not have any significant transactions with related parties during the period ended 30 September 2018 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2017.

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.

	30/09/2018	31/12/2017
Financial liabilities:	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	44	(111)

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 2017.

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
(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

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year Corresponding Period	Changes
	30/09/2018	30/09/2017		30/09/2018	30/09/2017	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	165,253	157,730	4.8%	489,599	467,679	4.7%
Operating Profit	16,376	12,582	30.2%	47,131	37,242	26.6%
Profit Before Interest and Tax	18,637	13,302	40.1%	52,531	39,668	32.4%
Profit Before Tax	18,637	13,302	40.1%	52,531	39,667	32.4%
Profit After Tax	14,942	11,290	32.3%	41,864	31,689	32.1%
Profit Attributable to Ordinary Equity Holders of the Parent	14,897	11,270	32.2%	41,777	31,658	32.0%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the third quarter of 2018, the Group achieved revenue of RM 165.3 million, 4.8% higher than the RM 157.7 million in the third quarter of 2017. Private sector sales of pharmaceutical and consumer healthcare products were robust, especially for Group branded products. Revenue growth was also helped by higher contract manufacturing and public sector pharmaceutical sales in both Malaysia and Singapore. Share of profit from associate company Straits Apex Sdn Bhd was RM 2.26 million, significantly improved over the RM 0.72 million recognized in the third quarter of 2017. With a greater proportion of higher margin proprietary products in the sales mix, group profit before tax for the third quarter rose to RM 18.6 million, 39.8% higher than the RM 13.3 million achieved in the corresponding period in 2017.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first nine months of 2018, the Group achieved revenue of RM 489.6 million, a growth of 4.7% when compared to the RM 467.7 million in the same period in 2017. Across the business units, revenue growth was strongest for private sector pharmaceutical and consumer healthcare products, international exports, sales to government agencies and contract manufacturing services.

Group operating expenses are within budget and in line with expectations. Year to date revenue at associated company Straits Apex Sdn Bhd rose 46% compared to the same period in 2017, the result of growing orders from both existing and new customers. Accordingly, share of associate earnings reached RM 5.4 million, 123% better than the RM 2.4 million recognized in 2017 for the same period. Group profit before tax for the first nine months was RM 52.5 million, 32.2% higher than the RM 39.7 million achieved in the corresponding period in 2017. Profit after Taxation also rose 32% from RM 31.7 million to RM 41.8 million.

As at 30 September 2018, the capital expenditure paid in relation to the new oral solid dosage plant, SPP NOVO, was RM 68.7 million. The revised estimate for the project is RM 80 million, which is scheduled for completion in the fourth quarter of 2018, subject to obtaining approvals from all relevant authorities.

B2 Material changes in the profit before tax for the quarter

	Current Quarter 30/09/2018	Immediate Preceding Quarter 30/06/2018	Changes	
	RM'000	RM'000	RM'000	(%)
Operating Profit	16,376	15,864	512	3.2%
Profit Before Interest and Tax	18,637	17,368	1,269	7.3%
Profit Before Tax	18,637	17,368	1,269	7.3%
Profit After Tax	14,942	13,701	1,241	9.1%
Profit Attributable to Ordinary Equity Holders of the Parent	14,897	13,699	1,198	8.7%

Profit before tax for the current quarter was RM 18.6 million, 7.3% higher than the RM 17.4 million reported for the second quarter of 2018. This was due to higher revenue and improved margins arising from a better sales mix in the third quarter when compared to the immediate preceding quarter.

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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

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

B3 Commentary

a Prospects

The Group's core businesses continue to perform well in the third quarter of 2018, driven by the Group's focus on growing sales of Group branded products, new product development, brand management, customer service and operational efficiency. There are no new material changes to the business prospects previously furnished with the Group's second quarterly report for the current year. Barring unforeseen circumstances, the Board expects the Group's performance for both the fourth quarter and financial year 2018 to be satisfactory.

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	
	30/09/2018 RM'000	30/09/2017 RM'000	30/09/2018 RM'000	30/09/2017 RM'000
In respect of current period:				
Income tax	3,271	2,637	10,418	8,835
Deferred tax	81	(287)	(950)	(894)
Foreign tax	420	211	1,276	586
	3,772	2,561	10,744	8,527
In respect of prior period:				
Income tax	(77)	(549)	(77)	(549)
	3,695	2,012	10,667	7,978

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

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 8 November 2018.

B8 Group Borrowings and Debt Securities

	As at 30/09/2018					
	Long Term		Short Term		Total Borrowings	
	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
Secured bank loans	-	17,518	-	5,858	-	23,376
Finance lease	-	-	1	-	1	-

	As at 31/12/2017					
	Long Term		Short Term		Total Borrowings	
	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
Finance lease	-	-	2	-	2	-

^ The finance lease was denominated in SGD at exchange rate of SGD 1: RM 3.00 (31 December 2017: SGD 1: RM 3.10), equivalent to RM 4,000 (31 December 2017: RM 7,000). There was no hedging for this SGD denominated finance lease, it was a hire purchase used for the operations of a sudsidiary in Singapore.

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

B8 Group Borrowings and Debt Securities (continued)

As at 30 September 2018, the Group's total borrowing was RM23.8 million, an increase of RM23.4 million compared to the corresponding quarter last year. This increase was to part finance the construction of the new oral solid dosage plant, SPP NOVO by Xepa-Soul Pattinson (Malaysia) Sdn Bhd, a wholly-owned subsidiary of the Company. The loans were denominated in Ringgit Malaysia and secured by a Corporate Guarantee provided by the Company. The weighted average interest rates were based on 0.85% p.a. over one-month Effective Cost of Funds. These borrowing costs were capitalised in accordance with MFRS 123 Borrowing Costs.

B9 Material Litigation

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

B10 Dividend Payable

a The interim single-tier dividend of 6.5 sen per share in respect of the financial year ending 31 December 2018 which was declared by the Board of Directors in the previous quarter was paid on 28 September 2018. (Year 2017: Interim single-tier dividend of 5.5 sen per share paid on 29 September 2017).

b The total dividend declared and paid to-date in the current financial year is 6.5 sen per share. (Year 2017: Single-tier dividend of 5.5 sen per share).

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	
		30/09/2018	30/09/2017	30/09/2018	30/09/2017
Basic Earnings per share					
Profit after tax	RM'000	14,897	11,270	41,777	31,658
Weighted average number of ordinary shares in issue	'000	117,178	117,146	117,178	117,146
Basic earnings per share	sen	**12.71**	**9.62**	**35.65**	**27.02**
Diluted Earnings per share					
Profit after tax	RM'000	14,897	11,270	41,777	31,658
Weighted average number of ordinary shares in issue	'000	117,178	117,146	117,178	117,146
Effect of dilution-Share options	'000	654	108	654	108
Adjusted weighted average number of ordinary shares in issue	'000	117,832	117,254	117,832	117,254
Diluted earnings per share	sen	**12.64**	**9.61**	**35.45**	**27.00**

B12 Derivative Financial Instruments

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered into in currencies other than their functional currencies by the subsidiary companies. These companies enter into short-term forward foreign exchange contracts to manage their exposure to fluctuations in foreign currency exchange rates on specific transactions arising from trade receivables, payables and capital expenditure.

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/09/2018 RM'000	30/09/2018 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore		
- Less than 1 year	4,947	65
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers		
- Less than 1 year	(878)	(21)
	4,069	44

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

B12 Derivative Financial Instruments (continued)

No derivative was entered into by the Company which has not been disclosed in the preceding financial year or current quarter. Since the end of the previous financial year or current quarter, there is a no change in any of the information disclosed in respect of the following:

a The credit risk, market risk and liquidity risks associated with the derivatives;
b The policies in place for mitigating or controlling the risks associated with these derivatives;
c The related accounting policies.

The net cash requirements relating to these contracts was RM 4,069,000.

B13 Fair Value Changes of Financial Liabilities

As at 30 September 2018, 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 Auditors' report on preceding annual financial statements

The Auditors' report on the Group’s financial statements for the year ended 31 December 2017 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 November 2018.