



APEX HEALTHCARE BERHAD

(473108-T)

Incorporated in Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2002**

THE FIGURES HAVE NOT BEEN AUDITED

**CONDENSED CONSOLIDATED INCOME STATEMENTS
INTERIM REPORT FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	3 MONTHS ENDED		YEAR ENDED	
		31/12/2002	31/12/2001	31/12/2002	<u>Audited</u> 31/12/2001
		RM'000	RM'000	RM'000	RM'000
Revenue	8	37,002	32,269	157,499	136,612
Expenses excluding finance cost and tax		(33,680)	(30,035)	(144,701)	(126,322)
Other Operating Income		120	345	451	973
Profit from operations		3,442	2,579	13,249	11,263
Finance cost		(14)	(41)	(106)	(174)
Share of results of associates and jointly controlled entities		-	-	-	-
Profit before tax	8	3,428	2,538	13,143	11,089
Tax	15	(1,077)	(794)	(3,875)	(2,822)
Profit after tax		2,351	1,744	9,268	8,267
Less: Minority interests		-	-	-	-
Net profit for the period		2,351	1,744	9,268	8,267
Earnings per share		<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
- Basic	27	5.40	4.02	21.30	19.05
- Diluted	27	5.31	4.02	20.95	19.04



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CONDENSED CONSOLIDATED BALANCE SHEET
INTERIM REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	As at 31/12/2002 RM'000	<u>Audited</u> As at 31/12/2001 RM'000
Non Current Assets			
Property, plant and equipment	9	31,554	31,988
Other non-current assets		-	-
		31,554	31,988
Current Assets			
Inventories		28,091	26,978
Trade and other receivables		35,641	28,668
Deposits, bank & cash balances		12,176	6,613
		75,908	62,259
Less: Current Liabilities			
Trade and other payables		25,708	18,825
Retirement benefits		39	501
Provision for taxation		1,081	1,156
Bank borrowings	19	2,187	2,006
Proposed dividend		-	-
		29,015	22,488
Net Current Assets		46,893	39,771
Less: Non-Current Liabilities			
Provision for retirement benefits		1,149	764
Deferred taxation		368	395
		1,517	1,159
		76,930	70,600
Capital and Reserves			
Share Capital	6	43,557	43,400
Reserves		33,373	27,200
Shareholders' equity		76,930	70,600
Net Tangible Assets per share (RM)		1.77	1.63



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE YEAR ENDED 31 DECEMBER 2002**

		<u>Share capital</u>	<u>Share Premium</u>	<u>Non-Distributable Revaluation & other reserves</u>	<u>Distributable Retained Profits</u>	<u>Total</u>
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2002						
- as previously reported		43,400	3,440	5,602	16,422	68,864
- prior year adjustment	1	-	-	-	1,736	1,736
- as restated		43,400	3,440	5,602	18,158	70,600
Currency translation differences		-	-	163	-	163
Net gain not recognised in the income statement				163		163
Net profit for the year		-	-	-	9,268	9,268
Dividends for the year ended:	7					
- 31 December 2001 (final)		-	-	-	(1,740)	(1,740)
- 31 December 2002 (interim)					(1,742)	(1,742)
Issue of shares:						
-Employees Share Option Scheme	6	157	224	-	-	381
Balance as at 31 December 2002		43,557	3,664	5,765	23,944	76,930
Balance as at 1 January 2001						
- as previously reported		43,400	3,440	5,641	11,193	63,674
- prior year adjustment	1	-	-	-	2,604	2,604
- as restated		43,400	3,440	5,641	13,797	66,278
Currency translation differences		-	-	(39)	-	(39)
Net loss not recognised in the income statement				(39)		(39)
Net profit for the year		-	-	-	8,267	8,267
Dividends for the year ended:						
- 31 December 2000 (final)		-	-	-	(2,604)	(2,604)
- 31 December 2001 (interim)					(1,302)	(1,302)
Balance as at 31 December 2001		43,400	3,440	5,602	18,158	70,600



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
INTERIM REPORT FOR THE YEAR ENDED 31 DECEMBER 2002**

	<u>Year ended</u> <u>31.12.2002</u>	<u>Audited</u> <u>Year ended</u> <u>31.12.2001</u>
	<u>RM'000</u>	<u>RM'000</u>
Cash flows from operating activities		
Net profit for the year	9,268	8,267
Adjustments	7,466	5,651
Operating profit before working capital changes	16,734	
Increase in inventories	(1,113)	(4,703)
Increase in receivables	(6,909)	(3,735)
Increase in payables	6,879	1,256
Cash generated from operations	15,591	6,736
Retirement benefits paid	(555)	(24)
Interest paid	(106)	(145)
Tax paid	(4,040)	(2,250)
Interest received	88	202
Net cash generated from operating activities	10,978	4,519
Net cash flow used in investing activities	(2,654)	(6,602)
Net cash flow used in financing activities	(3,274)	(5,202)
Net increase/(decrease) in cash and cash equivalents	5,050	(7,285)
Cash and cash equivalents at the beginning of the interim period	5,946	13,268
Currency translation differences	161	(37)
Cash and cash equivalents at the end of the interim period	11,157	5,946



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
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NOTES TO THE INTERIM REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

1. Accounting policies and methods of computation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, "Interim Financial Reporting" and Paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements. It should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2001.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2001 except for the change in accounting policy on the recognition of final dividends proposed in compliance with MASB 19 which came into effect for financial statements covering periods beginning on or after 1 July 2001.

The final dividend in respect of interim period ended 31 December 2001 which was previously accrued as a liability when proposed by the Board of Directors, is now accrued as a liability after approval by shareholders at the Annual General Meeting. As disclosed in the interim financial report for the three months ended 31 March 2002, the change in accounting policy has been accounted for retrospectively. The effect of the change is disclosed in the condensed consolidated statement of changes in equity.

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 2001.

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 year ended 31 December 2002.

5. 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 and prior financial years.

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

During the interim period ended 31 December 2002, the Company increased its issued and paid up share capital to RM43,557,000 from RM43,546,000 by way of the issue of 11,000 ordinary shares of RM1.00 each following the exercise of share options by employees.

Pursuant to the Company's Employees' Share Option Scheme ("ESOS") that was launched on 8th October 2001, the Company offered an additional 316,000 options under Grant No.2, of which 284,000 options had been accepted at an exercise price of RM2.36.

Other than the above, there were no other 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 interim period ended 31 December 2002.



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7. Dividends paid

Dividends paid during the year ended 31 December 2002	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
- Final tax exempt dividend for the year ended 31 December 2001	4	1,740
- Interim tax exempt dividend for the year ended 31 December 2002	4	1,742
TOTAL	8	3,482

8. Segmental Reporting

BUSINESS SEGMENTS	Manufactu- ring	Retailing and Distribution	Others	Elimi- nation	GROUP
YEAR ENDED 31/12/2002	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	24,097	133,402	-		157,499
Inter-segment revenue	14,155	-	26,881	(41,036)	-
Total Revenue	38,252	133,402	26,881	(41,036)	157,499
Profit/(Loss) before tax	9,834	4,576	(1,267)	-	13,143
 YEAR ENDED 31/12/2001	 RM'000	 RM'000	 RM'000	 RM'000	 RM'000
External revenue	20,902	115,710	-		136,612
Inter-segment revenue	12,745	-	7,011	(19,756)	-
Total Revenue	33,647	115,710	7,011	(19,756)	136,612
Profit/(Loss) before tax	8,265	3,734	(910)	-	11,089

9. Valuations of Property, Plant & Equipment

The carrying value of land and buildings is based on a valuation carried out in year 2000 by independent qualified valuers using the comparison and investment method that have been brought forward, without amendment from the previous year's audited financial statements.

10. Significant Post Balance Sheet Events

There were no significant events that had arisen subsequent to the end of the year ended 31 December 2002.

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 year ended 31 December 2002.



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NOTES TO THE INTERIM REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

12. Changes in Contingent liabilities or Contingent assets.

- (i) Corporate guarantees that have been furnished by the Company to banks in respect of credit facilities utilized by its subsidiaries decreased from RM4.2 million at 31 December 2001 to RM2.7 million at 31 December 2002
- (ii) There were no contingent assets since the end of the last annual balance sheet date.

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2002 are as follows:

<u>Property, Plant and Equipment</u>	<u>RM'000</u>
Authorised and contracted	5,069
Authorised but not contracted	9,003
	14,072
	14,072

14. Related Party Transactions

Significant related party transactions of the Group for the year ended 31 December 2002 are as follows:

	<u>RM'000</u>
With Grafton Pharmasia Pte Ltd	
Sale of goods	5,739
Purchase of goods	2,364
With Grafton Laboratories Pte Ltd	
Royalty	219

Grafton Pharmasia Pte Ltd and Grafton Laboratories Pte Ltd are both subsidiaries of United Medicorp Pte Ltd, which holds 30% equity interest in Apex Pharmacy Holdings Sdn Bhd, a substantial shareholder of the Company.

15. Tax charge

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2002	31/12/2001	31/12/2002	31/12/2001
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- income tax	1,163	751	3,842	2,426
- deferred tax	(143)	42	(27)	395
	1,020	793	3,815	2,821
In respect of prior year:				
- income tax	57	1	60	1
	1,077	794	3,875	2,822

The effective tax rate is marginally higher than the statutory income tax rate due to certain expenses which are not deductible for tax purposes.



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16. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties during the year ended 31 December 2002.

17. Quoted Securities

- (i) There were no acquisitions or disposals of quoted securities during the year ended 31 December 2002.
- (ii) There were no quoted securities held at 31 December 2002.

18. Status of Corporate Proposals

The Company's corporate proposals comprising the following –

- a. Proposed bonus issue of up to 23,870,000 new ordinary shares of RM1.00 each in the Company credited as fully paid on the basis of one (1) bonus share for every two (2) existing ordinary shares of RM1.00 each in the Company by way of capitalization from the share premium and retained profits of the Company and
- b. Proposed transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company from the Second Board to the Main Board of the Kuala Lumpur Stock Exchange

had been submitted to the relevant authorities for approval through its Advisor, Commerce International Merchant Bankers Berhad.

19. Group Borrowings and Debt Securities

- (i) The Group's current bank borrowings denominated in Ringgit Malaysia as at 31 December 2002 are as follows:

Bank borrowings	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
- Banks	-	2,187	2,187
- Others	-	-	-
TOTAL	-	2,187	2,187

- (ii) The Group did not have any non-current bank borrowings and debt securities denominated either in Ringgit Malaysia or foreign currency as at 31 December 2002.



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20. Off Balance Sheet Financial Instruments

- (i) At 18 February 2003, the Group's outstanding forward foreign exchange contracts for trade receivables are as follows –

Contracted amount in S\$'000	RM'000 equivalent	Contractual rate	Maturity date
138	303	2.180 to 2.188	30 June 2003
83	179	2.154 & 2.180	31 July 2003
221	482		

- (ii) The Group does not anticipate any market or credit risks arising from these financial instruments.
- (iii) The Group enters into short-term forward foreign exchange contracts to manage its exposure to fluctuations in foreign currency exchange rates on specific transactions arising from trade receivables.
- (iv) The Group's policy is that foreign currency transactions hedged by forward foreign exchange contracts are translated to Ringgit Malaysia at the rates specified in such forward contracts. Exchange differences do not arise from such transactions as the rates used at transaction dates are similar to that adopted at settlement dates

21. Material Litigations

The Company and its subsidiaries have no outstanding material litigations at the date of this report.

22. Material changes in the profit before taxation for the quarter

For the quarter under review, the Group's profit before tax is RM 3.43 million, a 6% increase over RM 3.23 million recorded in the immediate preceding quarter.

23. Review of Performance

The Group recorded a turnover of RM 37.0 million and profit before tax of RM 3.43 million for the current quarter. For the year ended 31 December 2002, the Group recorded a turnover of RM 157.5 million and profit before tax of RM 13.14 million, increases of 15% and 19% respectively over that recorded for the previous interim period ended 31 December 2001.

During the quarter the Group's retail division opened its 22nd retail pharmacy outlet at Tesco Hypermarket in Klang. Apex Pharmacy Marketing Sdn Bhd was appointed as an exclusive sub-distributor for Reckitt & Colman (Overseas) Ltd's range of products which includes Dettol[®], Bonjela[®] and Gaviscon[®] to general practitioners and private hospitals in Malaysia. Products that were launched by the manufacturing division during the year have done well both domestically and overseas. Adezio[®] Oral Suspension was launched during the quarter. The full year performance of the Group has exceeded the initial expectations of the Board of Directors.



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24. Prospects for the next interim period

The economic uncertainty prevailing during the previous year is expected to continue at least into the first half of the present interim period, with the possibility of hostilities in the Persian Gulf an important factor. Sales of the Group in its major markets remain encouragingly robust despite the difficult trading conditions, due in part to strategic introduction of new products, and aggressive marketing and sales initiatives. By continuing with this strategy, and barring unforeseen circumstances, the Board is confident that the Group will perform well during the current year.

25. Profit Forecast

Not applicable.

26. Dividends

- (i) The Board of Directors is recommending a final dividend of 5 sen gross per share less 28% tax for shareholders' approval at the forthcoming Annual General Meeting (Year 2001: Tax exempt of 4 sen per share).
- (ii) The total dividend for the current interim period is 9 sen comprising a tax exempt of 4 sen per share and 5 sen gross per share less 28% tax (Year 2001: Tax exempt of 7 sen per share).

27. Earnings per share

		3 MONTHS ENDED		YEAR ENDED	
		31/12/2002	31/12/2001	31/12/2002	31/12/2001
Basic Earnings per share					
Net profit for the period	RM'000	2,351	1,744	9,268	8,267
Weighted average number of ordinary shares in issue	'000	43,516	43,400	43,516	43,400
Basic earnings per share	sen	5.40	4.02	21.30	19.05
Diluted Earnings per share					
Net profit for the period	RM'000	2,351	1,744	9,268	8,267
Weighted average number of ordinary shares in issue	'000	43,516	43,400	43,516	43,400
Adjustment for share options	'000	714	21	714	21
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	44,230	43,421	44,230	43,421
Diluted earnings per share	sen	5.31	4.02	20.95	19.04