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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

		3 MONTHS ENDED		PERIOD ENDED	
	Note	30/06/2006	30/06/2005	30/06/2006	30/06/2005
		RM'000	RM'000	RM'000	RM'000
Revenue	10	**54,870**	**48,664**	**112,954**	**101,536**
Cost of sales		(42,747)	(36,659)	(86,482)	(75,931)
Gross profit		**12,123**	**12,005**	**26,472**	**25,605**
Other income		192	209	353	347
Selling & marketing expenses		(5,962)	(6,279)	(12,377)	(13,596)
Administrative expenses		(2,763)	(2,644)	(5,505)	(4,537)
Other expenses		(72)	(138)	(115)	(276)
Gain on disposal of subsidiary		-	4,946	-	4,946
Finance cost		(320)	(145)	(577)	(229)
Negative goodwill arising from the acquisition of subsidiary			-	1,007	-
Share of profit of associate		414	-	604	-
Profit before tax		**3,612**	**7,954**	**9,863**	**12,260**
Income tax expense	21	(871)	(1,218)	(2,372)	(2,350)
Net profit for the period		**2,740**	**6,736**	**7,492**	**9,910**
Attributable to:					
Equity holders of the parent		2,740	6,736	7,492	9,910
Minority interest		-	-	-	-
		2,740	**6,736**	**7,492**	**9,910**
Earnings per share attributable to equity holders of the parent:		**Sen**	**Sen**	**Sen**	**Sen**
- Basic	29	**4.04**	**10.00**	**11.06**	**14.71**
- Diluted	29	**4.04**	**9.93**	**11.03**	**14.61**

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2005 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 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2006

	Note	As at 30/06/2006 RM'000	Audited As at 31/12/2005 RM'000 (restated)
Non-Current Assets			
Property, plant and equipment	3 & 11	50,641	46,175
Investment properties	3	2,884	2,913
Intangible assets	3	1,961	852
Investment in associate		10,087	9,784
		65,573	59,724
Current Assets			
Inventories		41,070	35,608
Trade and other receivables		59,613	50,524
Deposits, bank and cash balances		6,241	7,116
		106,924	93,248
TOTAL ASSETS		**172,497**	**152,972**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		68,294	67,649
Reserves		6,665	6,338
Retained earnings		33,318	28,584
		108,277	102,571
Minority interest		-	-
TOTAL EQUITY		**108,277**	**102,571**
Non-Current Liabilities			
Borrowings	25	2,810	3,134
Deferred tax liabilities		3,607	3,547
		6,417	6,681
Current Liabilities			
Borrowings	25	17,600	11,209
Trade and other payables		39,656	32,478
Current tax payable		547	33
Dividend payable		-	-
		57,803	43,720
TOTAL LIABILITIES		**64,220**	**50,401**
TOTAL EQUITY AND LIABILITIES		**172,497**	**152,972**
Net Assets per share attributable to ordinary equity holders of the parent		**RM**	**RM**
		1.59	**1.52**

The Condensed Consolidated Balance Sheets should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2005 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 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2006

	Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Non-Distributable Revaluation & other reserves RM'000	Distributable Retained Profits RM'000	Total RM'000
PERIOD ENDED 30 JUNE 2006						
Balance as at 1 January 2006		67,649	986	5,352	28,584	102,571
Foreign currency translation, representing amount recognised directly in equity				(74)	-	(74)
Net profit for the 6-months period					7,492	7,492
Total recognised income and expense for the period					7,492	7,492
Dividends - 31 December 2005 (final)	9				(2,459)	(2,459)
Issue of ordinary shares pursuant to ESOS	8	645	402			1,047
Balance as at 30 June 2006		**68,294**	**1,388**	**5,278**	**33,617**	**108,577**
PERIOD ENDED 30 JUNE 2005						
Balance as at 1 January 2005		67,372	810	6,074	16,977	91,233
Foreign currency translation, representing amount recognised directly in equity				-	-	-
Net profit for the 6-months period					9,910	9,910
Total recognised income and expense for the period					9,910	9,910
Dividends - 31 December 2004 (final)	9				(2,429)	(2,429)
Issue of ordinary shares pursuant to ESOS		91	60			151
Balance as at 30 June 2005		**67,463**	**870**	**6,074**	**24,458**	**98,865**

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 2005 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 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

	Note	Period ended 30/06/2006 RM'000	Period ended 30/06/2005 RM'000
Cash flows from operating activities			
Profit before tax		**9,863**	**12,260**
Adjustments:			
Depreciation and amortization		2,320	1,871
(Profit)/loss on disposal of property, plant and equipment		(68)	(91)
Profit on disposal of subsidiary		-	(4,946)
Share of profit of associate		(304)	-
Negative goodwill arising from acquisition of subsidiary		(1,007)	-
Other non-cash items		795	463
Operating profit before working capital changes:		11,599	9,557
Inventories and receivables		4,135	(15,185)
Payables		(12,124)	9,538
Cash generated from operations		3,610	3,910
Cash used in operating activities:			
Tax paid		(1,752)	(1,819)
Net cash generated from operating activities		**1,858**	**2,091**
Cash flows from investing activities:			
Purchase of property, plant and equipment & intangible assets		(2,397)	(3,555)
Net cash inflow from acquisition of subsidiary	13	1,580	-
Proceeds from disposal of subsidiary		-	9,334
Proceeds from disposal of property, plant and equipment		72	169
Interest received		69	79
Net cash generated (used in)/from investing activities		**(676)**	**6,027**
Cash flows from financing activities:			
Proceeds from issue of shares		1,047	151
Term loans (repaid)/ raised		(699)	1,813
Dividends paid		(2,459)	(2,429)
Other financing activities paid		(5,421)	(1,188)
Net cash used in financing activities		**(7,532)**	**(1,653)**
Net (decrease)/increase in cash and cash equivalents		**(6,350)**	**6,465**
Cash and cash equivalents at the beginning of the financial year		**2,215**	6,438
Currency translation difference		(74)	**-**
Cash and cash equivalents at the end of the financial period		**(4,209)**	**12,903**

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2005 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 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2006

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 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 2005.

2 Changes in accounting policies

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of these FRS does not have significant financial impact on the Group.

3 Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

		Adjustments		
	Previously stated	FRS 138	FRS 140	Restated
At 31 December 2005	RM'000	RM'000	RM'000	RM'000
Property, Plant & Equipment	49,940	(852)	(2,913)	46,175
Intangible Assets	-	852	-	852
Investment Properties	-	-	2,913	2,913

4 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 2005.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2006 (continued)

5 Seasonality or cyclicality of interim operations

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

6 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 June 2006 except for the negative goodwill arising from the acquisition of subsidiary as disclosed in the Income Statement.

7 Changes in estimates of amounts reported in prior interim years of the current financial year or in prior financial

There were no changes in estimates of amounts reported in the prior interim years of the current and prior financial years.

8 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

During the period ended 30 June 2006, the Company increased its issued and paid-up share capital to RM68,294,200 from RM 67,649,200 by way of issue of 645,000 ordinary shares of RM1.00 each following the exercise of share options by employees.

Other than the above, 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 2006.

9 Dividends paid

The amount of dividends paid during the current and previous interim periods were as follows:

	30/06/2006	30/06/2005
In respect of the financial year ended 31 December	RM'000	RM'000
2005: Final Dividend of 5 sen gross per share less tax paid on 23 June 2006	2,459	
2004: Final Dividend of 5 sen gross per share less tax paid on 23 June 2005		2,429
	2,459	2,429

10 Segmental Reporting

BUSINESS SEGMENTS	Manufac-turing	Retailing and distribution	Investment holding	GROUP
PERIOD ENDED 30/06/2006	RM'000	RM'000	RM'000	RM'000
Total Revenue	23,343	96,079	1,100	120,522
Inter-segment revenue	(6,816)	-	(752)	(7,568)
External Revenue	16,527 0	96,079	348 0	**112,954**
Segment Results (external)	6,123	3,792	(392)	9,523
Unallocated corporate expenses				(693)
Finance costs				(577)
Negative goodwill from the acquisition of subsidiary				1,007
Share of results of associate				604
Profit before tax				**9,864**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2006 (continued)

10 Segmental Reporting - cont'd

BUSINESS SEGMENTS	Manufac-turing	Retailing and distribution	Investment holding	**GROUP**
PERIOD ENDED 30/06/2005	RM’000	RM’000	RM’000	RM’000
Total Revenue	21,553	87,268	1,253	110,074
Inter-segment revenue	(7,451)	-	(1,086)	(8,537)
External Revenue	14,102 0	87,268	167 0	**101,537**
Segment Results (external)	5,536	3,749	(1,308)	7,977
Unallocated corporate expenses				(434)
Gain on disposal of subsidiary				4,946
Finance costs, net				(229)
Profit before tax				**12,260**

11 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.

12 Significant Post Balance Sheet Events

On 7th July 2006, the Company incorporated a new wholly owned subsidiary in Singapore, Avex Pharmaceuticals Pte Ltd, with an initial capital of SGD2.

Other than the above, there were no significant events that had arisen subsequent to the end of this current period.

13 Changes in Group Composition

Other than the disclosure in note 12, 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 2006.

14 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 27.

15 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2006 are as follows:

Property, Plant and Equipment	RM'000
Authorised and contracted for	2,131
Authorised but not contracted for	24,064
	26,195

16 Related Party Transactions

There were no related party transactions during the period ended 30 June 2006.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2006 (continued)

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

17 Review of Performance

For the second quarter ended 30 June 2006, AHB Group's revenue was RM 54.8 million and profit before tax was RM 3.6 million. Year to date profit before tax is RM 9.9 m on the back of revenue of RM 113 m.

Group operations performed in line with expectations. Xepa-Soul Pattinson has completed piling for its new production facility whilst the upgrading of air-handling systems in the existing plants is nearing completion. Apex Pharmacy Marketing continues to grow market share, and efforts are being made to limit the impact of rising transport, utilities and interest costs. Sales of Agnesia® medicated powders for the first half year are 17% higher than in the corresponding period last year.

18 Material changes in the profit before tax for the quarter

The decrease in the profit before tax in the quarter under review as compared to the immediately preceding quarter is due primarily to a one time recognition of RM 1.0 million negative goodwill in the first quarter of 2006, arising from the acquisition of Grafton Pharmasia Pte Ltd by the Group, as well as a greater contribution from higher margin products in the first quarter.

19 Prospects

Barring unforseen circumstances, the Board expects financial performance for the remainder of the financial year to be satisfactory. Substantial investment in the Group's new and existing manufacturing plant, which is currently underway, will ensure the division's continued growth and competitiveness.

20 Profit Forecast /Profit Guarantee

Not applicable.

21 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
income tax	868	1,080 #	2,312	2,173
deferred tax	3	138 #	60	177
	871	1,218 #	2,372	2,350 #
In respect of prior year:				
income tax		0		0
	871	1,218 #	2,372	2,350

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2006 (continued)

22 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the period ended 30 June 2006.

23 Quoted Securities

(a) There were no acquisitions or disposals of quoted securities during the period ended 30 June 2006.

(b) There were no quoted securities held as at 30 June 2006.

24 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 17th August 2006.

25 Group Borrowings and Debt Securities

(a) The Group's bank borrowings denominated in Ringgit Malaysia as at 30 June 2006 were as follows:

Bank borrowings (Unsecured) Domestic	Current RM'000	Non-current RM'000	Total RM'000
Banks	17,600	2,810	20,410
Others	-	-	-
Total	17,600	2,810	20,410

(b) The Group did not have any non-current debt securities denominated either in Ringgit Malaysia or foreign currency as at 30 June 2006

26 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) At 17th August 2006, 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	Contractual rate	Maturity date
SGD 167	384	2.28 to 2.30	29-Dec-06
SGD 88	202	2.30	31-Jan-07
USD 83	302	3.66	25-Aug-06
	888		

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2006 (continued)

27 Material Litigation

As reported in the previous quarter, the Company's wholly-owned subsidiary, Apex Pharmacy Marketing Sdn Bhd ("APM"), together with Stable Growth Sdn Bhd ("SGSB"), the main contractor for APM's new warehouse and corporate headquarters ("the Building") located at 2, Jalan SS13/5, Subang Jaya, 47500 Petaling Jaya, (APM and SGSB are collectively known as "co-defendents"), had on 19 August 2005, been served with a writ of summons filed by Memory Tech Sdn Bhd ("Plaintiff"). The Plaintiff has claimed a sum of RM90,058.15 as damages and RM1,596,000 as consequential losses, arising from the alleged damage to the Plaintiff's building and resulting short circuit caused by a piece of roofing material that the Plaintiff alleges was blown off the roof of the Building while it was being constructed.

APM has denied liability for any such losses and will vigorously defend the suit. APM has instructed its solicitors to seek redress against any party liable for such damage if the same is proven, including the insurers involved during the construction of the building. APM's solicitors have advised that it has a strong defence and is likely to succeed in avoiding liability for such damage and/or being indemnified for any liability by insurers of its contractors.

As at 17th August 2006, there has been no change in the status save as disclosed above.

28 Dividends

(a) The Board of Directors is pleased to declare the payment of an interim dividend of 5 sen gross per share less 28% tax in respect of the financial year ending 30 December 2006, resulting in a total dividend for the current financial year of 5 sen (Year 2005: Interim dividend of 5 sen gross per share less 28% tax).

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

29 Earnings per share

		3 MONTHS ENDED		PERIOD ENDED	
		30/06/2006	30/06/2005	30/06/2006	30/06/2005
Basic Earnings per share					
Profit after tax	RM'000	2,740	6,736 ♯	7,492	9,910
Weighted average number of ordinary shares in issue	'000	67,757	67,351	67,757	67,351
Basic earnings per share	sen	**4.04**	**10.00**	**11.06**	**14.71**
Diluted Earnings per share					
Profit after tax	RM'000	2,740	6,736	7,492	9,910
Weighted average number of ordinary shares in issue	'000	67,757	67,351	67,757	67,351
Adjustment for share options	'000	135	464	135	464
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	67,892	67,815	67,892	67,815
Diluted earnings per share	sen	**4.04**	**9.93**	**11.03**	**14.61**