



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

	Note	3 MONTHS ENDED		PERIOD ENDED	
		31/03/2010	31/03/2009	31/03/2010	31/03/2009
		RM'000	RM'000	RM'000	RM'000
Revenue	9	77,534	70,278	77,534	70,278
Cost of sales		(56,439)	(52,913)	(56,439)	(52,913)
Gross profit		21,095	17,365	21,095	17,365
Other income		263	355	263	355
Selling & marketing expenses		(9,433)	(8,682)	(9,433)	(8,682)
Administrative expenses		(3,493)	(2,910)	(3,493)	(2,910)
Other expenses		(141)	(176)	(141)	(176)
Finance cost		(83)	(217)	(83)	(217)
Share of results of associates		640	196	640	196
Profit before tax	9	8,848	5,931	8,848	5,931
Income tax expense	21	(1,930)	(1,656)	(1,930)	(1,656)
Net profit for the period		6,918	4,275	6,918	4,275
Attributable to:					
Equity holders of the Company		6,704	4,229	6,704	4,229
Minority interest		214	46	214	46
Net profit for the period		6,918	4,275	6,918	4,275
Earnings per share attributable to equity holders of the Company:					
		<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
- Basic	29	8.94	5.64	8.94	5.64
- Diluted	29	8.94	5.64	8.94	5.64

The Condensed Consolidated Income Statements should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Report.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2010

Note	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	6,918	4,275	6,918	4,275
Other comprehensive income / (expense)				
Currency exchange differences on translating foreign entities	-	-	-	-
Deferred tax on revaluation reserve	(33)	-	(33)	-
Total comprehensive income for the period	6,885	4,275	6,885	4,275
Attributable to:				
Equity holders of the Company	6,671	4,229	6,671	4,229
Minority interest	214	46	214	46
Total comprehensive income for the period	6,885	4,275	6,885	4,275

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Report.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

		<u>Audited</u>	
	As at	As at	
Note	31/03/2010	31/12/2009	
	RM'000	RM'000	
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	66,970	66,710
Investment properties		3,779	3,800
Intangible assets		1,344	1,405
Investment in associates	2	32,575	35,791
Available-for-sale investment	2	3,928	-
Deferred tax assets		165	58
		<u>108,761</u>	<u>107,764</u>
Current Assets			
Inventories		42,161	41,562
Trade and other receivables		74,791	67,704
Deposits, bank and cash balances		25,404	19,950
		<u>142,356</u>	<u>129,216</u>
TOTAL ASSETS		<u>251,117</u>	<u>236,980</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		53,832	47,336
Borrowings	25	2,498	2,798
Derivatives	26	43	-
Current tax payable		2,698	1,572
		<u>59,071</u>	<u>51,706</u>
Non-Current Liabilities			
Borrowings	25	8,376	8,943
Deferred tax liabilities		4,402	3,948
		<u>12,778</u>	<u>12,891</u>
TOTAL LIABILITIES		<u>71,849</u>	<u>64,597</u>
		<u>179,268</u>	<u>172,383</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		74,974	74,974
Reserves		12,460	12,493
Retained earnings		81,785	75,081
		<u>169,219</u>	<u>162,548</u>
Minority interest		10,049	9,835
		<u>179,268</u>	<u>172,383</u>
		<u>RM</u>	<u>RM</u>
Net Assets per share attributable to ordinary equity holders of the Company		<u>2.26</u>	<u>2.17</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Report.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2010

	Note	<u>Non-Distributable</u>			<u>Distributable</u>		Total RM'000
		Share Capital RM'000	Share Premium RM'000	Revaluation & other reserves RM'000	Retained Profits RM'000	Minority Interests RM'000	
<u>PERIOD ENDED 31 MARCH 2010</u>							
Balance as at 1 January 2010		74,974	5,305	7,188	75,081	9,835	172,383
Net profit for the 3-months period		-	-	-	6,704	214	6,918
Other comprehensive income/(expense)		-	-	(33)	-	-	(33)
Total comprehensive income/(expense)		-	-	(33)	6,704	214	6,885
Dividends	8	-	-	-	-	-	-
Balance as at 31 March 2010		74,974	5,305	7,155	81,785	10,049	179,268
<u>PERIOD ENDED 31 MARCH 2009</u>							
Balance as at 1 January 2009		74,974	5,305	3,992	58,419	7,430	150,120
Net profit for the 3-months period		-	-	-	4,229	46	4,275
Other comprehensive income/(expense)		-	-	-	-	-	-
Total comprehensive income/(expense)		-	-	-	4,229	46	4,275
Dividends		-	-	-	-	-	-
Balance as at 31 March 2009		74,974	5,305	3,992	62,648	7,476	154,395

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 2009 and the accompanying explanatory notes attached to the Interim Financial Report.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2010

	PERIOD ENDED	
	31/03/2010	31/03/2009
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	8,848	5,931
Adjustments:		
Depreciation and amortization	1,547	1,567
Net profit on disposal of property, plant and equipment	(61)	(138)
Share of results of associates	(640)	(196)
Other non-cash items	258	853
Operating profit before working capital changes:	9,952	8,017
Inventories and receivables	(7,729)	(6,036)
Payables	6,496	9,630
Cash generated from operations	8,719	11,611
Tax paid	(657)	(837)
Net cash generated from operating activities	8,062	10,774
Cash flows from investing activities		
Purchase of property, plant and equipment & intangible assets	(1,746)	(1,197)
Proceeds from disposal of property, plant and equipment	61	141
Interest received	27	18
Net cash used in investing activities	(1,658)	(1,038)
Cash flows from financing activities:		
Term loans repaid	(750)	(749)
Other financing activities paid	(200)	(937)
Net cash used in financing activities	(950)	(1,686)
Net increase in cash and cash equivalents	5,454	8,050
Cash and cash equivalents at the beginning of the financial period	19,950	5,711
Currency translation difference	-	-
Cash and cash equivalents at the end of the financial period	25,404	13,761

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Report.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

1 Accounting policies and methods of computation

The interim financial report has been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: properties included within property, plant and equipment as disclosed in note 10, investment properties, and derivatives.

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 2009.

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2009, except for the adoption of the following Financial Reporting Standards ("FRS") and Interpretations as follows:

FRS 7: Financial Instruments: Disclosures

FRS 8: Operating Segments

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Equity of Associate

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

The adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group except for the adoption of the following standards:

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to show all items of income and expense in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group.

The adoption of FRS 139 has resulted in the recognition of short term forward forex contracts at fair values classified as derivatives upon initial adoption. Subsequent changes to the fair values of the derivatives are recognized as other income or expense in the income statement.

2 Reclassification

On 15 March 2010, the Group's Investment in Associate, Maritzberg Investments Ltd., which holds 95% equity interest in PT Penta Valent ("PT PV") was reclassified as available-for-sale financial asset following the resignation of the Group's sole corporate representative from the PT PV Board of Commissioners.

3 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 2009.

4 Seasonality or cyclicity of interim operations

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

5 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 31 March 2010.

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010 (continued)****6 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.

7 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 2010.

8 Dividends paid

There were no dividends paid during the current period ended 31 March 2010.

9 Segmental Reporting

BUSINESS SEGMENTS	Manufacturing	Marketing and distribution	Investment holding	GROUP
PERIOD ENDED 31/03/2010	RM'000	RM'000	RM'000	RM'000
Total Revenue	19,118	64,362	605	84,085
Inter-segment revenue	(6,077)	-	(474)	(6,551)
External Revenue	13,041	64,362	131	77,534
Segment Results (external)	5,753	3,359	(482)	8,630
Unallocated corporate expenses				(339)
Finance costs				(83)
Share of results of associate				640
Profit before tax				8,848

BUSINESS SEGMENTS	Manufacturing	Marketing and distribution	Investment holding	GROUP
PERIOD ENDED 31/03/2009	RM'000	RM'000	RM'000	RM'000
Total Revenue	16,512	58,054	605	75,171
Inter-segment revenue	(4,427)	-	(466)	(4,893)
External Revenue	12,085	58,054	139	70,278
Segment Results (external)	4,505	2,639	(892)	6,252
Unallocated corporate expenses				(300)
Finance costs				(217)
Share of results of associate				196
Profit before tax				5,931

10 Valuations of Property, Plant and Equipment

The carrying value of land and buildings is based on a valuation carried out in the year ended 31 December 2009 by independent qualified valuers using the comparison and depreciated replacement cost methods to reflect their market value.

11 Significant Post Balance Sheet Events

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

12 Changes in Group Composition

The Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the period ended 31 March 2010.

13 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.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010 (continued)

14 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 March 2010 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	3,913
Authorised capital expenditure approved but not contracted for	3,249
	<u>7,162</u>

15 Related Party Transactions

There were no related party transactions during the period ended 31 March 2010.

16 Review of Performance

For the first quarter of 2010, the Group achieved revenue of RM 77.5 million and profit before tax of RM 8.8 million. These represent increases of 10% and 49% respectively over that recorded for the similar period in 2009.

Manufacturing continued to perform strongly, boosted by a 40% growth in sales into the Malaysian private sector over the same period last year. Pharmaceutical wholesale, marketing and distribution also returned record results, with sales and distribution of the Consumer Division exceeding budget. Own brand products introduced into the market in the first quarter include Aslene (orlistat) for weight management, and AvoMeter, a range of blood glucose monitors and test strips.

Operations in China maintained its growth momentum, with first quarter 2010 attributable net profits increasing more than threefold over that achieved in the same period last year.

17 Material changes in the profit before tax for the quarter

Profit before tax of RM 8.8 million for the current quarter is 28% lower than the RM 12.3 million recorded in the last quarter of 2009. In the last quarter of 2009, Xiamen Maidiken Science & Technology Co Ltd's intermediate holding company for its retail and distribution operations, Luyan (Fujian) Pharma Co Ltd, issued new shares at a premium to new investors for a 24.5% equity stake. Recognition by Group of its share of the premium contributed a non-recurring income of RM 3.4 million in the fourth quarter of 2009.

18 Commentary

(a) Prospects

The robust business momentum generated by the Group in 2009 has continued into the first quarter of 2010, aided by encouraging regional economic recovery. Barring unforeseen circumstances, the Group expects performance in 2010 to be satisfactory.

(b) Progress to achieve forecast revenue or profit estimate

Not applicable

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

Not applicable

20 Profit Forecast /Profit Guarantee

Not applicable.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010 (continued)

21 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
income tax	1,687	1,623	1,687	1,623
deferred tax	243	33	243	33
others	-	-	-	-
	<u>1,930</u>	<u>1,656</u>	<u>1,930</u>	<u>1,656</u>
In respect of prior period:				
income tax	-	-	-	-
deferred tax	-	-	-	-
	<u>1,930</u>	<u>1,656</u>	<u>1,930</u>	<u>1,656</u>

The effective tax rate for the current quarter and financial year-to-date was lower than the statutory tax rate principally due to the non-taxable profits contributed by the Group's associated company.

22 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the period ended 31 March 2010.

23 Quoted Securities

- (a) There were no acquisitions or disposals of quoted securities during the period ended 31 March 2010.
(b) There were no quoted securities held as at 31 March 2010.

24 Status of Corporate Proposals

On 10 March 2010, the Company announced the proposed bonus issue of 18,743,375 new ordinary shares of RM1 each in the Company on the basis of one bonus share for every four existing shares held at a date to be determined, by way of capitalizing a sum of approximately RM5.31 million from the Company's share premium account and up to approximately RM13.44 million from the Company's retained profits based on the audited financial statements of the Company as at 31 December 2009.

On 20 April 2010, Bursa Securities approved in principle the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities pursuant to the proposed bonus issue which is now subjected to only the shareholders' approval at the forthcoming Extraordinary General Meeting.

Other than the above, there were no other corporate proposals announced but not completed as at 12th May 2010.

25 Group Borrowings and Debt Securities

	AS AT	
	31/03/2010	31/12/2009
	RM'000	RM'000
Short term bank borrowings		
Secured	191	255
Unsecured	2,307	2,543
Total	<u>2,498</u>	<u>2,798</u>
Long term bank borrowings		
Secured	64	64
Unsecured	8,312	8,879
Total	<u>8,376</u>	<u>8,943</u>
Bank borrowings denominated in foreign currency as at 31 March 2010	SGD'000	RM'000
Singapore Dollars	<u>104</u>	<u>255</u>

The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 31 March 2010.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010 (continued)

26 Derivatives

(a) The Group's derivatives as at 31 March 2010 are as follows -

Type of Derivatives	Contract / Notional Amount	Fair Value	
		Assets	Liabilities
Currency Forward Foreign Exchange Contracts	RM'000	RM'000	RM'000
Less than 1 year	2,147	-	43
	<u>2,147</u>	<u>-</u>	<u>43</u>

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

(c) 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 associated with these derivative contracts; and
- (iii) the related accounting policies.

27 Material Litigations

(a) Shah Alam High Court Writ of Summons between APM and SDP and ABIO and SDP

In relation to the Writ of Summons filed by Apex Pharmacy Marketing Sdn Bhd ('APM') and ABio Marketing Sdn Bhd ('ABIO'), both wholly-owned subsidiaries of AHB against Sante de Pharma Sdn Bhd ('SDP') for breach of contract in respect of distribution agreements entered into between APM and SDP and ABIO and SDP, and the subsequent counter claims filed by SDP against APM and ABIO, all parties had on 12th April withdrawn their relevant claims and counter claims, prior to the trial of the case, with no order as to costs and without liberty to file afresh.

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

There has been no change in status from that which had been reported in the previous quarters save that the plaintiff, Memory Tech Sdn Bhd is currently undergoing liquidation and their lawyers have officially discharged themselves. Our solicitors have filed an application to the court to strike out the writ of summons and statement of claim.

28 Dividends

The Board of Directors do not recommend the payment of any interim dividend for the period ended 31 March 2010 (First quarter 2009: Nil)

29 Earnings per share

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Basic Earnings per share				
Profit after tax RM'000	6,704	4,229	6,704	4,229
Weighted average number of ordinary shares in issue '000	74,974	74,974	74,974	74,974
Basic earnings per share sen	8.94	5.64	8.94	5.64



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(THE FIGURES HAVE NOT BEEN AUDITED)**

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010 (continued)

29 Earnings per share - continued

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
<u>Diluted Earnings per share</u>				
Profit after tax RM'000	6,704	4,229	6,704	4,229
Weighted average number of ordinary shares in issue '000	74,974	74,974	74,974	74,974
Adjustment for share options '000	-	-	-	-
Weighted average number of ordinary shares in issue for diluted earnings per share '000	74,974	74,974	74,974	74,974
Diluted earnings per share sen	8.94	5.64	8.94	5.64