



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2012

| | Note | 3 MONTHS ENDED | | CUMULATIVE PERIOD | |
|--|------|----------------|-------------------|-------------------|-------------------|
| | | 30/09/2012 | 30/09/2011 | 30/09/2012 | 30/09/2011 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| | | | <u>(restated)</u> | | <u>(restated)</u> |
| Revenue | | 97,807 | 91,867 | 302,611 | 273,672 |
| Cost of sales | | (73,600) | (68,839) | (224,393) | (202,658) |
| Gross profit | | 24,207 | 23,028 | 78,218 | 71,014 |
| Other income | | 375 | 404 | 2,316 | 1,134 |
| Selling & marketing expenses | | (11,549) | (10,961) | (35,294) | (32,965) |
| Administrative expenses | | (4,011) | (3,852) | (12,367) | (11,129) |
| Other expenses | | (221) | (215) | (340) | (427) |
| Finance cost | | (30) | (79) | (102) | (243) |
| Loss recognized on re-measurement of non-current asset classified as held for sale to fair value less cost to sell | | | (2,200) | - | (2,200) |
| Share of results of associates net of tax | | | | - | 1,280 |
| Profit before tax | A7 | 8,771 | 6,125 | 32,431 | 26,464 |
| Income tax expense | B6 | (2,314) | (1,502) | (11,263) | (6,059) |
| Net profit for the period | | 6,457 | 4,623 | 21,168 | 20,405 |
| Other comprehensive income: | | | | | |
| Foreign currency translation, representing other comprehensive income net of tax | | - | 230 | - | 230 |
| Total comprehensive income for the period | | 6,457 | 4,853 | 21,168 | 20,635 |
| Net profit attributable to: | | | | | |
| Owners of the parent | | 6,440 | 4,607 | 21,122 | 20,004 |
| Non-controlling interest | | 17 | 16 | 46 | 401 |
| Net profit for the period | | 6,457 | 4,623 | 21,168 | 20,405 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 6,440 | 4,835 | 21,122 | 20,232 |
| Non-controlling interest | | 17 | 18 | 46 | 403 |
| Total comprehensive income for the period | | 6,457 | 4,853 | 21,168 | 20,635 |
| Earnings per share attributable to owners of the parent: | | Sen | Sen | Sen | Sen |
| - Basic | B11 | 6.87 | 4.92 | 22.54 | 21.35 |
| - Diluted | B11 | 6.87 | 4.92 | 22.54 | 21.35 |

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



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(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

| | Note | As at 30/09/2012 RM'000 | As at 31/12/2011 RM'000 <u>(restated)</u> | As at 1/1/2011 RM'000 <u>(restated)</u> |
|--|------|-------------------------------|--|--|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | A12 | 74,920 | 76,112 | 69,223 |
| Investment properties | | 3,464 | 3,518 | 3,810 |
| Intangible assets | | 1,166 | 1,218 | 1,285 |
| Investment in associates | | - | - | 49,594 |
| Deferred tax assets | | 901 | 748 | 359 |
| Available-for-sale financial asset | | 3,928 | 3,928 | 3,928 |
| | | <u>84,379</u> | <u>85,524</u> | <u>128,199</u> |
| Current Assets | | | | |
| Inventories | | 47,784 | 43,098 | 38,914 |
| Trade and other receivables | | 95,097 | 86,380 | 75,578 |
| Derivative financial instruments | B12 | 25 | - | 47 |
| Deposits, bank and cash balances | | 58,803 | 22,802 | 23,250 |
| | | <u>201,709</u> | <u>152,280</u> | <u>137,789</u> |
| Non-current assets held for sale | | - | 50,245 | - |
| | | <u>201,709</u> | <u>202,525</u> | <u>137,789</u> |
| TOTAL ASSETS | | <u>286,088</u> | <u>288,049</u> | <u>265,988</u> |
| EQUITY AND LIABILITIES | | | | |
| Current Liabilities | | | | |
| Borrowings | B8 | - | 2,267 | 2,840 |
| Derivative financial instruments | | - | 12 | - |
| Trade and other payables | | 68,679 | 63,887 | 50,846 |
| Current tax payable | | 3,858 | 1,005 | 1,144 |
| | | <u>72,537</u> | <u>67,171</u> | <u>54,830</u> |
| Non-Current Liabilities | | | | |
| Borrowings | B8 | - | 1,345 | 6,612 |
| Deferred tax liabilities | | 5,409 | 6,899 | 5,682 |
| | | <u>5,409</u> | <u>8,244</u> | <u>12,294</u> |
| TOTAL LIABILITIES | | <u>77,946</u> | <u>75,415</u> | <u>67,124</u> |
| NET ASSETS | | <u>208,142</u> | <u>212,634</u> | <u>198,864</u> |
| EQUITY | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | | 93,717 | 93,717 | 93,717 |
| Reserves | | 462 | 460 | - |
| Retained earnings | B14 | 113,826 | 105,121 | 89,833 |
| | | <u>208,005</u> | <u>199,298</u> | <u>183,550</u> |
| Non-controlling interest | | 137 | 13,336 | 15,314 |
| TOTAL EQUITY | | <u>208,142</u> | <u>212,634</u> | <u>198,864</u> |
| | | RM | RM | RM |
| Net Assets per share attributable to owners of the parent | | <u>2.22</u> | <u>2.13</u> | <u>1.96</u> |

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 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2012

| Note | Share Capital RM'000 | Equity attributable | | | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|-------------------------|---|---|---|--|---------------------------|
| | | <u>Non-Distributable</u> Share Premium RM'000 | Revaluation & other reserves RM'000 | <u>Distributable</u> Retained Profits RM'000 | | |
| <u>PERIOD ENDED 30 SEPTEMBER 2012</u> | | | | | | |
| | 93,717 | - | 460 | 105,121 | 199,298 | 212,634 |
| Balance at 1 January 2012 | | | | | | |
| Total comprehensive income | - | - | - | 21,122 | 21,122 | 21,168 |
| Transaction with owners | | | | | | |
| Disposal of non-current asset held for sale by non-controlling interest | - | - | 2 | - | 2 | (13,243) |
| Dividends on ordinary shares | A8 | - | - | (12,417) | (12,417) | (12,417) |
| Total transaction with owners | - | - | 2 | (12,417) | (12,415) | (25,660) |
| Balance as at 30 September 2012 | 93,717 | - | 462 | 113,826 | 208,005 | 208,142 |
| <u>PERIOD ENDED 30 SEPTEMBER 2011 (restated)</u> | | | | | | |
| | 93,717 | - | - | 89,833 | 183,550 | 198,864 |
| Balance as at 1 January 2011 | | | | | | |
| Total comprehensive income | - | - | 228 | 20,004 | 20,232 | 20,635 |
| Transaction with owners | | | | | | |
| Acquisition of additional interest in existing subsidiary | - | - | - | (1,353) | (1,353) | (2,113) |
| Dividends paid to non-controlling interest | - | - | - | - | - | (261) |
| Dividends on ordinary shares | A8 | - | - | (11,363) | (11,363) | (11,363) |
| Total transaction with owners | - | - | - | (12,716) | (12,716) | (2,374) |
| Balance as at 30 September 2011 | 93,717 | - | 228 | 97,121 | 191,066 | 204,409 |

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 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2012

| | CUMULATIVE PERIOD | |
|---|-------------------|-------------------|
| | 30/09/2012 | 30/09/2011 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | <u>(restated)</u> |
| Profit before tax | 32,431 | 26,464 |
| Adjustments: | | |
| Depreciation and amortisation | 5,433 | 4,947 |
| Net profit on disposal of property, plant and equipment | (527) | (163) |
| Impairment loss on initial classification of the asset (or disposal group) as held for sale | - | 2,200 |
| Share of results of associates net of tax | - | (1,280) |
| Fair value changes of derivative financial instruments | (38) | 53 |
| Inventories written off and written down | 104 | 267 |
| Allowance for doubtful debts | 33 | 891 |
| Interest expense | 102 | 243 |
| Interest income | (347) | (180) |
| Other non-cash items | 2 | - |
| Operating profit before working capital changes: | 37,193 | 33,442 |
| Inventories | (4,790) | (9,892) |
| Receivables | (8,738) | (13,165) |
| Payables | 4,817 | 15,427 |
| Cash generated from operations | 28,482 | 25,812 |
| Tax paid | (5,611) | (4,785) |
| Net cash generated from operating activities | 22,871 | 21,027 |
| Cash flows from investing activities | | |
| Proceeds from the disposal of non-current assets held for sale | 32,547 | - |
| Acquisition of non-controlling interest | - | (3,466) |
| Dividends from associate | - | 661 |
| Dividends paid to non-controlling interest | - | (261) |
| Repayment of capital injection to non-controlling interest | (24) | - |
| Purchase of property, plant and equipment & intangible assets | (4,211) | (7,021) |
| Proceeds from disposal of property, plant and equipment | 603 | 179 |
| Interest received | 347 | 180 |
| Net cash generated/(used) in investing activities | 29,262 | (9,728) |
| Cash flows from financing activities: | | |
| Term loans repaid | (3,612) | (4,761) |
| Dividends paid | (12,417) | (11,363) |
| Other financing activities paid | (102) | (243) |
| Net cash used in financing activities | (16,131) | (16,367) |
| Net increase/(decrease) in cash and cash equivalents | 36,002 | (5,068) |
| Cash and cash equivalents at 1 January | 22,802 | 22,738 |
| Currency translation difference | - | 126 |
| Cash and cash equivalents at the end of the financial period | 58,804 | 17,796 |

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 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2012

A1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2012 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. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These unaudited condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position and financial performance is set out in Note A2 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

A2 Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences as explained below, the requirements under FRS and MFRS are similar. Therefore, 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 2011.

a Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from the full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- i) The classification of former business combinations under FRS is maintained;
- ii) There is no re-measurement of original fair values determined at the time of business combinations (date of acquisition); and
- iii) The carrying amount of goodwill recognized under FRS is not adjusted.

b Property, plant and equipment

Under FRS 116, the Group has initially recognized all items of property, plant and equipment at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. The Group's properties comprising land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and impairment losses recognised after the date of revaluation.

Upon transition to MFRS, the Group has elected to measure all its properties, plant and equipment using the cost method under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land and buildings as at 31 December 2009 which was the date of revaluation as its deemed cost as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM 6,884,000 (30 September 2011: RM 6,884,000; 31 December 2011: RM 6,884,000) was transferred to retained earnings on the date of transition.

c Investment properties

Under FRS, the Group's investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Upon transition to MFRS, the Group has elected to measure all its investment properties using the cost method under MFRS 140 Investment Properties. At the date of transition to MFRS, the Group elected to regard the fair value of its investment properties at the date of transition as its deemed cost at that date. The deferred tax liability of RM 493,000 (30 September 2011: RM 493,000; 31 December 2011: RM 493,000) that arose upon the revaluation of the properties prior to FRS was transferred to retained earnings on the date of transition. Under the cost model, a depreciation charge of RM 54,000; (30 September 2011: RM 54,000; 31 December 2011: RM 72,000) was charged to the carrying amount of investment properties and the resulting adjustments were recognised against retained earnings.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

d Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM136,000 (30 September 2011: RM 136,000; 31 December 2011: RM 136,000) were adjusted to retained earnings.

e Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2011

| | FRS as at 1 January 2011 RM'000 | Note 2 (b) Property plant and equipment RM'000 | Note 2 (c) Investment property RM'000 | Note 2 (d) Foreign currency translation reserve RM'000 | MFRS as at 1 January 2011 RM'000 |
|---|--|--|--|---|---|
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 69,223 | | | | 69,223 |
| Investment properties | 3,810 | | | | 3,810 |
| Intangible assets | 1,285 | | | | 1,285 |
| Investment in associates | 49,594 | | | | 49,594 |
| Deferred tax assets | 359 | | | | 359 |
| Available-for-sale investment | 3,928 | | | | 3,928 |
| | <u>128,199</u> | | | | <u>128,199</u> |
| Current Assets | | | | | |
| Inventories | 38,914 | | | | 38,914 |
| Trade and other receivables | 75,578 | | | | 75,578 |
| Derivative financial instruments | 47 | | | | 47 |
| Deposits, bank and cash balances | 23,250 | | | | 23,250 |
| | <u>137,789</u> | | | | <u>137,789</u> |
| TOTAL ASSETS | <u>265,988</u> | | | | <u>265,988</u> |
| EQUITY AND LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Borrowings | 2,840 | | | | 2,840 |
| Derivative financial instruments | - | | | | - |
| Trade and other payables | 50,846 | | | | 50,846 |
| Current tax payable | 1,144 | | | | 1,144 |
| | <u>54,830</u> | | | | <u>54,830</u> |
| Non-Current Liabilities | | | | | |
| Borrowings | 6,612 | | | | 6,612 |
| Deferred tax liabilities | 6,175 | | (493) | | 5,682 |
| | <u>12,787</u> | | | | <u>12,294</u> |
| TOTAL LIABILITIES | <u>67,617</u> | | | | <u>67,124</u> |
| NET ASSETS | <u>198,371</u> | | | | <u>198,864</u> |
| EQUITY | | | | | |
| Equity attributable to owner of the parent | | | | | |
| Share capital | 93,717 | | | | 93,717 |
| Reserves | 6,748 | (6,884) | | 136 | - |
| Retained earnings | 82,598 | 6,884 | 493 | (142) | 89,833 |
| | <u>183,063</u> | | | | <u>183,550</u> |
| Non-controlling interest | 15,308 | | | 6 | 15,314 |
| TOTAL EQUITY | <u>198,371</u> | | | | <u>198,864</u> |



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(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

(ii) Reconciliation of equity as at 30 September 2011

| | FRS as at 30 September 2011 RM'000 | Note 2 (b) Property plant and equipment RM'000 | Note 2 (c) Investment property RM'000 | Note 2 (d) Foreign currency translation reserve RM'000 | MFRS as at 30 September 2011 RM'000 |
|--|---|--|---|--|--|
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 71,488 | | | | 71,488 |
| Investment properties | 3,810 | | (54) | | 3,756 |
| Intangible assets | 1,235 | | | | 1,235 |
| Investment in associates | - | | | | - |
| Deferred tax assets | 3,928 | | | | 3,928 |
| Available-for-sale investment | 614 | | | | 614 |
| | <u>81,075</u> | | | | <u>81,021</u> |
| Current Assets | | | | | |
| Inventories | 48,540 | | | | 48,540 |
| Trade and other receivables | 87,859 | | | | 87,859 |
| Derivative financial instruments | - | | | | - |
| Deposits, bank and cash balances | 17,796 | | | | 17,796 |
| | <u>154,195</u> | | | | <u>154,195</u> |
| Assets or disposal group classified as held for sale | 48,154 | | | | 48,154 |
| | <u>202,349</u> | | | | <u>202,349</u> |
| TOTAL ASSETS | <u>283,424</u> | | | | <u>283,370</u> |
| EQUITY AND LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Borrowings | 2,267 | | | | 2,267 |
| Derivative financial instruments | 6 | | | | 6 |
| Trade and other payables | 66,273 | | | | 66,273 |
| Current tax payable | 1,951 | | | | 1,951 |
| | <u>70,497</u> | | | | <u>70,497</u> |
| Non-Current Liabilities | | | | | |
| Borrowings | 1,912 | | | | 1,912 |
| Deferred tax liabilities | 7,045 | | (493) | | 6,552 |
| | <u>8,957</u> | | | | <u>8,464</u> |
| TOTAL LIABILITIES | <u>79,454</u> | | | | <u>78,961</u> |
| NET ASSETS | <u>203,970</u> | | | | <u>204,409</u> |
| EQUITY | | | | | |
| Equity attributable to owner of the parent | | | | | |
| Share capital | 93,717 | | | | 93,717 |
| Reserves | 6,976 | (6,884) | | 136 | 228 |
| Retained earnings | 89,940 | 6,884 | 439 | (142) | 97,121 |
| | <u>190,633</u> | | | | <u>191,066</u> |
| Non-controlling interest | 13,337 | | | 6 | 13,343 |
| TOTAL EQUITY | <u>203,970</u> | | | | <u>204,409</u> |



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(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

(iii) Reconciliation of equity as at 31 December 2011

| | FRS as at 31 Dec 2011 RM'000 | Note 2 (b) Property plant and equipment RM'000 | Note 2 (c) Investment property RM'000 | Note 2 (d) Foreign currency translation reserve RM'000 | MFRS as at 31 Dec 2011 RM'000 |
|--|---------------------------------------|--|---|--|--|
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 76,112 | | | | 76,112 |
| Investment properties | 3,590 | | (72) | | 3,518 |
| Intangible assets | 1,218 | | | | 1,218 |
| Investment in associates | - | | | | - |
| Deferred tax assets | 748 | | | | 748 |
| Available-for-sale investment | 3,928 | | | | 3,928 |
| | <u>85,596</u> | | | | <u>85,524</u> |
| Current Assets | | | | | |
| Inventories | 43,098 | | | | 43,098 |
| Trade and other receivables | 86,380 | | | | 86,380 |
| Derivative financial instruments | - | | | | - |
| Deposits, bank and cash balances | 22,802 | | | | 22,802 |
| | <u>152,280</u> | | | | <u>152,280</u> |
| Assets or disposal group classified as held for sale | 50,245 | | | | 50,245 |
| | <u>202,525</u> | | | | <u>202,525</u> |
| TOTAL ASSETS | <u>288,121</u> | | | | <u>288,049</u> |
| EQUITY AND LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Borrowings | 2,267 | | | | 2,267 |
| Derivative financial instruments | 12 | | | | 12 |
| Trade and other payables | 63,887 | | | | 63,887 |
| Current tax payable | 1,005 | | | | 1,005 |
| | <u>67,171</u> | | | | <u>67,171</u> |
| Non-Current Liabilities | | | | | |
| Borrowings | 1,345 | | | | 1,345 |
| Deferred tax liabilities | 7,392 | | (493) | | 6,899 |
| | <u>8,737</u> | | | | <u>8,244</u> |
| TOTAL LIABILITIES | <u>75,908</u> | | | | <u>75,415</u> |
| NET ASSETS | <u>212,213</u> | | | | <u>212,634</u> |
| EQUITY | | | | | |
| Equity attributable to owner of the parent | | | | | |
| Share capital | 93,717 | | | | 93,717 |
| Reserves | 7,208 | (6,884) | | 136 | 460 |
| Retained earnings | 97,958 | 6,884 | 421 | (142) | 105,121 |
| | <u>198,883</u> | | | | <u>199,298</u> |
| Non-controlling interest | 13,330 | | | 6 | 13,336 |
| TOTAL EQUITY | <u>212,213</u> | | | | <u>212,634</u> |



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (continued)

A2 Significant accounting policies and application of MFRS 1 (continued)

(iv) Reconciliation of total comprehensive income for the current quarter and cumulative period ended 30 September 2011

| | Current Quarter | | | Cumulative Period | | |
|--|---------------------------------------|---|--|---------------------------------------|---|--|
| | FRS 30 September 2011 RM'000 | Note 2 (c) Investment property RM'000 | MFRS 30 September 2011 RM'000 | FRS 30 September 2011 RM'000 | Note 2 (c) Investment property RM'000 | MFRS 30 September 2011 RM'000 |
| Revenue | 91,867 | | 91,867 | 273,672 | | 273,672 |
| Cost of sales | (68,829) | (10) | (68,839) | (202,594) | (64) | (202,658) |
| Gross profit | 23,038 | | 23,028 | 71,078 | | 71,014 |
| Other income | 250 | 154 | 404 | 920 | 214 | 1,134 |
| Selling & marketing expenses | (10,966) | 5 | (10,961) | (32,970) | 5 | (32,965) |
| Administrative expenses | (3,857) | 5 | (3,852) | (11,134) | 5 | (11,129) |
| Other expenses | (61) | (154) | (215) | (213) | (214) | (427) |
| Finance cost | (79) | | (79) | (243) | | (243) |
| Loss recognised on re-measurement of non-current asset classified as held for sale to fair value less cost to sell | (2,200) | | (2,200) | (2,200) | | (2,200) |
| Share of results of associates net of tax | - | | - | 1,280 | | 1,280 |
| Profit before tax | 6,125 | | 6,125 | 26,518 | | 26,464 |
| Income tax expense | (1,502) | | (1,502) | (6,059) | | (6,059) |
| Net profit for the period | 4,623 | | 4,623 | 20,459 | | 20,405 |
| Foreign currency translation, representing other comprehensive income net of tax | 230 | | 230 | 230 | | 230 |
| Total comprehensive income for the period | 4,853 | | 4,853 | 20,689 | | 20,635 |
| Net profit attributable to: | | | | | | |
| Owners of the parent | 4,607 | | 4,607 | 20,058 | (54) | 20,004 |
| Non-controlling interest | 16 | | 16 | 401 | | 401 |
| Net profit for the period | 4,623 | | 4,623 | 20,459 | | 20,405 |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the parent | 4,835 | | 4,835 | 20,286 | (54) | 20,232 |
| Non-controlling interest | 18 | | 18 | 403 | | 403 |
| Total comprehensive income for the period | 4,853 | | 4,853 | 20,689 | | 20,635 |

A3 Seasonality or cyclicity of interim operations

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

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 September 2012.

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 other than that the subsequent revision to the estimated fair value less costs to sell of the asset (or disposal group) as held for sale as reported in the first quarter.

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 2012.



APEX HEALTHCARE BERHAD (473108-T)

(Incorporated in Malaysia)

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(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (continued)

| A7 <u>Profit before tax</u> | 3 MONTHS ENDED | | CUMULATIVE PERIOD | |
|--|----------------|------------|-------------------|------------|
| | 30/09/2012 | 30/09/2011 | 30/09/2012 | 30/09/2011 |
| Included in profit before tax are the following items: | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 122 | 41 | 347 | 180 |
| Other income including investment income | 193 | 239 | 1,336 | 730 |
| Interest expense | (30) | (79) | (102) | (243) |
| Depreciation and amortisation | (1,813) | (1,625) | (5,433) | (4,947) |
| Allowance for doubtful debts | (21) | (69) | (33) | (891) |
| Inventories written down and written off | (4) | (126) | (104) | (267) |
| Net gain on disposal of quoted or unquoted investments or properties, plant and equipment | 52 | 70 | 527 | 163 |
| Impairment of non-current asset as held for sale | - | (2,200) | - | (2,200) |
| Impairment of other financial assets | - | - | - | - |
| Foreign exchange gains less losses | 68 | 97 | 131 | 179 |
| Gain/(loss) on derivative financial instruments | (60) | (43) | 38 | (53) |
| Exceptional items | - | - | - | - |

A8 Dividends paid and declared

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

| | 30/09/2012 | 30/09/2011 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| <u>In respect of the financial year ended 31 December</u> | | |
| 2012: Interim Dividend of 6.00 sen gross per share less tax paid on 28-Sep-12 | 4,217 | - |
| 2011: Final Dividend of 5.0 sen gross per share less tax and Special Tax-exempt Dividend of 5.0 sen per share paid on 22-Jun-12 | 8,200 | - |
| 2011: Interim Dividend of 5.50 sen gross per share less tax paid on 30-Sep-11 | - | 3,866 |
| 2010: Final Dividend of 4.0 sen gross per share less tax and Special Tax-exempt Dividend of 5.0 sen per share paid on 23-Jun-11 | - | 7,497 |
| | <u>12,417</u> | <u>11,363</u> |

A9 Segment Information

The Group is organised into three main business units based on their activities, and has three reportable operating segments as follows:

- (i) Manufacturing and marketing of pharmaceutical products;
- (ii) Wholesale and distribution of pharmaceutical and healthcare products; and
- (iii) Corporate comprising investments in retail pharmacy business and properties and the provision of management services.

| OPERATING SEGMENTS | Manufacturing & Marketing | Wholesale & Distribution | Corporate | Adjustments & eliminations | GROUP |
|-------------------------------|------------------------------|-----------------------------|---------------|-------------------------------|----------------|
| PERIOD ENDED 30/9/2012 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| External Revenue | 20,944 | 277,150 | 4,517 | - | 302,611 |
| Inter-segment revenue | 50,073 | - | 15,256 | (65,329) | - |
| Total Revenue | 71,017 | 277,150 | 19,773 | (65,329) | 302,611 |
| Segment Results (external) | 23,691 | 12,700 | (2,646) | (1,212) | 32,533 |
| Finance costs | | | | | (102) |
| Profit before tax | | | | | 32,431 |
| PERIOD ENDED 30/9/2011 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| External Revenue | 28,590 | 241,395 | 3,687 | - | 273,672 |
| Inter-segment revenue | 35,182 | - | 11,828 | (47,010) | - |
| Total Revenue | 63,772 | 241,395 | 15,515 | (47,010) | 273,672 |
| Segment Results (external) | 19,788 | 10,331 | (317) | (3,095) | 26,707 |
| Finance costs | | | | | (243) |
| Profit before tax | | | | | 26,464 |
| Segment assets | | | | | |
| 30-Sep-2012 | 81,102 | 149,214 | 54,383 | 1,389 | 286,088 |
| 31-Dec-2011 | 75,475 | 142,247 | 69,010 | 1,317 | 288,049 |

A10 Significant Events After the Reporting Date

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



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A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (continued)

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 2012.

A12 Property, plant and equipment

During the three months ended 30 September 2012, the Group acquired assets at a cost of RM1,569,000 (30 September 2011: RM3,290,000). Included in the total assets acquired in the current quarter is an amount of capital-in-progress of RM302,000 (30 September 2011: RM Nil) which represents expenditure incurred for the construction of new Administration Building which commenced in June 2012 and is expected to be completed by March 2013.

Assets with a carrying amount of RM2,000 were disposed of by the Group during the three months ended 30 September 2012 (30 September 2011: RM9,000), resulting in a net gain on disposal of RM52,000 (30 September 2011: RM70,000), recognised and included in other income in the statement of comprehensive income.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 September 2012 are as follows:

| | RM'000 |
|--|--------------|
| Authorised capital expenditure approved and contracted for | 3,075 |
| Authorised capital expenditure approved but not contracted for | 4,718 |
| | <u>7,793</u> |

A14 Related Party Transactions

There were no related party transactions during the period ended 30 September 2012.

A15 Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of its derivative financial instruments carried at fair value.

| | Significant other observable inputs (Level 2) | |
|--|--|------------|
| Financial assets/(liabilities): | 30/09/2012 | 31/12/2011 |
| Derivatives - Forward currency contracts | 25 | (12) |

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 2011.

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.



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**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
(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

The Group's revenue in the third quarter of 2012 grew by 6% to RM 97.8 million from RM 91.8 million for the same period last year. Profit before tax of RM 8.8 million for the current quarter is 43% higher than the RM 6.1 million achieved for the same period in 2011.

Year to date, the Group achieved profit before tax of RM 32.4 million on revenue on RM 302.6 million, representing increases of 23% and 11% respectively over that in 2011. A factor is the impairment loss of RM 2.2 million which was accounted for in the third quarter of 2011 when the Group decided to divest its equity interest in Xiamen Maidiken Science & Technology Co Ltd, China. If this impairment loss is excluded, the profit before tax for the current quarter and year to date grew by 6% and 13% respectively.

Manufacturing & Marketing

Xepa continues to perform well, with year to date revenue growing 11% to RM 71.0 million from sustained good sales in both private and government sectors in Malaysia and Singapore. Its market leading range of cough and cold syrups registered encouraging sales growth, and a new product for the treatment of hypertension, ADROTEN (*bisoprolol 5mg*), was launched, further strengthening Xepa's portfolio of cardiovascular products. Construction of the new Administration Block is on track to be commissioned by the 1st quarter of year 2013.

Wholesale & Distribution

Growth in revenue and pre-tax profit at Apex Pharma Malaysia has been sustained, with year to date performance showing growth of 15% and 19% respectively over 2011. Core pharmaceutical wholesaling and distribution businesses performed steadily. AVO Diagnostics products continued to gain market share with sales growing 41% over the previous year. Newly launched AVO products, antibiotic CLAVOMAX (*amoxicillin/clavunalic acid 625mg*) and AVONAC suppository (*sodium diclofenac 12.5mg suppository*) secured excellent market penetration. AGNESIA medicated powder range was extended with the addition of two new fragrances, Lavender and Rose. Apex Pharma Singapore performed well with a 13% growth in revenue with strong margins due to successful execution of its marketing and selling strategies.

Corporate

Retail revenue improved by 27% over last year, helped by continued growth in retail sales at the City Square outlet, Johor Bahru. This is attributed to improved customer traffic in the mall after completion of renovations. There was no change in rental income as no leases to external parties were renewed during the quarter.

B2 Material changes in the profit before tax for the quarter

Profit before tax for the current quarter is RM 8.8 million, which is 23% lower than the RM 11.3 million achieved in the immediate preceding quarter. This is mainly attributed to lower profit contributions arising from lower third quarter revenue and a greater percentage of high margin products in the sales mix of the second quarter.

B3 Commentary

(a) Prospects

The Group's core businesses performed well in the third quarter, driven by the Group's commitment and focus on product development and acceptance, brand management, customer service and operational efficiency.

There are no material changes to the outlook previously furnished with the Group's second quarter report for the current year. Whilst the overall economic outlook remains sluggish, the Board is confident that barring unforeseen circumstances, the Group's performance to date and its well-placed fundamentals will enable it to return another satisfactory performance in 2012.

(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 | | CUMULATIVE PERIOD ENDED | |
|---|----------------|--------------|-------------------------|--------------|
| | 30/09/2012 | 30/09/2011 | 30/09/2012 | 30/09/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of current period: | | | | |
| income tax | 2,157 | 1,448 | 8,423 | 5,810 |
| deferred tax | 126 | 278 | 272 | 473 |
| capital gains tax from the disposal of an asset held for sale | - | - | 2,537 | - |
| | <u>2,283</u> | <u>1,726</u> | <u>11,232</u> | <u>6,283</u> |
| In respect of prior period: | | | | |
| income tax | 31 | (224) | 31 | (224) |
| | <u>2,314</u> | <u>1,502</u> | <u>11,263</u> | <u>6,059</u> |

The effective tax rate for the cumulative period was higher than the statutory tax rate principally due to the capital gain tax paid upon the disposal of a non-current asset held for sale in the first quarter 2012.



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

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 14th November 2012.

B8 Group Borrowings and Debt Securities

| | AS AT | |
|--|------------|------------|
| | 30/09/2012 | 31/12/2011 |
| | RM'000 | RM'000 |
| Short term bank borrowings | | |
| Secured | - | - |
| Unsecured | - | 2,267 |
| Total | - | 2,267 |
| Long term bank borrowings | | |
| Unsecured | - | 1,345 |
| Total | - | 1,345 |
| Bank borrowings denominated in foreign currency as at 30 September 2012: | SGD'000 | RM'000 |
| Singapore Dollars | - | - |

The Group did not have any non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 30 September 2012.

B9 Material Litigation

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

B10 Dividend Payable

- The interim dividend of 6.00 sen gross per share less 25% tax in respect of the financial year ending 31 December 2012 which was declared by the Board of Directors in the previous quarter has been paid on 28th September 2012. (Year 2011: Interim taxable dividend of 5.50 sen gross per share).
- The total dividend declared and paid to-date in the current financial year is 6.00 sen gross per share less tax. (Year 2011: Taxable dividend of 5.50 sen gross 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 | | CUMULATIVE PERIOD ENDED | |
|---|--------|----------------|-------------|-------------------------|--------------|
| | | 30/09/2012 | 30/09/2011 | 30/09/2012 | 30/09/2011 |
| <u>Basic Earnings per share</u> | | | | | |
| Profit after tax | RM'000 | 6,440 | 4,607 | 21,122 | 20,004 |
| Weighted average number of ordinary shares in issue | '000 | 93,717 | 93,717 | 93,717 | 93,717 |
| Basic earnings per share | sen | 6.87 | 4.92 | 22.54 | 21.35 |
| <u>Diluted Earnings per share</u> | | | | | |
| Profit after tax | RM'000 | 6,440 | 4,607 | 21,122 | 20,004 |
| Weighted average number of ordinary shares in issue | '000 | 93,717 | 93,717 | 93,717 | 93,717 |
| Diluted earnings per share | sen | 6.87 | 4.92 | 22.54 | 21.35 |

B12 Derivative Financial Instruments

- (a) The Group's derivative financial instruments as at 30 September 2012 are as follows -

| Type of Derivatives | Contract / Notional Amount | Changes in Fair Value | |
|----------------------------|-------------------------------|-----------------------|-------------|
| | | Assets | Liabilities |
| Forward Currency Contracts | RM'000 | RM'000 | RM'000 |
| Less than 1 year | | | |
| Sale of goods | 2,884 | 16 | - |
| Purchase of goods | (220) | 9 | - |
| | 2,664 | 25 | - |

- The Group does not anticipate any market or credit risks arising from these derivatives.
- The cash requirements relating to these contracts is RM 2,664,000.
- There have been no changes since the end of the previous financial year in respect of the following:
 - 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;
 - the risk management policies in place for mitigating and controlling the risks associated with these derivative contracts; and
 - the related accounting policies.



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

B13 Fair Value Changes of Financial Liabilities

As at 30 September 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

B14 Realised and Unrealised Profits/Losses Disclosure

| | 30/09/2012 | Year ended 31/12/2011 |
|---|----------------|--------------------------|
| | RM'000 | RM'000 |
| Total retained profits of the Company and its subsidiaries: | | (restated) |
| Realised | 132,952 | 104,608 |
| Unrealised | (2,353) | (2,059) |
| | <u>130,599</u> | <u>102,549</u> |
| Total share of retained profits from associated companies | | |
| Realised | 34,508 | 27,520 |
| Unrealised | - | 6,988 |
| | <u>165,107</u> | <u>137,057</u> |
| Less: Consolidation adjustments | (51,281) | (31,936) |
| Total group retained profits as per consolidated accounts | <u>113,826</u> | <u>105,121</u> |

B15 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2011 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 21 November 2012.