annual report

2006

RESTORING HEALTH ENHANCING LIFE...

Apex Healthcare Berhad

(473108-T)

Vision and Values

Our Chairman, Kee Tah Peng, founded the Apex Healthcare group in 1962. Although much has changed since then, Apex Healthcare has remained constant to the precepts on which Mr Kee founded the business.

The guiding principles of the business were and are SERVICE, QUALITY and INTEGRITY. Apex Healthcare fervently believes that all these principles are essential parts of any pharmaceutical and health care business. Apex Healthcare takes pride that in all this time and despite its growth into a leading pharmaceutical company in Malaysia, it has never lost sight of these values, which are very much a part of the fabric of everyday operations.

Mission Statement

As a life sciences group, we build on our core values of service, quality and integrity to provide the best in pharmaceutical healthcare, enabling us to restore and enhance health for all.

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Financial Statements

CORPORATE INFORMATION 2006

Apex Healthcare Berhad
(473108-T)

Company Secretaries
Kwong Lien Wah (MIA 3422)
Yeoh Chong Keat (MIA 2736)

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Tel: +606 2847381
Fax: +606 2832140

Group Websites
www.apexpharmacy.com
www.xepasp.com
www.apexpharmacy.com.sg
www.luyangroup.com

Principal Bankers
HSBC Bank Malaysia Berhad
777, Jalan Hang Tuah
75300 Melaka

Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

OCBC Bank (Malaysia) Berhad
6, Lorong Hang Jebat
75200 Melaka

United Overseas Bank (Malaysia) Berhad
1, Jalan PM 5
Plaza Mahkota
75000 Melaka

Hong Leong Bank (Malaysia) Berhad
345, Jalan Ong Kim Wee
75300 Melaka

Auditors
Ernst & Young
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Legal Advisors
Chee Siah Le Kee & Partners
Advocates & Solicitors
105, Taman Melaka Raya
75000 Melaka

Share Registrars
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No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
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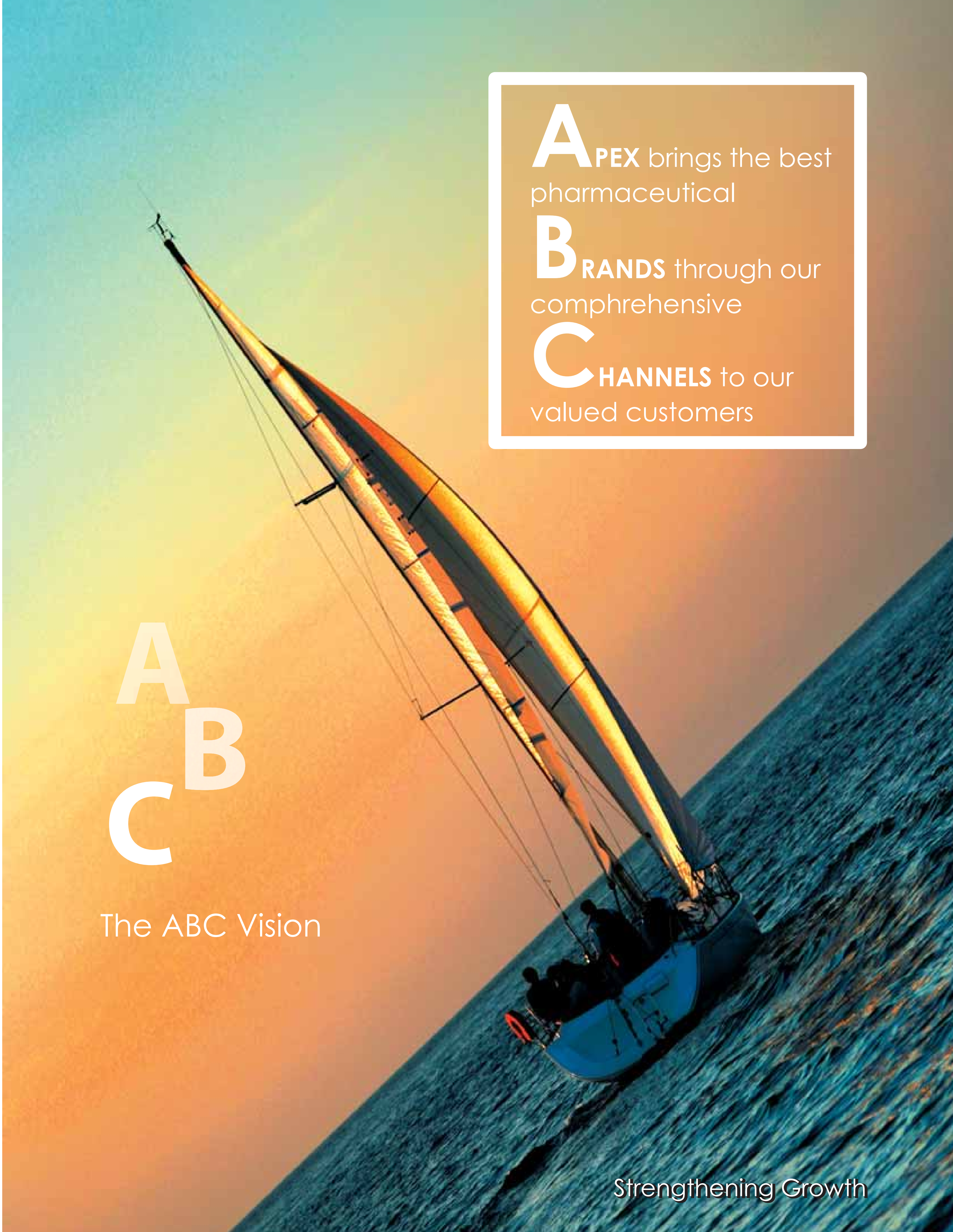
Stock Exchange Listing
Bursa Malaysia Securities Berhad
Main Board
Stock Code: 7090
Stock Name: AHEALTH

CORPORATE STRUCTURE 2006

Apex Healthcare Berhad
(473108-T)

- Xepa-Soul Pattinson (Malaysia) Sdn Bhd — 100%
  - Xepa-Soul Pattinson (S) Pte Ltd — 100%
- Apex Pharmacy Marketing Sdn Bhd — 100%
- Apex Pharmacy Marketing Pte Ltd (formerly known as Grafton Pharmasia Pte Ltd) — 100%
- ABio Marketing Sdn Bhd — 100%
- Avex Pharmaceuticals Pte Ltd — 100%
- Apex Pharmacy Corporate Sdn Bhd (formerly known as AHealth Properties Sdn Bhd) — 100%
- Apex Pharmacy International Sdn Bhd — 100%
  - Xiamen Maidiken Science & Technology Co Ltd — 25%
    - Luyan Fujian Group — 95%



APEX brings the best pharmaceutical **B**RANDS through our comprehensive **C**HANNELS to our valued customers

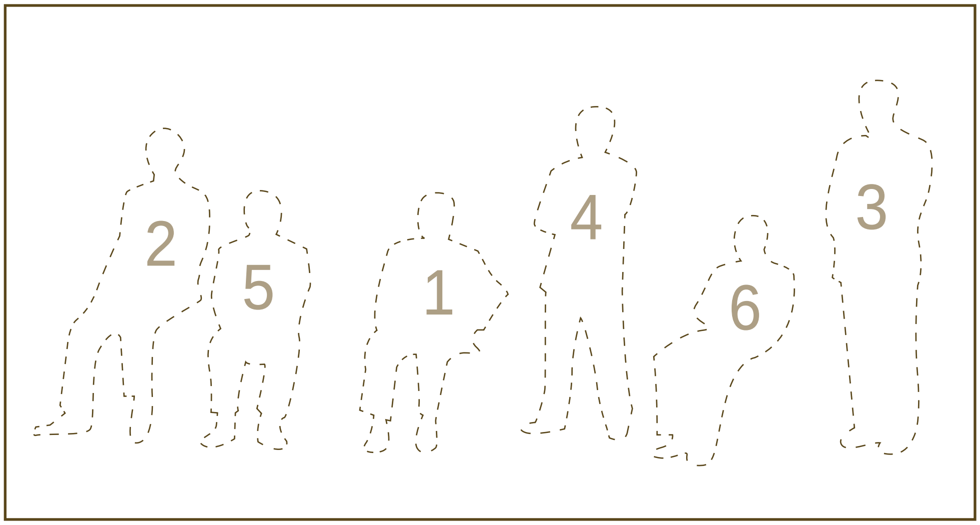
A
B
C

The ABC Vision

Strengthening Growth

DIRECTORS' INFORMATION

BOARD OF DIRECTORS



1 KEE TAH PENG @ HEE TECK PENG
Non-Executive Chairman

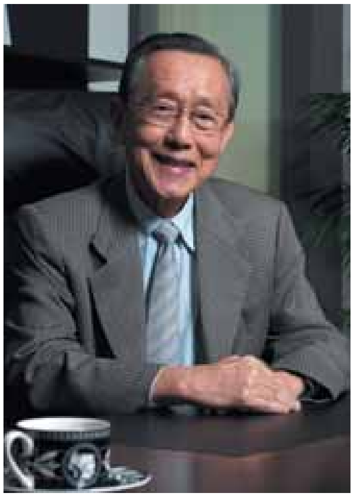
2 DR KEE KIRK CHIN
Group Managing Director

3 ROBERT DOBSON MILLNER
Non-Executive Director

4 JACKSON CHEVALIER YAP-KIT-SIONG
Non-Executive Director

5 LEONG KHAI CHEONG
Senior Independent
Non-Executive Director

6 DR AHMAD KAMAL BIN MD. ALIF
Independent Non-Executive Director



KEE TAH PENG @ HEE TECK PENG
Non-Executive Chairman

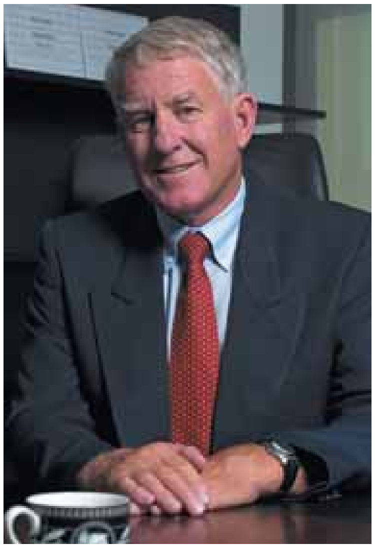
Kee Tah Peng @ Hee Teck Peng, 76, a Singaporean, was appointed to the Board on 15th February 2000 and as Executive Chairman of the Company on 3rd March 2000. He became Non-executive Chairman of the Company on 1st January 2003. He graduated with a Pharmaceutical Chemist Certificate issued by the Pharmacy Board of New South Wales, Australia from University of Sydney, Australia in 1958. He started his career as a pharmacist with Federal Dispensary, Singapore, a pharmaceutical retailer and wholesaler. In 1962, he left to establish Apex Pharmacy Sdn Bhd and Xepa-Soul Pattinson (Malaysia) Sdn Bhd in Melaka, eventually becoming the Group Managing Director.

He is the father of Dr Kee Kirk Chin. He is deemed to be a substantial shareholder of the Company as he is a substantial shareholder and director of Apex Pharmacy Holdings Sdn Bhd, which holds 37.6% equity in the Company. He does not have any other family relationships with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2006. He has had no convictions for any offences within the past 10 years.

Dr Kee Kirk Chin, 45, a Singaporean, was appointed to the Board on 15th February 2000, as the Managing Director of the Company on 3rd March 2000 and as a member of the Audit Committee on 24th August 2005. He obtained a Bachelor in Arts with Honours in 1985, a M.B.B. Chir. in 1987, a Master of Arts in 1989 from University of Cambridge, UK and a Master of Business Administration ("MBA") with distinction in 1993 from University of Hull, UK. He is a registered Medical Practitioner with the Singapore Medical Council and the General Medical Council, UK. He began his career as a House Officer with National University Hospital, later joining United MediCorp Pte Ltd as Director of Business Development in 1990, becoming its Chief Executive Officer in 1996. United MediCorp had interests in several healthcare companies in six Asian countries involved in pharmaceuticals, clinical equipment, hospital support services and private hospitals. He is a non-executive director and member of the Audit Committee of Times Publishing Limited, a company incorporated in Singapore.

He is the son of Kee Tah Peng. He is deemed to be a substantial shareholder of the Company as he is a substantial shareholder and Director of Apex Pharmacy Holdings Sdn Bhd, which holds 37.6% equity in the Company. He does not have any other family relationships with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2006. He has had no convictions for any offences within the past 10 years.

DR KEE KIRK CHIN
Group Managing Director



ROBERT DOBSON MILLNER
Non-Executive Director

Robert Dobson Millner, 56, an Australian, was appointed as a Non-Executive Director of the Company on 23rd February 2000 and is currently chairman of the Nomination Committee. He was a farmer and grazier prior to joining the Board of Washington H Soul Pattinson & Co Limited ("WHSP") in 1984, a company listed on the Australian Stock Exchange with principal activities in properties, coal mining, bulk handling, commercial television, manufacturing, wholesaling and retailing of pharmaceutical products, essences, food colours, perfumes and aromatic chemicals, fruit juices and reconstitution and extrusion of polyethylene. He was appointed Deputy Chairman of WHSP in 1997, becoming its Chairman in 1998. He is also the Chairman of Brickworks Limited, Choiseul Investments Limited, Milton Corporation Limited, New Hope Corporation Limited, and Director on the Boards of Australian Pharmaceutical Industries Limited, Pacific Strategic Investments Limited and S. P. Telemedia Limited, all of which are companies listed on the Australian Stock Exchange. He is a member of the Institute of Company Directors, New South Wales, Australia and a fellow of the Australian Institute of Directors.

He is the Chairman of WHSP, which holds 16.6% equity in the Company. He does not have any family relationship with any other director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2006. He has had no convictions for any offences within the past 10 years.

Jackson Chevalier Yap-Kit-Siong, 55, a Singaporean, was appointed as a Non-Executive Director of the Company on 15th February 2000. He is currently the Chairman of the Remuneration Committee. He graduated with a Bachelor of Engineering with Honours from University of Auckland, New Zealand in 1974 under a Colombo Plan Scholarship.

He worked in various technical and management positions in the oil and gas sector with several multinational corporations before joining United Engineers Limited ("UEL") as Chief Operating Officer. Currently he is the Group Managing Director and Chief Executive Officer of UEL, a company listed on the Singapore Stock Exchange, whose principal activities are in the construction and engineering of buildings, properties and environmental projects.

He is a director of Apex Pharmacy Holdings Sdn Bhd, which holds 37.6% equity in the Company. Save as disclosed above, he does not have any other family relationships with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended three of the four Board Meetings held in the financial year ended 31st December 2006. He has had no convictions for any offences within the past 10 years.

JACKSON CHEVALIER YAP-KIT-SIONG
Non-Executive Director

LEONG KHAI CHEONG
Senior Independent Non-Executive Director

Leong Khai Cheong, 56, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 18th February 2000 and as Senior Independent Non-Executive Director on 24th August 2005. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. He is a qualified Certified Accountant, a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Public Accountant, Singapore, as well as a registered member of the Malaysian Institute of Accountants. He holds associate membership of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators. He was the General Manager – Finance and Control with George Kent (M) Bhd until he joined Singapore listed United Engineers Limited ("UEL") as its General Manager for Group Finance and Administration from 1988 to 1996. He is currently a director of a private Malaysian company involved in the manufacture and assembly of engineering and other equipment and provision of engineering services for the water industries. He was appointed a director on the board of Ogawa World Berhad on 8th Feb 2007.

He does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2006. He has had no convictions for any offences within the past 10 years.

Dr Ahmad Kamal bin Md Alif, 60, a Malaysian, was appointed as Independent Non-Executive Director of the Company on 23rd May 2001. He is member of the Audit, Remuneration and Nomination Committees. He graduated with an M.B.B.S. in 1972 from the University of Malaya's Faculty of Medicine and trained as a radiologist at the Royal Free Hospital, London under a Colombo Plan scholarship from 1975 to 1978. He is a Fellow of the Royal College of Radiologists (England) and a member of the Academy of Medicine (Malaysia). He was appointed as Assistant Lecturer, Faculty of Medicine UKM, in 1973, eventually becoming Associate Professor and Head of the Department of Radiology UKM in 1978. He was also the Deputy Dean, Faculty of Medicine, UKM, from 1982 – 1983. He left for private practice in 1984 and is currently practising on a locum basis as a Consultant Radiologist with Putra Specialist Hospital, Melaka, since his retirement in 2004. He was appointed a director on the board of Ogawa World Berhad on 8th Feb 2007.

He does not have any family relationship with any director and/or major shareholder of the Group, nor any personal interest in any business arrangement involving the Company. He attended all of the four Board Meetings held in the financial year ended 31st December 2006. He has had no convictions for any offences within the past 10 years.

DR AHMAD KAMAL BIN MD. ALIF
Independent Non-Executive Director

Our Number Ones

Sedilix® our oldest product, is the **No.1** selling cough mixture in Malaysia

Agnesia® antiseptic powder is the **No.1** medicated powder in Malaysia

Bena® Expectorant is the **No.1** cough expectorant in Malaysia

CHAIRMAN'S STATEMENT

I am pleased to report that for financial year ended 31st December 2006, Apex Healthcare Berhad ('Apex') Group posted revenue of RM 224.3 million and profit before tax of RM 18.2 million. After adjusting for non-recurring income, profit before tax rose by 17% over that achieved in the previous financial year, a record result.

More importantly, 2006 saw the further unfolding of the Group's long-term plans to move from being a purely domestic pharmaceutical company to a group with exposure to important regional markets and where value derives from brands and pharmaceutical expertise within the group. I will elaborate on this at greater length below.

Kee Tah Peng
Chairman
Apex Healthcare Berhad

Dividend

The Board of Directors is pleased to recommend a final dividend of 5 sen per share less 27% tax for financial year 2006.

The final dividend of 5 sen per share less 28% tax in respect of financial year 2005 was paid on 23rd June 2006. An interim dividend of 5 sen per share less 28% tax in respect of financial year 2006 was paid on 16th October 2006.

Board of Directors

On 26th June 2006, Haji Mohd Ramli bin Samian resigned as a Director of the Company. Haji Mohd Ramli had been a member of the Board since the flotation of the Company in May 2000 and on behalf of the Board and Company I thank him for his contributions during his time as a Director. Ki Tak Sang stepped down as an alternate director on 26th September 2006; he remains a key member of senior management especially in relation to the Group's interests in China.

The Board now numbers six experienced members, one-third of whom are independent, and remains completely effective in its supervision of the affairs of the Group.

As part of the continuous process of Directors' training, interactive and productive in-house training sessions on strategic planning were held involving Directors and members of senior management during the year.

"An artist's impression of Xepa Soul-Pattinson's new RM 26 million 6,800 sq. m. facility for production of creams and liquids. Construction of the building will be completed in 2007".

I note with sadness the passing in Sydney on 24th January 2007 of Mr Jim Millner, former chairman of Washington H. Soul Pattinson & Co. Ltd, and uncle of Robert Millner. Jim was a personal friend, a staunch supporter of Apex and a fellow founding director of Xepa-Soul Pattinson (Malaysia) Sdn Bhd in 1973. His vision, backing and encouragement was crucial in making Apex a leader in the manufacture of ethical pharmaceuticals in Malaysia.

Share Placement

The Group's regional and domestic expansion has increased the need for working capital. Accordingly, 6.6 million new ordinary shares were successfully placed out to institutional investors at a price of RM1.63 each on 24th November 2006.

Strategic Overview

I consider this overview of strategy to be an important part of my statement this year, and will present it ahead of the operations review, so as to put operational activities in the perspective of Apex's overall strategy.

Shareholders who have followed the activities of Apex Group over the last two years should be able to discern a pattern to Group's major corporate exercises of the last two years in line with stated strategies.

Apex's long-term goal is encapsulated within the letters "ABC" or "Apex Brands and Channels". Simply put, the Apex Group will build towards a position where a substantial part of its revenues and profits derive from products or

activities carried out under Brands owned and controlled by the Group. The Group will also build on its successful wholesale and distribution model to build up a network which has breadth and depth in Channels to market.

To reiterate the recent corporate activities of Apex, which fall into place under the context of the above strategy:

- On 31st May 2005, Apex divested Apex Pharmacy Sdn Bhd to Watson's Personal Care Stores Sdn Bhd. This followed an internal strategic review in which it was concluded that the chain pharmacy business was competitive and the key skill required for success was that of retailing and not pharmaceuticals.

- On 1st August 2005, Apex acquired a 25% equity interest in investment holding company Xiamen Maidiken Science & Technology Co Ltd, holding company of Luyan (Fujian) Group, a leading private sector pharmaceutical distributor in Fujian, China.

- On 18th January 2006, Apex acquired 100% of Grafton Pharmasia Pte Ltd, which is a pharmaceutical distributor in Singapore, and also owns the venerable and valuable Agnesia brand. In 2006, Grafton Pharmasia Pte Ltd also entered into pharmaceutical wholesaling, drawing upon the successful experience of Apex in Malaysia.

- On 7th July 2006, Apex incorporated Avex

Pharmaceuticals Pte Ltd, which will eventually be the vehicle through which the Group develops and holds new ethical and health care brands.

- On 1st March 2007, Apex entered into agreements to acquire an interest in PT Penta Valent via a 20% interest in Maritzberg Investments Ltd, which owns 95% of the equity of PT Penta Valent. Penta Valent is an Indonesian pharmaceutical nationwide distributor established in 1968 with an extensive branch network, and a value system most compatible with Apex Group's tenets of Service, Quality and Integrity. There are numerous areas where experience and business know-how gained by Apex over its four decades of pharmaceutical distribution in Malaysia may be transferred to operations in Indonesia with much benefit.

- In addition, wholly owned subsidiary Xepa-Soul Pattinson (M) Sdn Bhd has embarked on a strengthening of its domestic manufacturing capability with a RM 26 million investment in plant and factory which was announced in 2006 and will complete in 2007.

- Apex has also created several new brands for consumer and ethical health care products and these existing trademarks are in the process of registration in several jurisdictions.

The above illustrates the continuing change in the nature of the Apex Group. The transformation has been and is driven by management's perception that long-term growth and prosperity of the Group within its chosen industry requires that Apex have the size and presence to operate with assurance in critical regional markets.

Business Overview

Manufacturing

Construction of Xepa Soul Pattinson (Malaysia) Sdn Bhd's new block adjacent to the existing factory at its Cheng site proceeds on schedule. Piling was completed in June 2006, and the contract for construction was awarded on 15th August 2006. The division focused on operational matters such as engineering, quality and brand building issues over the course of the financial year, which ended with record sales and profits.

Marketing & Distribution

The Klang Valley operations of Apex Pharmacy Marketing Sdn Bhd ('APM') moved into the Subang Jaya central warehouse and headquarters in the second quarter of 2005. Distribution and wholesale operations continue to do well with ever-increasing sales. Profitability has been moderated by the increased operating costs of the new warehouse. The warehouse is not at full capacity yet, as it was designed and built to accommodate future expansion. In the meantime, as planned, excess space has been let out to third party tenants. APM continued to secure new agencies, such as Cosmoderm personal care products in the second quarter of 2006.

In Singapore, Grafton Pharmasia Pte Ltd ('Grafton') is profitable despite keen competition. Grafton has drawn on the experience of Apex's market leadership experience in Malaysia to institute a wholesale business in Singapore, while APM is extending Grafton's software systems to its Malaysian operations. To reflect Grafton's membership in the Group, it changed its name to Apex Pharmacy Marketing Pte Ltd with effect from 1st January 2007. With the acquisitions of Grafton Pharmasia Pte Ltd and the Agnesia trademark by Apex on 18th January 2006, a shareholders' mandate for recurrent related transactions is no longer required.

Brand Management

Apex established Avex Pharmaceuticals Pte Ltd ("Avex") to pursue the strategy of increasing value by actively managing own brands. Sales of Agnesia medicated powders increased by some five per cent in financial year 2006. The product will be distributed by the Group's as-

A new retail outlet in Qian Pu, Xiamen operated by Luyan (Fujian) Group

sociate companies in China and Indonesia from financial year 2007. Forthcoming promotions will focus on increasing consumer awareness of Agnesia's antiseptic and sunblock properties, which are inherent in the product.

Corporate

AHealth Properties Sdn Bhd ('AHPSB') was originally established to manage properties acquired in the course of the Apex Group's retail business, some of which are no longer occupied by the Group itself. Over the last year it has been found more cost effective to centralize other corporate functions in AHPSB. On 5th June 2006, AHPSB was therefore renamed Apex Pharmacy Corporate Sdn Bhd ("APC") to reflect its expanded role of internal provision of corporate services to other Apex units.

Luyan (Fujian) Group

The Luyan Group grew rapidly in line with continued strong economic growth in China, achieving over 800 million renminbi in sales in financial year 2006. Luyan enjoys a strong reputation and has over the years developed a strong infrastructure which supports its current stage of rapid growth.

Community

As with the 2004 tsunami, the Group was able to give assistance to victims of the severe floods which afflicted many parts of Malaysia in December 2006 and January 2007, resulting in displacement of people and in some cases, outbreaks of disease. Apex was pleased to donate medical supplies to medical teams providing emergency medical assistance to flooded areas in Johor.

Prospects

At the point of its public listing on Bursa Malaysia, Apex was largely a collection of domestic Small Medium Enterprise ('SME') companies with limited synergy between retail operations and manufacturing and logistics. By the start of 2007, Apex is well on its way to becoming an integrated and regional pharmaceutical group:

- with a wide regional footprint
- poised to develop and exploit the value of Brand recognition
- controlling multiple Channels to several populous and rapidly-growing markets
- focused on activities where pharmaceutical knowledge and expertise are central
- having high potential for intra-group synergies

The Apex Group's prospects are informed by this vision which is nevertheless the fruit of rational analysis, objectivity, and knowledge of the industry and environment in which the Group operates. The Board and management are convinced that this is the best way forward and one which will lead to new heights for Apex and its many loyal shareholders.

On behalf of my fellow Directors, I would like to thank all our staff, suppliers, principals, customers and business partners for their loyalty and support and look forward to another mutually beneficial year of growth together.

Joy of giving - Apex provided medication for the flood relief team at the Bt Serok Orang Asli village, Pahang during the recent bad flood

Narrative Statement on Application of Corporate Governance Principles

The Company is fully committed to good Corporate Governance and fair dealing in all its activities with a view to increasing shareholder value while at the same time acting in the interests of other stakeholders. It subscribes fully to the principles and best practices set out in Part I to the Malaysian Code of Corporate Governance. This statement describes the practices that the Company took with respect to each of the key principles and the extent of its compliance with the code during the financial year. The Board of Directors confirms that aside from any exceptions noted below, the Group has adhered to the Best Practices of the Code during the year under review.

DIRECTORS

1. The Board

The Company is led and managed by an experienced Board, comprising members with a wide range of expertise and experience in various fields, encompassing accounting, medicine, pharmacy, finance, engineering, construction and other industries. Their expertise, experience and background have resulted in thorough consideration and deliberation of the various issues and matters affecting the Company and the Group from varied perspectives. The Board is answerable directly to shareholders, sets Corporate Objectives and administers a Schedule of Matters exclusively reserved for the Board's decision.

The Board holds regular scheduled meetings four times a year with additional meetings as necessary. The Board delegates certain functions to Board committees, further details of which are given elsewhere in this Annual Report. To engage all Directors fully, members of the Board committees are rotated from time to time.

2. Board Balance

With the resignation of a non-executive non-independent Director, the Board now comprises six members: a non-executive chairman, the group managing director, two non-independent non-executive directors and two independent directors. Independent directors therefore comprise one-third the membership of the Board. The current Board is able to effectively carry out its duties. Given the membership requirements of Board subcommittees, it is unlikely that Board size can decline further.

3. Supply of Information

Directors have comprehensive and timely access to information concerning the Company and the Group. Notice is given of Board meetings, and board papers with supporting documents and information covering Group performance and major operational, financial and corporate information, are distributed to the Directors in advance of Board Meetings to ensure that Directors have sufficient time to study them and be prepared for discussion. Minutes of Meetings are maintained and circulated to Directors. Directors may request further explanation, where necessary, in order to be properly briefed before the meeting.

Directors have access to the advice and services of the Company Secretaries and the senior Management staff in the Group, and may seek independent professional advice at the Company's expense in furtherance of their duties.

4. Appointments to the Board

Appointments to the Board are based on the recommendations of the Nomination Committee established by the Board on 23rd May 2001, the activities of which are described on page 29. The selection criteria with regard to the desired candidate are a combination of competencies, the qualifications specified by the regulatory authorities and relevant experience in the judgment of the Nomination Committee and the Board. The selection also takes into account financial and commercial relationships with the Group to avoid or minimize potential conflicts of interest. The Directors therefore bring a broad range of skills and credentials to their deliberations. Each Director brings a high degree of independent judgement and knowledge to the Board's activities.

The Board is cognizant of the need to provide continuing education to Directors. Training needs of Directors are determined and planned collectively in the spirit of continuously maintaining and upgrading the relevance of Directors' skills and knowledge. All Directors have completed the accreditation programme mandated by Bursa Malaysia.

5. Re-election

The procedure for rotational re-election of directors is set out in the Articles of Association of the Company, in particular Article 89.

At least one-third of the Directors are required to retire by rotation each financial year in accordance with the Company's Articles of Association, in particular Article 89. Retiring Directors can offer themselves for re-election at the Annual General Meeting. Directors who are appointed by the Board to fill a casual vacancy are subject to election by shareholders at the Annual General Meeting immediately following their appointments.

The Company's Articles of Association have been amended to provide that executive directors will also be subject to re-election by rotation once every 3 years to comply with sub-paragraph 7.28(2) of Bursa Malaysia's Listing Requirements.

In this Annual Report, details of directors seeking re-election and re-appointment, such as their age, relevant experience, list of directorships, date of appointment, details of participation in Board Committees and whether they are independent directors are disclosed in a separate statement on pages 7 to 9.

DIRECTORS' REMUNERATION

6. The Level and Make-Up of Remuneration

The Board has established a Remuneration Committee, details of which are set out on page 26.

The Remuneration Committee is an integral part of the process by which the company attracts and retains the Directors needed to run the company successfully. The Committee recommends remuneration based on review of the performance of the Company and Group, and makes note of remuneration practices in other public companies in the course of its deliberations.

7. Procedure

The procedure for determining the remuneration of directors is incorporated in the Terms of Reference of the Remuneration Committee as set out on page 26.

8. Disclosure

Details on Directors' remuneration are set out in the Remuneration Committee's report in earning bands on page 27. The remunerations of individual director are not disclosed as this information is deemed to be private and confidential.

SHAREHOLDERS

9. Dialogue between companies and investors

The Board values dialogue with both institutional shareholders and private investors, and recognises that timely and equal dissemination of relevant information should be made to these parties.

Management meets with shareholders and investment analysts from time to time to explain the group's strategy, performance and major developments and to receive feedback. Concerns of shareholders may be addressed to the Senior Independent Non-Executive Director, currently Leong Khai Cheong, via the Company Secretaries.

10. The Annual General Meeting

Shareholders are encouraged to participate at Annual General Meetings which are the principal forum for a dialogue with the shareholders, and are opportunities for the Chairman and Board members to respond personally to all queries and provide sufficient clarification on issues and concerns raised by the shareholders. Directors are also pleased to have the opportunity to interact with the shareholders on an informal basis after the Annual General Meeting.

ACCOUNTABILITY AND AUDIT

11. Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects throughout each financial year, by means of annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's Statement and other reports in the Annual Report to shareholders. The Board acknowledges the substantial assistance of the Audit Committee in the oversight of the Group's financial reporting processes and maintaining the quality of its financial reporting.

12. Internal Control

The Board acknowledges its responsibility for establishing and maintaining a sound system of internal controls, which provides reasonable assurance in ensuring the effectiveness and efficiency of operations and safeguards the assets and interests in compliance with laws and regulations as well as with internal financial administrative procedures and guidelines.

The internal controls comprise risk management and financial, organisational, operational and compliance controls devised to safeguard shareholders' investment and the Group's assets. This system is intended to provide a reasonable level of, rather than absolute, assurance against misstatement or loss within the practical constraints of operating a going concern. It is recognized that the improvement and refinement of internal control systems, and their adaptation to continually changing requirements, is a continuing process.

The Internal Audit function is currently outsourced to Messrs Deloitte Enterprise Risk Services Sdn Bhd, which is independent of the External Auditors. The Statement on Internal Control is set out on page 21.

13. Relationship with the Auditors

The Board has established formal and transparent arrangements for maintaining an appropriate relationship with the Company's External Auditors and Internal Auditors, who regularly attend and report at Board Meetings. The Company's Auditors, Messrs Ernst & Young, have continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. From time to time, the auditors bring matters that require attention to the Audit Committee and Board. The Board is of the opinion that the Group has addressed and is in compliance with the Best Practices recommended in Part 2 of the Code on Corporate Governance. Further elaboration is made on certain aspects of compliance as follows:

STATEMENT ON THE EXTENT OF COMPLIANCE WITH BEST PRACTICES

- The Group welcomes contact with investors and shareholders. The Group has not instituted a formal investor relations programme. Nevertheless, several meetings are held every year between Group senior management and professionals from the investment industry. These are briefings organized by the Group or meetings on a smaller scale in response to specific requests by industry professionals. Management from time to time avails itself of the services of professional advisors on investor relations. [Code on Corporate Governance Parts 2AA1 and CC 1]

- The replacement of the post of Executive Chairman with the post of Non-Executive Chairman took place on 1 January 2003 as the company has adopted best practice on division of responsibilities. [Part 2AA II]

- The size and composition of the Board and the requirements on the composition of sub-committees results in some inevitable overlap in the membership of the various Board committees. The size of the Board has fallen from nine members to six over the last two financial years. However, the Board is of the opinion that the independence and effectiveness of the Board's decision-making processes and that of its sub-committees has not been compromised. Rotation of Directors among the sub-committees helps to maintain the independence and effectiveness of these committees.

ADDITIONAL INFORMATION

1. Non-Audit Fees

The amount of non-audit fees paid and payable to the external auditors, Ernst & Young, by the Group for the financial year ended 31 December 2006 amounted to RM 49,000.

2. Material Contracts

There are no material contracts of Apex Healthcare Berhad and its subsidiaries involving any of its directors and major shareholders.

3. Recurrent Related Party Transactions

There are no recurrent related party transactions during the financial year.

4. Sanctions

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

5. Directors' Responsibility for Preparing The Financial Statements

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cashflows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 1965. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Statement on Internal Control
(For Financial Year Ended December 31, 2006)

Introduction

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements, the Board of Directors of Apex Healthcare Berhad is pleased to provide the following statement on the state of internal control of the Group comprising Apex Healthcare Berhad and its subsidiaries for the financial year ended 31 December 2006, which has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia.

Board Responsibility

The Board acknowledges the importance of good practice of corporate governance and is committed to maintaining a sound system of internal control, and for reviewing its effectiveness, adequacy and integrity. However, the Board recognises that reviewing of the Group's systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss. It should be further noted that the cost of the system should not outweigh the benefits.

The Board maintains an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives.

The Board of Directors is committed to maintaining a system of internal control in financial, operational and compliance as well as risk management to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are closely monitored and substantial variances are promptly explained.

Risk Management Framework

The Board recognises that management of principal risks faced by the Group plays an important and integral part of the Group's daily operations. Principal risks faced by the Group have been identified in a risk assessment exercise. The risk assessment process involved risk identification, prioritisation and formulation of action plans to enhance the internal controls system and better manage the critical risks. The main objective for the risk assessment is to achieve a better management of the risks and controls through formulation of action plans to be implemented and championed by identified members of the management.

Significant risks are continuously identified, assessed and managed with the facilitation of the Internal Audit function and instituted controls are appropriate and effectively applied by the Management to achieve acceptable exposures consistent with the Group's risk management practices.

The nature of risks mean that events may occur which would give rise to unanticipated or unavoidable losses. The Group's system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses from occurring. The rationale of the system of internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all risks.

The risk assessment process will be carried on an annual basis to ensure that significant risks are continuously identified and that instituted controls are appropriate and effectively applied by the Management to achieve acceptable exposures consistent with the Group's risk management practices.

Internal Audit Function

The Group has outsourced its internal audit function to a professional services firm whose primary responsibility is to independently provide assessment on effectiveness and reliability of the Group's systems of internal control. The internal audit function advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The reports are submitted to the Audit Committee and risk and control issues were discussed during the Audit Committee meetings.

In assessing the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendations or changes.

Other Key Elements Of Internal Control

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:

- **Organisational structure and responsibility levels**
  The Group has a well defined organisational structure with clear lines of accountability and which has a documented delegation of authority which sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require Board approval. There are also clear reporting lines up to the Board and its Committees.

- **Management Styles**
  The Board relies on the experienced Managing Director and a management team with relevant industry experience to run and manage the operations and business of the Group in an effective and efficient manner.
  The Managing Director and management practise a "hands on" style in managing the businesses of the Group. This close-to-operations management style enables timely identification and reporting of any significant matters.

- **Reporting and monitoring**
  The Group's management teams carry out monthly monitoring and review of financial results and forecasts for all businesses within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. All business units prepare annual budgets and business plans, which are in line with the Group's business objectives. The Board approves the business plan and annual budget and reviews the results on a quarterly basis.

- **Policies and procedures**
  Operating Procedures Manuals that set out the policies, procedures and practices to be adopted by all companies in the Group to ensure clear accountabilities and control procedures are in place for all business units.

- **Quality control**
  The Group emphasises continuous effort in maintaining the quality of manufacturing process of its pharmaceutical plant. The Directors have ensured that safety and health regulations, environmental controls and all other legislations in connection with the industry have been considered and complied with.

- **Succession planning**
  Succession planning for the management staff of the Group is in place and will be reviewed periodically. This is to ensure that business operations and performance will not be adversely affected by departure of key personnel.

- **Board Commitment**
  The Board recognizes that the Group operates in a dynamic business environment in which the system of internal control must be responsive in order to be able to continuously support its business objective.

The Board is of the view that the system of internal control is satisfactory and has not resulted in any material losses, contingencies or uncertainties for the financial year ended 31 December 2006. The Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Apex Healthcare Berhad is pleased to present the following report for the financial year ended 31st December 2006.

Composition of Audit Committee and Attendance Record

The Audit Committee currently consists of 3 members, the majority of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is an Independent Non-Executive Director and a member of the Malaysian Institute of Accountants. No Alternate Director is appointed as a member. The Committee met 5 times during the financial year to 31st December 2006 and the attendance record is tabulated as follows:

Director	Position	Attendance at Committee Meetings					Total
		21 Feb	22 Mar	23 May	22 Aug	14 Nov	
Leong Khai Cheong	**Senior Independent Non-Executive Director and Chairman of Audit Committee**	✓	✓	✓	✓	✓	5/5
Dr Ahmad Kamal bin Md Alif	**Independent Non-Executive Director**	✓	✓	✓	✓	✓	5/5
Dr Kee Kirk Chin	**Group Managing Director**	✓	✓	✓	✓	✓	5/5
		3/3	3/3	3/3	3/3	3/3	

Terms of Reference of the Audit Committee

1. Constitution

The Board has established a Committee of the Board to be known as the Audit Committee (hereinafter known as the "AC") with authority and duties as specified in these terms of reference.

2. Membership of the Committee

2.1 The AC shall be appointed by the Board from amongst the directors of the Company and shall consist of at least 3 members, a majority of whom shall be independent non-executive directors. A quorum requires the majority of members present to be independent non-executive directors.

2.2 At least one member of the AC must be a member of the Malaysian Institute of Accountants. If there is none, one member must either have at least 3 years' working experience and (a) have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967, or (b) be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or have the following qualifications:-

2.2.1 a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or

2.2.2 at least 7 years' experience being a chief financial officer of a corporation or having a function of being primarily responsible for the management of the financial affairs of a corporation.

2.3 No alternate director shall be appointed as a member of the AC.

2.4 The Board of directors shall review the composition, term of office and performance of the AC and its members at least once every 3 years to determine whether the AC and its members have carried out their duties in accordance with its terms of reference.

2.5 The members of the AC shall elect a Chairman from among their number who shall be an independent non-executive director.

2.6 If a member of the AC resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of

Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

2.7 The Company Secretary shall be the Secretary of the AC.

3. Rights of the Audit Committee

3.1 The AC shall, wherever necessary and reasonable for the performance of its duties, in accordance with procedures stipulated by the Board of Directors and at the cost of the Company:

3.1.1 have authority to investigate any matter within its terms of reference;

3.1.2 have the resources that are required to perform its duties;

3.1.3 have full and unrestricted access to any information pertaining to the Company;

3.1.4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

3.1.5 be able to obtain independent professional or other advice and to invite outsiders to attend AC meetings where necessary; and

3.1.6 be able to convene meetings with the external auditors, excluding the attendance of the executive members of the AC, at least once a year and whenever deemed necessary.

3.2 The AC shall take into cognizance in its deliberations the Listing Requirements of Bursa Malaysia Securities Berhad and the Code of Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.

3.3 Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad, the AC shall report such matter to Bursa Malaysia Securities Berhad.

4. Duties and Functions of the Audit Committee

4.1 The AC shall review the following and report the same to the Board of directors:-

4.1.1 with the external auditors, the nature and scope of the audit before commencement;

4.1.2 with the external auditors, their evaluation of the system of internal controls;

4.1.3 with the external auditors, the audit reports, management letters and management response;

4.1.4 the assistance given by the Company's employees and officers to the external auditors;

4.1.5 the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

4.1.6 the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

4.1.7 the quarterly results and year end financial statements, prior to approval by the Board of directors, focusing particularly on:-

- changes in or the implementation of major accounting policy changes;
- the going concern assumption;
- significant adjustments arising out of audit and unusual events; and
- compliance with accounting standards and other legal requirements;

4.1.8 any related party transaction and conflict of interest situation that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;

4.1.9 any letter of resignation from the external auditors;

4.1.10 whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment.

4.2 The AC shall review any matters concerning the appointment and dismissal of the both the internal and external auditors, their audit fees and render its recommendations accordingly to the Board of Directors.

4.3 The AC shall consider the major findings of internal investigations and management's response.

4.4 The AC shall verify that the allocation of options pursuant to the Apex Healthcare Berhad Employee Share Option Scheme is in compliance with criteria that have been disclosed to employees as required under the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

4.5 The internal auditor's primary line of reporting shall be to the Chairman of the AC and functionally and administratively to the Managing Director.

4.6 Any other duties as may be assigned by the Board of Directors from time to time.

5. Attendance at Meetings

5.1 The Managing Director, Financial Controller, the head of internal audit and a representative of the external auditors shall normally attend meetings.

5.2 Other Board members and employees may also attend AC meetings only at the AC's invitation, specific to the relevant meeting.

6. Procedure of Audit Committee

6.1 The AC shall regulate its own procedure, in particular:

- the calling of meetings;
- the notice to be given of such meetings;
- the voting and proceedings of such meetings;
- the keeping of minutes; and
- the custody, production and inspection of such minutes.

6.2 The AC shall meet at least 4 times a year. The external auditors may request a meeting if they consider that one is necessary.

6.3 The Secretary shall circulate the minutes of meetings of the AC to all members of the Board of Directors.

6.4 The AC shall prepare an annual report to the Board that provides a summary of the activities of the AC for inclusion in the Company's Annual Report.

Activities of the Audit Committee

During the financial year ended 31st December 2006, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- met with the Internal Auditors, Messrs Deloitte Enterprise Risk Services Sdn Bhd, to review their Reports and the Internal Audit Plan for financial year 2006;
- reviewed the draft Statement on Internal Controls for inclusion in the 2005 Annual Report;
- reviewed drafts of quarterly and year-end financial statements prior to approval for release to Bursa Malaysia Securities Berhad by the Board of Directors;
- reviewed the Audit Plans for the Company and the Group with the Company's External Auditors, Messrs Ernst & Young;
- considered the appointment of External Auditors for financial year 2006 for the Company and for Grafton Pharmasia Pte Ltd (renamed Apex Pharmacy Marketing Pte Ltd on 1st January 2007);
- reviewed the assistance provided by management to External Auditors;
- reviewed the revaluation report on the Agnesia trademark and related intellectual property; and
- considered proposals on management of the Group's cash reserves.

Internal Audit Function

The Internal Audit function of the Group is currently outsourced to Deloitte Enterprise Risk Services Sdn Bhd.

In accordance with the Terms of Reference of the Audit Committee, the Internal Auditors report functionally to the Chairman of the Audit Committee and administratively to the Group Managing Director.

During the financial year ended 31st December 2006, the Internal Auditors undertook the following activities:

- attended and reported to the Audit Committee at four of five Audit Committee meetings held during financial year 2006;
- reported on reviews carried out in 2005 on Inventory and Store Management and Accounts Receivable and Credit Controls at selected branches of Apex Pharmacy Marketing Sdn Bhd;
- reviewed and reported on General Computer Controls of Apex Pharmacy Marketing Sdn Bhd;
- prepared and presented a Principal Risk Report on the Company, its subsidiaries and associate company;
- reviewed and made recommendations on the Group's practices on Insurance Administration and Trademarks;
- reviewed the internal audit reports on the Group's associate company, Luyan (Fujian) Group;
- reviewed and reported on Information Technology for Apex Pharmacy Marketing Sdn Bhd.

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of Apex Healthcare Berhad is pleased to present the following report for the financial year ended 31st December 2006.

Composition of Remuneration Committee and Attendance Record

The RC consists of 3 members, the majority of whom are Independent Non-Executive Directors. The committee was established on 23rd May 2001. In 2006, the committee met twice, on 22nd February and 15th November, with attendance of members as noted below.

Hj Mohd Ramli Bin Samian resigned from the Board of Directors on 26th June 2006 and consequently also resigned from the committee. The Board has appointed Leong Khai Cheong to bring the membership of the committee to three.

Director	Position	Attendance at Committee Meetings	
		22 Feb	15 Nov
Jackson Chevalier Yap-Kit-Siong	**Non-Executive Director & Chairman of Remuneration Committee**	✓	✓
Dr Ahmad Kamal bin Md Alif	**Independent Non-Executive Director**	✓	✓
Hj Mohd Ramli Bin Samian (resigned on 26th June 2006)	**Non-Executive Director**	✓	O
Leong Khai Cheong (appointed on 23rd August 2006)	**Senior Independent Non-Executive Director and Chairman of Audit Committee**	O	✓

Terms of Reference of Remuneration Committee

1. Constitution

The Board has established a Committee of the Board to be known as the Remuneration Committee (hereinafter referred to as the "RC") with authority and duties as specified in these Terms of Reference.

2. Membership

2.1 The RC shall be appointed by the Board from amongst the directors of the Company and shall consist wholly or mainly of non-executive directors. A quorum shall be any 2 members.

2.2 The members of the RC shall elect a Chairman from among their members.

2.3 The Company Secretary shall be the Secretary of the RC.

3. Guiding Principles

3.1 The levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of executive directors.

3.2 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

3.3 The Committee shall take into cognizance in its deliberations the Listing Requirements of Bursa Malaysia Securities Berhad and the Code of Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.

4. Duties and Functions of the Committee

The RC is authorized by the Board to:

4.1 Review and determine, at least once annually, adjustments to the remuneration package, including benefits in kind, of each Executive Director, taking into account the performance of the individual, the inflation price index, and where necessary, information from independent sources on remuneration packages for equivalent jobs in the industry.

4.2 Review and determine the quantum of performance related bonuses, benefits-in-kind and Employee Share Options, if available, to be given to the Executive Directors.

4.3 Review and execute the renewal of the Consulting Agreement with the Chairman.

4.4 Consider and execute the renewal of the service contracts of Executive Directors as and when due, as well as the service contracts and remuneration package for newly appointed Executive Director(s) prior to their appointment.

4.5 Execute any other duties as may be assigned by the Board of Directors from time to time.

Activities of the Remuneration Committee

During the year under review the Remuneration Committee in discharge of its duties carried out the following activities:

- Reviewed the financial year 2005 performance bonuses paid in 2006, and remuneration packages and perquisites of Executive Directors and Senior Management for financial year 2006;
- Considered the purchase of Term Life Insurance Policies for Senior Management Executives;
- Reviewed and made recommendations on Directors' fees and allowances for financial year 2006;
- Considered and made recommendations on the renewal of the Consulting Agreement between the Company and the Chairman;
- Considered and made recommendations on the renewal of the Service Agreement between the Company and the Executive Directors of the Company's Subsidiaries.

Directors' Remuneration

The remuneration of the Directors is presented in bands of RM 50,000 in the table below:

Remuneration Band	Non-Executive Directors	Executive Directors
Below RM50,000	5	-
RM200,001 to RM250,000	1	-
RM350,001 to RM400,000	-	1
RM700,001 to RM750,000	-	1

In addition, the remuneration is analyzed into these categories as follows:

Analysis of Remuneration	Executive Directors	Non-Executive Directors	Total RM
Fees	4,000	76,000	80,000
Salaries & other emoluments	678,480	220,500	898,980
Bonus – current year's accrual	243,735	-	243,735
Bonus – under-accrual of previous year	52,725	-	52,725
Pension costs – defined contribution plans	103,265	-	103,265
Benefits in kind	147,111	45,600	192,711
	1,229,316	342,100	1,571,416

REPORT OF THE NOMINATION COMMITTEE

The Nomination Committee of Apex Healthcare Berhad is pleased to present the following report for the financial year ended 31st December 2006.

Composition of Nomination Committee and Attendance Record

The Nomination Committee consists of 3 members, the majority of whom are Independent Non-Executive Directors. The committee was established on 23rd May 2001 and during the year under review met on 22nd February 2006 and 23rd August 2006. All members were present at these meetings.

Director	Position	Attendance at Committee Meetings	
		22 Feb	23 Aug
Robert Dobson Millner	Non-Executive Director & Chairman of Nomination Committee	✓	✓
Leong Khai Cheong	Senior Independent Non-Executive Director & Chairman of the Audit Committee	✓	✓
Dr Ahmad Kamal bin Md Alif	Independent Non-Executive Director	✓	✓

Terms of Reference of Nomination Committee

1. Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee (hereinafter referred to as the "NC") with authority and duties as specified in these Terms of Reference.

2. Membership

2.1 The NC shall be appointed by the Board from amongst the directors of the Company and shall comprise exclusively of non-executive directors, the majority of whom shall be independent. A quorum shall be any 2 members.

2.2 The members of the NC shall elect a Chairman from among their members.

2.3 The Company Secretary shall be the Secretary of the NC.

3. Principle

3.1 The ultimate decision on the appointment of directors to the Board is the responsibility of the Board of Directors after due consideration of the recommendations of the NC.

3.2 The NC shall take into cognizance in its deliberations the Listing Requirements of Bursa Malaysia Securities Berhad and the Code of Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.

4. Duties and Functions of the Committee

The NC shall:

4.1 Assess and recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.

4.2 Consider in making its recommendations, candidates for directorship proposed by the Managing Director and, within the bounds of practicality, by any other senior executive, director or shareholder.

4.3 Assess the effectiveness of the board as a whole, the committees of the Board, individual directors as well as the Company Secretaries through a process to be implemented by the Board.

4.4 Recommend to the Board directors to fill the seats on other board committees.

4.5 Review annually the Board's required mix of skills and experience and other qualities, including core competencies which non-executive directors bring to the Board.

4.6 Determine appropriate training for Directors, review the fulfillment of such training, and disclose details in the annual report as appropriate, in accordance with Bursa Malaysia Securities Berhad's guidelines on Continuing Education.

4.7 Consider and recommend the Directors for re-election at each Annual General Meeting.

4.8 Undertake any other duties as may be assigned by the Board of Directors from time to time.

Activities of the Nomination Committee

The activities of the Nomination Committee during 2006 included:

- assessment of the effectiveness and performance of the Board and Board Committees, Directors, and Company Secretaries for financial year 2005;
- determination of which Directors would stand for re-election and re-appointment at the 2006 Annual General Meeting of shareholders;
- recommend the appointment of Leong Khai Cheong to the Remuneration Committee to replace Haji Mohd Ramli bin Samian, who had earlier resigned.

On 26th June 2006, the size of the Board was reduced from seven to six Directors with the resignation of Haji Mohd Ramli bin Samian, who had served as a Director since the Group's flotation. Ki Tak Sang stepped down as an alternate Director on 26th September 2006 and remains a member of senior management.

Attendance Record at Board Meetings

Director	Position	22 Feb	24 May	23 Aug	15 Nov	
Kee Tah Peng @ Hee Teck Peng	Non-Executive Chairman	✓	✓	✓	✓	4/4
Dr Kee Kirk Chin	Group Managing Director	✓	✓	✓	✓	4/4
Robert Dobson Millner	Non-Executive Director and Chairman of Nomination Committee	✓	✓	✓	✓	4/4
Jackson Chevalier Yap-Kit-Siong	Non-Executive Director and Chairman of Remuneration Committee	✓	X	✓	✓	3/4
Hj Md Ramli bin Samian (resigned on 26th June 2006)	Non-Executive Director	✓	✓	O	O	2/2
Leong Khai Cheong	Senior Independent Non-Executive Director and Chairman of Audit Committee	✓	✓	✓	✓	4/4
Dr Ahmad Kamal bin Md Alif	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Ki Tak Sang @ Kee Tak Sang (resigned on 26th September 2006)	Alternate Director to Kee Tah Peng	✓	✓	✓	O	3/3
Total Attendance		8/8	7/8	7/7	6/6	

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the Group consist of the manufacturing, distribution, marketing and retailing of pharmaceutical products. Other activities include property rental and management and the licensing of Apex Pharmacy trademark.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Net profit for the year	13,382,176	6,369,768

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects from the changes in accounting policies due to the adoption of FRS 3 Business Combinations which has resulted in an increase in the Group's profit for the year by RM1,006,940 as a result of the recognition of the negative goodwill arising from the acquisition a subsidiary company during the year.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2005 were as follows:

	RM
In respect of the financial year ended 31 December 2005 as reported in the Directors' report of that year:	
Final dividend of 5% less 28% taxation, paid on 23 June 2006	2,458,591
In respect of the financial year ended 31 December 2006:	
Interim dividend of 5% less 28% taxation, paid on 16 October 2006	2,461,446
	4,920,037

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 5 sen gross per share less tax amounting to RM2,736,533 on 74,973,500 ordinary shares will be proposed for shareholders approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

DIRECTORS

The names of the Directors of the Company in office since the date of the last Directors' Report and at the date of this report are:

Kee Tah Peng @ Hee Teck Peng

Dr Kee Kirk Chin

Jackson Chevalier Yap-Kit-Siong

Leong Khai Cheong

Robert Dobson Millner

Dr Ahmad Kamal bin Md. Alif

Ki Tak Sang @ Kee Tak Sang (Alternate to Kee Tah Peng @ Hee Teck Peng)
(resigned as alternate director on 26 September 2006)

Mohd Ramli bin Samian (resigned on 26 June 2006)

Kee Tah Peng @ Hee Teck Peng retires pursuant to Section 129(2) of the Companies Act, 1965 and seeks re-appointment as Director under Section 129(6) of the Act to hold office until the next Annual General Meeting of the Company.

In accordance with Article 89 of the Company's Articles of Association, Dr Kee Kirk Chin and Leong Khai Cheong retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 10 to the financial statements or the fixed salary of a full-time employee of the Group or of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, required to be disclosed by Section 169(8) of the Companies Act, 1965 except as disclosed in Note 29 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.1.2006	**Acquired**	**Disposed**	**31.12.2006**
Direct interest				
Kee Tah Peng @ Hee Teck Peng	15,000	190,000	-	205,000
Dr Kee Kirk Chin	315,000	345,000	60,000	600,000
Jackson Chevalier Yap-Kit-Siong	15,000	-	-	15,000
Leong Khai Cheong	15,000	-	-	15,000
Robert Dobson Millner	15,000	-	-	15,000
Dr Ahmad Kamal bin Md Alif	210,000	-	-	210,000
Indirect interest				
Kee Tah Peng @ Hee Teck Peng	26,780,506	567,500	-	27,348,006
Dr Kee Kirk Chin	26,780,506	567,500	-	27,348,006

	Number of Options Over Ordinary Shares of RM1 Each			
	1.1.2006	**Exercised**	**Lapsed**	**31.12.2006**
Kee Tah Peng @ Hee Teck Peng	276,000	(190,000)	(86,000)	-
Dr Kee Kirk Chin	685,000	(345,000)	(340,000)	-

Kee Tah Peng @ Hee Teck Peng and Dr Kee Kirk Chin by virtue of their interests in shares in the Company are also deemed interested in shares of all the subsidiary companies of the Company to the extent the Company has an interest.

No Directors in office at the end of the financial year held any interest in shares and debentures of related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM67,649,200 to RM74,973,500 by way of:

(i) the issuance of 6,600,000 ordinary shares of RM1 each through a private placement at an issue price of RM1.63 per ordinary share for cash, for additional working capital purposes;

(ii) the issuance of 724,300 ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Options Scheme at an average exercise price of RM1.63 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME

The Company implemented an Employee Share Option Scheme ("ESOS") on 8 October 2001. The ESOS was governed by the By-Laws which were approved by the shareholders on 16 August 2001. The Scheme lapsed during the current financial year on 8 October 2006.

The main features of the ESOS were as follows:

- The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company.
- Any employee (including Executive Directors) of the Group shall be eligible to participate in the Scheme if, as at the offer date, the employee:

  (i) has attained the age of eighteen (18) years; and

  (ii) is employed full-time by and is on the payroll with at least one year of service of a company within the Group (other than a company which is dormant).
- Any allocation of Options under the Scheme to an Executive Director of the Company shall require approval from the share holders of the Company in a general meeting.
- The option price under the ESOS is the weighted average market price of the shares of the Company as quoted in the official list issued by Bursa Malaysia Securities Berhad for the five market days preceding the offer date with an allowance for a discount of not more than 10% there from at the Option Committee's discretion, or the par value of the shares of the Company of RM1.00, whichever is the higher.
- The options granted may be exercised at any time before the expiry of the ESOS on 8 October 2006.
- The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The movements during the financial year in the number of options over the shares of the Company are as follows:

	Number of share options (Units)
At 1 January 2006	4,492,900
Granted	-
Lapsed	(3,768,600)
Exercised	(724,300)
At 31 December 2006	-

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(i) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(i) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Significant event during the year is disclosed in Note 32 to the financial statements.

SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2007.

KEE TAH PENG @ HEE TECK PENG | **DR KEE KIRK CHIN**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, KEE TAH PENG @ HEE TECK PENG and DR KEE KIRK CHIN, being two of the Directors of APEX HEALTHCARE BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 91 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2007.

KEE TAH PENG @ HEE TECK PENG

DR KEE KIRK CHIN

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, KWONG LIEN WAH, the Officer primarily responsible for the financial management of APEX HEALTHCARE BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 91 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **KWONG LIEN WAH**
at Melaka in Malaysia on 10 April 2007

KWONG LIEN WAH

Before me,

REPORT OF THE AUDITORS TO THE MEMBERS OF APEX HEALTHCARE BERHAD

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 38 to 91. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) The financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

(i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

(ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) The accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Yap Seng Chong
No. 2190/12/07 (J)
Partner

Kuala Lumpur, Malaysia
10 April 2007

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
Revenue	3	224,287,876	190,184,393	9,643,120	9,471,570
Cost of sales/services	4	(171,531,814)	(142,069,667)	(1,309,008)	(1,068,774)
Gross profit		52,756,062	48,114,726	8,334,112	8,402,796
Other income	5	2,122,226	716,324	1,382,636	1,020,625
Administrative expenses		(11,249,483)	(9,149,133)	(1,202,812)	(863,097)
Selling and marketing expenses		(24,815,282)	(24,202,693)	(62,116)	(23,047)
Other expenses		(538,897)	(645,056)	(553,478)	(184,347)
Gain on disposal of a subsidiary company	6	-	4,945,908	-	4,964,699
Operating profit		18,274,626	19,780,076	7,898,342	13,317,629
Finance costs	7	(1,075,349)	(612,106)	-	-
Share of profit of associated company		1,016,313	503,668	-	-
Profit before tax	8	18,215,590	19,671,638	7,898,342	13,317,629
Income tax expense	11	(4,833,414)	(3,886,845)	(1,528,574)	(1,939,978)
Net profit for the year		13,382,176	15,784,793	6,369,768	11,377,651
Attributable to: Equity holders of the Company		13,382,176	15,784,793	6,369,768	11,377,651
Basic earnings per share (sen)	12	19.49	23.39		
Diluted earnings per share (sen)	12	19.49	23.21		
Net dividends per share in respect of the year	13	7.20	7.20		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2006

	Note	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	55,676,052	46,174,841	158,747	141,162
Investment properties	15	2,913,374	2,913,374	-	-
Intangible assets	16	1,835,046	851,851	-	-
Investment in subsidiary companies	17	-	-	28,658,022	28,994,842
Investment in associated company	18	10,226,504	9,783,794	-	-
		70,650,976	59,723,860	28,816,769	29,136,004
Current assets					
Inventories	19	38,406,848	35,608,381	-	-
Trade and other receivables	20	64,295,840	50,279,684	60,581,263	49,221,272
Tax recoverable		170,751	244,365	14,656	-
Deposits with licensed banks	21	8,000,000	4,650,000	7,000,000	4,650,000
Cash and bank balances	21	6,181,726	2,465,553	1,009,278	1,228,008
		117,055,165	93,247,983	68,605,197	55,099,280
TOTAL ASSETS		187,706,141	152,971,843	97,421,966	84,235,284
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	74,973,500	67,649,200	74,973,500	67,649,200
Share premium	25	5,305,396	985,600	5,305,396	985,600
Other reserves	26	3,780,521	5,351,669	-	-
Retained earnings	27	38,312,511	28,584,398	15,888,472	14,438,741
Total equity		122,371,928	102,570,867	96,167,368	83,073,541

The accompanying notes form an integral part of the financial statements.

		GROUP		COMPANY	
	Note	2006 RM	2005 RM	2006 RM	2005 RM
Non-current liabilities					
Borrowings	22	5,484,049	3,133,578	-	-
Deferred tax liabilities	24	3,909,438	3,547,042	-	-
		9,393,487	6,680,620	-	-
Current liabilities					
Borrowings	22	13,001,623	11,209,409	-	-
Trade and other payables	23	41,950,603	32,478,010	1,254,598	1,134,398
Current tax payable		988,500	32,937	-	27,345
		55,940,726	43,720,356	1,254,598	1,161,743
TOTAL LIABILITIES		65,334,213	50,400,976	1,254,598	1,161,743
TOTAL EQUITY AND LIABILITIES		187,706,141	152,971,843	97,421,966	84,235,284

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Share Capital RM	Non-Distributable: Revaluation Reserve RM	Non-Distributable: Foreign Currency Translation Reserve RM	Non-Distributable: Share Premium RM	Distributable: Retained Earnings RM	Total RM
At 1 January 2005		67,371,700	5,925,891	147,663	810,260	16,977,133	91,232,647
Net gain not recognised in income statement:							
- revaluation surplus on properties		-	(680,272)	-	-	680,272	-
- currency translation differences		-	-	(41,613)	-	-	(41,613)
Net profit for the year		-	-	-	-	15,784,793	15,784,793
Dividends	13	-	-	-	-	(4,857,800)	(4,857,800)
Issue of shares							
- exercise of options under the Employee Share Option Scheme		277,500	-	-	175,340	-	452,840
At 31 December 2005		67,649,200	5,245,619	106,050	985,600	28,584,398	102,570,867
Effects of adopting FRS 140	2.3(e)	-	(1,498,571)	-	-	1,265,974	(232,597)
		67,649,200	3,747,048	106,050	985,600	29,850,372	102,338,270
Net loss not recognised in income statement:							
- currency translation differences		-	-	(72,577)	-	-	(72,577)
Net profit for the year		-	-	-	-	13,382,176	13,382,176
Dividends	13	-	-	-	-	(4,920,037)	(4,920,037)
Issue of shares	25						
- private placement		6,600,000	-	-	4,158,000	-	10,758,000
- exercise of options under the Employee Share Option Scheme		724,300	-	-	452,852	-	1,177,152
Share issue expense	25	-	-	-	(291,056)	-	(291,056)
At 31 December 2006		74,973,500	3,747,048	33,473	5,305,396	38,312,511	122,371,928

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Earnings RM	Total RM
At 1 January 2005		67,371,700	810,260	7,918,890	76,100,850
Net profit for the year		-	-	11,377,651	11,377,651
Dividends	13	-	-	(4,857,800)	(4,857,800)
Issue of shares					
- exercise of options under the Employee Share Option Scheme		277,500	175,340	-	452,840
At 31 December 2005		67,649,200	985,600	14,438,741	83,073,541
Net profit for the year		-	-	6,369,768	6,369,768
Dividends	13	-	-	(4,920,037)	(4,920,037)
Issue of shares	25				
- exercise of options under the Employee Share Option Scheme		724,300	452,852	-	1,177,152
- private placement		6,600,000	4,158,000	-	10,758,000
Share issue expense	25	-	(291,056)	-	(291,056)
At 31 December 2006		74,973,500	5,305,396	15,888,472	96,167,368

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		18,215,590	19,671,638	7,898,342	13,317,629
Adjustments for :					
Depreciation of property, plant and equipment		4,398,702	3,905,856	36,585	18,426
Amortisation of intangible assets		275,282	85,573	-	-
Write-off of intangible assets		35,181	-	-	-
Property, plant and equipment written off		13,515	116,297	2	3
Interest expense		1,075,349	612,106	-	-
Interest income		(137,060)	(212,956)	(1,382,448)	(1,015,905)
Dividend income		-	-	(8,380,000)	(8,200,000)
Impairment loss in a subsidiary company		-	-	417,674	144,699
Gain on disposal of a subsidiary company		-	(4,945,908)	-	(4,964,699)
Share of results in associated company		(1,016,313)	(503,668)	-	-
Negative goodwill arising on acquisition	17(a)	(1,006,940)	-	-	-
Net gain on disposal of property, plant and equipment		(179,412)	(364,928)	(188)	-
Allowance for doubtful debts		1,127,727	731,830	-	-
Allowance for doubtful debts written back		(953,596)	(536,042)	-	
Bad debts written off less recoveries		5,221	(27,066)	-	-
Inventories written off/(back)		177,380	(99,596)	-	-
Inventories written down		396,694	110,738	-	-
Unrealised foreign exchange loss		57,266	-	75,700	-
Operating profit/(loss) before working capital changes		22,484,586	18,543,874	(1,334,333)	(699,847)
Inventories		5,983,491	(11,548,438)	-	-
Receivables		(4,587,782)	(9,660,107)	(11,435,691)	(8,873,793)
Payables		(9,829,580)	10,545,930	120,200	746,154
Cash generated from/(used in) operations		14,050,715	7,881,259	(12,649,824)	(8,827,486)
Tax paid		(3,674,438)	(3,596,807)	(106,175)	(106,975)
Dividends received		-	-	6,915,600	6,394,000
Net cash generated from/(used in) operating activities		10,376,277	4,284,452	(5,840,399)	(2,540,461)

	Note	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition / Subscription of shares in subsidiary companies paid by cash		-	-	(80,854)	(3,400,000)
Net cash inflow for the acquisition of a subsidiary company	17(a)	1,579,152	-	-	-
Dividends from associated company		573,603	-	-	-
Acquisition of associated company paid by cash		-	(9,280,126)	-	-
Purchases of property, plant and equipment	(a)	(9,605,363)	(7,977,501)	(54,173)	(133,829)
Purchases of intangible assets		(141,681)	-	-	-
Net cash inflow from disposal of subsidiary company	6	-	9,386,557	-	10,243,053
Proceeds from disposal of property, plant and equipment		192,107	2,014,581	189	-
Interest received		137,060	212,956	1,382,448	1,015,905
Net cash (used in)/generated from investing activities		(7,265,122)	(5,643,533)	1,247,610	7,725,129
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		11,935,152	452,840	11,935,152	452,840
Payment of share issue expenses		(291,056)	-	(291,056)	-
Drawdown of term loan		2,907,872	2,400,000	-	-
Repayment of term loan		(6,027,192)	(1,119,992)	-	-
Dividends paid		(4,920,037)	(4,857,800)	(4,920,037)	(4,857,800)
Interest paid		(1,075,349)	(612,106)	-	-
Trade financing facilities received		1,925,806	915,000	-	-
Net cash generated from/(used in) financing activities		4,455,196	(2,822,058)	6,724,059	(4,404,960)
Net increase/(decrease) in cash and cash equivalents		7,566,351	(4,181,139)	2,131,270	779,708
Cash and cash equivalents at the beginning of the year		2,215,136	6,437,933	5,878,008	5,098,300
Currency translation differences		(72,577)	(41,658)	-	-
Cash and cash equivalents at the end of the year	21	9,708,910	2,215,136	8,009,278	5,878,008

Note (a)
Purchases of property, plant and equipment during the year were fully paid for in cash.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is 134/2, Kompleks Perniagaan Munshi Abdullah, Jalan Munshi Abdullah, 75100 Melaka.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of the manufacturing, distribution, marketing and retailing of pharmaceutical products. Other activities include property rental and management and the licensing of Apex Pharmacy trademark.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for land and buildings included within property, plant and equipment and investment properties that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiary Companies and Basis of Consolidation

(i) Subsidiary Companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated using the acquisition method of accounting except for certain subsidiary companies, as disclosed in Note 17, which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, the generally accepted accounting principles prevailing at that time. These subsidiary companies continue to be consolidated using the merger method of accounting. In the Company's separate financial statements, the cost of investment in subsidiary companies continues to be stated at the nominal value of the shares issued as consideration as the fair value of the shares at their respective dates of acquisition could not be determined with reasonable certainty.

(i) Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the effective date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition costs and these values is reflected as goodwill or negative goodwill as appropriate. Goodwill on consolidation is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(m). Negative goodwill is recognised immediately in profit or loss.

(ii) Under the merger method of accounting, the results of the subsidiary companies are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition over the nominal value of the share capital and share premium of the subsidiary companies are written off against reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (contd.)

(a) Subsidiary Companies and Basis of Consolidation (contd.)

(ii) Basis of Consolidation (contd.)

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any balance of goodwill and exchange differences which were not previously recognised in consolidated financial statements.

(b) Associated Company

An associated company is an entity in which the Group exercises significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated company are used by the Group in applying the equity method. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investment in associated company is stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (contd.)

(c) Intangible Assets (contd.)

(ii) Other Intangible Assets (contd.)

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Research and development costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

Brands

Brands were acquired through business combinations. The useful life of brands is estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows to the Group. Brands are stated at cost less any impairment losses. They are not amortised but tested for impairment annually or more frequently when indicators of impairment are identified.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at market value, based on valuations once in every five years by independent values, less subsequent amortisation/depreciation and impairment losses. All other property, plant and equipment and additions to land and buildings in the period between valuations are stated at historical cost less accumulated depreciation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2.2(m).

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land is not amortised as it has an infinite life. Building and capital-in-progress are also not depreciated until they are ready for their intended use. Leasehold land is amortised in equal instalments over the periods of the respective leases that range from 84 to 90 years. Depreciation of the other property, plant and equipment is calculated to write off the cost, or the revalued amounts, in equal instalments over their estimate useful lives.

The principal annual depreciation rates used for this purpose are:

Buildings and shop units	2%
Plant, machinery and factory equipment	10-15%
Furniture, fittings and equipment	10-33 1/3%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (contd.)

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the standard cost and the weighted average methods. The cost of finished goods and work in progress consists of direct materials, direct labour, direct charges and appropriate proportion of overheads. Standard cost approximates actual cost calculated on a weighted average basis.

Net realisable value is the estimate of selling price in the ordinary course of business, less the cost of completion and selling expenses.

(g) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(h) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (contd.)

(h) Employee Benefits (contd.)

(ii) Defined Contribution Plan (contd.)

or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary companies in the Republic of Singapore make contribution to their country's Central Provident Fund ("CPF").

(i) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(j) Capitalisation of Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (contd.)

(k) Operating Leases

Leases of assets under which the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement in the year in which they are incurred.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

(i) Sale of goods
Revenue relating to sale of goods are recognised upon delivery of goods and the transfer of risks and rewards.

(ii) Revenue from services
Revenue fromservices rendered is recognised as and when the services are performed.

(iii) Dividend income
Dividend income is recognised when the right to receive payment is established.

(iv) Interest income
Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(v) Rental income
Rental income is recognised on an accrual basis unless the collectibility is in doubt.

(vi) License fees
License fees are recognised on an accrual basis.

(vii) Management service fee
Management service fee are recognised when services are rendered.

(m) Impairment of Non-financial Assets

The carrying amounts of the Company's assets, other than investment property and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount to the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (contd.)

(n) Provision for Liabilities

Provision for liabilities are recognised when the Group or the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(o) Financial Instruments

Financial instruments recognised on the balance sheet:

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains or losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short term highly liquid investments that are readily convertible to known amount of cash and are subject to insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on review of all outstanding amounts at the financial year end. Bad debts are written off during the year in which they are identified.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest Bearing Borrowings

Interest bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

(v) Equity Instrument

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Financial instruments not recognised on the balance sheet:

The Group is a party to financial instruments which comprise foreign currency forward contracts. These instruments are not recognised in the financial statements on inception.

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 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 revised FRS 2, 5, 102, 108, 110, 116, 121, 127, 128, 132 and 133 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

(i) Excess of Group's interest in the net fair value of acquiree's identificable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. Accordingly, the negative goodwill arising from the acquisition of a subsidiary company during the year amounting to RM1,006,940 was recognised in profit or loss during the year.

(ii) Other intangible assets

Prior to 1 January 2006, all intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. Upon the adoption of FRS 138, the useful lives of intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Accordingly, the Agnesia trademark, which was acquired through business combination on 1 January 2006, is considered to have indefinite life and are stated at cost less any impairment loss. The fair value of the trademark as at the date of acquisition was RM1,041,400. Development costs are considered to have finite useful lives and therefore, continue to be stated at cost less accumulated amortisation and impairment losses.

Upon the adoption of FRS 3 and FRS 138, the intangible asset relating to the Agnesia trademark and software are now separately recognised as intangible asset on the balance sheet. To conform with the current year's changes in presentation, the comparative carrying amount of software cost amounting to RM851,851 has been reclassified from property, plant and equipment to intangible assets as disclosed in Note 2.3(f).

(b) FRS 101: Presentation of Financial Statements

Prior to 1 January 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (contd.)

(b) FRS 101: Presentation of Financial Statements (contd.)

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated. The effect on the consolidated income statement for the year ended 31 December 2006 is set out in Note 2.3(e)(ii). These changes in presentation has no impact on the Company's financial statements.

(c) FRS 121: The Effects of Changes in Foreign Exchange Rates

(i) Exchange differences on a monetary item that forms part of the Company's net investment in a foreign operation.

Prior to 1 January 2006, exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, were recognised in equity in the consolidated financial statements. Under the revised FRS 121, such exchange differences are now recognised in profit or loss. This change in accounting policy, however, did not result in any restatement on amounts reported for 2005 or prior periods as there had not been any major fluctuations in the currency of the monetary item.

(d) FRS 140: Investment Property

Prior to 1 January 2006, investment properties were stated at valuation. Revaluations were carried out at least once in every five years and any revaluation increase is taken to equity as a revaluation surplus. The investment properties were last revalued in 2004. Upon the adoption of FRS 140, investment properties are now stated at fair value and gains and losses arising from changes in fair values are recognised in profit or loss in the year in which they arise.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on amounts reported for 2005 or prior periods. Instead, the changes have been accounted for by restating the following opening balances of the Group as at 1 January 2006:

	As at 1.1.2006 RM
Decrease in other reserves (Note 26)	1,498,571
Increase in retained earnings	1,265,974
Increase in deferred tax liabilities (Note 24)	232,597

The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(e)(i). There were no effects on the consolidated income statement for the year ended 31 December 2006 and the Company's financial statements.

To conform with the current year's presentation, the comparative carrying amount of investment properties amounting to RM2,913,374 has been reclassified from property, plant and equipment to investment properties without subjecting it to any remeasurement as disclosed in Note 2.3(f).

(e) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006, upon the adoption of the new and revised FRSs, is higher or lower than it would have been had the previous policies been applied in the current year:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (contd.)

(e) Summary of effects of adopting new and revised FRSs on the current year's financial statements (contd.)

(i) Effects on balance sheet as at 31 December 2006

Description of change	Increase/(Decrease) FRS 140 Note 2.3(d)
	RM
Group	
Deferred tax liabilities	232,597
Other reserves	(1,498,571)
Retained earnings	1,265,974

(ii) Effects on income statement for the year ended 31 December 2006

Description of change	Increase/(Decrease) FRS 101 Note 2.3(b)
	RM
Group	
Share of profit of associated company	(364,600)
Profit before taxation	(364,600)
Income tax expense	364,600

(f) Restatement of comparatives

The following comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated RM	FRS 138 Note 2.3(a)(ii) RM	FRS 140 Note 2.3(d) RM	FRS 101 Note 2.3(b) RM	Restated RM
As at or for the year ended 31 December 2005					
Group					
Property, plant and equipment	49,940,066	(851,851)	(2,913,374)	-	46,174,841
Intangible assets	-	851,851	-	-	851,851
Investment properties	-	-	2,913,374	-	2,913,374
Share of profit of associated company	689,064	-	-	(185,396)	503,668
Profit before taxation	19,857,034	-	-	(185,396)	19,671,638
Income tax expense	(4,072,241)	-	-	185,396	(3,886,845)

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS amendments to FRS and Interpretations which are relevant to the Group's operation were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRS and Interpretations	**Effective for financial periods beginning on or after**
FRS 117: Leases	1 October 2006
FRS 124: Related Party Disclosures	1 October 2006
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 119$_{2004}$:Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommisioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRS, admendments to FRS and Interpretations, except for FRS 117, FRS 124 and FRS 139, are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application. The Group and the Company are exempted from disclosing the possible impact, if any to the financial statement upon the initial application of FRS 117, FRS 124 and FRS 139.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following are the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statement.

Classification between investment properties and property, plant and equipment.

The Group has developed certain criteria based on FRS140 in making judgement whether a property qualifies as an investment property . Investment property is a property held to eam rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or administrative purpose. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion held for use in the production or supply of goods or services for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

(i) Impairment of trademark

The Group determines whether the trademark is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which the trademark is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the trademark as at 31 December 2006 is RM1,071,300. Further details are disclosed in Note 16.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements (contd.)

(b) Key Sources of Estimation Uncertainty (contd.)

(ii) Impairment of cost of investment in subsidiary companies

During the current financial year, the Company has recognised impairment losses in respect of its cost of investment in subsidiary companies. The Company carried out the impairment test based on the tangible assets of the subsidiary companies. Further details of the impairment losses recognised are disclosed in Note 17.

(iii) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of pharmaceutical products is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 7 to 10 years. These are common life expectancies applied in the pharmaceutical industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. REVENUE

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of pharmaceutical products	223,587,172	189,506,619	-	-
License fees	390,342	226,002	-	-
Property rental income	310,362	243,972	-	-
Gross dividends from unquoted subsidiary companies	-	-	8,380,000	8,200,000
Management service fees	-	207,800	1,263,120	1,271,570
	224,287,876	190,184,393	9,643,120	9,471,570

4. COST OF SALES/ SERVICES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of pharmaceutical products	171,343,054	141,918,027	-	-
Property rental income	188,760	151,640	-	-
Management service fees	-	-	1,309,008	1,068,774
	171,531,814	142,069,667	1,309,008	1,068,774

5. OTHER INCOME

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest income	137,060	212,956	1,382,448	1,015,905
Rental receivable from operating leases, other than those relating to investment properties	262,450	11,250	-	-
Gain on disposal of plant and equipment	179,413	397,846	188	-
Miscellaneous	536,363	94,272	-	4,720
Negative goodwill arising from acquisition of a subsidiary company	1,006,940	-	-	-
	2,122,226	716,324	1,382,636	1,020,625

6. DISPOSAL OF A SUBSIDIARY COMPANY

The Group disposed of its 100% equity interest in Apex Pharmacy Sdn. Bhd. on 31 May 2005 for a total consideration of RM12,200,000.

The financial results of the disposed subsidiary company recognised by the Group up to the date of its disposal were as follows:

	2005 RM
Revenue	13,156,572
Loss from operations	(144,699)
Net loss for the year	(144,699)

The disposal had the following effects on the financial position of the Group as at the end of the year:

	2005 RM
Property plant and equipment	1,542,291
Inventories	6,857,551
Trade and other receivables	1,186,782
Cash and bank balances	856,496
Trade and other payables	(5,217,377)
Net assets disposed	5,225,743
Direct incidental cost	198,349
	5,424,092
Total disposal proceeds	12,200,000
Less: Maximum warranty claim (Note a)	(1,830,000)
Gain on disposal of subsidiary company	4,945,908
Cash inflow arising on disposal:	
Cash consideration, representing cash inflow (Note b)	10,980,000
Less: Amount set aside as provision for warranty (Note a)	(610,000)
	10,370,000
Direct incidental cost paid for disposal	(126,947)
Net cash inflow of the Company	10,243,053
Cash and cash equivalents of subsidiary company disposed	(856,496)
Net cash inflow of the Group	9,386,557

The disposal of subsidiary company had the following effect on the financial results of the Company for the previous financial year:

	2005 RM
Total disposal proceeds (Note b)	10,980,000
Less: Amount set aside as provision for warranty (Note a)	(610,000)
Less: Cost of investment in subsidiary company	(5,225,743)
Less: Incidental cost of divestment	(179,558)
Gain on disposal of subsidiary company	4,964,699

Note a:
The purchaser has a two year warranty claim up to RM1,830,000 representing 15% of the total disposal proceeds expiring on 31 May 2007.

Note b:
The purchaser has retained RM1,220,000 representing 10% of the total disposal proceeds, payable on 31 May 2007, net of any potential claims made by the purchaser during the two year warranty period as mentioned in Note (a) above.

7. FINANCE COSTS

	GROUP 2006 RM	GROUP 2005 RM
Interest expense on:		
Bank borrowings	1,046,842	612,106
Hire purchase and finance lease liabilities	46,257	-
	1,093,099	612,106
Less: interest expense capitalised in qualifying asset		
- capital in progress	(17,750)	-
	1,075,349	612,106

8. PROFIT BEFORE TAX

The following amounts have been included at arriving at profit before tax:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Directors' fees				
- Executive Directors	4,000	7,000	4,000	7,000
- Non-executive Directors	76,000	90,000	76,000	90,000
Consulting fees paid to a Director	180,000	180,000	180,000	180,000
Depreciation of property, plant and equipment	4,398,702	3,905,856	36,585	18,426
Amortisation of intangible assets	275,282	85,573	-	-
Write off of intangible assets	35,181	-	-	-
Auditors' remuneration				
- current year	136,190	89,000	45,000	19,000
- underprovision in prior year	6,500	-	22,000	-
- other services	5,000	5,000	5,000	5,000
Foreign exchange (gain)/loss				
- realised	(22,982)	(12,182)	5,029	(967)
- unrealised	57,266	-	75,700	-
Rental expenses	717,721	1,371,137	65,400	34,650
Research and development cost	697,916	572,241	-	-
Allowance for doubtful debts	1,127,727	731,830	-	-
Bad debts written off	26,428	11,886	-	-
Allowance for doubtful debts written back	(953,596)	(536,042)	-	-
Bad debts recovered	(21,207)	(38,952)	-	-
Inventories written back	-	(99,596)	-	-
Inventories written off	177,380	-	-	-
Inventories written down	396,694	110,738	-	-
Impairment loss in a subsidiary company	-	-	417,674	144,699
Property, plant and equipment written off	13,515	116,297	2	3
Net gain on disposal of property, plant and equipment	(179,412)	(364,928)	(188)	-
Rental income	(262,450)	(255,222)	-	-
Interest income	(137,060)	(212,956)	(1,382,448)	(1,015,905)

9. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Wages, salaries and social security contributions	19,099,191	15,506,484	1,033,685	784,520
Contributions to defined contribution plan	2,349,923	1,956,777	119,330	94,328
Other benefits	721,961	833,366	75,993	96,926
	22,171,075	18,296,627	1,229,008	975,774

Included in employee benefit expense of the Group and of the Company are executive Directors' remuneration other than Directors' fees and benefits-in-kind amounting to RM1,078,205 and RM708,696 (2005: RM947,096 and RM600,972) respectively.

10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Executive Directors:				
- Fees	4,000	7,000	4,000	7,000
- Salaries and other emoluments	678,480	678,480	421,800	421,800
- Bonus	296,460	177,997	210,900	114,720
- Pension costs:				
- defined contribution plans	103,265	90,619	75,996	64,452
	1,082,205	954,096	712,696	607,972
- Benefits-in-kind	147,111	50,325	147,111	50,325
	1,229,316	1,004,421	859,807	658,297
Non- Executive Directors:				
- Fees	76,000	90,000	76,000	90,000
- Other emoluments	220,500	220,500	220,500	220,500
	296,500	310,500	296,500	310,500
- Benefits-in-kind	45,600	-	45,600	-
	342,100	310,500	342,100	310,500
	1,571,416	1,314,921	1,201,907	968,797

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive Directors		
RM300,001-RM350,000	-	1
RM350,001-RM400,000	1	-
RM600,001-RM650,000	-	1
RM700,001-RM750,000	1	-
Non-executive Directors		
Below - RM50,000	5	6
RM200,001-RM250,000	1	1

11. INCOME TAX EXPENSE

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
Malaysian income tax:				
Tax expense for the year	4,679,271	3,484,476	1,529,400	1,938,000
Others	-	14,928	-	-
Under/(over) provision in prior year	24,344	40,999	(826)	1,978
	4,703,615	3,540,403	1,528,574	1,939,978
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	129,799	381,777	-	-
Over provision in prior year	-	(35,335)	-	-
	129,799	346,442	-	-
	4,833,414	3,886,845	1,528,574	1,939,978

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The domestic statutory tax rate will be reduced to 27% effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2006 RM	2005 RM
Group		
Profit before taxation	18,215,590	19,671,638
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	5,100,365	5,508,059
Effect of lower tax rate for small and medium scale companies	(93,105)	(66,727)
Effect of different tax rates in other jurisdictions	(22,000)	4,344
Effect of income not subject to tax	(248,730)	(1,390,116)
Effect of expenses not deductible for tax purposes	574,579	525,908
Effect of utilisation of previously unrecognised deferred tax assets	(110,823)	(1,359)
Effect of utilisation of current year's reinvestment allowances	(69,051)	(535,433)
Effect of share of results of associate	(284,567)	(141,027)
Deferred tax recognised at different tax rates	22,132	-
Deferred tax assets not recognised in respect of deductible temporary differences	39,060	49,221
Double deduction for tax purposes	(98,790)	(71,689)
Underprovision of income tax in prior year	24,344	40,999
Over provision of deferred tax in prior year	-	(35,335)
Tax expense for the year	4,833,414	3,886,845
Company		
Profit before taxation	7,898,342	13,317,629
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	2,211,536	3,728,936
Effect of income not subject to tax	(882,000)	(1,880,116)
Effect of expenses not deductible for tax purposes	214,990	85,346
Effect of utilisation of previously unrecognised deferred tax assets	(21,252)	-
Deferred tax recognised at different tax rates	(540)	-
Deferred tax assets not recognised in respect of deductible temporary differences	6,666	3,834
(Over)/under provision of income tax in prior year	(826)	1,978
Tax expense for the year	1,528,574	1,939,978

11. INCOME TAX EXPENSE (CONTD.)

Tax savings during the financial year arising from:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Utilisation of current year tax losses	-	94,552	-	94,552
Utilisation of previously unrecognised tax losses	98,002	-	5,113	-
	98,002	94,552	5,113	94,552

12. EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing net profit for the financial year by the weighted average number of ordinary shares in issue during the year.

	GROUP	
	2006	2005
Net profit for the financial year (RM)	13,382,176	15,784,793
Weighted average number of ordinary shares in issue	68,656,283	67,485,658
Basic earnings per share (sen)	19.49	23.39

(ii) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company had a category of dilutive potential ordinary shares, i.e. share options granted to employees. The share options lapsed during the financial year on 8 October 2006.

In respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the financial year for the share options calculation.

	GROUP	
	2006	2005
Net profit for the financial year (RM)	13,382,176	15,784,793
Weighted number of ordinary shares in issue	68,656,283	67,485,658
Adjustment for share options	-	515,817
Adjusted weighted average number of ordinary shares in issue and issuable	68,656,283	68,001,475
Diluted earnings per share (sen)	19.49	23.21

13. DIVIDENDS

	2006		2005	
	Dividend per share net of tax Sen	Amount of dividend net of tax RM	Dividend per share net of tax Sen	Amount of dividend net of tax RM
Final dividend in respect of prior financial year: - 5 sen (2004: 5 sen) per share less 28% tax (2004: taxable)	3.60	2,458,591	3.60	2,428,657
Interim dividend of 5 sen (2005: 5 sen) per share less 28% tax (2005: taxable)	3.60	2,461,446	3.60	2,429,143
	7.20	4,920,037	7.20	4,857,800

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 5 sen gross per share less tax amounting to RM2,736,533 on 74,973,500 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved will be accounted for in shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2007.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings on freehold land RM	Long leasehold land RM	Buildings on leasehold land RM	Capital in-progress RM	Plant machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
GROUP									
At 31 December 2006									
Cost/Valuation									
At 1 January 2006									
At cost	8,000	7,952,919	18,000	193,761	164,917	20,338,951	12,154,075	4,420,462	45,251,085
At valuation	5,740,000	160,000	7,370,000	8,730,000	-	-	-	-	22,000,000
	5,748,000	8,112,919	7,388,000	8,923,761	164,917	20,338,951	12,154,075	4,420,462	67,251,085
Additions	-	76,178	-	-	5,946,631	411,020	2,599,214	572,320	9,605,363
Disposals	-	-	-	-	-	(13,536)	(12,943)	(512,231)	(538,710)
Write offs	-	-	-	-	-	(970)	(124,821)	(3,572)	(129,363)
Acquisition of a subsidiary	2,573,965	1,755,707	-	-	-	-	1,430,317	805	5,760,794
At 31 December 2006	8,321,965	9,944,804	7,388,000	8,923,761	6,111,548	20,735,465	16,045,842	4,477,784	81,949,169
Accumulated Depreciation									
At 1 January 2006	-	98,257	108,527	236,510	-	11,073,018	6,776,927	2,783,005	21,076,244
Depreciation charge for the year	-	198,375	81,123	178,476	-	1,716,507	1,574,703	649,518	4,398,702
Disposals	-	-	-	-	-	(13,536)	(7,265)	(505,214)	(526,015)
Write offs	-	-	-	-	-	(970)	(114,283)	(595)	(115,848)
Acquisition of a subsidiary	-	558,079	-	-	-	-	881,285	670	1,440,034
At 31 December 2006	-	854,711	189,650	414,986	-	12,775,019	9,111,367	2,927,384	26,273,117
Net Carrying Amount									
At cost	2,581,965	8,938,893	17,454	185,930	6,111,548	7,960,446	6,934,475	1,550,400	34,281,111
At valuation	5,740,000	151,200	7,180,896	8,322,845	-	-	-	-	21,394,941
At 31 December 2006	8,321,965	9,090,093	7,198,350	8,508,775	6,111,548	7,960,446	6,934,475	1,550,400	55,676,052

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Freehold land RM	Buildings on freehold land RM	Long leasehold land RM	Buildings on leasehold land RM	Capital in-progress RM	Plant, machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
GROUP (CONTD.)									
At 31 December 2005									
Cost/Valuation									
At 1 January 2005									
At cost	8,000	-	1,087,400	539,800	10,048,274	17,364,792	11,237,753	4,204,383	44,490,402
At valuation	5,740,000	160,000	7,370,000	8,730,000	-	-	-	-	22,000,000
	5,748,000	160,000	8,457,400	9,269,800	10,048,274	17,364,792	11,237,753	4,204,383	66,490,402
Additions	-	46,773	-	183,961	1,159,977	3,187,105	1,699,891	912,169	7,189,876
Disposals	-	-	(1,069,400)	(530,000)	-	(212,946)	(260,467)	(696,090)	(2,768,903)
Reclassification	-	7,906,146	-	-	(11,043,334)	-	3,137,188	-	-
Write offs	-	-	-	-	-	-	(492,991)	-	(492,991)
Disposal of subsidiary	-	-	-	-	-	-	(3,167,299)		(3,167,299)
At 31 December 2005	5,748,000	8,112,919	7,388,000	8,923,761	164,917	20,338,951	12,154,075	4,420,462	67,251,085
Accumulated Depreciation									
At 1 January 2005	-	2,400	31,749	63,374	-	9,782,930	7,636,097	2,839,255	20,355,805
Depreciation charge for the year	-	95,857	88,348	183,736	-	1,503,032	1,347,162	623,254	3,841,389
Disposals	-	-	(11,570)	(10,600)	-	(212,944)	(204,630)	(679,504)	(1,119,248)
Write offs	-	-	-	-	-	-	(376,694)	-	(376,694)
Disposal of subsidiary	-	-	-	-	-	-	(1,625,008)		(1,625,008)
At 31 December 2005	-	98,257	108,527	236,510	-	11,073,018	6,776,927	2,783,005	21,076,244
Net Carrying Amount									
At cost	8,000	8,014,662	17,700	189,821	164,917	9,265,933	5,377,148	1,637,457	24,521,238
At valuation	5,740,000	154,400	7,261,773	8,497,430	-	-	-	-	21,653,603
At 31 December 2005	5,748,000	8,169,062	7,279,473	8,687,251	164,917	9,265,933	5,377,148	1,637,457	46,174,841

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

COMPANY	Furniture, fittings and equipment RM	Total RM
At 31 December 2006		
Cost		
At 1 January 2006	190,313	190,313
Additions	53,063	53,063
Disposals	(2,500)	(2,500)
Write off	(7,989)	(7,989)
Transfer	1,289	1,289
At 31 December 2006	234,176	234,176
Accumulated Depreciation		
At 1 January 2006	49,151	49,151
Depreciation charge for the year	36,585	36,585
Disposals	(2,499)	(2,499)
Write off	(7,987)	(7,987)
Transfer	179	179
At 31 December 2006	75,429	75,429
Net Carrying Amount	158,747	158,747
At 31 December 2005		
Cost		
At 1 January 2005	65,783	65,783
Additions	133,829	133,829
Write off	(9,299)	(9,299)
At 31 December 2005	190,313	190,313
Accumulated Depreciation		
At 1 January 2005	40,021	40,021
Depreciation charge for the year	18,426	18,426
Write off	(9,296)	(9,296)
At 31 December 2005	49,151	49,151
Net Carrying Amount	141,162	141,162

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) The Group's properties were revalued by CH Williams Talhar &Wong Sdn. Bhd in April 2004 by the following valuers who are members of the Institute of Surveyors, Malaysia:

(i) Foo Gee Jen (Diploma in Valuation, B.Surveyors (Hons) Property Management, MISM, Registered valuer (V-368));

(ii) Danny Yeo Soon Kee (Associate Diploma in Valuations, MISM, Registered valuer (V-352));

(iii) Chong Pah Aung (BSc. (Estate Management) FRICS FISM Chartered Valuation Surveyors &Registered Valuer (V-153));

(iv) P'ng Soo Theng (BSc. FRICS MISM, Registered Valuer (V-140)); and

(v) Alan Chew (BSc. FRICS FISM Chartered Surveyors & Registered Valuer (V-180)).

Valuations were made using the comparison method of valuation to reflect their fair value.

(b) Had the revalued properties of the Group been carried at historical costs less accumulated depreciation and impairment losses, the net book value of each class of properties that would have been included in the financial statements of the Group as at 31 December 2006 would be as follows:

	GROUP	
	2006 RM	2005 RM
Freehold land	5,551,127	5,551,127
Buildings on freehold land	123,204	127,879
Long leasehold land	3,494,823	3,582,721
Buildings on leasehold land	7,458,782	7,498,588
	16,627,936	16,760,315

(c) The net carrying amount of property, plant and equipment pledged as securities for borrowings (Note 22) amounted to RM3,736,000.

15. INVESTMENT PROPERTIES

GROUP	Long leasehold land RM	Buildings on leasehold land RM	Freehold shop units RM	Total RM
At 31 December 2006				
Cost				
At 1 January 2006	113,620	90,000	2,793,900	2,997,520
Effects of adopting FRS 140	(2,392)	(2,700)	(79,054)	(84,146)
At 31 December 2006	111,228	87,300	2,714,846	2,913,374
Accumulated Depreciation				
At 1 January 2006	2,392	2,700	79,054	84,146
Effects of adopting FRS 140	(2,392)	(2,700)	(79,054)	(84,146)
At 31 December 2006	-	-	-	-
Net Carrying Amount	111,228	87,300	2,714,846	2,913,374
At 31 December 2005				
Cost				
At 1 January 2005/ 31 December 2005	113,620	90,000	2,793,900	2,997,520
Accumulated Depreciation				
At 1 January 2005	792	900	17,987	19,679
Depreciation charged	1,600	1,800	61,067	64,467
At 31 December 2005	2,392	2,700	79,054	84,146
Net Carrying Amount	111,228	87,300	2,714,846	2,913,374

The following investment properties are held under lease terms:

Leasehold land	111,228	111,228
Buildings	2,802,146	2,802,146
	2,913,374	2,913,374

16. INTANGIBLE ASSETS

GROUP	Trademark RM	Computer softwares RM	Total RM
At 31 December 2006			
Cost			
At 1 January 2006	-	1,427,004	1,427,004
Additions	65,081	76,600	141,681
Write off	(35,181)	-	(35,181)
Acquisition of subsidiary	1,041,400	383,430	1,424,830
At 31 December 2006	1,071,300	1,887,034	2,958,334
Accumulated Amortisation			
At 1 January 2006	-	575,153	575,153
Amortisation charge	-	275,282	275,282
Acquisition of subsidiary	-	272,853	272,853
At 31 December 2006	-	1,123,288	1,123,288
Net Carrying Amount	1,071,300	763,746	1,835,046
At 31 December 2005			
Cost			
At 1 January 2005	-	643,568	643,568
Additions	-	783,436	783,436
At 31 December 2005	-	1,427,004	1,427,004
Accumulated Amortisation			
At 1 January 2005	-	493,038	493,038
Amortisation charge	-	82,115	82,115
At 31 December 2005	-	575,153	575,153
Net Carrying Amount	-	851,851	851,851

16. INTANGIBLE ASSETS (CONTD.)

Impairment tests for trademark

The intangible assets relating to trademark arose as a result of the acquisition of the subsidiary, Apex Pharmacy Marketing Pte Ltd ("APS") during the year, where a fair value was ascribed to the AGNESIA trademark and all other intellectual property rights in relation to the AGNESIA trademark based on a valuation carried out by an independent valuer as at 31 December 2005. APS operates in Singapore and its principal activity is as disclosed in Note 17 to the financial statements.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGU is determined based on value-in-use calculations using the discounted estimated future cash flows method'. This method discounts to present value the estimated future cash flows associated with sale of the AGNESIA products. The estimated future cash flows have been derived based on budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

Gross Margin	Growth Rate	Discount Rate
15.0	5.0	30.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of trademark:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Growth rate

The management believes that the growth rates used are appropriate for the business segments in which the entity operates within after considering the marketability, control and size and diversity factors relating to the product.

(iii) Discount rate

The discount rate used reflects specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceeds its recoverable amount.

17. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY 2006 RM	COMPANY 2005 RM
Unquoted shares at cost	31,292,129	31,211,275
Less: Net dividends from pre-merger profits	(2,216,433)	(2,216,433)
	29,075,696	28,994,842
Less: Impairment loss	(417,674)	-
	28,658,022	28,994,842

The unquoted subsidiary companies are as follows:

Name of subsidiary company	Place of incorporation	Principal activities	Effective equity interest 2006 %	Effective equity interest 2005 %
+Xepa-Soul Pattinson (Malaysia) Sendirian Berhad	Malaysia	Manufacturing and marketing of pharmaceutical products	100	100
+Apex Pharmacy Marketing Sdn. Bhd.	Malaysia	Marketing and distribution of pharmaceutical products	100	100
+ABio Marketing Sdn. Bhd.	Malaysia	Marketing and distribution of healthcare products	100	100
Apex Pharmacy Corporate Sdn Bhd (formerly known as AHealth Properties Sdn Bhd)	Malaysia	Property rental and management, retailing of pharmaceutical products and licensing of Apex Pharmacy trademark	100	100
Apex Pharmacy International Sdn. Bhd.	Malaysia	Investment holding	100	100
*Apex Pharmacy Marketing Pte Ltd (formerly known as Grafton Pharmasia Pte Ltd)	Singapore	Marketing and distribution of pharmaceutical products	100	-

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD.)

Name of subsidiary company	Place of incorporation	Principal activities	Effective equity interest 2006 %	2005 %
*Avex Pharmaceutical Pte Ltd	Singapore	Brands management and development of pharmaceutical and healthcare products	100	-
Subsidiary company of Xepa-Soul Pattinson (Malaysia) Sendirian Berhad				
^ Xepa-Soul Pattinson (S) Pte. Ltd.	Singapore	Marketing and distribution of pharmaceutical products	100	100

+ Consolidated using merger accounting.
* Audited by firms other than Ernst &Young
^ Audited by member firms of Ernst &Young Global in the respective countries

Acquisition of subsidiaries

(a) Apex Pharmacy Marketing Pte Ltd

On 18 January 2006, the Company completed its acquisition of the entire issued and paid up capital amounting to 1,800,000 ordinary shares of S$1 each in Apex Pharmacy Marketing Pte Ltd (formerly known as Grafton Pharmasia Pte Ltd) (“APS”), a company incorporated in Singapore, for a total cash consideration of S$ 17,000 (equivalent to RM 39,449) from UE UMC Pte Ltd (formerly known as United Medicorp Pte Ltd) (“UMC”), Apex Holdings (Pte) Ltd and Apex Pharmacy Holdings Sdn Bhd, resulting in APS becoming a wholly owned subsidiary on that date.

APS then acquired from Grafton Laboratories Pte Ltd, a wholly owned subsidiary of UMC, the AGNESIA trademark and all other intellectual property rights in relation to the AGNESIA trademark for a consideration of S$1.

The cost of acquisition comprised the following:

	RM
Purchase consideration satisfied by cash	39,449
Costs attributable to the acquisition, paid in cash	41,403
Total cost of acquisition	80,852

The acquired subsidiary has contributed the following results to the Group:

	2006 RM
Revenue	36,374,956
Profit for the year	156,916

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD.)

The acquisition had been accounted for from 1 January 2006 instead of 18 January 2006 as the Group effectively took control over the financial and operating policies of the acquired subsidiary on 1 January 2006 and the impact of such early consolidation has no material impact to the results of the Group for the year under review.

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition	Acquiree's carrying amount
	RM	RM
Property, plant and equipment	4,320,760	4,320,760
Intangible assets	1,151,977	110,577
Inventories	9,356,032	9,356,032
Trade and other receivables	9,664,992	9,664,992
Cash and bank balances	1,660,004	1,660,004
	26,153,765	25,112,365
Trade and other payables	19,302,173	19,302,173
Borrowings	5,763,800	5,763,800
	25,065,973	25,065,973
Net fair value of assets and contingent liabilities	1,087,792	
Group's interest in the net fair value of assets and contingent liabilities	1,087,792	
Negative goodwill on acquisition	(1,006,940)	
Total cost of acquisition	80,852	

The cash flow on acquisition is as follows:

	2006 RM
Purchase consideration satisfied by cash	39,449
Costs attributable to the acquisition, paid in cash	41,403
Total cash outflow of the Company	80,852
Cash and cash equivalents of subsidiary acquired	(1,660,004)
Net cash inflow of the Group	(1,579,152)

(b) Avex Pharmaceutical Pte Ltd

On 7th July 2006, the Group incorporated Avex Pharmaceutical Pte Ltd and the effects of the incorporation on the Group's financial position as at 31 December 2006 and the results for the year then ended were immaterial.

18. INVESTMENT IN ASSOCIATED COMPANY

	GROUP 2006 RM	GROUP 2005 RM
Unquoted shares at cost	9,280,126	9,280,126
Share of post-acquisition reserves	946,378	503,668
	10,226,504	9,783,794
The Group's interest in the associated company is analysed as follows:		
Share of net assets	5,524,035	5,081,325
Share of goodwill in associated company	4,702,469	4,702,469
	10,226,504	9,783,794

Details of the associated company are as follows:

Name of associate	Place of incorporation	Principal activity	Effective equity interest 2006 %	Effective equity interest 2005 %
Xiamen Maidiken Science & Technology Co., Ltd	People's Republic of China	Investment holding	25	25

The financial statements of the above associates are coterminous with those of the Group.

The summarised financial statements of the associate is as follows:

	2006 RM	2005 RM
Assets and liabilities		
Current assets	140,720,858	132,451,324
Non-current assets	12,911,878	13,885,653
Total assets	153,632,736	146,336,977
Current liabilities	121,206,885	118,499,423
Non-current liabilities	3,616,000	3,680,000
Total liabilities	124,822,885	122,179,423
Results		
Revenue	336,980,037	297,852,896
Profit for the year	4,308,553	2,484,724

19. INVENTORIES

	GROUP	
	2006 RM	2005 RM
Cost		
Raw materials	3,067,779	2,811,729
Work in progress	10,838	223,802
Finished goods	4,317,531	4,818,171
Pharmaceutical items held for resale	31,010,700	27,754,679
	38,406,848	35,608,381

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM161,106,219 (2005: RM132,644,472).

20. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	61,340,419	48,814,939	-	-
Allowance for doubtful debts	(2,581,659)	(1,452,252)	-	-
	58,758,760	47,362,687	-	-
Bills receivable	866,335	851,696	-	-
Amounts due from subsidiaries:				
-interest bearing	-	-	26,350,000	18,700,000
-non-interest bearing	-	-	34,221,041	29,809,486
Other receivables	4,253,367	1,782,776	-	682,500
Deposits	342,240	180,709	3,300	3,800
Prepayments	75,138	101,816	6,922	25,486
	64,295,840	50,279,684	60,581,263	49,221,272

The currency profile of trade receivables and bills receivables is as follows:

	GROUP	
	2006 RM	2005 RM
Ringgit Malaysia	51,479,000	45,440,147
Singapore Dollar	7,298,833	1,837,526
United States Dollar	806,639	887,446
Others	40,623	49,264
	59,625,095	48,214,383

(a) Credit risk

The credit terms of trade receivables of the Group range from 30 days to 120 days (2005: 30 days to 120 days). Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are dispersed throughout the country. The Group's historical experience in collection of accounts receivables falls within the recorded credit periods. Due to these factors, the management believes that no additional credit risk beyond the allowance made for doubtful debts is inherent in the Group's trade receivables.

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Amounts due from subsidiary companies (current)

Other receivables and amounts due from subsidiary companies are denominated in Ringgit Malaysia, with the exception of an amount due from a subsidiary company of RM4,385,729 which is denominated in Singapore dollars.

The amounts due from subsidiary companies are unsecured and have no credit terms or fixed terms of repayment. The effective weighted average interest rate for amounts due from subsidiary companies which are interest bearing at balance sheet date was 5.01%(2005: 5.01%) per annum.

21. DEPOSITS WITH LICENSED BANKS, CASH AND BANK BALANCES

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 December were as follows:

	Weighted average interest rates		Average maturities	
	2006 %	2005 %	2006 days	2005 days
Group and Company	3.00	3.00	14 to 30	17 to 30

The currency profile of deposits with licensed banks, cash and bank balances is as follows:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	13,116,785	6,993,149	8,009,278	5,878,008
Singapore Dollar	1,064,941	122,404	-	-
	14,181,726	7,115,553	8,009,278	5,878,008

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits with licensed banks	8,000,000	4,650,000	7,000,000	4,650,000
Cash and bank balances	6,181,726	2,465,553	1,009,278	1,228,008
Bank overdrafts (Note 22)	(4,472,816)	(4,900,417)	-	-
	9,708,910	2,215,136	8,009,278	5,878,008

22. BORROWINGS

	GROUP	
Short term borrowings	**2006**	**2005**
	RM	**RM**
Secured:		
Term loans	239,200	-
Unsecured:		
Bank overdrafts (Note 21)	4,472,816	4,900,417
Export credit refinancing	570,000	721,000
Bankers' acceptances	3,558,000	4,308,000
Revolving credits	2,550,000	-
Term loans	1,334,801	1,279,992
Finance Lease Liabilities	276,806	-
	12,762,423	11,209,409
	13,001,623	11,209,409
Long term borrowings		
Secured:		
Term loans	777,400	-
Unsecured:		
Term loans	4,706,649	3,133,578
	5,484,049	3,133,578
Total Borrowings		
Bank overdrafts	4,472,816	4,900,417
Export credit refinancing	570,000	721,000
Bankers' acceptances	3,558,000	4,308,000
Revolving credits	2,550,000	-
Term loans	7,058,050	4,413,570
Finance Lease Liabilities	276,806	-
	18,485,672	14,342,987
As at 31 December 2006		
Current	13,001,623	11,209,409
Non-current:		
Later than 1 year but not later than 2 years	1,987,537	1,279,992
Later than 2 years but not later than 5 years	2,875,659	1,853,586
Later than 5 years	620,853	-
	18,485,672	14,342,987

22. BORROWINGS (CONTD.)

Details of the term of repayment are as follows:-

Loan	Interest Rate %	Repayment Term
Type 1	4.33	84 principal monthly instalments of RM130,953 each commencing from the following month after full release
Type 2	4.33	84 principal monthly instalments of RM107,143 each commercing from the following month after full release
Type 3	4.20	60 principal monthly instalments of RM106,666 each commencing from the first realease of the loan
Type 4	5.00% - 5.50%	20 quartely instalments of RM 59,800 each with the first instalment due three months from the date of drawdown

Type 4 term loan is secured by a first legal charge over certain properties of a subsidiary company (Note 14). All other term loans are secured by a corporate guarantee from the Company.

The effective weighted average interest rates at balance sheet date were as follows:

	2006 %	2005 %
Bank overdrafts	7.50	7.00
Trade financing facilities	4.50	3.50
Revolving credit facility	4.70	-
Term loan	5.00	4.20

Other information on financial risks of borrowings are disclosed in Note 33.

23. TRADE AND OTHER PAYABLES

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
Trade payables	30,446,546	25,436,909	-	-
Bills payable	573,616	395,053	-	-
Other payables	4,399,912	2,010,353	35,912	121,302
Accruals	6,450,529	4,538,695	1,138,686	916,096
Proposed Directors' fee	80,000	97,000	80,000	97,000
	41,950,603	32,478,010	1,254,598	1,134,398
The currency profile of payables is as follows:				
Ringgit Malaysia	32,045,674	31,229,309	1,254,598	1,084,398
Singapore Dollar	8,339,464	233,905	-	50,000
United States Dollar	949,161	798,442	-	-
Euro Dollar	136,434	80,856	-	-
Others	479,870	135,498	-	-
	41,950,603	32,478,010	1,254,598	1,134,398

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

Further details on related party transactions are disclosed in Note 29.

Other information on financial risks of other payables are disclosed in Note 33.

24. DEFERRED TAXATION

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
At 1 January	3,547,042	3,200,600	-	-
Recognised in the income statement (Note 11)	129,799	346,442	-	-
Recognised in equity	232,597	-	-	-
At 31 December	3,909,438	3,547,042	-	-

24. DEFERRED TAXATION (CONTD.)

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
Presented after appropriate off setting as follows:				
Deferred tax assets	(355,574)	(278,119)	-	-
Deferred tax liabilities	4,265,012	3,825,161	-	-
	3,909,438	3,547,042	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unabsorbed capital allowance RM	Other payables and provisions RM	Total RM
At 1 January 2006	(9,629)	(268,490)	(278,119)
Recognised in the income statement	629	(78,084)	(77,455)
At 31 December 2006	(9,000)	(346,574)	(355,574)
At 1 January 2005	(1,629)	(144,666)	(146,295)
Recognised in the income statement	(8,000)	(123,824)	(131,824)
At 31 December 2005	(9,629)	(268,490)	(278,119)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Revaluation of property, plant and equipment RM	Total RM
At 1 January 2006	2,167,719	1,657,442	3,825,161
Recognised in the income statement	151,254	56,000	207,254
Recognised in equity	-	232,597	232,597
At 31 December 2006	2,318,973	1,946,039	4,265,012
At 1 January 2005	1,520,995	1,825,900	3,346,895
Recognised in the income statement	646,724	(168,458)	478,266
At 31 December 2005	2,167,719	1,657,442	3,825,161

24. DEFERRED TAXATION (CONTD.)

Deferred tax assets of the Company:

	Unabsorbed capital allowance RM	Total RM
At 1 January/31 December 2006	(9,000)	(9,000)
At 1 January 2005	(1,000)	(1,000)
Recognised in the income statement	(8,000)	(8,000)
At 31 December 2005	(9,000)	(9,000)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Total RM
At 1 January/31 December 2006	9,000	9,000
At 1 January 2005	1,000	1,000
Recognised in the income statement	8,000	8,000
At 31 December 2005	9,000	9,000

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Unused tax losses	28,769	378,777	-	18,261
Unabsorbed capital allowances	-	60,449	-	60,449
Other payables and provisions	144,675	-	24,690	-
	173,444	439,226	24,690	78,710

Subject to the agreement of the Inland Revenue Board, the unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Company and respective subsidiary companies.

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares of RM1 each Share capital (issued and fully paid)	Amount Share capital (issued and fully paid) RM	Share premium RM	Total Share capital and share premium RM
At 1 January 2005	67,371,700	67,371,700	810,260	68,181,960
Ordinary shares issued pursuant to ESOS	277,500	277,500	175,340	452,840
At 31 December 2005 and 1 January 2006	67,649,200	67,649,200	985,600	68,634,800
Ordinary shares issued during the year:				
Issued for cash	6,600,000	6,600,000	4,158,000	10,758,000
Pursuant to ESOS	724,300	724,300	452,852	1,177,152
Share issue expense	-	-	(291,056)	(291,056)
At 31 December 2006	74,973,500	74,973,500	5,305,396	80,278,896

	Number of Shares 2006 Units	2005 Units	Amount 2006 RM	2005 RM
Authorised:				
Ordinary shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(a) Ordinary shares issued for cash

During the financial year, the Company issued 6,600,000 new ordinary shares of RM1 each through a private placement at an issue price of RM1.63 per ordinary share for cash, for additional working capital purposes. The share premium of RM4,158,000 arising from the issuance of ordinary shares and the share issue expense of RM291,056 have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Share options exercised during the year

The Company implemented an Employee Share Option Scheme ("ESOS") on 8 October 2001. The ESOS is governed by the By-Laws which were approved by the shareholders on 16 August 2001. The Scheme lapsed during the financial year on 8 October 2006.

The main features of the ESOS were as follows:

(i) The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid up ordinary shares of the Company.

(ii) Any employee (including Executive Directors) of the Group shall be eligible to participate in the Scheme if, as at the offer date, the employee:

(a) has attained the age of eighteen (18) years; and

(b) is employed full-time by and is on the payroll with at least one year of service of a company within the Group (other than a company which is dormant).

Any allocation of Options under the Scheme to an Executive Director of the Company shall require prior approval from the shareholders of the Company in a general meeting.

25. SHARE CAPITAL AND SHARE PREMIUM (CONTD.)

(b) Share options exercised during the year (contd.)

(iii) The option price under the ESOS is the weighted average market price of the shares of the Company as quoted in the official list issued by Bursa Malaysia Securities Berhad for the five market days preceding the offer date with an allowance for a discount of not more than 10% therefrom at the Option Committee's discretion, or the par value of the Company of RM1.00, whichever is the higher.

(iv) The options granted may be exercised at any time before the expiry of the ESOS on 8 October 2006.

(v) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The movements during the financial year in the number of options over the shares of the Company are as follows:

	Number of Share options	
	2006	2005
	Units	Units
At 1 January	4,492,900	3,821,400
Granted	-	1,195,700
Lapsed	(3,768,600)	(246,700)
Exercised	(724,300)	(277,500)
At 31 December	-	4,492,900

Details of the share options granted in the previous year were as follows:

	Exercise Price		Number of Share Options	
	2006	2005	2006	2005
Exercise period	Units	RM	Units	Units
29.11.2005 - 07.10.2006	-	1.64	-	1,195,700

The terms of share options outstanding as at the end of the financial year were as follows:

	Number of share options outstanding	
	2006	2005
Exercise period	Units	Units
28.11.2001 - 07.10.2006	-	2,637,000
28.11.2002 - 07.10.2006	-	85,000
28.11.2003 - 07.10.2006	-	401,700
29.11.2004 - 07.10.2006	-	175,000
28.11.2005 - 07.10.2006	-	1,194,200

	Exercise price	
	2006	2005
Exercise period	RM	RM
28.11.2001 - 07.10.2006	1.62	1.62
28.11.2002 - 07.10.2006	1.57	1.57
28.11.2003 - 07.10.2006	2.02	2.02
29.11.2004 - 07.10.2006	1.79	1.79
28.11.2005 - 07.10.2006	1.64	1.64

26. OTHER RESERVES

	Asset revaluation reserve RM	Foreign currency translation reserve RM	Total RM
Group			
At 1 January 2005	5,925,891	147,663	6,073,554
Revaluation surplus realised upon sale of property	(680,272)	-	(680,272)
Currency translation differences	-	(41,613)	(41,613)
At 31 December 2005	5,245,619	106,050	5,351,669
At 1 January 2006	5,245,619	106,050	5,351,669
Effects of adopting:			
FRS 140	(1,498,571)	-	(1,498,571)
	3,747,048	106,050	3,853,098
Currency translation differences	-	(72,577)	(72,577)
At 31 December 2006	3,747,048	33,473	3,780,521

The nature and purpose of each category of reserve are as follows:

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. Prior to 1 January 2006, revaluation increase of investment property is also included in this reserve which has been subsequently reversed upon the application of FRS 140.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

27. RETAINED EARNINGS

As at 31 December 2006, subject to the agreement with the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits.

28. SEGMENTAL INFORMATION

The group is organised into two main bussiness segments:

(i) Manufacturing of pharmaceutical products; and

(ii) Marketing, distribution and retailing of pharmaceutical products.

Inter-segment revenue comprise sales of pharmaceutical products from manufacturing to marketing, distribution and retailing segments and gross dividends and management service fees received from two main business segments.

The analysis of group operations is as follows:

(i)Business segments

	Manufacturing		Marketing, distribution and retailing		Investment holding		Consolidated	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
Revenue								
Total revenue	47,185,642	42,953,878	190,465,099	161,873,301	2,203,823	10,717,770	239,854,564	215,544,949
Inter-segment revenue	(14,063,568)	(15,320,566)	-	-	(1,503,120)	(10,039,990)	(15,566,688)	(25,360,556)
External revenue	33,122,074	27,633,312	190,465,099	161,873,301	700,703	677,780	224,287,876	190,184,393
Results								
Segment results (external)	12,876,464	11,017,152	6,760,335	6,605,186	(1,354,782)	(1,862,511)	18,282,017	15,759,827
Negative goodwill arising from acquisition of subsidiary company							1,006,940	-
Gain on disposal of a subsidiary company							-	4,945,908
Unallocated corporate expenses							(1,014,331)	(925,659)
Profit from operations							18,274,626	19,780,076
Finance costs, net							(1,075,349)	(612,106)
Share of results of associated company							1,016,313	503,668
Profit before tax							18,215,590	19,671,638
Taxation							(4,833,414)	(3,886,845)
Net profit for the financial year							3,382,176	15,784,793

28. SEGMENTAL INFORMATION (CONTD.)

	Manufacturing		Marketing, distribution and retailing		Investment holding		Consolidated	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
ASSETS AND LIABILITIES								
Segment assets	52,065,774	41,664,949	111,821,957	89,032,406	13,421,155	12,246,329	177,308,886	142,943,684
Investment in associated company	-	-	-	-	10,226,504	9,783,794	10,226,504	9,783,794
Unallocated assets							170,751	244,365
Total assets							187,706,141	152,971,843
Segment liabilities	(4,325,884)	(3,443,797)	(36,012,607)	(27,648,050)	(1,612,110)	(1,386,163)	(41,950,601)	(32,478,010)
Unallocated liabilities							(23,383,612)	(17,922,966)
Total liabilities							(65,334,213)	(50,400,976)
OTHER INFORMATION								
Capital expenditure	8,536,459	3,000,941	1,123,065	4,563,960	87,520	412,600	9,747,044	7,977,501
Depreciation and amortisation	2,621,211	2,459,260	1,920,658	1,250,270	132,115	281,898	4,673,984	3,991,428
Non cash items other than depreciation and amortisation	111,332	42,495	655,602	253,663	7	3	766,941	296,161

(ii) Geographical segments

In determining the geographical segements of the Group, revenue is based on the geographical location customer. Total assets and capital expenditure are based on the geographical location of assets:

	Malaysia		Singapore		Consolidated	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
Revenue	187,820,441	181,111,546	36,467,435	9,072,847	224,287,876	190,184,393
Segment assets	155,449,269	140,912,489	21,859,617	2,031,195	177,308,886	142,943,684
Capital expenditure	9,559,873	7,786,522	187,171	190,979	9,747,044	7,977,501

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in the financial statements, other related party information is set out below:

	GROUP 2006 RM	2005 RM
With Grafton Pharmasia Pte. Ltd.		
- sale of goods	-	5,641,269
- purchase of goods	-	379,935
With Grafton Laboratories Pte. Ltd		
- royalties payable	-	120,898

At the previous balance sheet date, Grafton Pharmasia Pte. Ltd.("GPPL") and Grafton Laboratories Pte. Ltd. were both subsidiary companies of UE UMC Pte Ltd (formerly known as United Medicorp Pte. Ltd.), which holds 30% (2005: 30%) equity interest in Apex Pharmacy Holdings Sdn. Bhd., a substantial shareholder of the Company. The transactions with these companies were conducted in accordance with the general mandate obtained from shareholders for recurrent related party transactions.

The Directors were of the opinion that all the transactions above had been entered into in the normal course of business and had been established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

As disclosed in Note 17, with the completion of the Company's acquisition of GPPL on 18 January 2006, transactions with GPPL are no longer related party transactions. With the concurrent acquisition of the AGNESIA trademark by GPPL, the Group no longer has transactions with Grafton Laboratories Pte. Ltd.

30. COMMITMENTS

(a) Capital commitments

Authorised capital expenditure in respect of purchase of property, plant and equipment not provided for in the financial statements are as follows:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	14,495,470	252,626	-	-
Approved but not contracted for:				
Property, plant and equipment	5,971,664	22,664,429	666,938	167,810

(b) Operating lease commitments

The future minimum lease payments under non-cancellation operating leases are as follows:

	GROUP 2006 RM	2005 RM
No later than one year	636,685	262,944
Later than one year and no later than five years	470,655	170,998
	1,107,340	433,942

31. CONTINGENT LIABILITIES

	COMPANY	
	2006	2005
	RM	RM
Unsecured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	25,467,450	16,441,478

On 23 August 2005, the Company announced that its 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-defendants"), 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 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.

32. SIGNIFICANT EVENT DURING THE YEAR

(a) Acquisition of a Subsidiary Company

On 18 January 2006, the Company completed its acquisition of the entire issued and paid up capital amounting to 1,800,000 ordinary shares of S$1 each in Apex Pharmacy Marketing Pte Ltd (formerly known as Grafton Pharmasia Pte Ltd) ("APS"), a company incorporated in Singapore, for a total cash consideration of S$ 17,000 (equivalent to RM 39,449) from UE UMC Pte Ltd (formerly known as United Medicorp Pte Ltd) ("UMC"), Apex Holdings (Pte) Ltd and Apex Pharmacy Holdings Sdn Bhd, resulting in APS becoming a wholly owned subsidiary on that date.

APS then acquired from Grafton Laboratories Pte Ltd, a wholly owned subsidiary of UMC, the AGNESIA trademark and all other intellectual property rights in relation to the AGNESIA trademark for a consideration of S$1.

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk.

The Group has implemented a system of internal controls, which is designed to identify and manage the risks facing the Group in pursuit of its business objectives. The system of internal controls covers risks associated with management and financial, organisational, operational and compliance controls so as to safeguard shareholders' interest and the Group's assets.

Financial risk management is carried out through high-level principal risk identification, risks reviews, internal control systems, a Group insurance programme and adherence to the Group financial risk management policies.

The Board has instituted an Internal Audit function that regularly reviews these risks to ensure proper management of these risks with the formulation of action plans to address the risks.

33. FINANCIAL INSTRUMENTS (CONTD.)

(b) Foreign Currency Exchange Risk

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

The currency exposure profiles of the Group's financial assets and liabilities are disclosed in the relevant notes to the financial statements.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

At 31 December 2006:

Functional currency of Group companies	Euro Dollar RM	Singapore Dollar RM	Total RM
Ringgit Malaysia			
Trade receivables	-	232,712	232,712
Trade payables	136,434	6,210	142,644
	136,434	238,922	375,356

At 31 December 2005:

Functional currency of Group companies	Euro Dollar RM	Singapore Dollar RM	Total RM
Ringgit Malaysia			
Trade receivables	-	150,652	150,652
Trade payables	80,856	135,026	215,882
	80,856	285,678	366,534

33. FINANCIAL INSTRUMENTS (CONTD.)

(b) Foreign Currency Exchange Risk (contd.)

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Maturities within one year RM
At 31 December 2006	
Currency	
Singapore Dollar	1,493,116
Euro Dollar	3,407,330
United States Dollar	377,547
Great Britain Pound	182,178
Others	91,461
	5,551,632
At 31 December 2005	
Currency	
Singapore Dollar	1,484,009

(c) Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure, which arises from the Group's borrowings and deposits has minimal impact, and is managed through concerted periodic reviews.

The weighted average effective interest rate and the average maturity periods of the Group's interest bearing financial assets and liabilities are as disclosed in the relevant notes to the financial statements.

(d) Credit Risk

Credit risk arises on sales made on deferred credit terms. The Group seeks to control credit risk by ensuring that sales of products are made to customers who have been subject to stringent credit review, a process of the Group's credit control policy.

The Group considers the risk of material loss in the event of non-performance by customers to be unlikely.

(e) Liquidity and Cash Flow Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

33. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Value

The following methods and assumptions were used to estimate the fair values of the following classes of financial instruments of the Group and of the Company:

Financial instruments recognised in the financial statements:

(i) Receivables, payables, inter-company balances, deposits with licensed banks and cash and bank balances

The carrying amounts approximate fair value due to the relatively short maturity of these financial instruments.

(ii) Term loan

The carrying amounts approximate fair value due to the effective interest rate of the term loan approximates the prevailing market rate.

Financial instruments not recognised in the financial statements:

(i) Forward Foreign Exchange Contracts

The notional amounts approximate fair value due to the relatively short term maturity of the forward contract.

(ii) Contingent liabilities

It is not practicable to estimate the Company's fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

34. SUBSEQUENT EVENT

On 1 March 2007, the Company entered into the following Agreements under which it will acquire twenty percent (20%) of the issued and paid up share capital of Maritzberg Investments Limited ("MIL") from PT Maramakmur Seleras ("PTMS" or "Vendor") upon the terms and conditions of the Agreements.

The Agreements comprise:

(a) Sale & Purchase Agreement under which PTMS will sell to the Company on a willing seller, willing buyer basis 1,092,500 shares of MIL, representing 20% of the issued and paid-up capital of MIL for consideration of USD 1,092,500 (equivalent to approximately RM3.8 million);

(b) Call Option Agreement exercisable within 24 months under which the Company may acquire a further 1,911,875 ordinary shares representing 35% of the issued and paid-up share capital of MIL from PTMS;

(c) Shareholders' Agreement between the Company, PTMS and MIL which regulate the rights and responsibilities of the shareholders of MIL; and

(d) Shareholders' Agreement between PTMS, MIL, PT Penta Valent ("PTPV") and the Company which regulates the rights and responsibilities of the shareholders of PTPV.

MIL, an investment holding company incorporated in the British Virgin Islands with issued and paid up capital of 5,462,500 ordinary shares of US One Dollar each, is in the process of acquiring 13,300 ordinary shares of Indonesian Rupiah One Million each representing 95% of the issued and paid-up share capital of PTPV.

PTPV is a nation-wide pharmaceutical distribution company operating in Indonesia and has an issued and paid-up share capital of Fourteen Thousand (14,000) shares of Indonesian Rupiah One Million each (IDR 1,000,000).

LIST OF PROPERTIES
AT 31 DECEMBER 2006

Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount as at 31/12/06	Date of last revaluation/ acquisition
APEX PHARMACY CORPORATE SDN BHD (formerly known as AHEALTH PROPERTIES SDN BHD)						
Unit No. F120 First Floor, Holiday Plaza, Jalan Dato' Sulaiman, Century Garden, Johor Bahru, Johor Darul Takzim	-	159	Leased / 1 parcel of commercial space located on the1st floor of Holiday Plaza	Freehold / - 22 years old	1,165,174	Acquired - Aug 2004
Unit No. B5 Level 1, Block B, Pusat Bandar Damansara, Jalan Damanlela, Kuala Lumpur	-	116	Leased / 1 unit of intermediate shoplots	Freehold / - 22 years old	724,792	Acquired - Aug 2004
Unit No. B6 Level 1, Block B, Pusat Bandar Damansara, Jalan Damanlela, Kuala Lumpur	-	133	Leased / 1 unit of intermediate shoplots	Freehold / - 22 years old	824,879	Acquired - Aug 2004
Lot No. 99, Town Area XXXVIII (38), District of Melaka Tengah, Melaka	156	272	Leased / 2- storey shophouse	Leasehold / (exp. 2075) 32 years old	198,528	Acquired - July 2004
Lot No. 564, 569 & 571 Town Area XIX (19) District of Melaka Tengah, Melaka	130	330	Pharmacy outlet / 3- storey shophouse	Freehold / - 42 years old	449,200	Acquired - Apr 2004
Unit No. 48 Erected on Lot No. PT 1718 Town Area XXI (21) District of Melaka Tengah, Melaka	137	603	Warehouse cum office / 4 1/2 - storey shop office	Leasehold / (exp. 2084) 16 years old	786,711	Acquired - Aug 2004
Unit No. H-G-33 (D) AH - 106, Batu Kawah New Township, Jalan Batu Kawa, Kuching, Sarawak	98	98	Warehouse / Ground Floor, Block H, Commercial (D) Plot 14	Leasehold / (exp. 2058) 6 years old	222,315	Acquired - Aug 2004
Unit No. H-G-33A (F1) AH - 107, Batu Kawah New Township, Jalan Batu Kawa, Kuching, Sarawak	127	127	Warehouse cum office / Ground Floor, Block H, Commercial (D) Plot 14	Leasehold / (exp. 2058) 6 years old	348,510	Acquired - Aug 2004

Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount as at 31/12/06	Date of last revaluation/ acquisition
XEPA-SOUL PATTINSON (MALAYSIA) SDN BHD						
Lot Nos. PT 1375, 1376 & 1377, Mukim of Bertam, District of Melaka Tengah, Melaka (Cheng Industrial Estate - Phase 1)	29,264	9,427	Factory Complex / 1 1/2 - storey Factory Building	Leasehold / (exp. 2096) 14 years old	12,745,714	Revalued - Apr 2004
Lot Nos. PT 1374 Mukim of Bertam, District of Melaka Tengah, Melaka (Cheng Industrial Estate - Phase 1)	9,698	-	Car park	Leasehold / (exp. 2096)	1,603,876	Revalued - Apr 2004
APEX PHARMACY MARKETING SDN BHD						
H.S. (D) 4636, No. Lot 4892 Mukim Damansara, Daerah Petaling, Negeri Selangor	10,116	929	Industrial Land / Corporate Office and Distribution Centre	Freehold - 2 year old	5,450,000 7,776,380	Revalued - Apr 2004 Commissioned May 2005
APEX PHARMACY MARKETING PTE LTD (formerly known as GRAFTON PHARMASIA PTE LTD)						
49 Tannery Lane, #04-01 & 04-07 Noble Warehouse Singapore 347796	-	700	Industrial Land / Warehouse	Freehold - 21 year old	3,736,479	Revalued - Dec 2004
	49,725	12,895			36,032,557	

Revaluation Policy:

Properties are revalued once every five (5) years as from Year 2000 by an independent firm of qualified valuers

ANALYSIS OF SHAREHOLDINGS
AS AT 30TH MARCH 2007

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Capital	:	RM74,973,500
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 Vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 30TH MARCH 2007

Category			No. of Holders	Percentage (%)	No. of Shares	Percentage (%)
1	-	99	14	0.71	704	0.00
100	-	1,000	227	11.51	193,313	0.26
1,001	-	10,000	1,494	75.76	4,438,000	5.92
10,001	-	100,000	190	9.64	4,782,800	6.38
100,001	-	3,748,674	44	2.23	21,030,880	28.05
3,748,675	AND	ABOVE	3	0.15	44,527,803	59.39
Total:			1,972	100.00	74,973,500	100.00

TOP 30 SHAREHOLDERS AS AT 30TH MARCH 2007

No	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Apex Pharmacy Holdings Sendirian Berhad	26,260,006	35.03
2.	Washington H. Soul Pattinson and Company Limited	10,817,142	14.43
3.	Bank Perusahaan Kecil & Sederhana Malaysia Berhad	7,450,655	9.94
4.	Employees Provident Fund Board	2,288,900	3.05
5.	Amanah Raya Nominees (Tempatan) Sdn Bhd Kumpulan Wang Bersama	2,250,000	3.00
6.	Apex Pharmacy Holdings Sendirian Berhad	1,907,000	2.54
7.	Washington H. Soul Pattinson and Company Limited	1,645,000	2.19
8.	Koperasi Permodalan Felda Berhad	1,474,200	1.97
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Didik	1,278,000	1.70
10.	Lim Teh Realty Sdn Berhad	1,040,000	1.39
11.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	750,000	1.00
12.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	750,000	1.00
13.	Md Ali Bin Md Dewal	643,108	0.86
14.	Cimsec Nominees (Asing) Sdn Bhd CIMB for Kee Kirk Chin (PB)	600,000	0.80
15.	Rosina Binti Aladad Khan	450,000	0.60

No Name of Shareholders	No. of Shares Held	Percentage (%)
16. Teoh Choon Neo @ Ivy Teoh Choon Neo	350,000	0.47
17. Tan Yan Meng, Warren	337,500	0.45
18. Tengku Puan Nor Sa'adah Binti Al-Marhum Sultan Sulaiman Shah	273,972	0.37
19. Xepa Holdings Sendirian Berhad	260,000	0.35
20. Amanah Raya Nominees (Tempatan) Sdn Bhd Kumpulan Wang Bersama (Syariah)	250,000	0.33
21. Cartaban Nominees (Tempatan) Sdn Bhd Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd (A/C2 1/137 6)	250,000	0.33
22. Fam Keat Hong	250,000	0.33
23. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Progress Fund (4082)	250,000	0.33
24. Teoh Choon Neo @ Ivy Teoh Choon Neo	250,000	0.33
25. Tan Yan Meng, Warren	225,000	0.30
26. Liew Yoon Yee	215,000	0.29
27. Ahmad Kamal Bin Md. Alif	210,000	0.28
28. Kee Tah Peng @ Hee Teck Peng	205,000	0.27
29. Chan Heng Koon	204,000	0.27
30. Ang Kai Chan	200,000	0.27
TOTAL	63,334,483	84.47

SUBSTANTIAL SHAREHOLDERS AS AT 30TH MARCH 2007

(per Register of Substantial Shareholders)

	---------- Direct ----------		---------- Indirect ----------	
Name of Substantial Shareholders	**No. of Ordinary Shares**	**%**	**No. of Ordinary Shares**	**%**
Apex Pharmacy Holdings Sdn Bhd	28,167,006	37.57	-	-
Washington H. Soul Pattinson and Company Limited	12,462,142	16.62	-	-
Bank Perusahaan Kecil & Sederhana Malaysia Berhad	7,623,155	10.17	-	-
Bank Pembangunan Malaysia Berhad	-	-	7,623,155(1)	10.17
Xepa Holdings Sdn Bhd	260,000	0.35	28,167,006(1)	37.57
Apex Holdings (Pte) Ltd	121,000	0.16	28,427,006(1)	37.92
Kee Tah Peng @ Hee Teck Peng	205,000	0.27	28,548,006(1)	38.08
Dr Kee Kirk Chin	600,000(2)	0.80	28,548,006(1)	38.08
Xepa Holdings Pte Ltd	-	-	28,548,006(1)	38.08
Yang Liew Fang	-	-	28,548,006(1)	38.08
Kee Kirk Chuen	30,000(3)	0.04	28,548,006(1)	38.08
Dr Kee Loo	-	-	28,548,006(1)	38.08
United Engineers Limited	-	-	28,167,006(1)	37.57
UE UMC Pte Ltd (formerly known as United Medicorp Pte Ltd)	-	-	28,167,006(1)	37.57
Great Eastern Holdings Limited	-	-	28,167,006(1)	37.57
Oversea-Chinese Banking Corporation Limited	-	-	28,167,006(1)	37.57

Notes:
(1) Deemed interest by virtue of Section 6A of the Companies Act, 1965.
(2) Held through nominee company.
(3) Partly held through nominee company.

DIRECTORS' SHAREHOLDINGS AS AT 30TH MARCH 2007
(per Register of Directors' Shareholdings)

	---------- Direct ----------		---------- Indirect ----------	
Name of Directors	**No. of Ordinary Shares**	**%**	**No. of Ordinary Shares**	**%**
Kee Tah Peng @ Hee Teck Peng	205,000	0.27	28,548,006[1]	38.08
Dr Kee Kirk Chin	600,000[2]	0.80	28,548,006[1]	38.08
Jackson Chevalier Yap-Kit-Siong	15,000	0.02	-	-
Leong Khai Cheong	15,000	0.02	-	-
Robert Dobson Miller	15,000	0.02	-	-
Dr Ahmad Kamal Bin Md. Alif	210,000	0.28	-	-

Notes:
(1) Deemed interest by virtue of Section 6A of the Companies Act, 1965.
(2) Held through nominee company.

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting ("AGM") of Apex Healthcare Berhad ("AHB") will be held at Bunga Teratai Room, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Wednesday, 23rd May 2007 at 10.30 a.m.

1. To receive the Statutory Financial Statements for the financial year ended 31 December 2006 together with the Directors' and Auditors' Reports thereon.	**Resolution 1**
2. To approve a final dividend of 5 sen gross per share less tax for the financial year ended 31 December 2006	**Resolution 2**
3. To approve the payment of Directors' fees for the financial year ended 31 December 2006.	**Resolution 3**
4. To re-elect the following Directors retiring in accordance with Article 89 of the Company's Articles of Association:	
i. Kee Kirk Chin	**Resolution 4**
ii. Leong Khai Cheong	**Resolution 5**
5. To consider and if thought fit, to pass the following resolution:	
"THAT Kee Tah Peng @ Hee Teck Peng, who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."	**Resolution 6**
6. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.	**Resolution 7**
As Special Business:-	
7. To consider and if thought fit, to pass the following resolution, with or without modifications, as Ordinary Resolution of the Company:	
AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES	
"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	**Resolution 8**
8. To consider and if thought fit, to pass the following resolution, with or without modifications, as Special Resolution of the Company:	
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION	
"THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Appendix I attached to the 2007 Annual Report, be and is hereby approved."	**Resolution 9**
9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.	

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 5 sen gross per share less tax for the financial year ended 31 December 2006, if approved, will be paid on 22 June 2007. The entitlement date for the payment is 1 June 2007.

A depositor shall qualify for entitlement only in respect of:

a) Shares transferred into the Depositor's Securities Accounts before 4.00 p.m. on 1 June 2007 in respect of ordinary transfer; and
b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
YEOH CHONG KEAT (MIA 2736)
KWONG LIEN WAH (MIA 3422)
Secretaries

Melaka
27 April 2007

Notes:
(i) A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies, and in the case of a corporation, a duly authorised representative to attend and vote in its stead.
(ii) A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
(iii) Pursuant to paragraph 7.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Please indicate the securities account number where applicable.
(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at 134/2, Kompleks Perniagaan Munshi Abdullah, Jalan Munshi Abdullah, 75100 Melaka, not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Ordinary Resolution 8 proposed under Agenda 7, if passed, will give the Directors of the Company, from the date of the forthcoming Annual General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.
2. The Proposed Amendment to the Company's Articles of Association under Resolution 9 is in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF GENERAL MEETING

1 Names of Individuals Who Are Standing for Re-election or Re-appointment

The directors standing for re-election in accordance with Article 89 of the Company's Articles of Association are Kee Kirk Chin and Leong Khai Cheong

Kee Tah Peng @ Hee Teck Peng is standing for re-appointment under Section 129(6) of the Companies Act, 1965.

2 The Details of Attendance of Directors at Board Meetings

Details of the attendance of Directors at Board Meetings during financial year 2006 are as follows

Director	22 Feb	24 May	23 Aug	15 Nov
Kee Tah Peng @ Hee Teck Peng	✓	✓	✓	✓
Dr Kee Kirk Chin	✓	✓	✓	✓
Robert Dobson Millner	✓	✓	✓	✓
Jackson Chevalier Yap-Kit-Siong	✓	X	✓	✓
Hj Md Ramli bin Samian (resigned on 26th June 2006)	✓	✓	O	O
Leong Khai Cheong	✓	✓	✓	✓
Dr Ahmad Kamal bin Md Alif	✓	✓	✓	✓
Ki Tak Sang @ Kee Tak Sang (resigned on 26th September 2006)	✓	✓	✓	O

3 The Place, Date and Hour of the Eighth Annual General Meeting

Date: Wednesday 23rd May 2007
Hour: 10.30 a.m.
Place: Bunga Teratai Room, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka.

4 Further Details of Individuals Standing for Re-election or Re-appointment as Directors

Details of all directors, including those standing for re-election or re-appointment, will be found on page 7-9. Details of securities holdings of directors in the Company are listed on page 97 .

APPENDIX I

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company are proposed to be amended in the following manner:

Article No.	Existing Provisions	Proposed Amendment
2	Central Depository - Malaysian Central Depository Sdn. Bhd.	Depository - Bursa Malaysia Depository Sdn. Bhd.
	Depositor - A holder of securities account	Depositor - A holder of a securities account established by the Depository
	Deposited Security - A security standing to the credit of a securities account and includes securities in a Securities Account of a Depositor and subject to the Central Depositories Act and the Rules	Deposited Security - Shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991
	Member - Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Malaysian Central Depository Nominees Sdn. Bhd.) including depositors whose names appear on the Record of Depositors.	Member - Includes a depositor who shall be treated as if he were a member pursuant to section 35 of the Securities Industry (Central Depositories) Act 1991 but excludes the Depository in its capacity as a bare trustee
	Rules - The Rules of the Central Depository and any appendices thereto	Rules of the Depository - Shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991
	Stock Exchange - Kuala Lumpur Stock Exchange	Exchange - Bursa Malaysia Securities Berhad
56	(a) The Company shall not less than three (3) market days prior to the date of notice of general meetings request the Central Depository in accordance with the rules of the Central Depository, to prepare a Record of Depositors to whom notices of general meetings shall be given by the Company; (b) The Company shall not less than three (3) market days prior to the date of the general meetings request the Central Depository in accordance with the rules of the Central Depository, to prepare a Record of Depositors;	(a) The Company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. (b) The Company shall also request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors, as at the latest date which is reasonable practicable which shall in any event be not less than three (3) market days before the general meeting.

64	Every motion properly and duly submitted to any General Meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall, both on a show of hands and at a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.	Every motion properly and duly submitted to any General Meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall, both on a show of hands and at a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive. On a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present or by proxy or represented by attorney and entitled to vote shall be entitled to 1 vote.
88	Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated: (a) If a receiving order in bankruptcy is made against him or he makes any arrangement or composition with his creditors; (b) If he is found lunatic or becomes of unsound mind; (c) If he is absent from more than 50% of the total board of directors' meetings held during a financial year; (d) If he is removed by a resolution of the Company in General Meeting of which special notice has been given; (e) If he is prohibited from being a Director by any order made under any provisions of the Act; (f) If by notice in writing given to the Company he resigns his office."	Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated: (a) If a receiving order in bankruptcy is made against him during his term of office or he makes any arrangement or composition with his creditors; (b) If he is found lunatic or becomes of unsound mind during his term of office; (c) If he is absent from more than 50% of the total board of directors' meetings held during a financial year; (d) If he is removed by a resolution of the Company in General Meeting of which special notice has been given; (e) If he is prohibited from being a Director by any order made under any provisions of the Act; (f) If he:- (i) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a company; (ii) has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or (iii) has been convicted by a court of law of an offence under the securities laws or the Companies Act 1965; within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be. "securities laws" means the Securities Industry Act, 1983, the Securities Industry (Central Depositories) Act 1991, the Securities Commission Act 1983 and the Futures Industry Act 1993. (g) If by notice in writing given to the Company he resigns his office."

The term "Central Depository" wherever it appears in the Company's Articles of Association shall be replaced with the term "Depository".

Form of Proxy

Apex Healthcare Berhad
(473108-T)

No. of Shares held	
CDS Account No.	

I/We, ____________________ NRIC/Company No. ____________________
(Please use block letters)
of ____
(Full Address)
being a member/members of **APEX HEALTHCARE BERHAD**, hereby appoint____________________

of ____ or

failing him/her,____________________of ____________________
or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Bunga Teratai Room, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Wednesday, 23rd May 2007 at 10.30 a.m. and at any adjournment thereof on the following resolutions referred to in the Notice of Annual General Meeting.

My/Our proxy is to vote as indicated below:-

RESOLUTIONS	*FOR	*AGAINST
1. To receive the Statutory Financial Statements for the financial year ended 31 December 2006 together with the Directors' and Auditors' Reports thereon.		
2. To approve a final dividend of 5 sen per share less tax for the financial year ended 31 December 2006.		
3. To approve the payment of Directors' fees for the financial year ended 31 December 2006.		
4. To re-elect Kee Kirk Chin retiring in accordance with Article 89 of the Company's Articles of Association.		
5. To re-elect Leong Khai Cheong retiring in accordance with Article 89 of the Company's Articles of Association.		
6. To re-appoint Kee Tah Peng @ Hee Teck Peng retiring in accordance with Section 129 of the Companies Act, 1965.		
7. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS 8. To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9. To amend the Company's Articles of Association.		

*Please indicate with an "X" in the appropriate spaces on how you wish your vote to be cast. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this __________ day of ________________2007

____
Signature of Member(s) or Common Seal

Notes:

(i) A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies, and in the case of a corporation, a duly authorised representative to attend and vote in his stead.

(ii) A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.

(iii) Pursuant to paragraph 7.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Please indicate the securities account number where applicable.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.

(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at 134/2, Kompleks Perniagaan Munshi Abdullah, Jalan Munshi Abdullah, 75100 Melaka, not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

Affix
Stamp

The Company Secretaries

APEX HEALTHCARE BERHAD (473108-T)

134/2 Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka

Directory of Distribution Depots

List of depots of Apex Pharmacy Marketing Sdn Bhd - 2007

BRANCH	ADDRESS	TELEPHONE NUMBER	FAX NUMBER	CONTACT PERSON
SUBANG JAYA	2, Jalan SS 13/5 47500 Subang Jaya Selangor Darul Ehsan	03-5629 3688 *(GL)* 03-5629 3686 *(SO)*	03-5636 8200 *(HQ/ACC)* 03-5636 8025 *(MKTG)* 03-5636 8110 *(SO/SALES)* 03-5629 3777 *(SO/SALES)*	**Mr Tan Hing Tai** *(ED)* **Mr Lim Ein Heng** *(AGM/Eth Div.)* **Mr Lau Ah Tee** *(AGM/WS Div.)* **Ms Lee Siew Bee** *(F&A Mgr)* **Ms Ang Girl Bee** *(Dist. Mgr)* **Ms Tan Pei Leng** *(WS Mgr)* **Mr Bernard Mah** *(Sales Mgr-Eth Div.)* **Mr Darryl Lee** *(Sales Mgr-WS Div.)* **Ms Alexis Looi** *(Mktg Mgr-Eth Div.)* **Ms Emily Tan** *(Mktg Mgr-CHD Div.)*
IPOH	2-4, Medan Bendahara 2 Medan Bendahara 31650 Ipoh Perak Darul Ridzuan	05-254 5833 05-253 6307 05-241 5613	05-253 2213	**Mr Choong Foo Peng** *- Senior Branch Manager* **Mr Wong Tun Liang** *- Pharmacist*
MALACCA	134/1, Kompleks Perniagaan Munshi Abdullah Jalan Munshi Abdullah 75100 Melaka	06-284 7350 06-284 7381 06-282 2168	06-283 2140 06-283 7704	**Mr Tan Teck Beng** *- Senior Branch Manager* **Mr Tan Yew Aik** *- Branch Manager*
SEREMBAN	18, Jalan Abdul Rahman 70000 Seremban Negeri Sembilan	06-764 2810	06-767 0327	**Mr Tan Yew Aik** *- Branch Manager* **Mr Yeoh Teong Lum** *- Wholesale Operation Executive*
JOHOR	21, Jalan Permas 9/12 Bandar Baru Permas Jaya 81750 Masai Johor Bahru, Johor	07-386 2440 07-386 2449 07-386 2790	07-386 2771	**Ms Gan Siew Siew** *- Branch Manager*
KOTA BHARU	PT 533/A & 534/A Taman Murni Jalan Pengkalan Chepa 16100 Kota Bharu Kelantan	09-774 3666	09-774 9428	**Mr Lau Ah Tee** *(AGM/WS Div.)* **Ms Lim Gim Hoon** *- Asst. Mgr*
PENANG	36, Jalan Perusahaan Jelutong Satu 11600 Penang	04-281 5891 04-281 5896	04-281 5850	**Ms Kew Miaw Fung** *- Pharmacist*
SARAWAK	AH 106-107, Batu Kawah, New Township Jalan Batu Kawa 93250 Kuching Sarawak	082-451 119 082-459 398	082-578 418	**Ms Hui Lai Fong** *- Branch Manager*
SABAH	Lot 24, Karamunsing Warehouse, Jalan Sembulan Lama Karamunsing 88000 Kota Kinabalu Sabah	088-270 100 088-270 200	088-270 300	**Ms Chan Jit Ngo** *- Branch Manager*
ABio Marketing Sdn Bhd	2, Jalan SS 13/5 47500 Subang Jaya Selangor Darul Ehsan	03-5629 3655 03-5629 3688	03-5636 8025	**Mr Then Tat Ying** *- Mktg/Div. Mgr (CHD)* **Mr Kelvin Wong** *- Brand Manager*
Apex Pharmacy Marketing Pte Ltd	178, Paya Lebar Road #03-01, SINGAPORE 409030	02-6741 3803	02-6749 3839	**Ms Loh Pei Juin** *(AGM)*

Apex Healthcare Berhad (473108-T)
No. 2, Jalan SS 13/5, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia.
Tel +603 5637 6888 Fax +603 5636 9280