Xepa-Soul Pattinson's New Liquids Pharmaceutical Plant

APEX HEALTHCARE BERHAD (473108-T)

134/2 Kompleks Perniagaan Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka
Malaysia
Tel : +606 284 7381
Fax : +606 283 2140

APEX HEALTHCARE BERHAD (473108-T)

Annual Report 2008

apex
Apex Healthcare Berhad
(473108-T)

ANNUAL REPORT
2008

GROWING Momentum
Restoring HEALTH Enhancing LIFE...

2008

2007

2006

Contents 2008

CORPORATE SECTION

FINANCIAL SECTION

BUSINESS

Apex's Business is delivering the best pharmaceutical Brands through our comprehensive Channels to our valued Customers.

Since our establishment in 1962, our business has been focused on delivering pharmaceutical products to customers in the markets in which we operate, through retail, manufacturing, distribution and wholesale channels in a manner which fairly rewards all stakeholders. We know our business intimately and have a growing network of loyal customers; this will remain our business for the future. Our confidence in our business arises from a conscious decision to focus resources on our area of expertise, which enables us to increase our capabilities, efficiencies and understanding of underlying trends in the industry.

Corporate Information

COMPANY SECRETARIES

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

REGISTERED OFFICE

134/2 Kompleks Perniagaan
Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka
Tel : +606 284 7381
Fax : +606 283 2140

GROUP WEBSITES

www.apexpharmacy.com
www.xepasp.com
www.apexpharmacy.com.sg
www.luyan.com.cn

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board
Stock Code : 7090
Stock Name : AHEALTH

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
777, Jalan Hang Tuah
75300 Melaka

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

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

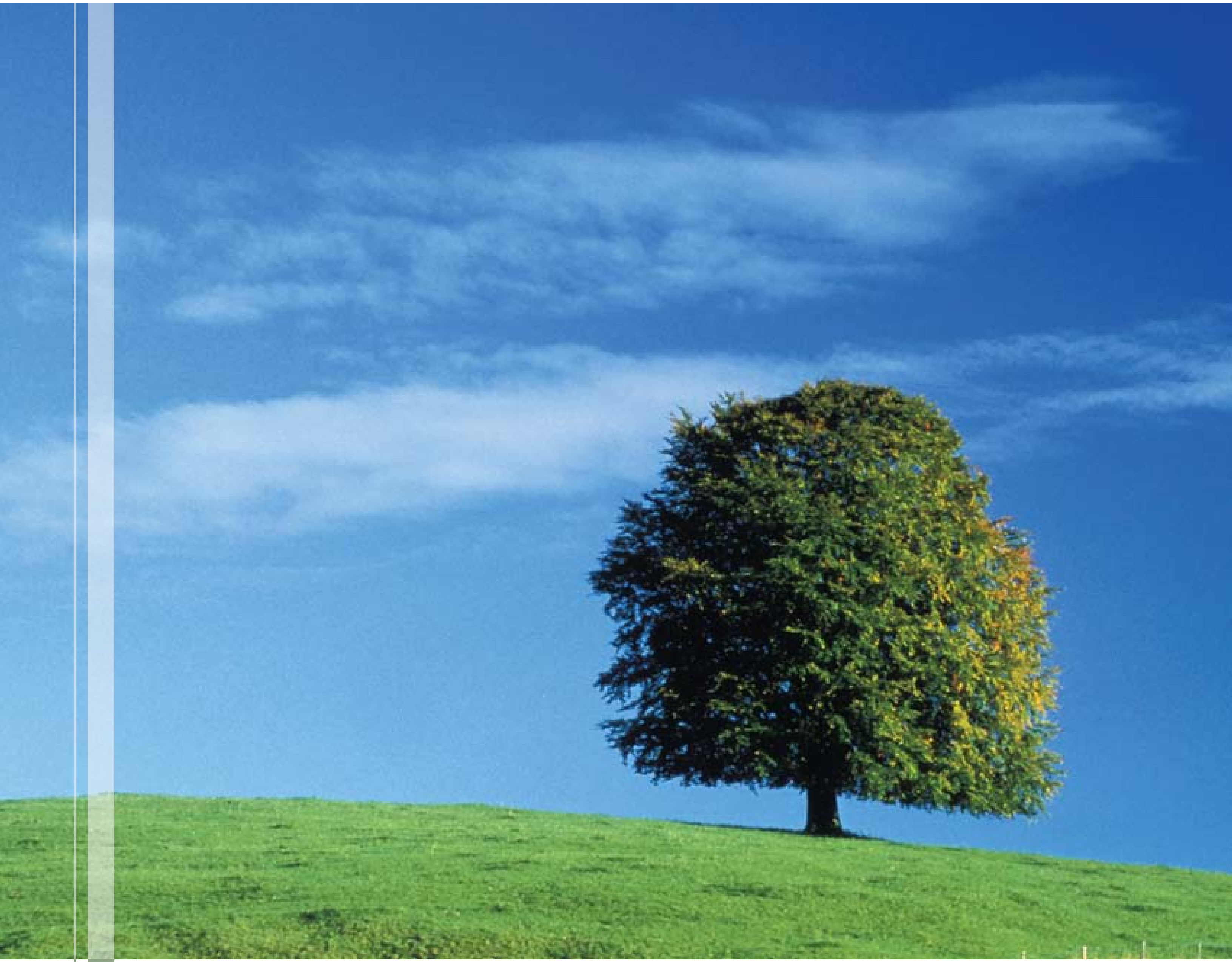
Chee Siah Le Kee & Partners
Advocates & Solicitors
105, Taman Melaka Raya
75000 Melaka

COMPANY SECRETARIAL AGENTS

Archer Corporate Services Sdn Bhd
Suite 11.1A Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : +603 2031 1988
Fax : +603 2031 9788

SHARE REGISTRARS

PFA Registration Services Sdn Bhd
Level 17
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : +603 2264 3883
Fax : +603 2282 1886



VISION

Restoring Health, Enhancing Life

Apex's Vision is to operate a business that restores health to and enhances the life of those we serve. Our medicines are used by healthcare professionals in treating and controlling infections, managing cardiovascular, metabolic, gastroenterological, rheumatic conditions and more. Our nutritional supplements are used by those seeking to enhance their state of wellbeing, and include vitamins, minerals, and extracts from herbal and other natural sources.


Xepa
IMEXA™
Powder For Oral Suspension
Azithromycin 200mg / 5ml
5 x 6
Film-coated Tablets
Xepa
IMEXA™
Each tablet contains
Azithromycin 250mg
IMEXA

Corporate Structure

apex

Apex Healthcare Berhad
(473108-T)

- **ABio** ABio Marketing Sdn Bhd
- **APM** Apex Pharmacy Marketing Sdn Bhd
- **APS** Apex Pharma Marketing Pte Ltd
- **AVEX** Avex Pharmaceuticals Pte Ltd
- **APC** Apex Pharmacy Corporate Sdn Bhd
- **API** Apex Pharmacy International Sdn Bhd
- **XSPM** Xepa-Soul Pattinson (M) Sdn Bhd
  - **XSPS** Xepa-Soul Pattinson (S) Pte Ltd
- **FSGC** 66.1% First SGC Pte Ltd
  - **MDK** 49% Xiamen Maidiken Science & Technology Co Ltd
    - **LFG** 95% Luyan (Fujian) Group Co Ltd
    - **LYG** 90.25% Luyan (Fujian) Pharma Co Ltd
- **MIL** 20% Maritzberg Investments Limited
  - **PTPV** 95% PT Penta Valent

All are 100% owned subsidiaries unless indicated.

Directors' Information

KEE TAH PENG @ HEE TECK PENG

Chairman

Kee Tah Peng @ Hee Teck Peng, 78, 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 40.3% 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 2008. He has had no convictions for any offences within the past 10 years.

DR KEE KIRK CHIN

Group Managing Director

Dr Kee Kirk Chin, 47, a Singaporean, was appointed to the Board on 15th February 2000 and as Managing Director of the Company on 3rd March 2000. In compliance with the revised Code on Corporate Governance, he stepped down as a member of the Audit Committee on 20th November 2008. 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 the son of Kee Tah Peng @ Hee Teck 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 40.3% 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 2008. He has had no convictions for any offences within the past 10 years.

Directors' Information (Cont'd)

ROBERT DOBSON MILLNER

Non-Executive Director

Robert Dobson Millner, 58, 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, manufacturing, wholesaling and retailing of pharmaceutical products, 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 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 30.3% 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 2008. He has had no convictions for any offences within the past 10 years.

JACKSON CHEVALIER YAP-KIT-SIONG

Non-Executive Director

Jackson Chevalier Yap-Kit-Siong, 57, 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 40.3% 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 2008. He has had no convictions for any offences within the past 10 years.

Directors' Information (Cont'd)

LEONG KHAI CHEONG
Senior Independent Non-Executive Director

Leong Khai Cheong, 58, 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 the Chairman of Audit Committee and a member of the Nomination and Remuneration Committees. He is a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Public Accountant, Singapore, as well as a 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 held various senior positions in George Kent (M) Bhd and United Engineers Limited, which are companies listed on the Stock Exchanges of Malaysia and Singapore respectively. 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 February 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 2008. He has had no convictions for any offences within the past 10 years.

DR AHMAD KAMAL BIN MD ALIF
Independent Non-Executive Director

Dr Ahmad Kamal bin Md Alif, 62, a Malaysian, was appointed as Independent Non-Executive Director of the Company on 23rd May 2001. He is member of the Audit and Remuneration 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. He was appointed a director on the board of Ogawa World Berhad on 8th February 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 2008. He has had no convictions for any offences within the past 10 years.

MAE HENG SU-LING
Independent Non-Executive Director

Mae Heng Su-Ling, 38, a Singaporean, was appointed as Independent Non-Executive Director of the Company on 20th November 2008. She is a Certified Public Accountant and a member of the Audit and Nomination Committees. She graduated with a Bachelor of Accountancy from Nanyang Technological University, Singapore in 1991 and is a member of the Institute of Certified Public Accountants Singapore (ICPAS). She has over 16 years of experience in an audit, corporate finance and business advisory environment with the largest accounting firm in Singapore, Ernst and Young. In senior management positions, her audit portfolio included several Singapore publicly listed companies, multinational companies and private companies of various sizes and industries operating globally. She is currently a director of Drew and Lee Investments Pte Ltd, her family owned investment holding company involved in properties. She 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. She has had no convictions for any offences within the past 10 years.

Chairman's Statement

"I AM PLEASED TO REPORT to my fellow shareholders that Apex Healthcare Berhad returned a resilient performance for financial year 2008 amidst uncertain economic and volatile trading conditions."

KEE TAH PENG @ HEE TECK PENG
Chairman

FINANCIAL PERFORMANCE

For the financial year ended 31st December 2008 Apex Healthcare Berhad ("Apex") Group posted revenue of RM 259.2 million, and profit before tax of RM 19.0 million. This represents a 10% increase in revenue and an 8% increase in profit before tax, after eliminating a non-recurring deferred gain in 2007 arising from the divestment of retail operations. Share of results of associates rose to RM 2.32 million, underpinned by strong growth of operations in China.

DIVIDEND

The Board of Directors recommends a final dividend of 4.5 sen per share less 25% tax for Financial Year 2008. An interim dividend of 5 sen per share less 26% tax was paid in October 2008.

Chairman's Statement (Cont'd)

OPERATIONS REVIEW

Manufacturing

Xepa-Soul Pattinson's revenue grew 15% and exports rose 70% over 2007. The recently commissioned Liquids Pharmaceutical Plant was officially declared open in April 2008 by Deputy Health Minister Encik Abdul Latiff Ahmad, and has eased production bottlenecks. During the year, Xepa launched Vizomet™ (*Mometasone*) corticosteroid cream for inflammatory skin conditions, and Imexa™ antibiotic *(Azythromycin)* in tablet and suspensions which was very well received. Xepa's entire range of oral liquids, dermatological creams, tablets and capsules continue to be revamped into Redipaks, ready-to-dispense packs, which affords healthcare professionals greater convenience and safety in dispensing. The sales force has been making headway in gaining awareness and custom among younger practitioners in private practice and also to government purchasers. Export sales beyond the traditional markets of Malaysia and Singapore have increased strongly accompanied by registrations of new products in new markets.

Wholesale and Distribution

Sales volume at Apex Pharmacy Marketing Sdn Bhd grew 6% in 2008 to a record RM 171.5 million through the addition of new pharmaceutical wholesale customers, ethical agencies and increased sales of consumer healthcare lines and own brand products. Distribution revenue at Apex Pharma Marketing Pte Ltd in Singapore grew 26.4% to RM 49 million in a competitive trading environment through the acquisition of new agencies and growing pharmaceutical wholesale operations. Singapore operations and offices moved to new premises in mid-2008 to accommodate its steadily growing operations. Both subsidiaries continue to expand sales, marketing and logistics capabilities in order to strengthen market coverage, increase efficiency of operations and ensure greater customer satisfaction.

Group Brands

The Group continues to invest in the development of its range of own brand products in four key areas: Generic Pharmaceuticals, Nutritional Supplements, Medicated Powders and Surgical Disposables.

During the first quarter of 2008, the first AVEX^{R} branded generic pharmaceuticals were launched in Malaysia. The brand was created specifically to extend and complement the range of the Group's well established market leading Xepa^{SP} generic pharmaceuticals. The AVEX^{R} portfolio now includes Glucon *(Metformin Hydrochloride)* for diabetes, Fluovex *(Fluoxetine)* anti-depressant, Gastrovex *(Lanzoprazole)*, a second generation proton pump inhibitor for treating gastric ulcers, Prazovex *(Alprazolam)*, a tranquiliser and Avezol *(Fluconazole)*, for the treatment of fungal infections.

The Group's brand of Nutritional Supplements, PUREHEALTH, continues to expand in 2008. 'Food for Thought' and 'Eye Beneficein' have been joined by 'Spirulin' vitamin B and mineral tablets, 'Clenzlim' detox, 'Rectocalm' and 'Shumin' ayurvedic preparations; and Omega 3 fish oil, Co-Enzyme Q30, SelenE, and C-Rose dietary supplements. The group's Agnesia Medicated Powders enjoyed good growth in sales in 2008, derived from the launch of a new 50g pack and significantly better exports. Surgical Disposables in the AXEL brand name has gained good market penetration through the Group's well established distribution channels.

Chairman's Statement (Cont'd)

China

In 2008, Apex invested a further S$2.8 million to increase its equity interest in Xiamen Maidiken Science & Technology Co Ltd ("MDK"), the joint venture investment holding company of Luyan (Fujian) Group from 25% to 32.4%. Through a concurrent restructuring exercise, the investment in MDK is now held via First SGC Pte Ltd ("FSGC"), a new company incorporated in Singapore, instead of Apex Pharmacy International Sdn Bhd. Apex now holds 66.1% of FSGC which in turn owns 49% of MDK.

MDK Group is the largest private sector pharmaceutical distributor in Xiamen and one of the leading private sector pharmaceutical companies in Fujian Province. It currently has 800 staff in 60 retail pharmacy outlets and 7 pharmaceutical distribution subsidiaries, medical equipment distribution and factory operations. A new 150,000 sq feet central warehouse and logistics centre is under construction in Xiamen. Turnover continues to grow strongly, rising some 30% to 1.3 billion Renminbi (RM0.65 billion). MDK Group made a net contribution of RM 2.2 million to the Group's result in FY 2008 and is recognized by the Xiamen Government in their listing of the top 100 commercial enterprises in Xiamen.

Indonesia

On 30th April 2007, Apex acquired a 20% interest in Maritzberg Investments Limited ("MIL"), which holds 95% of PT Penta Valent ("PTPV"), for RM 3.8 million. PTPV is active in pharmaceutical distribution throughout Indonesia with emphasis on local principals. Revenue grew 15% year on year, driven by increased market share and the addition of new agencies assisted by Apex's regional networks. In 2008, PTPV strengthened its management team with new hires and is progressively adopting Apex's management and financial reporting procedures. Distribution coverage improved with the addition of 3 further branches, bringing the number of depots nation-wide to 32. PTPV is predominantly a distributor for local Indonesian pharmaceutical and consumer products manufacturers, and is thus well positioned to benefit from the continued growth of the domestic Indonesian pharmaceutical market.

INDUSTRY TRENDS & PROSPECTS

The trends informing the Malaysian pharmaceutical market are: growth in demand for generic products, patent expiries in the near-term for the so-called 'blockbuster' drugs; a growing market for dietary supplements and over-the-counter pharmaceuticals, increasing use of herbals and a growth in contract manufacturing. These trends are in turn variously driven by: a population which is more affluent, better educated, more health-conscious and aging, increasing costs, a strong reputation for quality manufacturing forged over many years, and immense biodiversity which provides potential for herbal medicines and drug discovery. Malaysia's market is estimated to grow at about 10% a year, with the export sector an important part of local manufacturers' sales. Singapore's relatively affluent domestic market should grow at an estimated 8% a year, with generics a relatively small but slowly growing component.

Indonesia's fledgling pharmaceutical industry is expected to grow at about 6% a year. In November 2008, the Indonesian government introduced rules requiring foreign drug companies to establish local manufacturing facilities before access to the domestic market is granted.

Luyan's staff excursion

New retail outlet in Xiamen

Chairman's Statement (Cont'd)

INDUSTRY TRENDS & PROSPECTS (Cont'd)

China's pharmaceutical industry is expected to be the world's fifth largest by 2010. It is still fragmented as compared to more developed markets, especially in the areas of distribution and logistics, although the trend is towards consolidation into larger groupings with attendant opportunities for well-positioned players.

The fundamentals underlying the group's core business operations in all four countries therefore remain strong. The range and variety of the Group's own-brand products have and will continue to grow significantly, and export volumes have risen on the back of sales initiatives. The Group's strategic investment in China has proven to be timely, and is an important continuing contributor to the bottom line. The Group now has direct operations in the two most populous markets in Asia, China and Indonesia, serving domestic demand which is still growing apace notwithstanding the worldwide economic slump.

Despite the uncertain economic outlook, I am optimistic that Apex is well placed to perform satisfactorily in 2009.

BOARD OF DIRECTORS

On 20th November 2008, Mae Heng was appointed to the Board as an Independent Director, which now numbers 7 directors of whom 3 are Independent Non-Executive Directors. This gives the Board greater flexibility in rotating the duties of the Board committees among its members while adhering to corporate governance recommendations. Mae Heng, an accountant by profession, has extensive audit, corporate finance and business advisory experience which will be a great help in the work of the Board. Mae Heng has also joined the Audit and Nomination committees. In line with our commitment to continuous learning, all the members of the Board attended a course on "Balance Scorecard as a Strategic Instrument" on 27th February 2008. This was also a welcome opportunity for directors to meet and interact with management staff of the Group who attended the same course.

CORPORATE AND SOCIAL RESPONSIBILITY

The Company believes in giving back to the society which sustains its prosperity. During 2008, the Group contributed to a number of worthy causes in cash and kind, the most substantial being a contribution by its China operations worth RMB 100,000 to help the victims of the devastating Sichuan earthquake.

The coming year looks to be a challenging one, but the Group is strongly positioned to deal with eventualities, and looks forward to working with its business partners, customers and staff to continued mutual benefit as it has done for over four decades since its inception.

KEE TAH PENG @ HEE TECK PENG
Chairman
Apex Healthcare Berhad


CSR - blood donation drive

VALUES

Service, Quality and Integrity, always

From the very first customer in 1962, we have striven to provide an efficient, professional and responsive touch in our dealings with suppliers, healthcare professionals, customers and all whom we come across. Service is an integral value to Apex.

Apex has and will continue to refine its processes and systems, and is stringently certified to meet and exceed quality standards at all levels of the Group.

We produce quality medicines that our customers have come to rely on. The quest to improve Quality even further from already high levels is a never-ending journey.

Integrity is an inescapable part of our business and runs through our value chain from product development and formulation, manufacturing, warehousing, sales and marketing, all the way to final delivery. We value honesty in our dealings and there is no compromise.


Gastrovex
30mg
Gastrovex Capsule
Lansoprazole 30mg
AVEX
30mg
14 Capsules

Five-Year Financial Highlights

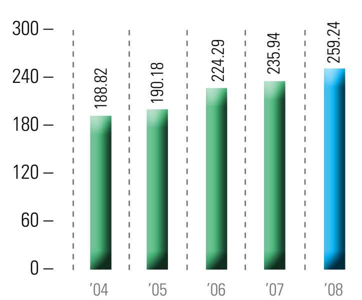
2008 Key Figures

259 MILLION
REVENUE

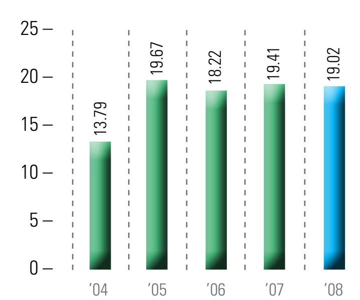
19 MILLION
PROFIT BEFORE TAX

19.7 SEN
EARNINGS PER SHARE

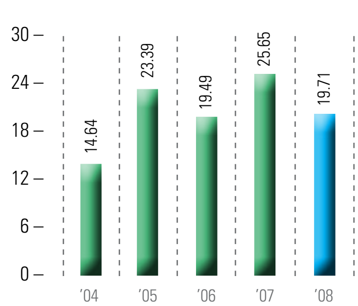
REVENUE
(RM Million)



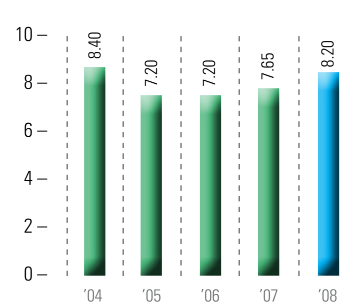
PROFIT BEFORE TAX
(RM Million)



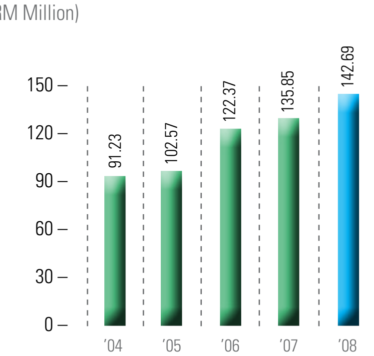
EARNINGS PER SHARE
(Sen)



NET DIVIDENDS PER SHARE
(Sen)



SHAREHOLDERS' FUNDS
(RM Million)



Corporate Governance Statement

Narrative Statement on Application of Corporate Governance Principles

The Company subscribes fully to the ideals of 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 has made efforts to adhere to the principles and best practices set out in Part 1 & 2 to the Malaysian Code of Corporate Governance. This statement describes the practices of the Company in respect of 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 a Board comprising members with a wide range of expertise and experience in diverse fields relevant to the Group's activities, including accounting, medicine, pharmacy, finance, engineering, construction and other industries. Their expertise, experience and background ensure that the various issues and matters affecting the Company and the Group are considered and deliberated from varied perspectives. The Board is answerable ultimately and 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

The number of Board members was increased from six to seven on 20th November 2008 with the appointment of a third independent director. The Board now comprises: a chairman, the group managing director, two non-independent non-executive directors and three independent directors. Independent directors therefore comprise more than the requisite one-third of the membership of the Board.

The increase in the size of the Board allows greater flexibility in complying with the 2007 revisions to the Code on Corporate Governance recommending that members of the Audit and Nomination Committees should be non-executive, with independent directors in a majority.

Corporate Governance Statement (Cont'd)

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. Comprehensive minutes of Board 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 are entitled to 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 33. The transparency of appointment decisions is safeguarded by adherence to the recommendation of the Code of Corporate Governance that the Nomination Committee be composed of non-executive directors of which a majority are independent, and thorough documentation of the deliberations of the Committee in arriving at decisions, which has been practised by the Group consistently since listing.

The selection criteria with regard to desired candidates 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. It is noted that the 2007 revision to the Code of Corporate Governance specifically recommends that skills, knowledge, expertise, experience, professionalism, integrity and ability to discharge independent non-executive directors' duties (where applicable) be taken into account. These recommendations have been taken into the Terms of Reference of the Nomination Committee. The Committee will also take into account all other information which it judges to be relevant.

The selection also takes into account financial and commercial relationships with the Group to avoid or minimize potential conflicts of interest and to ensure that all shareholders are fairly represented. 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 re-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.

Corporate Governance Statement (Cont'd)

5. Re-election (Cont'd)

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 30.

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

Remuneration of directors is reviewed and determined at least once a year by the Remuneration Committee according to the principles set out by the Code on Corporate Governance, which have been taken into the Committee's terms of reference as set out on page 30. The Committee takes into account information on remuneration packages for companies of comparable size and industry as it becomes available, when making its recommendations.

8. Disclosure

Details on Directors' remuneration are set out in the Remuneration Committee's report in earning bands on page 31. The remunerations of individual directors 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 and individual investors, and recognises that timely and equal dissemination of relevant information should be made to these parties without favouring any group.

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

The Board welcomes shareholder participation at Annual General Meetings, which are the principal forum for dialogue with the shareholders, and are an opportunity for the Chairman and Board members to respond directly to shareholder queries and to undertake to provide sufficient clarification on issues and concerns raised by shareholders. Directors are always pleased to have the opportunity to interact with the shareholders during and after Annual General Meetings.

ACCOUNTABILITY AND AUDIT

11. Financial Reporting

The Board strives to present a balanced and meaningful assessment of the Group's financial performance and prospects throughout each financial year, via the Group's annual financial statements, quarterly and half-yearly announcement of results to shareholders, and the Chairman's Statement and other reports in the Annual Report to shareholders. The Audit Committee is instrumental in overseeing the Group's financial reporting processes and quality of its financial reporting.

Corporate Governance Statement (Cont'd)

12. Internal Control

The Board acknowledges 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. The Board recognizes that such systems can provide only a reasonable level of, rather than absolute, assurance against misstatement or loss within the practical constraints of operating a going concern. Improvement and refinement of internal control systems, and their adaptation to changing requirements, is an ongoing process.

The Internal Audit function is outsourced externally to a service provider, who meets with the Audit Committee several times a year. The Internal and External Auditors are unrelated to each other.

The Statement on Internal Controls is set out on page 22.

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 External Auditors, Messrs Ernst & Young, report to members of the Company on their findings as matter of course, and these 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 requiring attention to the Audit Committee and Board.

The revised Code on Corporate Governance increases the minimum frequency of meetings between Audit Committee and External Auditors in the absence of executive directors to twice a year. Such meetings are already at least as frequent as recommended by the Code.

STATEMENT ON THE EXTENT OF COMPLIANCE WITH BEST PRACTICES

- The 2007 revisions to the Code on Corporate Governance Part 2 BB I recommend that all members of the Audit Committee be non-executive directors, with majority being independent directors.

  It was not practical to immediately adopt the provision, as the Board only comprised six members at the time the revisions were promulgated, and adoption was deferred. The Managing Director, whose duties require him to attend meetings of the committee as a matter of course, remained a member of the Audit Committee. Time was allocated for the non-executive members of the Committee to deliberate among themselves, and also to meet with the External Auditors in the absence of the Managing Director and management to maintain the independence of the Committee.

  In November 2008, a third independent director was appointed to the Board and also to the Audit Committee, while the Managing Director retired from the Committee. Hence the Audit Committee is currently composed entirely of independent non-executive directors, and is in full compliance with the Code's recommendations. The Terms of Reference of the Audit Committee have not been amended at this juncture, as Committee composition in any case satisfies the higher level of compliance.

- The Group previously did not have a formal orientation and education programme for new Board appointees as recommended by the Code on Corporate Governance Part 2 AA XIII. The activities of the Group were few in number and confined to limited markets, the composition of the Board was stable and briefings by executive directors and senior management proved adequate. As the Group has grown in size and increased in complexity, it has been found desirable to follow the appointment of a new Director in 2008 with a series of more structured introductory presentations by the Group's key operations and subsidiaries. This process will be adapted and refined as the Group grows further.

Corporate Governance Statement (Cont'd)

STATEMENT ON THE EXTENT OF COMPLIANCE WITH BEST PRACTICES (Cont'd)

- The Group values ongoing contact with investors and shareholders, which provide valuable feedback. While the Group does not have a fixed programme of communication with shareholders as recommended in Code on Corporate Governance Parts 2 AA 1 and CC 1, senior management normally meets several times during a year with professionals from the investment industry at their request, or at the initiative of Group management as circumstances may dictate. Management retains as appropriate from time to time the services of professional advisors in relation to investor relations.

- Details on Directors' remuneration are disclosed in earning bands. The remunerations of individual directors are not disclosed as this information is deemed to be private and confidential.

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 2008 amounted to RM 36,000.

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 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, 2008

Introduction

In accordance with the Malaysian Code on Corporate Governance and paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 2008, 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. The system of internal control is meant to effectively manage business risk towards the achievement of objectives so as to enhance the value of shareholders' investments and to safeguard the Group's assets.

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. In view of the limitations that are inherent in any system of internal control, 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.

The Group's System Of Internal Control

The Group has a comprehensive internal control framework that encompasses the Board, the Board and Management Committees with its specific terms of reference and the Executive Management that is empowered and accountable for the performance of their respective operating units. They operate within an organisation structure that is approved by the Board which clearly defines the authority for decision making and reporting and these are further reinforced with formal review, monitoring and reporting procedures that are embedded in each process or activity.

Statement On Internal Control (Cont'd)

Risk Management

The Board recognises that management of key risks faced by the Group plays an important and integral part of the Group's daily operations. Key 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 independent internal audit service providers and instituted controls are appropriate and effectively applied by the Management to achieve acceptable exposures consistent with the Group's risk management practices.

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

The Group has engaged a professional services firm to provide internal audit services and whose primary responsibility is to independently provide assessment on effectiveness and reliability of the Group's systems of internal control. The independent internal audit service provider 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.

  The Board monitors the Group's performance by reviewing its quarterly results and operations and examines the announcement to the Bursa Malaysia Securities Berhad. These are usually reviewed by the Audit Committee before they are tabled at the Board.

Statement On Internal Control (Cont'd)

Other Key Elements Of Internal Control (Cont'd)

- **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 and adheres strictly to health, safety and environmental regulations as enforced by the various authorities. 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 present system of internal control is adequate for the Group to manage its risks and to achieve its business objectives. The Board is committed in ensuring the Group continuously reviews the internal control system so that it is effective in enhancing shareholders' investments and safeguarding the Group's assets.

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 2008.

Composition of Audit Committee and Attendance Record

The Audit Committee currently consists of 3 members, all 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 Code on Corporate Governance 2007 revisions recommended that all members of the Audit Committee be Non-Executive. In line with this, on 20th November 2008, Dr Kee Kirk Chin retired from the Committee, and Ms Mae Heng Su-Ling, a Certified Public Accountant with extensive experience in audit, corporate finance and business advisory work, was appointed a member.

The Committee met 5 times during the financial year to 31st December 2008 and the attendance record is tabulated as follows:

Director	Position	Attendance					Total
		26 Feb	18 Apr	20 May	19 Aug	18 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 (resigned on 20th November 2008)	Managing Director	✓	✓	✓	✓	✓	5/5
Mae Heng Su-Ling (appointed w.e.f. 20th November 2008)	Independent Non-Executive Director	NA	NA	NA	NA	NA	
		3/3	3/3	3/3	3/3	3/3	

NA : Not Applicable

Terms of Reference of the Audit Committee

The Terms of Reference of the Committee have been amended to reflect the 2007 revisions to the Code on Corporate Governance and 2008 revisions to the Bursa Malaysia Listing Requirements, with the exception for the time being of clause 2.1. This is further explained in the Statement on the Extent of Compliance with Best Practices on page 20. The company has nevertheless been in compliance with the recommendations of the Code since November 2008.

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.

Report Of The Audit Committee (Cont'd)

Terms of Reference of the Audit Committee (Cont'd)

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 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, without executive directors being present, at least twice 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.

Report Of The Audit Committee (Cont'd)

Terms of Reference of the Audit Committee (Cont'd)

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 any appraisal or assessment of the performance of members of the internal audit function;

4.1.8 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;

4.1.9 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;

4.1.10 any letter of resignation from the external auditors;

4.1.11 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 both the internal and external auditors, their audit fees and render its recommendations accordingly to the Board of Directors.

4.3 The AC shall approve any appointment or termination of senior staff members of the internal audit function; take cognizance of resignations of internal audit staff and provide resigning staff member an opportunity to submit reasons for resigning.

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

4.5 The AC shall verify that the allocation of options pursuant to the Apex Healthcare Berhad Employee Share Option Scheme, where any such Scheme is in operation, 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.

4.6 The head of internal audit should report directly to the AC. For administrative and operational matters, the internal audit function will liaise with the Managing Director.

4.7 The chairman of the AC should engage on a continuous basis with senior management in order to be kept informed of matters affecting the company.

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

Report Of The Audit Committee (Cont'd)

Terms of Reference of the Audit Committee (Cont'd)

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 AC shall meet with the external auditors, without the presence of executive directors, at least twice 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 a report to the Board that provides details of the activities of the AC, number of AC meetings held in a year, details of attendance of directors at such meetings and details of relevant training attended by each director for inclusion in the Company's Annual Report.

Activities of the Audit Committee

During the financial year ended 31st December 2008, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- Reviewed reports of the Internal Auditors on the Company and its subsidiaries and associate companies Luyan Fujian Group and PT Penta Valent;
- Reviewed the Report of the External Auditors, Messrs Ernst & Young;
- Reviewed the assistance provided by Management to the External Auditors;
- Reviewed the draft statement on Internal Control for inclusion in the 2007 Annual Report;
- Considered the reappointment of External Auditors of the Company, Messrs Ernst & Young, for FY 2008;
- Reviewed the FY 2008 Audit Plan and timetable with the External Auditors of the Company;
- Reviewed drafts of quarterly and year end financial statements prior to approval for release to Bursa Malaysia Securities Berhad by the Board of Directors;
- Considered the appointment of outsourced Internal Auditors and compared quotations thereof.

Report Of The Audit Committee (Cont'd)

Internal Audit Function

Deloitte Enterprise Risk Services Sdn Bhd was the outsource provider of Internal Audit services to the Group in 2008. The cost incurred for Internal Audit Services in respect of Financial Year 2008 is RM 100,000.

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 2008, 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 2008;
- Prepared and presented a Principal Risk Report on the Company, its subsidiaries and associated companies;
- Reported on reviews carried out in 2007 on procedures with respect to Contracts with contractors and vendors and recommendations thereof;
- Reviewed and reported on Production Planning Processes of ABio Marketing Sdn Bhd;
- Reviewed and reported on Inventory Management of Apex Pharmacy Marketing Sdn Bhd;
- Reviewed and reported on the Procurement Processes for Raw Materials of Xepa Soul-Pattinson Malaysia Sdn Bhd; and
- Reported on the follow-up to previous Internal Audit findings.

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 2008.

Composition of Remuneration Committee and Attendance Record

The Remuneration Committee consists of 3 members, the majority of whom are Independent Non-Executive Directors. The committee was established on 23rd May 2001. During the year under review, a meeting was held on Wednesday 27th February 2008, at which all members were present.

Director	Position	Attendance
		27 February
Jackson Chevalier Yap-Kit-Siong	Non-Executive Director and Chairman of Remuneration Committee	✓
Leong Khai Cheong	Senior Independent Non-Executive Director and Chairman of Audit Committee	✓
Dr Ahmad Kamal bin Md Alif	Independent Non-Executive Director	✓

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.

Report Of The Remuneration Committee (Cont'd)

Terms of Reference of Remuneration Committee (cont'd)

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 remuneration package of senior management so as to determine the performance bonus of the Group's Senior Management with respect to Financial Year 2007 and the salary adjustments for FY 2008;
- Approved Senior Managements Key Performance Indicators for FY 2008;
- Considered and made recommendations on the Directors' fees and allowances for Financial Year 2008;
- Reviewed and approved the Consultancy agreement between the Company and the Chairman; and
- Considered and made recommendations on Service Agreements with senior executives of the Group'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	3	-
RM50,001 to RM100,000	2	-
RM300,001 to RM350,000	1	-
RM1,100,001 to RM1,150,000	-	1

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

Analysis of Remuneration	Executive Directors	Non-Executive Directors	Total
Fees	-	150,000	150,000
Salaries & other emoluments	560,972	222,000	782,972
Bonus	382,494	-	382,494
Pension costs – defined contribution plans	137,104	-	137,104
Benefits in kind	31,703	115,874	147,577
	1,112,273	487,874	1,600,147

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 2008.

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 Wednesday 27th February 2008 and 19th November 2008. All members were present at these meetings.

The duties of the Board committees are rotated among Board members from time to time. Accordingly, on 20th November 2008, Ms Mae Heng was appointed to the Committee, while Dr Ahmad Kamal stepped down.

Director	Position	Attendance	
		27 February	19 November
Robert Dobson Millner	Non-Executive Director and Chairman of Nomination Committee	✓	✓
Leong Khai Cheong	Senior Independent Non-Executive Director and Chairman of Audit Committee	✓	✓
Dr Ahmad Kamal bin Md Alif (resigned on 20th November 2008)	Independent Non-Executive Director	✓	✓
Mae Heng Su-Ling (appointed w.e.f. 20th November 2008)	Independent Non-Executive Director	NA	NA

NA : Not Applicable

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.

Report Of The Nomination Committee (Cont'd)

Terms of Reference of Nomination Committee (Cont'd)

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, taking into consideration candidates'

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity; and
- in the case of candidates for independent directors, ability to discharge the responsibilities and functions expected of independent directors.

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 including independent non-executive directors, as well as the chief executive officer, and the Company Secretaries through a process to be implemented by the Board. All assessments and evaluations carried out by the nomination committee in the discharge of all its functions should be properly documented.

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 Financial Year 2008 included:

- Assessment of the effectiveness and performance of the Board and Board Committees, Directors, and Company Secretaries for Financial Year 2007;
- Deliberation on which Directors would stand for re-election and re-appointment at the 2008 Annual General Meeting of shareholders; and
- Review of the size and composition of the Board and recommendations for the appointment of an additional independent director.

Report Of The Nomination Committee (Cont'd)

Attendance Record at Board Meetings in Financial Year 2008

Director	Position	Attendance				Total
		27 Feb	21 May	20 Aug	19 Nov	
Kee Tah Peng @ Hee Teck Peng	Chairman	✓	✓	✓	✓	4/4
Dr Kee Kirk Chin	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
Leong Khai Cheong	Senior Non-Executive Independent Director and Chairman of Audit Committee	✓	✓	✓	✓	4/4
Dr Ahmad Kamal bin Md Alif (resigned on 20th November 2008)	Non-Executive Independent Director	✓	✓	✓	✓	4/4
Mae Heng Su-Ling (appointed w.e.f. 20th November 2008)	Non-Executive Independent Director	NA	NA	NA	NA	
Total Attendance		6/6	5/6	6/6	6/6	

NA : Not Applicable

The Secretary was present at all the Board Meetings held during the Financial Year 2008.

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 2008.

Principal activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries 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 the principal activities during the financial year.

Results

	Group RM	**Company RM**
Net profit for the year	15,108,392	7,880,300
Attributable to:		
Equity holders of the Company	14,776,077	7,880,300
Minority interests	332,315	-
	15,108,392	7,880,300

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.

Dividends

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM
In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:	
Final dividend of 4.5% tax exempt, paid on 23 June 2008	3,373,807
In respect of the financial year ended 31 December 2008:	
Interim dividend of 5% less 26% taxation, paid on 16 October 2008	2,774,020
	6,147,827

Directors' Report (Cont'd)

Dividends (Cont'd)

At the forthcoming Annual General Meeting, a final dividend less 25% tax in respect of the financial year ended 31 December 2008 of 4.5 sen per share amounting to RM2,530,356 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 2009.

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
Mae Heng Su-Ling (appointed on 20 November 2008)

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, Jackson Chevalier Yap-Kit-Siong and Dr Kee Kirk Chin retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 83 of the Company's Articles of Association, Mae Heng Su-Ling retires at the forthcoming Annual General Meeting and, being eligible, offers herself 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) 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 as disclosed in Note 31 to the financial statements.

Directors' Report (Cont'd)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company were as follows:

	Number of ordinary shares of RM1 each			
	1.1.2008	**Acquired**	**Disposed**	**31.12.2008**
Direct interest				
Kee Tah Peng @ Hee Teck Peng	205,000	-	-	205,000
Dr Kee Kirk Chin	600,000	-	-	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
Mae Heng Su-Ling	-	-	-	-
Indirect interest				
Kee Tah Peng @ Hee Teck Peng	30,076,161	270,000	-	30,346,161
Dr Kee Kirk Chin	30,046,161	270,000	-	30,316,161

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 in all the subsidiaries 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.

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values 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.

Directors' Report (Cont'd)

Other statutory information (Cont'd)

(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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) 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 or of the Company for the financial year in which this report is made.

Significant events

Significant events during the year 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 14 April 2009.

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 43 to 101 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 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 14 April 2009.

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, being 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 43 to 101 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 14 April 2009

Kwong Lien Wah

Before me,

Independent Auditors' Report

TO THE MEMBERS OF APEX HEALTHCARE BERHAD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Apex Healthcare Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 101.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Independent Auditors' Report (Cont'd)

TO THE MEMBERS OF APEX HEALTHCARE BERHAD
(Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries 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.

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Choong Mei Ling
No. 1918/09/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
14 April 2009

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Revenue	3	259,239,593	235,937,527	12,385,203	11,814,412
Cost of sales/services	4	(196,667,694)	(179,890,932)	(1,627,574)	(1,420,275)
Gross profit		62,571,899	56,046,595	10,757,629	10,394,137
Other income	5	1,302,652	2,383,919	1,384,823	1,632,040
Administrative expenses		(12,197,529)	(11,555,653)	(1,392,520)	(1,311,242)
Selling and marketing expenses		(32,767,553)	(29,474,447)	(4,662)	(2,700)
Other expenses		(1,196,119)	(437,404)	(42,813)	(150,336)
Deferred gain from previously disposed subsidiary	6	-	1,825,449	-	1,825,449
Operating profit		17,713,350	18,788,459	10,702,457	12,387,348
Finance costs	7	(1,015,232)	(621,370)	-	-
Share of results of associates		2,321,405	1,238,233	-	-
Profit before tax	8	19,019,523	19,405,322	10,702,457	12,387,348
Income tax expense	11	(3,911,131)	(172,279)	(2,822,157)	(2,890,564)
Net profit for the year		15,108,392	19,233,043	7,880,300	9,496,784
Attributable to:					
Equity holders of the Company		14,776,077	19,233,043	7,880,300	9,496,784
Minority interests		332,315	-	-	-
		15,108,392	19,233,043	7,880,300	9,496,784
Earnings per share attributable to equity holders of the Company (sen):					
Basic	12	19.71	25.65		
Diluted	12	19.71	25.65		
Net dividends per share in respect of the year	13	8.20	7.65		

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

Balance Sheets

AS AT 31 DECEMBER 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM (restated)	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	14	59,903,481	62,707,742	101,138	130,187
Investment properties	15	3,850,000	3,900,000	-	-
Prepaid land lease payments	16	7,035,532	7,116,941	-	-
Intangible assets	17	1,478,661	1,626,584	-	-
Investment in subsidiaries	18	-	-	44,232,134	28,553,751
Investment in associates	19	29,295,806	15,334,827	3,870,090	3,870,090
Deferred tax assets	27	167,000	-	-	-
		101,730,480	90,686,094	48,203,362	32,554,028
Current assets					
Inventories	20	41,892,486	40,575,486	-	-
Trade and other receivables	21	67,609,834	62,456,736	52,582,667	65,788,256
Tax recoverable		96,316	127,087	96,316	-
Deposits with licensed banks	22	1,700,000	6,800,000	1,700,000	1,800,000
Cash and bank balances	22	5,219,031	4,875,962	775,442	601,996
		116,517,667	114,835,271	55,154,425	68,190,252
Total assets		218,248,147	205,521,365	103,357,787	100,744,280
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	74,973,500	74,973,500	74,973,500	74,973,500
Share premium	23	5,305,396	5,305,396	5,305,396	5,305,396
Other reserves	24	3,992,393	3,761,798	-	-
Retained earnings	25	58,418,864	51,810,081	21,382,256	19,649,783
		142,690,153	135,850,775	101,661,152	99,928,679
Minority interests		7,429,752	-	-	-
Total equity		150,119,905	135,850,775	101,661,152	99,928,679

Balance Sheets (Cont'd)
AS AT 31 DECEMBER 2008

	Note	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Non-current liabilities					
Borrowings	26	11,618,320	14,633,445	-	-
Deferred tax liabilities	27	2,701,994	1,986,606	-	-
		14,320,314	16,620,051	-	-
Current liabilities					
Borrowings	26	11,541,134	10,848,037	-	-
Trade and other payables	28	41,619,332	41,932,193	1,696,635	792,641
Current tax payable		647,462	270,309	-	22,960
		53,807,928	53,050,539	1,696,635	815,601
Total liabilities		68,128,242	69,670,590	1,696,635	815,601
Total equity and liabilities		218,248,147	205,521,365	103,357,787	100,744,280

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Share capital RM	<----- Non-Distributable ----- Revaluation reserve RM	Foreign currency translation reserve RM	Share premium RM	Distributable retained earnings RM	Minority interests RM	Total RM
At 1 January 2007		74,973,500	3,747,048	33,473	5,305,396	38,312,511	-	122,371,928
Foreign currency translation, representing amount recognised directly in equity		-	-	(27,623)	-	-	-	(27,623)
Net profit for the year (restated)	2.3(c)	-	-	-	-	19,233,043	-	19,233,043
Dividends	13	-	-	-	-	(5,735,473)	-	(5,735,473)
Reversal of deferred tax on the abolishment of Real Property Gains Tax		-	8,900	-	-	-	-	8,900
At 31 December 2007 (restated)		74,973,500	3,755,948	5,850	5,305,396	51,810,081	-	135,850,775
At 1 January 2008								
As previously stated		74,973,500	3,755,948	5,850	5,305,396	49,490,081	-	133,530,775
Effect of adopting FRS 112	2.3(c)	-	-	-	-	2,320,000	-	2,320,000
At 1 January 2008 (restated)		74,973,500	3,755,948	5,850	5,305,396	51,810,081	-	135,850,775
Foreign currency translation, representing amount recognised directly in equity		-	-	230,595	-	-	-	230,595
Minority interests in subsidiary		-	-	-	-	-	7,097,437	7,097,437
Net profit for the year		-	-	-	-	14,776,077	332,315	15,108,392
Dividends	13	-	-	-	-	(6,147,827)	-	(6,147,827)
Movement of reserves as a result of group restructuring	18,19	-	-	-	-	(2,019,467)	-	(2,019,467)
At 31 December 2008		74,973,500	3,755,948	236,445	5,305,396	58,418,864	7,429,752	150,119,905

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

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Share capital RM	Non-distributable share premium RM	Distributable retained earnings RM	Total RM
At 1 January 2007		74,973,500	5,305,396	15,888,472	96,167,368
Net profit for the year		-	-	9,496,784	9,496,784
Dividends	13	-	-	(5,735,473)	(5,735,473)
At 31 December 2007		74,973,500	5,305,396	19,649,783	99,928,679
At 1 January 2008		74,973,500	5,305,396	19,649,783	99,928,679
Net profit for the year		-	-	7,880,300	7,880,300
Dividends	13	-	-	(6,147,827)	(6,147,827)
At 31 December 2008		74,973,500	5,305,396	21,382,256	101,661,152

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

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit before tax		19,019,523	19,405,322	10,702,457	12,387,348
Adjustments for :					
Depreciation of property, plant and equipment		5,948,477	4,596,537	38,898	43,832
Amortisation of intangible assets		194,230	268,462	-	-
Amortisation of prepaid land lease payments		81,409	81,409	-	-
Property, plant and equipment written off		71,762	27,379	6	3
Impairment loss on property, plant and equipment		440,604	-	-	-
Net loss/(gain) on disposal of property, plant and equipment		54,420	(284,383)	187	-
Interest expense		1,015,232	621,370	-	-
Interest income		(124,806)	(152,202)	(1,384,823)	(1,632,040)
Dividend income		-	-	(10,965,000)	(10,450,000)
Impairment loss in subsidiaries		-	-	168,363	104,271
Fair value adjustment of investment properties		50,000	(986,626)	-	-
Deferred gain from previously disposed subsidiary		-	(1,825,449)	-	(1,825,449)
Share of results of associates		(2,321,405)	(1,238,233)	-	-
Allowance for doubtful debts		1,160,017	3,103,275	-	-
Allowance for doubtful debts written back		(704,643)	(751,688)	-	-
Net bad debts written off/(recoveries)		29,650	(411,004)	-	-
Inventories written off less write backs		216,896	1,170,942	-	-
Inventories written down		758,596	133,056	-	-
Unrealised foreign exchange (gain)/loss		(138,891)	31,024	(210,635)	-
Operating profit/(loss) before working capital changes		25,751,071	23,789,191	(1,650,547)	(1,372,035)
Inventories		(2,292,492)	(3,472,636)	-	-
Receivables		(5,499,231)	(132,503)	13,417,983	(5,174,793)
Payables		(312,861)	661,508	903,994	185,761
Cash generated from/(used in) operations		17,646,487	20,845,560	12,671,430	(6,361,067)
Tax paid		(2,968,523)	(2,760,738)	(103,573)	(44,440)
Tax refund		13,704	-	13,040	12,992
Dividends received		-	-	8,114,100	7,628,500
Net cash generated from operating activities		14,691,668	18,084,822	20,694,997	1,235,985

Cash Flow Statement (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash flows from investing activities					
Acquisition of a subsidiary	18	-	-	(15,846,746)	-
Acquisition of associate paid by cash		(6,561,604)	(3,870,090)	-	(3,870,090)
Purchases of property, plant and equipment	(a)	(4,122,633)	(18,894,717)	(12,135)	(15,275)
Purchases of intangible assets		(45,000)	(60,000)	-	-
Proceeds from settlement of the balance of cash consideration on previously disposed subsidiary company	6	-	1,145,531	-	1,145,531
Proceeds from disposal of property, plant and equipment		592,925	325,144	334	-
Interest received		124,806	152,202	1,384,823	1,632,040
Net cash used in investing activities		(10,011,506)	(21,201,930)	(14,473,724)	(1,107,794)
Cash flows from financing activities					
Drawdown of term loans		-	12,961,523	-	-
Repayment of term loans		(3,696,462)	(1,708,115)	-	-
Dividends paid		(6,147,827)	(5,735,473)	(6,147,827)	(5,735,473)
Interest paid		(1,015,232)	(621,370)	-	-
Trade financing facilities received/(repaid)		4,439,000	(3,822,000)	-	-
Repayment of lease financing		(120,849)	(114,108)	-	-
Net cash (used in)/generated from financing activities		(6,541,370)	960,457	(6,147,827)	(5,735,473)
Net (decrease)/increase in cash and cash equivalents		(1,861,208)	(2,156,651)	73,446	(5,607,282)
Cash and cash equivalents at the beginning of the year		7,524,636	9,708,910	2,401,996	8,009,278
Currency translation differences		47,994	(27,623)	-	-
Cash and cash equivalents at the end of the year	22	5,711,422	7,524,636	2,475,442	2,401,996

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 2008

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. The registered office of the Company is located at 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 subsidiaries 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 the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. 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 2008 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for freehold 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) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries 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 subsidiaries 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 subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(a) Subsidiaries and basis of consolidation (Cont'd)

(ii) Basis of consolidation (Cont'd)

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries, as disclosed in Note 18, 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 subsidiaries 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 subsidiaries 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 subsidiaries' 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(f). Negative goodwill is recognised immediately in profit or loss.

(ii) Under the merger method of accounting, the results of the subsidiaries 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 subsidiaries are written off against reserves.

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 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) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary 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.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. 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 associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(b) Associates (Cont'd)

Goodwill relating to an associate 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 associate'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 associate's profit or loss in the period in which the investment is acquired.

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

The most recent available audited financial statements of the associates 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, investments in associates 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.

(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.

Intangible assets with indefinite useful lives are not amortised but instead, 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.

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(c) Intangible assets (Cont'd)

(ii) Other intangible assets (Cont'd)

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

All items of property, plant and equipment are initially stated at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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.

Land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. 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.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(d) Property, plant and equipment, and depreciation (Cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital-in-progress are also not depreciated as these assets are not available for use. Depreciation of the other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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.

(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) Impairment of non-financial assets

The carrying amounts of 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 asset's recoverable amount is estimated to determine the amount of impairment loss.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(f) Impairment of non-financial assets (Cont'd)

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 to.

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.

(g) 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 raw materials comprises costs of purchase. The cost of finished goods and work in progress consists of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing overheads based on normal operating capacity. 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 estimated costs of completion and the estimated costs necessary to make the sale.

(h) 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.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instruments recognised on the balance sheet (Cont'd):

(i) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call, and short term highly liquid investments which have insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

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

(iv) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity Instrument

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity 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.

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(i) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(e)); and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Group as lessee

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payment, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rates is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(i) Leases (Cont'd)

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(o)(v)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, untill such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Income tax

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. 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 as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(l) Provisions

Provisions are recognised when the Group 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(m) 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. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities 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 subsidiaries in the Republic of Singapore make contributions to their country's Central Provident Fund ("CPF").

(n) 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. These are 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 Company's net investment in foreign operation are recognised in profit or loss in the Company's separate 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.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(n) Foreign currencies (Cont'd)

(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 approximates 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.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue is recognised net of sales taxes and discounts upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from services

Revenue from services rendered is recognised as and when the services are performed.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Interest income

Interest is recognised on a accrual basis using the effective interest method.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(o) Revenue recognition (Cont'd)

(v) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(vi) Licence fees

Licence fees are recognised on an accrual basis.

(vii) Management service fee

Management service fee are recognised when services are rendered.

2.3 Changes in accounting policies, effects and changes in comparatives arising from adoption of new and revised FRSs

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendment to FRS and Interpretations:

FRS 107	: Cash Flow Statements
FRS 111	: Construction Contracts
FRS 112	: Income Taxes
FRS 118	: Revenue
FRS 120	: Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	: Interim Financial Reporting
FRS 137	: Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	: Scope of FRS 2

The revised FRSs, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and the Company except for the adoption of FRS 112: Income Taxes as discussed below:

(a) FRS 112: Income taxes

Prior to 1 January 2008, the Group did not account for unutilised reinvestment allowances or other similar tax allowance as a deferred tax asset. The revised FRS 112 requires that entities with unutilised reinvestment allowances or other similar tax allowance in excess of the normal capital allowances will have to recognise deferred tax asset to the extent that it is probable that the future taxable profit will be available against which the unutilised reinvestment allowances or other similar tax allowance can be utilised. The adoption of the revised FRS 112 has resulted in a change in accounting policy. This change has been accounted for retrospectively and as disclosed in Note 2.3(c), certain comparatives have been restated.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in accounting policies, effects and changes in comparatives arising from adoption of new and revised FRSs (Cont'd)

(b) Summary of effects on the current year's financial statements

The following tables provide estimates of the extent to which of the line items in the balance sheets and income statements for the year ended 31 December 2008 from the effects of adoption of the revised FRS:

(i) Effects on balance sheets as at 31 December 2008

Description of change	(Decrease)/ Increase FRS 112 Note 2.3(a) RM
Group	
Retained earnings	(801,000)
Deferred tax liabilities	801,000

(ii) Effects on income statements for the year ended 31 December 2008

Description of change	Increase/ (Decrease) FRS 112 Note 2.3(a) RM
Income tax expense	801,000
Net profit for the year	(801,000)

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in accounting policies, effects and changes in comparatives arising from adoption of new and revised FRSs (Cont'd)

(c) Restatement of comparatives

The following comparative amounts have been restated due to the adoption of the revised FRS:

Description of change	Previously stated RM	Increase/ (Decrease) FRS 112 Note 2.3(a) RM	Restated RM
At 31 December 2007			
Group			
Balance sheet			
Retained earnings	49,490,081	2,320,000	51,810,081
Deferred tax liabilities	4,306,606	(2,320,000)	1,986,606
Year ended 31 December 2007			
Income statement			
Income tax expense	2,492,279	(2,320,000)	172,279
Net profit for the year	16,913,043	2,320,000	19,233,043

2.4 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 7	: Financial Instruments: Disclosures	1 January 2010
FRS 8	: Operating Segments	1 July 2009
FRS 139	: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	: Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements 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 statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn 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 for administrative purposes. 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 is held for use in the production or supply of goods or services or 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, that 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 2008 is RM1,072,600. Further details are disclosed in Note 17.

(ii) Impairment of cost of investment in subsidiaries

During the current financial year, the Company has recognised impairment losses in respect of its cost of investment in subsidiaries. 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 18.

(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.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting estimates and judgements (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

(iv) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying amounts of trade and other receivables of the Group and of the Company as at 31 December 2008 were RM67,609,834 (2007: RM62,456,736) and RM52,582,667 (2007: RM65,788,256) respectively.

3. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of pharmaceutical products	258,607,455	235,271,822	-	-
Licence fees	357,857	380,489	-	-
Rental income from investment properties	274,281	285,216	-	-
Gross dividends from unquoted subsidiaries	-	-	10,965,000	10,450,000
Management service fees	-	-	1,420,203	1,364,412
	259,239,593	235,937,527	12,385,203	11,814,412

4. COST OF SALES/SERVICES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of pharmaceutical products	196,455,148	179,693,452	-	-
Property rental expense	212,546	197,480	-	-
Management service fees	-	-	1,627,574	1,420,275
	196,667,694	179,890,932	1,627,574	1,420,275

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

5. OTHER INCOME

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Interest income	124,806	152,202	1,384,823	1,632,040
Rental receivable from operating leases, other than those relating to investment properties	513,196	461,351	-	-
Gain on disposal of property, plant and equipment	201,077	284,383	-	-
Fair value adjustment of investment properties	-	986,626	-	-
Miscellaneous	463,573	499,357	-	-
	1,302,652	2,383,919	1,384,823	1,632,040

6. DEFERRED GAIN FROM PREVIOUSLY DISPOSED SUBSIDIARY

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

The deferred gain from previously disposed subsidiary had the following effects on the financial position of the Group and of the Company for the year ended 31 December 2007.

	RM
Balance of cash consideration, representing cash inflow (Note b)	1,220,000
Amount set aside as provision for warranty (Note a)	610,000
	1,830,000
Warranty claim paid	(69,918)
Adjustment to final purchase price	(4,551)
Amount set aside as warranty	(610,000)
Net cash inflow to the Company/Group	1,145,531
Total disposal proceeds (Note b)	1,220,000
Amount set aside as provision for warranty (Note a)	610,000
Less: Adjustment to final purchase price	(4,551)
Deferred gain from previously disposed subsidiary	1,825,449

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

Note b:
Upon the expiration of the warranty period on 31 May 2007, the purchaser paid the sum retained of RM1,220,000 which represented 10% of the total disposal proceeds net of its claims.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

7. FINANCE COSTS

	Group 2008 RM	Group 2007 RM
Interest expense on:		
Bank borrowings	1,008,480	607,888
Finance lease liabilities	6,752	13,482
	1,015,232	621,370

8. PROFIT BEFORE TAX

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

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Employee benefits expense (Note 9)	25,721,091	23,646,249	1,477,574	1,250,276
Directors' fees (Note 10)				
- Executive directors	-	20,000	-	20,000
- Non-executive directors	150,000	150,000	150,000	150,000
Consulting fees paid to a director	180,000	180,000	180,000	180,000
Depreciation of property, plant and equipment (Note 14)	5,948,477	4,596,537	38,898	43,832
Amortisation of prepaid land lease payments (Note 16)	81,409	81,409	-	-
Amortisation of intangible assets (Note 17)	194,230	268,462	-	-
Fair value adjustment of investment properties (Note 15)	50,000	(986,626)	-	-
Auditors' remuneration				
- current year	171,756	157,300	53,200	46,400
- underprovision in prior year	-	5,000	-	-
- other services	-	30,200	-	5,200
Foreign exchange (gains)/losses				
- realised	(29,506)	13,374	(3,154)	924
- unrealised	(138,891)	31,024	(210,635)	-
Rental expenses	1,041,323	720,696	191,867	65,400
Research and development cost	547,134	915,083	-	-
Allowance for doubtful debts	1,160,017	3,103,275	-	-
Bad debts written off	29,650	11,947	-	-
Allowance for doubtful debts written back	(704,643)	(751,688)	-	-
Bad debts recovered	-	(422,951)	-	-
Inventories written back	(148,969)	(268,462)	-	-
Inventories written off	365,865	1,439,404	-	-
Inventories written down	758,596	133,056	-	-
Impairment loss in subsidiaries	-	-	168,363	104,271

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

8. PROFIT BEFORE TAX (CONTD.)

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Management fees	-	-	394,800	386,400
Property, plant and equipment written off	71,762	27,379	6	3
Net loss/(gain) on disposal of property, plant and equipment	54,420	(284,383)	187	-
Impairment loss on property, plant and equipment (Note 14)	440,604	-	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Wages, salaries and social security contributions	21,839,441	20,514,419	1,148,219	1,076,684
Contributions to defined contribution plans	2,915,298	2,555,367	203,232	124,500
Other benefits	966,352	576,463	126,123	49,092
	25,721,091	23,646,249	1,477,574	1,250,276

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 RM1,080,570 and RM648,350 (2007: RM775,367 and RM365,571) respectively.

10. DIRECTORS' REMUNERATION

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Executive directors:				
- Fees	-	20,000	-	20,000
- Salaries and other emoluments	560,972	556,414	203,509	211,800
- Bonus	382,494	149,011	336,049	105,375
- Pension costs:				
- defined contribution plans	137,104	69,942	108,792	48,396
	1,080,570	795,367	648,350	385,571
- Benefits-in-kind	31,703	31,381	31,703	31,381
	1,112,273	826,748	680,053	416,952

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

10. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Non-executive directors:				
- Fees	150,000	150,000	150,000	150,000
- Other emoluments	222,000	222,000	222,000	222,000
	372,000	372,000	372,000	372,000
- Benefits-in-kind	115,874	43,122	81,173	10,971
	487,874	415,122	453,173	382,971
	1,600,147	1,241,870	1,133,226	799,923

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	
	2008	2007
Executive directors		
RM750,001 - RM800,000	-	1
RM1,100,001 - RM1,150,000	1	-
Non-executive directors		
Below - RM50,000	3	2
RM50,001 - RM100,000	2	2
RM200,001 - RM250,000	-	1
RM300,001 - RM350,000	1	-

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

11. INCOME TAX EXPENSE

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Malaysian income tax:				
Tax expense for the year	3,538,955	2,455,431	2,901,973	2,947,500
Overprovision in prior year	(207,795)	(399,803)	(79,816)	(56,936)
	3,331,160	2,055,628	2,822,157	2,890,564
Foreign income tax:				
Tax expense for the year	34,312	30,583	-	-
Overprovision in prior year	(2,729)	-	-	-
	31,583	30,583	-	-
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	609,197	(1,498,143)	-	-
Relating to changes in tax rates	(87,928)	(150,669)	-	-
Under/(over)provision in prior year	27,119	(265,120)	-	-
	548,388	(1,913,932)	-	-
Total income tax expense	3,911,131	172,279	2,822,157	2,890,564

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year except for certain subsidiary companies which qualify for the reduced statutory tax rate where Malaysian income tax is calculated at the statutory tax rate of 20% of the estimated assessable profit up to RM500,000 (2007: RM500,000) and 26% (2007: 27%) of the estimated profit in excess of RM500,000 (2007: RM500,000) for the financial year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

11. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax 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:

	2008 RM	2007 RM (restated)
Group		
Profit before tax	19,019,523	19,405,322
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	4,945,076	5,239,437
Effect of lower tax rate for small and medium scale companies	(77,200)	(85,151)
Different tax rates in other countries	2,006	(31,824)
Effect of changes in tax rates	(87,928)	(150,669)
Effect of share of profits of associates	(603,565)	(334,323)
Income not subject to tax	(186,249)	(843,010)
Expenses not deductible for tax purposes	910,996	480,013
Utilisation of previously unrecognised deferred tax assets	-	(68,399)
Utilisation of reinvestment allowances during the year	(638,390)	(939,250)
Deferred tax assets recognised in respect of reinvestment allowance	-	(2,320,000)
Deferred tax assets not recognised in respect of deductible temporary differences	-	90,980
Double deduction for tax purposes	(170,210)	(200,602)
Overprovision of income tax in prior years	(210,524)	(399,803)
Under/(over)provision of deferred tax in prior years	27,119	(265,120)
Income tax expense for the year	3,911,131	172,279

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

11. INCOME TAX EXPENSE (CONT'D)

	2008 RM	2007 RM (restated)
Company		
Profit before tax	10,702,457	12,387,348
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	2,782,639	3,344,584
Income not subject to tax	(54,765)	(492,871)
Expenses not deductible for tax purposes	174,099	92,536
Deferred tax assets not recognised in respect of deductible temporary differences	-	3,251
Overprovision of income tax in prior year	(79,816)	(56,936)
Tax expense for the year	2,822,157	2,890,564

12. EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2008 RM	2007 RM (restated)
Profit attributable to ordinary equity holders of the Company (RM)	14,776,077	19,233,043
Weighted average number of ordinary shares in issue	74,973,500	74,973,500
Basic earnings per share (sen)	19.71	25.65

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

12. EARNINGS PER SHARE (CONT'D)

(ii) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue was adjusted to assume conversion of all dilutive potential ordinary shares.

	Group 2008 RM	Group 2007 RM (restated)
Net profit attributable to ordinary equity holders of the Company	14,776,077	19,233,043
Weighted number of ordinary shares in issue	74,973,500	74,973,500
Diluted earnings per share (sen)	19.71	25.65

13. DIVIDENDS

	Group		Company	
	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: - 4.5 sen (2006: 5 sen) per share tax exempt (2006: taxable at 27%)	4.50	3,373,807	3.65	2,736,533
Interim dividend of 5 sen (2007: 4 sen) per share less 26% tax (2007: tax exempt)	3.70	2,774,020	4.00	2,998,940
	8.20	6,147,827	7.65	5,735,473

At the forthcoming Annual General Meeting, a final tax dividend less 25% tax in respect of the financial year ended 31 December 2008 of 4.5 sen per share amounting to RM2,530,356 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 2009.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings on freehold 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 2008								
Cost/Valuation								
At 1 January 2008								
At cost	2,581,965	9,875,904	8,242,855	2,591,924	28,127,197	22,004,317	4,315,952	77,740,114
At valuation	5,740,000	160,000	8,730,000	-	-	-	-	14,630,000
	8,321,965	10,035,904	16,972,855	2,591,924	28,127,197	22,004,317	4,315,952	92,370,114
Additions	-	51,500	153,980	400,590	1,419,939	1,636,767	459,857	4,122,633
Disposals	-	-	-	-	(985,271)	(11,902)	(1,002,413)	(1,999,586)
Reclassification	-	-	-	(2,635,442)	2,635,442	-	-	-
Write offs	-	-	-	-	(6,865)	(213,496)	-	(220,361)
Exchange differences	111,911	76,335	-	-	-	79,731	35	268,012
At 31 December 2008	8,433,876	10,163,739	17,126,835	357,072	31,190,442	23,495,417	3,773,431	94,540,812
Accumulated depreciation and impairment loss								
At 1 January 2008	-	1,055,274	620,280	-	14,556,370	10,869,122	2,561,326	29,662,372
Depreciation charge for the year (Note 8)	-	202,330	339,935	-	2,522,747	2,316,994	566,471	5,948,477
Disposals	-	-	-	-	(402,319)	(4,528)	(945,394)	(1,352,241)
Write offs	-	-	-	-	(6,863)	(141,736)	-	(148,599)
Impairment loss	-	153,653	-	-	286,951	-	-	440,604
Exchange differences	-	27,318	-	-	-	59,365	35	86,718
At 31 December 2008	-	1,438,575	960,215	-	16,956,886	13,099,217	2,182,438	34,637,331
Net carrying amount								
At cost	2,693,876	8,580,364	8,030,176	357,072	14,233,556	10,396,200	1,590,993	45,882,237
At valuation	5,740,000	144,800	8,136,444	-	-	-	-	14,021,244
At 31 December 2008	8,433,876	8,725,164	16,166,620	357,072	14,233,556	10,396,200	1,590,993	59,903,481

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Buildings on freehold 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 (Cont'd)								
At 31 December 2007								
Cost/Valuation								
At 1 January 2007								
At cost	2,581,965	9,784,804	193,761	6,111,548	20,735,465	16,045,842	4,477,784	59,931,169
At valuation	5,740,000	160,000	8,730,000	-	-	-	-	14,630,000
	8,321,965	9,944,804	8,923,761	6,111,548	20,735,465	16,045,842	4,477,784	74,561,169
Additions	-	91,100	43,607	17,061,139	313,265	514,926	870,680	18,894,717
Disposals	-	-	-	-	-	(8,407)	(887,805)	(896,212)
Reclassification	-	-	8,005,487	(20,580,763)	7,082,887	5,492,389	-	-
Write offs	-	-	-	-	(4,420)	(40,433)	(144,707)	(189,560)
At 31 December 2007	8,321,965	10,035,904	16,972,855	2,591,924	28,127,197	22,004,317	4,315,952	92,370,114
Accumulated depreciation								
At 1 January 2007	-	854,711	414,986	-	12,775,019	9,111,367	2,927,384	26,083,467
Depreciation charge for the year (Note 8)	-	200,563	205,294	-	1,785,771	1,804,167	600,742	4,596,537
Disposals	-	-	-	-	-	(6,699)	(848,752)	(855,451)
Write offs	-	-	-	-	(4,420)	(39,713)	(118,048)	(162,181)
At 31 December 2007	-	1,055,274	620,280	-	14,556,370	10,869,122	2,561,326	29,662,372
Net carrying amount								
At cost	2,581,965	8,832,630	8,204,315	2,591,924	13,570,827	11,135,195	1,754,626	48,671,482
At valuation	5,740,000	148,000	8,148,260	-	-	-	-	14,036,260
At 31 December 2007	8,321,965	8,980,630	16,352,575	2,591,924	13,570,827	11,135,195	1,754,626	62,707,742

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and equipment RM
Company	
At 31 December 2008	
Cost	
At 1 January 2008	238,319
Additions	12,135
Disposals	(893)
Write off	(10,389)
Transfer to a subsidiary	(2,760)
At 31 December 2008	236,412
Accumulated depreciation	
At 1 January 2008	108,132
Depreciation charge for the year (Note 8)	38,898
Disposals	(372)
Write off	(10,383)
Transfer to a subsidiary	(1,001)
At 31 December 2008	135,274
Net carrying amount	101,138
At 31 December 2007	
Cost	
At 1 January 2007	234,176
Additions	15,275
Write off	(11,132)
At 31 December 2007	238,319
Accumulated depreciation	
At 1 January 2007	75,429
Depreciation charge for the year (Note 8)	43,832
Write off	(11,129)
At 31 December 2007	108,132
Net carrying amount	130,187

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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 balance sheet date would be as follows:

	Group	
	2008 RM	2007 RM
Freehold land	5,551,127	5,551,127
Buildings on freehold land	113,854	118,529
Buildings on leasehold land	6,912,620	7,096,493
	12,577,601	12,766,149

(c) The net carrying amount of property, plant and equipment pledged as securities for borrowings (Note 26) amounted to RM3,672,000 (2007: RM3,701,000).

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

15. INVESTMENT PROPERTIES

	Long leasehold land RM	Buildings on leasehold land RM	Freehold shop units RM	Total RM
Group				
At 31 December 2008				
At 1 January 2008	132,700	87,300	3,680,000	3,900,000
Fair value adjustment	-	-	(50,000)	(50,000)
At 31 December 2008	132,700	87,300	3,630,000	3,850,000
At 31 December 2007				
At 1 January 2007	111,228	87,300	2,714,846	2,913,374
Fair value adjustment	21,472	-	965,154	986,626
At 31 December 2007	132,700	87,300	3,680,000	3,900,000

(a) The following investment properties are held under lease terms:

	Group	
	2008 RM	2007 RM
Leasehold land	132,700	132,700
Buildings	87,300	87,300
	220,000	220,000

(b) The Group's investment properties were revalued by the following valuers from CH Williams Talhar & Wong Sdn Bhd, who are members of the Institute of Surveyors, Malaysia:

(i) Aziah Mohd Yusoff (BLE (Hons), MBA (Real Estate), MRICS, MISM, Registered Valuer (V-464));

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

(iii) Danny Yeo Soon Kee (Associate Diploma in Valuations, MISM, Registered Valuer (V-352)); and

(iv) Ainuddin Jalaini Ismail (B. Sc. (Hons), Urban Estate Management, Registered Valuer (V-657)).

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

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

16. PREPAID LAND LEASE PAYMENTS

	Group 2008 RM	2007 RM
Long term leasehold land		
At 1 January	7,116,941	7,198,350
Amortisation for the year (Note 8)	(81,409)	(81,409)
At 31 December	7,035,532	7,116,941

17. INTANGIBLE ASSETS

	Trademark RM	Computer softwares RM	Total RM
Group			
At 31 December 2008			
Cost			
At 1 January 2008	1,071,300	1,947,034	3,018,334
Additions	-	45,000	45,000
Exchange differences	1,300	7	1,307
At 31 December 2008	1,072,600	1,992,041	3,064,641
Accumulated amortisation			
At 1 January 2008	-	1,391,750	1,391,750
Amortisation (Note 8)	-	194,230	194,230
At 31 December 2008	-	1,585,980	1,585,980
Net carrying amount	1,072,600	406,061	1,478,661
At 31 December 2007			
Cost			
At 1 January 2007	1,071,300	1,887,034	2,958,334
Additions	-	60,000	60,000
At 31 December 2007	1,071,300	1,947,034	3,018,334
Accumulated amortisation			
At 1 January 2007	-	1,123,288	1,123,288
Amortisation (Note 8)	-	268,462	268,462
At 31 December 2007	-	1,391,750	1,391,750
Net carrying amount	1,071,300	555,284	1,626,584

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

17. INTANGIBLE ASSETS (CONTD.)

Impairment tests for trademark

The intangible assets relating to trademark arose as a result of the acquisition of the subsidiary, Apex Pharma Marketing Pte Ltd ("APS") in prior 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 18 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 the sale of the AGNESIA products. The estimated future cash flows have been derived based on budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are:

	Gross Margin		Growth Rate		Discount Rate	
	2008	2007	2008	2007	2008	2007
	40.0	40.0	3.0	5.0	7.0	7.0

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 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 exceed its recoverable amount.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

18. INVESTMENT IN SUBSIDIARIES

	Company 2008 RM	Company 2007 RM
Unquoted shares at cost	47,138,875	31,292,129
Less: Net dividends from pre-merger profits	(2,216,433)	(2,216,433)
	44,922,442	29,075,696
Less: Impairment loss	(690,308)	(521,945)
	44,232,134	28,553,751

The unquoted subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Principal activities	Effective equity interest 2008 %	Effective equity interest 2007 %
+ Xepa-Soul Pattinson (Malaysia) Sdn Bhd	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	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 Pharma Marketing Pte Ltd	Singapore	Marketing and distribution of pharmaceutical products	100	100
^ Avex Pharmaceuticals Pte Ltd	Singapore	Brands management and development of pharmaceutical and healthcare products	100	100
^ First SGC Pte Ltd	Singapore	Investment holding	66.1	-
Subsidiary of Xepa-Soul Pattinson (Malaysia) Sdn Bhd				
^ Xepa-Soul Pattinson (S) Pte Ltd	Singapore	Marketing and distribution of pharmaceutical products	100	100

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

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Subscription of shares in subsidiary

First SGC Pte Ltd

On 13 August 2008, Apex Pharmacy International Sdn Bhd entered into a Sale and Purchase Agreement with First SGC Pte Ltd ("FSGC") for the disposal of its 25% equity interest in Xiamen Maidiken Science and Technology Co Ltd ("MDK") for a total consideration of RM9,280,126. The consideration was fully settled by FSGC vide the allotment and issuance of 1,060,000 ordinary shares in FSGC to the Company.

On even date, the Company had entered into a Subscription Agreement with FSGC and Enlove Pte Ltd ("EPL") for the subscription of 1,360,000 shares in FSGC at a total consideration of Singapore Dollar ("SGD") 2,649,280 (equivalent to approximately RM6,284,000). FSGC in turn invested Renminbi ("RMB")13,300,000 (approximately RM6,566,620) in MDK.

However, due to the strengthening of the RMB against the SGD, the parties agreed to vary the Subscription Agreement by way of a supplemental subscription agreement entered into by the parties on 25 September 2008 where the Company subscribed for an additional 25,000 shares in FSGC for a consideration of SGD117,720 (equivalent to approximately RM282,500). At the conclusion of the above group restructuring exercise, the Company now holds 2,445,000 shares in FSGC, representing 66.1% of the issued and paid up capital of FSGC while EPL holds 1,255,000 shares of FSGC, representing 33.9% of the issued and paid up capital of FSGC. In addition, upon completion of the above exercise, FSGC became the registered owner of 49% of the enlarge capital of MDK hence resulting in an increase in the Group's effective interest in MDK from 25% to 32% during the year as disclosed in Note 19.

19. INVESTMENT IN ASSOCIATES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares at cost	19,716,836	13,150,216	3,870,090	3,870,090
Share of post-acquisition reserves	9,578,970	2,184,611	-	-
	29,295,806	15,334,827	3,870,090	3,870,090

The Group's interest in the associates are analysed as follows:

	2008 RM	2007 RM
Share of net assets	24,593,337	10,632,358
Share a goodwill in an associate	4,702,469	4,702,469
	29,295,806	15,334,827

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

19. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of associate	Place of incorporation	Principal activity	Effective equity interest 2008 %	Effective equity interest 2007 %
Xiamen Maidiken Science & Technology Co Ltd	People's Republic of China	Investment holding	32.4	25.0
Maritzberg Investments Ltd	British Virgin Island	Investment holding	20.0	20.0

The summarised financial information of the associates are as follows:

	2008 RM	2007 RM
Assets and liabilities		
Current assets	345,174,965	281,118,594
Non-current assets	22,393,025	16,744,789
Total assets	367,567,990	297,863,383
Current liabilities	291,923,029	245,931,782
Non-current liabilities	3,279,987	3,298,729
Total liabilities	295,203,016	249,230,511
Results		
Revenue	868,791,889	585,178,098
Profit for the year	9,590,563	5,036,967

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

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

20. INVENTORIES

	Group	
	2008 RM	2007 RM
Cost		
Raw materials	4,455,762	3,675,708
Work in progress	209,356	132,420
Finished goods	6,007,112	4,755,481
Pharmaceutical items held for resale	31,220,256	32,011,877
	41,892,486	40,575,486

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM182,371,391 (2007: RM167,940,231).

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables				
Trade receivables	64,165,813	59,972,081	-	-
Bills receivable	1,168,730	884,151	-	-
Allowance for doubtful debts	(2,688,666)	(2,504,518)	-	-
Trade receivables, net	62,645,877	58,351,714	-	-
Other receivables				
Amounts due from subsidiaries:				
- interest bearing	-	-	24,548,000	29,850,000
- non-interest bearing	-	-	28,019,042	35,927,478
Deposits	306,111	301,321	3,300	3,300
Prepayments	41,452	79,984	2,354	7,478
Other receivables	5,876,153	4,983,476	9,971	-
Allowance for doubtful debts	(1,259,759)	(1,259,759)	-	-
	4,963,957	4,105,022	52,582,667	65,788,256
	67,609,834	62,456,736	52,582,667	65,788,256

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group	
	2008 RM	2007 RM
Ringgit Malaysia	52,803,256	49,604,182
Singapore Dollar	8,399,295	7,613,448
United States Dollar	1,148,858	1,039,332
Others	294,468	94,752
	62,645,877	58,351,714

(a) Credit risk

The credit terms of trade receivables of the Group range from 30 days to 120 days (2007: 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. 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.

(b) Amounts due from subsidiaries (current)

Other receivables and amounts due from subsidiaries are denominated in Ringgit Malaysia, with the exception of an amount due from a subsidiary of RM4,569,859 (2007: RM4,642,041) which is denominated in Singapore dollars.

The amounts due from subsidiaries are unsecured and have no credit terms or fixed terms of repayment. The effective weighted average interest rate for amounts due from subsidiaries which are interest bearing at balance sheet date was 5.01% (2007: 5.01%) per annum.

22. DEPOSITS WITH LICENCED 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	
	2008 %	2007 %	2008 days	2007 days
Group and Company	3.00	3.00	14 to 30	14 to 30

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

22. DEPOSITS WITH LICENCED BANKS, CASH AND BANK BALANCES (CONT'D)

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	6,444,745	11,156,644	2,475,442	2,401,996
Singapore Dollar	474,286	519,318	-	-
	6,919,031	11,675,962	2,475,442	2,401,996

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits with licenced banks	1,700,000	6,800,000	1,700,000	1,800,000
Cash and bank balances	5,219,031	4,875,962	775,442	601,996
Bank overdrafts (Note 26)	(1,207,609)	(4,151,326)	-	-
	5,711,422	7,524,636	2,475,442	2,401,996

23. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares		Amount	
	2008 Units	2007 Units	2008 RM	2007 RM
Authorised:				
Ordinary shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000

	Number of ordinary shares of RM1 each	<---------- Amount ----------		---------->
	Issued and fully paid share capital Units	Issued and fully paid share capital RM	Share premium RM	Total share capital and share premium RM
At 1 January / 31 December	74,973,500	74,973,500	5,305,396	80,278,896

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.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

24. OTHER RESERVES

	Asset revaluation reserve RM	Foreign currency translation reserve RM	Total RM
Group			
At 1 January 2007	3,747,048	33,473	3,780,521
Reversal of deferred tax on the abolishment of Real Property Gains Tax	8,900	-	8,900
	3,755,948	33,473	3,789,421
Currency translation differences	-	(27,623)	(27,623)
At 31 December 2007	3,755,948	5,850	3,761,798
At 1 January 2008	3,755,948	5,850	3,761,798
Currency translation differences	-	230,595	230,595
At 31 December 2008	3,755,948	236,445	3,992,393

The nature and purpose of each catagory 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.

25. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008 and 2007, the Company has sufficient credit in the Section 108 balance and the balance in the tax exempt income account to pay franked dividends out of its entire retained earnings.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

26. BORROWINGS

	Group 2008 RM	Group 2007 RM
Short term borrowings		
Secured:		
Term loans	249,600	239,200
Unsecured:		
Bank overdrafts (Note 22)	1,207,609	4,151,326
Export credit refinancing	984,000	506,000
Bankers' acceptances	911,000	1,350,000
Revolving credits	5,400,000	1,000,000
Term loans	2,747,076	3,480,662
Finance lease liabilities	41,849	120,849
	11,291,534	10,608,837
	11,541,134	10,848,037
Long term borrowings		
Secured:		
Term loans	312,000	538,200
Unsecured:		
Term loans	11,306,320	14,053,396
Finance lease liabilities	-	41,849
	11,306,320	14,095,245
	11,618,320	14,633,445
Total Borrowings		
Bank overdrafts	1,207,609	4,151,326
Export credit refinancing	984,000	506,000
Bankers' acceptances	911,000	1,350,000
Revolving credits	5,400,000	1,000,000
Term loans	14,614,996	18,311,458
Finance lease liabilities	41,849	162,698
	23,159,454	25,481,482
As at 31 December 2008		
Current	11,541,134	10,848,037
Non-current:		
Later than 1 year but not later than 2 years	2,739,076	3,028,125
Later than 2 years but not later than 5 years	6,801,228	7,260,228
Later than 5 years	2,078,016	4,345,092
	23,159,454	25,481,482

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

26. BORROWINGS (CONTD.)

Details of the terms of repayment are as follows:-

Loan	Interest Rate % 2008	Interest Rate % 2007	Repayment Term
Type 1	4.21	4.47	84 principal monthly instalments of RM130,953 each commencing from the following month after full release
Type 2	4.21	4.47	84 principal monthly instalments of RM57,970 each commencing from the following month after full release
Type 3	4.91	4.30	60 principal monthly instalments of RM106,666 each commencing from the first release of the loan
Type 4	3.25	4.64	20 quarterly instalments of SGD26,000 (approximately RM62,400) 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 (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:

	2008 %	2007 %
Bank overdrafts	5.80	5.50
Trade financing facilities	4.87	4.50
Revolving credit facility	4.48	4.50
Term loans	4.44	4.50

Other information on financial risks of borrowings are disclosed in Note 32.

27. DEFERRED TAXATION

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
At 1 January (as previously stated)	4,306,606	3,909,438	-	-
Effect of adopting FRS 112 (Note 2.3(c))	(2,320,000)	-	-	-
At 1 January (restated)	1,986,606	3,909,438	-	-
Recognised in the income statement (Note 11)	548,388	(1,913,932)	-	-
Recognised in equity	-	(8,900)	-	-
At 31 December	2,534,994	1,986,606	-	-

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

27. DEFERRED TAXATION (CONT'D)

	Group		Company	
	2008 RM	2007 RM (restated)	2008 RM	2007 RM
Presented after appropriate off setting as follows:				
Deferred tax assets	(167,000)	-	-	-
Deferred tax liabilities	2,701,994	1,986,606	-	-
	2,534,994	1,986,606	-	-

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

Deferred tax assets of the Group:

	Unutilised reinvestment allowance RM	Unabsorbed capital allowance RM	Other payables and provisions RM	Total RM
At 1 January (as previously stated)	-	-	(514,611)	(514,611)
Effect of adopting FRS 112 (Note 2.3(c))	(2,320,000)	-	-	(2,320,000)
At 1 January (restated)	(2,320,000)	-	(514,611)	(2,834,611)
Recognised in the income statement	801,000	-	(208,669)	592,331
At 31 December 2008	(1,519,000)	-	(723,280)	(2,242,280)
At 1 January 2007	-	(9,000)	(346,574)	(355,574)
Recognised in the income statement (restated)	(2,320,000)	9,000	(168,037)	(2,479,037)
At 31 December 2007 (restated)	(2,320,000)	-	(514,611)	(2,834,611)

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

27. DEFERRED TAXATION (CONT'D)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Revaluation of property, plant and equipment RM	Total RM
At 1 January 2008	2,929,078	1,892,139	4,821,217
Recognised in the income statement	1,057	(45,000)	(43,943)
At 31 December 2008	2,930,135	1,847,139	4,777,274
At 1 January 2007	2,318,973	1,946,039	4,265,012
Recognised in the income statement	610,105	(45,000)	565,105
Recognised in equity	-	(8,900)	(8,900)
At 31 December 2007	2,929,078	1,892,139	4,821,217

Deferred tax assets of the Company:

	Other payables RM	Total RM
At 1 January 2008	11,888	11,888
Recognised in the income statement	(11,888)	(11,888)
At 31 December 2008	-	-
At 1 January 2007	(9,000)	(9,000)
Recognised in the income statement	(2,888)	(2,888)
At 31 December 2007	(11,888)	(11,888)

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

27. DEFERRED TAXATION (CONT'D)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Total RM
At 1 January 2008	11,888	11,888
Recognised in the income statement	(11,888)	(11,888)
At 31 December 2008	-	-
At 1 January 2007	9,000	9,000
Recognised in the income statement	2,888	2,888
At 31 December 2007	11,888	11,888

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables				
Trade payables	31,783,569	32,894,669	-	-
Bills payable	104,456	159,391	-	-
	31,888,025	33,054,060	-	-
Other payables				
Amounts due to subsidiaries:				
- non-interest bearing	-	-	883,571	32,200
Other payables	2,044,128	2,692,317	28,192	29,206
Other accruals	7,517,179	6,015,816	614,872	561,235
Accrual of directors' fee	170,000	170,000	170,000	170,000
	9,731,307	8,878,133	1,696,635	792,641
	41,619,332	41,932,193	1,696,635	792,641

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

28. TRADE AND OTHER PAYABLES (CONT'D)

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
The currency profile of payables is as follows:				
Ringgit Malaysia	23,591,292	29,611,538	1,696,635	792,641
Singapore Dollar	17,017,996	11,253,316	-	-
United States Dollar	548,112	555,601	-	-
Euro Dollar	62,569	243,254	-	-
Others	399,363	268,484	-	-
	41,619,332	41,932,193	1,696,635	792,641

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 31.

Other information on financial risks of other payables are disclosed in Note 32.

29. 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 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	619,750	641,141	-	-
Approved but not contracted for:				
Property, plant and equipment	5,256,675	6,867,425	12,864	419,725

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating lease contracted as at the balance sheet date are as follows:

	Group 2008 RM	Group 2007 RM
Not later than one year	893,720	505,297
Later than one year and not later than five years	1,055,201	185,219
	1,948,921	690,516

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

30. CONTINGENT LIABILITIES

	Company 2008 RM	2007 RM
Unsecured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	26,536,575	28,503,272

(a) 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 alleged 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. Memory Tech Sdn Bhd is currently undergoing liquidation.

(b) On 17 October 2007, the Company announced that Apex Pharmacy Marketing Sdn Bhd ("APM") and Abio Marketing Sdn Bhd ("ABIO"), both wholly owned susidiaries of the Company, had filed a Writ of Summons against Sante de Pharma Sdn Bhd ("SDP") for breach of contract in respect of distribution agreements ("Agreements") entered into between APM, ABIO and SDP.

APM and ABIO are taking legal action against SDP by seeking court orders:

(i) for SDP to pay RM1,247,427 being the total net sum owed to APM and ABIO by SDP pursuant to the Agreements,

(ii) compelling SDP to collect stocks valued at RM838,076 currently in the possession of APM and ABIO and to pay APM and ABIO the said sum, failing which APM and ABIO shall seek an order to dispose of the stock to recover the value; and

(iii) damages to be assessed based on estimated loss of profits as a result of the wrongful termination of the Agreements.

APM and ABIO have in addition instituted legal proceedings to restrain SDP or any other party from dealing with or attempting to distribute the products referred to in the said Agreements.

Subsequently on 17 December 2007, SDP has filed a counter claim against APM and ABIO claiming the following:

(i) against APM, the sum of RM2,514,740 being the amount allegedly owed by APM to SDP, loss of profit of RM230,000, loss of reputation and goodwill to be determined by the court, interest, legal costs and other reliefs; and

(ii) against ABIO, the sum of RM1,420,719 being the amount allegedly owed by ABIO to SDP, loss of profit of RM120,000, loss of reputation and goodwill to be determined by the court, interest, legal costs and other reliefs.

The Board of Directors of the Company, after considering the advice from the Company's legal counsel, are of the view that the counter claims have no merit, and the Company's legal counsel has taken action to persecute the Company's claims and defend against the counter claims.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

31. RELATED PARTY DISCLOSURES

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	2008 RM	2007 RM
Company		
- Management service fees received from subsidiary companies	1,420,203	1,364,412
- Interest income received from subsidiary companies	1,331,950	1,533,664
- Dividend income received from subsidiary companies	10,965,000	10,450,000
- Management service fees paid to a subsidiary company	(394,800)	(386,400)
- Rental expense paid to subsidiary companies	(191,867)	(65,400)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term employment benefits	4,211,488	3,946,864	1,466,437	1,261,549
Post-employment benefits:				
Defined contribution plans	483,848	368,759	182,478	109,176
Other long-term benefits	30,744	29,599	15,231	15,073
	4,726,080	4,345,222	1,664,146	1,385,798

Included in the total key management personnel are:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors' remuneration (Note 10)	1,600,147	1,241,870	1,133,226	799,923

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

32. 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.

(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 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 2008:

Functional currency of Group companies	Net financial assets/(liabilities) held in non-functional currencies				
	US Dollar RM	Euro Dollar RM	Singapore Dollar RM	Others RM	Total RM
Ringgit Malaysia					
Trade receivables	1,148,858	-	280,201	294,468	1,723,527
Trade and other payables	(548,112)	(62,569)	(582,317)	(399,363)	(1,592,361)
	600,746	(62,569)	(302,116)	(104,895)	131,166

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Foreign currency exchange risk (Cont'd)

At 31 December 2007:

Functional currency of Group companies	Net financial assets/(liabilities) held in non-functional currencies US Dollar RM	Euro Dollar RM	Singapore Dollar RM	Others RM	Total RM
Ringgit Malaysia					
Trade receivables	1,039,332	-	182,160	94,752	1,316,244
Trade and other payables	(555,601)	(243,254)	(177,981)	(268,484)	(1,245,320)
	483,731	(243,254)	4,179	(173,732)	70,924

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 2008	
Currency	
Singapore Dollar	1,633,236
Great Britain Pound	143,124
	1 ,776,360

	Maturities within one year RM
At 31 December 2007	
Currency	
Singapore Dollar	1,447,739
United States Dollar	7,081
Great Britain Pound	127
	1 ,454,947

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

32. FINANCIAL INSTRUMENTS (CONT'D)

(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. Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers.

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.

(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 their fair values due to the relatively short maturity of these financial instruments.

(ii) Term loans

The carrying amounts approximate their fair values 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 their fair values 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.

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

33. SEGMENT INFORMATION

The Group is organised into two main business 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 the two main business segments.

The analysis of the Group's operations is as follows:

(i) Business segments

	Manufacturing		Marketing, distribution and retailing		Investment holding		Consolidated	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM (restated)
Revenue								
Total revenue	55,376,108	48,181,049	221,720,535	201,971,674	13,293,341	12,726,117	290,389,984	262,878,840
Inter-segment revenue	(18,489,188)	(14,880,901)	-	-	(12,661,203)	(12,060,412)	(31,150,391)	(26,941,313)
External revenue	36,886,920	33,300,148	221,720,535	201,971,674	632,138	665,705	259,239,593	235,937,527
Results								
Segment results (external)	12,364,757	11,127,750	8,031,802	7,137,773	(1,411,576)	57,494	18,984,983	18,323,017
Deferred gain from previously disposed subsidiary							-	1,825,449
Unallocated corporate expenses							(1,271,633)	(1,360,007)
Profit from operations							17,713,350	18,788,459
Finance costs, net							(1,015,232)	(621,370)
Share of results of associates							2,321,405	1,238,233
Profit before tax							19,019,523	19,405,322
Income tax expense							(3,911,131)	(172,279)
Net profit for the year							15,108,392	19,233,043

Notes to the Financial Statements (Cont'd)

31 DECEMBER 2008

33. SEGMENT INFORMATION (CONT'D)

(i) Business segments (Cont'd)

	Manufacturing		Marketing, distribution and retailing		Investment holding		Consolidated	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM (restated)
Assets and liabilities								
Segment assets	66,457,205	69,535,772	113,587,923	111,689,989	8,643,897	8,833,690	188,689,025	190,059,451
Investment in associates	-	-	-	-	29,295,806	15,334,827	29,295,806	15,334,827
Unallocated assets							263,316	127,087
Total assets							218,248,147	205,521,365
Segment liabilities	(4,938,550)	(6,008,971)	(35,540,200)	(34,879,242)	(1,140,582)	(1,043,980)	(41,619,332)	(41,932,193)
Unallocated liabilities							(26,508,910)	(27,738,397)
Total liabilities							(68,128,242)	(69,670,590)
Other information								
Capital expenditure	2,262,400	18,271,304	1,890,518	507,201	14,715	176,212	4,167,633	18,954,717
Depreciation and amortisation	4,218,650	2,895,402	1,855,650	1,934,786	149,816	116,220	6,224,116	4,946,408
Fair value adjustment of investment properties	-	-	-	-	50,000	(986,626)	50,000	(986,626)
Non cash items other than depreciation and amortisation	215,512	103,069	1,623,147	3,657,025	(4,668)	3	1,833,991	3,760,097

Notes to the Financial Statements (Cont'd)
31 DECEMBER 2008

33. SEGMENT INFORMATION (CONT'D)

(ii) Geographical segments

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

	Malaysia		Singapore		Consolidated	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Revenue	210,217,547	197,162,128	49,022,046	38,775,399	259,239,593	235,937,527
Segment assets	166,286,011	165,703,621	22,403,014	24,355,830	188,689,025	190,059,451
Capital expenditure	3,084,014	18,877,417	1,083,619	77,300	4,167,633	18,954,717

34. SIGNIFICANT EVENTS DURING THE YEAR

(a) Group restructuring exercise

On 25 September 2008, the Company completed its acquisition 66.1% of the issued and paid-up share capital of First SGC Pte Ltd ("FSGC"), a corporation incorporated in Singapore. As part of the restructuring exercise, the Company's 25% equity interest in its associate, Xiamen Maidiken Science and Technology Co Ltd ("MDK") held by its wholly owned subsidiary, Apex Pharmacy International Sdn Bhd has been transferred to FSGC in return for the allotment and issuance of 1,060,000 ordinary shares in FSGC to the Company. Concurrently, FSGC has further acquired an additional 24% equity interest in MDK for consideration of RMB13.3 million (approximately RM6,566,620) resulting in an increase in interest to 49% in the enlarged capital of MDK which effectively increased the Group's effective interest from 25% to 32.4%. Further information on the group restructuring exercise is disclosed in Note 18.

(b) Divestment of an associate

On 2 December 2008, the Company divested its entire 35% equity interest in the issued and paid-up share capital of Chastal Marketing Pte Ltd which was acquired on 8 April 2008 at the original cost of S$105,000 (approximately RM252,000) in cash.

List of Properties

AS AT 31 DECEMBER 2008

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 31/12/08	Date of last revaluation/ acquisition
APEX PHARMACY CORPORATE 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 the 1st floor of Holiday Plaza	Freehold / - 24 years	950,000	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 / - 24 years	1,250,000	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 / - 24 years	1,430,000	Acquired - Aug 2004
Lot No. 99, Town Area XXXVIII (38), District of Melaka Tengah, Melaka	156	272	Leased / 2- storey shophouse	Leasehold / (exp. 2075) 34 years	220,000	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 / - 44 years	442,800	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) 18 years	760,566	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) 8 years	212,970	Acquired - Aug 2004

List of Properties (Cont'd)

As At 31 December 2008

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 31/12/08	Date of last revaluation/ acquisition
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) 8 years	333,862	Acquired - Aug 2004
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 New Liquid Pharma Plant	Leasehold / (exp. 2096) 16 years -	20,436,911	Revalued - Apr 2004 Commissioned Nov 2007
Lot Nos. PT 1374 Mukim of Bertam, District of Melaka Tengah, Melaka (Cheng Industrial Estate - Phase 1)	9,698	-	Car park	Leasehold / (exp. 2096)	1,457,842	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 - 4 years	5,450,000 7,594,241	Revalued - Apr 2004 Commissioned May 2005
APEX PHARMA MARKETING PTE LTD						
49 Tannery Lane, #04-01 & 04-07 Noble Warehouse Singapore 347796	-	700	Industrial Land / Warehouse	Freehold - 23 years	3,672,000	Revalued - Dec 2004
	49,725	**12,895**			**44,211,192**	

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 31 MARCH 2009

Authorised Shared 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 HOLDINGS AS AT 31 MARCH 2009

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	18	1.052	804	0.001
100 - 1,000	187	10.929	160,313	0.213
1,001 - 10,000	1,255	73.348	3,872,400	5.165
10,001 - 100,000	204	11.922	5,240,800	6.990
100,001 - 3,748,674	44	2.571	16,699,880	22.274
3,748,675 AND ABOVE	3	0.175	48,999,303	65.355
TOTAL	**1,711**	**100.00**	**74,973,500**	**100.00**

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2009

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1	APEX PHARMACY HOLDINGS SENDIRIAN BERHAD	26,303,161	35.083
2	WASHINGTON H.SOUL PATTINSON AND COMPANY LIMITED	11,879,000	15.844
3	WASHINGTON H.SOUL PATTINSON AND COMPANY LIMITED	10,817,142	14.427
4	APEX PHARMACY HOLDINGS SENDIRIAN BERHAD	2,005,000	2.674
5	APEX PHARMACY HOLDINGS SENDIRIAN BERHAD	1,907,000	2.543
6	LIM TEH REALTY SDN BERHAD	1,040,000	1.387
7	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC ISLAMIC OPPORTUNITIES FUND	950,000	1.267
8	MD ALI BIN MD DEWAL	643,108	0.857
9	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK (MARGIN)	625,700	0.834

Analysis of Shareholdings (Cont'd)

As At 31 March 2009

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2009 (Cont'd)

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
10	LIEW YOON YEE	604,300	0.806
11	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG SINGAPORE FOR KEE KIRK CHIN	600,000	0.800
12	ROSINA BINTI ALADAD KHAN	575,000	0.766
13	FAM KEAT HONG	550,000	0.733
14	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)	523,200	0.697
15	LIEW YOON YEE	400,000	0.533
16	CHAN HENG KOON	360,000	0.480
17	TEOH CHOON NEO @ IVY TEOH CHOON NEO	350,000	0.466
18	TAN YAN MENG WARREN	337,500	0.450
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)	300,000	0.400
20	YEO LEE HEE	296,000	0.394
21	TENGKU PUAN NOR SA'ADAH BINTI AL-MARHUM SULTAN SULAIMAN SHAH	273,972	0.365
22	ANG KAI CHAN	270,000	0.360
23	CHAN LEONG CHENG	265,000	0.353
24	XEPA HOLDINGS SENDIRIAN BERHAD	260,000	0.346
25	TEOH CHOON NEO @ IVY TEOH CHOON NEO	250,000	0.333
26	ONG WOAN HUA	225,000	0.300
27	TAN YAN MENG WARREN	225,000	0.300
28	AHMAD KAMAL BIN MD ALIF	210,000	0.280
29	KEE TAH PENG @ HEE TECK PENG	205,000	0.273
30	KOH KIM KEAN	180,000	0.240
	TOTAL	**63,430,083**	**84.603**

Analysis of Shareholdings (Cont'd)

As At 31 March 2009

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2009

(per Register of Substantial Shareholders)

Name of Substantial Shareholders	<------------ Direct --------------> No. of Ordinary Shares	%	<----------- Indirect --------------> No. of Ordinary Shares	%
Apex Pharmacy Holdings Sdn Bhd	30,215,161	40.30	-	-
Washington H. Soul Pattinson and Company Limited	22,696,142	30.27	-	-
Xepa Holdings Sdn Bhd	260,000	0.35	30,215,161 (1)	40.30
Apex Holdings (Pte) Ltd	121,000	0.16	30,475,161 (1)	40.65
Kee Tah Peng @ Hee Teck Peng	205,000	0.27	30,626,161 (4)	40.85
Dr Kee Kirk Chin	600,000 (2)	0.80	30,596,161 (1)	40.81
Xepa Holdings Pte Ltd	-	-	30,596,161 (1)	40.81
Yang Liew Fang	-	-	30,596,161 (1)	40.81
Kee Kirk Chuen	30,000 (3)	0.04	30,596,161 (1)	40.81
Dr Kee Loo	-	-	30,596,161 (1)	40.81
United Engineers Limited	-	-	30,215,161 (1)	40.30
UE UMC Pte Ltd	-	-	30,215,161 (1)	40.30
Great Eastern Holdings Limited	-	-	30,215,161 (1)	40.30
Oversea-Chinese Banking Corporation Limited	-	-	30,215,161 (1)	40.30

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.
(4) Deemed interest by virtue of Section 6A and Section 134(12)(c) of the Companies Act, 1965.

Analysis of Shareholdings (Cont'd)

As At 31 March 2009

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2009

(per Register of Directors' Shareholdings)

Name of Directors	<------------- Direct ---------------> No. of Ordinary Shares	%	<------------ Indirect ---------------> No. of Ordinary Shares	%
Kee Tah Peng @ Hee Teck Peng	205,000	0.27	30,626,161 (1)	40.85
Dr Kee Kirk Chin	600,000 (2)	0.80	30,596,161 (3)	40.81
Jackson Chevalier Yap-Kit-Siong	15,000	0.02	-	-
Leong Khai Cheong	15,000	0.02	-	-
Robert Dobson Millner	15,000	0.02	-	-
Dr Ahmad Kamal bin Md Alif	210,000	0.28	-	-
Mae Heng Su-Ling	-	-	-	-

Notes:

(1) Deemed interest by virtue of Section 6A and Section 134(12)(c) of the Companies Act, 1965.
(2) Held through nominee company.
(3) Deemed interest by virtue of Section 6A of the Companies Act, 1965.

Notice of Tenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Apex Healthcare Berhad ("AHB") will be held at Bunga Teratai Room, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka, on Wednesday, 20th May 2009 at 10.00 a.m. to transact the following business:-

1. To receive the Statutory Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon.	**Resolution 1**
2. To approve a final dividend of 4.5 sen gross per share less tax for the financial year ended 31 December 2008.	**Resolution 2**
3. To approve the payment of Directors' fees for the financial year ended 31 December 2008.	**Resolution 3**
4. To re-elect Mae Heng Su-Ling, who retires in accordance with Article 83 of the Company's Articles of Association.	**Resolution 4**
5. To re-elect the following Directors who retire in accordance with Article 89 of the Company's Articles of Association:	
i. Dr Kee Kirk Chin	**Resolution 5**
ii. Jackson Chevalier Yap-Kit-Siong	**Resolution 6**
6. 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 7**
7. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.	**Resolution 8**
As Special Business:-	
8. To consider and if thought fit, to pass the following resolution, with or without modifications: **ORDINARY RESOLUTION** **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 9**
9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.	

Notice of Tenth Annual General Meeting (Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 4.5 sen gross per share less tax for the financial year ended 31 December 2008, if approved, will be paid on 23 June 2009. The entitlement date for the payment is 2 June 2009.

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 2 June 2009 in respect of 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

KWONG LIEN WAH (MIA 3422)
YEOH CHONG KEAT (MIA 2736)
Secretaries

Melaka
28 April 2009

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) 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 UNDER SPECIAL BUSINESS

Resolution 9

Ordinary Resolution 9 proposed under Agenda 8, 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.

Statement Accompanying

Notice of Annual 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 Dr Kee Kirk Chin and Jackson Chevalier Yap-Kit-Siong.

Mae Heng Su-Ling is standing for re-election under Article 83 of the Company's Articles of Association.

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 attendance of Directors at Board Meetings during financial year 2008 are as follows:

Director	27 Feb	21 May	20 Aug	19 Nov
Kee Tah Peng @ Hee Teck Peng	✓	✓	✓	✓
Dr Kee Kirk Chin	✓	✓	✓	✓
Robert Dobson Millner	✓	✓	✓	✓
Jackson Chevalier Yap-Kit-Siong	✓	x	✓	✓
Leong Khai Cheong	✓	✓	✓	✓
Dr Ahmad Kamal bin Md Alif	✓	✓	✓	✓
Mae Heng Su-Ling (appointed w.e.f. 20th November 2008)	NA	NA	NA	NA

NA : Not Applicable

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

Date : Wednesday, 20th May 2009
Hour : 10.00 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 to 9. Details of securities holdings of directors in the Company are listed on page 107.

Form of Proxy

No. of Shares Held :
CDS Account No. :

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

I/We, ______________________________ NRIC/Company No. ______________________
(Full name in block letters)

of ____
(Full Address)

being a member/members of APEX HEALTHCARE BERHAD, hereby appoint ______________________________
(Full name in block letters)

of ____
(Full Address)

or failing him/her, ______________________________ of ______________________________
(Full name in block letters) (Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Bunga Teratai Room, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Wednesday, 20th May 2009 at 10.00 a.m. and at any adjournment thereof on the following resolutions referred to in the Notice of Tenth 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 2008 together with the Directors' and Auditors' Reports thereon.		
2. To approve a final dividend of 4.5 sen gross per share less tax for the financial year ended 31 December 2008.		
3. To approve the payment of Directors' fees for the financial year ended 31 December 2008.		
4. To re-elect Mae Heng Su-Ling as Director of the Company.		
5. To re-elect Dr Kee Kirk Chin as Director of the Company.		
6. To re-elect Jackson Chevalier Yap-Kit-Siong as Director of the Company.		
7. To re-appoint Kee Tah Peng @ Hee Teck Peng as Director of the Company.		
8. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS		
9. To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

* 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 ____________ 2009

____
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) 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
Malaysia

Directory of Distribution Depots

BRANCH	ADDRESS	TELEPHONE NUMBER	FAX NUMBER	CONTACT PERSON
SUBANG JAYA Head Office	No 2, Jalan SS 13/5 47500 Subang Jaya Selangor Darul Ehsan	03-5629 3688 03-5629 3686	03-5636 8200 03-5636 8025 03-5636 8110 03-5629 3777	Mr Tan Hing Tai (ED) Ms Lee Siew Bee (F&A Mgr) Mr Lau Ah Tee (General Manager) Ms Ang Girl Bee (Sr. Distribution Manager / SBU II) Ms Tan Pei Leng (Sr. Wholesale Manager / SBU I) Ms Wong Mei Ling (Product Manager / SBU I) Mr Lim Ein Heng (AGM SBU IV)
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)
MELAKA	134/1, Kompleks Perniagaan Munshi Abdullah Jalan Munshi Abdullah 75100 Melaka	06-284 7350 06-282 8695 06-282 2168	06-283 7704	Mr Tan Teck Beng (Senior Branch Manager)
SEREMBAN	18, Jalan Dato Abdul Rahman 70000 Seremban N. Sembilan	06-764 2810	06-767 0327	Mr Tan Teck Beng (Senior 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 BAHRU	PT 533/A & 534/A, Taman Murni Jalan Pengkalan Chepa 16100 Kota Bahru Kelantan	09-774 3666	09-774 9428	Ms Lim Gim Hoon (Branch Manager)
PENANG	No 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	No 2, Jalan SS 13/5 47500 Subang Jaya Selangor Darul Ehsan	03-5629 3655 03-5629 3688	03-5636 8025	Mr Then Tat Ying (Marketing Manager) Mr Kelvin Wong (Brand Manager)
Apex Pharma Marketing Pte Ltd	No 12, Harper Road #06-00 Sulisam Building Singapore 369677	02-6741 3803	02-6749 3839	Ms Loh Pei Juin (AGM)