apex

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 2010

apex

Apex Healthcare Berhad

(473108-T)

ANNUAL REPORT 2010

Xepa sp

Ideas, People
& Technology

Trusted Leadership

More than 40 years of leadership and innovation in pharmaceutical products.

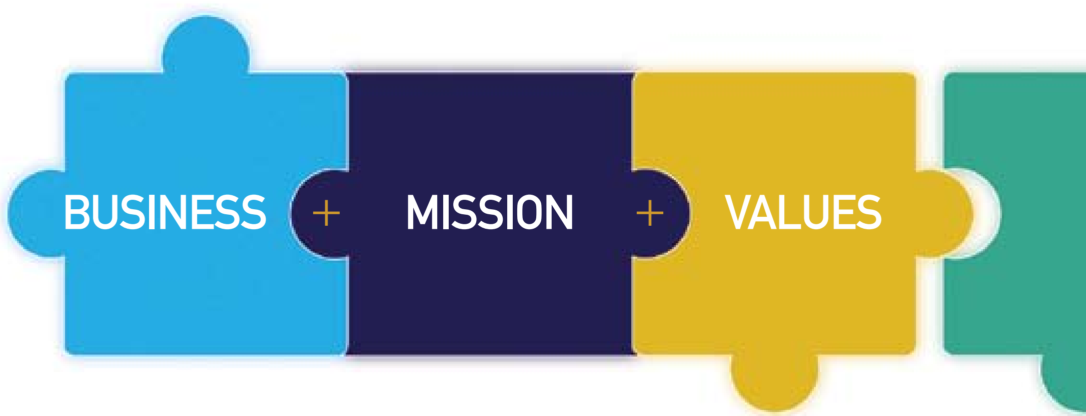
www.xepasp.com

Safety, Efficacy & Quality

CORPORATE SECTION

Annual Report 2010 contents

FINANCIAL SECTION



business


120ml
Sedilix
-DM
Linctus
Antitussive, Antihistamine,
Nasal Decongestant
Relieves
Dry Irritating Cough
Runny Nose
Sneezing
Stuffy Nose
Itchy & Watery Eyes
Cherry flavour

What is our business?

THROUGH MANUFACTURING AND DISTRIBUTION, APEX MAKES AVAILABLE QUALITY PHARMACEUTICAL AND HEALTHCARE PRODUCTS THROUGH OUR COMPREHENSIVE CHANNELS TO OUR VALUED CUSTOMERS.

Since our establishment in 1962, our business has been focused on making pharmaceutical and healthcare products available to customers in the markets in which we operate, through manufacturing and distribution, and 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 stems 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
Malaysia
Tel : +606 284 7381
Fax : +606 283 2140

GROUP WEBSITES

www.apexpharmacy.com
www.xepasp.com
www.apexpharmacy.com.sg
www.luyan.com.cn
www.pentavalent.co.id

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
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

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

Tricor Investor 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

corporate structure

Apex Healthcare Berhad
(473108-T)

- 100% ABio Marketing Sdn Bhd
- 100% Apex Pharmacy Marketing Sdn Bhd
- 100% Apex Pharma Marketing Pte Ltd
- 100% Avex Pharmaceuticals Pte Ltd
- 100% Apex Pharmacy Corporate Sdn Bhd
- 100% Apex Pharmacy International Sdn Bhd
- 100% Apex Retail Sdn Bhd
  - 60% of CS Health Store Sdn Bhd
- 100% Xepa-Soul Pattinson (Malaysia) Sdn Bhd
  - 100% of Xepa-Soul Pattinson (S) Pte Ltd
- 70% of First SGC Pte Ltd
  - 49% of Xiamen Maidiken Science & Technology Co Ltd
    - 95% of Luyan (Fujian) Group Co Ltd
    - 48% of Luyan (Fujian) Pharma Co Ltd
- 20% of Maritzberg Investments Limited
  - 95% of PT Pentavalent

directors' information

DR KEE KIRK CHIN
Chairman and CEO

Dr Kee Kirk Chin, 49, a Singaporean, was appointed to the Board on 15th February 2000, as the Managing Director of the Company on 3rd March 2000 and became Chairman and Chief Executive Officer on 19th May 2010. He resigned as a member of the Audit Committee on 20th November 2008. He obtained a Bachelor in Arts with Honours in 1985, a Bachelor of Medicine & Bachelor of Surgery in 1987 and 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 was appointed to the Board of Singapore Corporation of Rehabilitative Enterprises on 4th April 2010.

He is the son of Kee Tah Peng. He is deemed to be a substantial shareholder of the Company as he is a substantial shareholder and Director of Apex Pharmacy Holdings Sdn Bhd, which holds 40.5% 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 2010. He has had no convictions for any offences within the past 10 years.

KEE TAH PENG @ HEE TECK PENG
Non-Executive Director

Kee Tah Peng @ Hee Teck Peng, 80, 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 and retired as Chairman on 19th May 2010. 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 40.5% 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 2010. He has had no convictions for any offences within the past 10 years.

ROBERT DOBSON MILLNER
Non-Executive Director

Robert Dobson Millner, 60, an Australian, was appointed as a Non-Executive Director of the Company on 23rd February 2000. He was appointed as Chairman of Remuneration Committee and resigned as Chairman of Nomination Committee of the Board, both with effect from 1st March 2011. He was a farmer and grazier prior to joining in 1984 the Board of Washington H Soul Pattinson & Co Limited ("WHSP"), 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, 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 2010. 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, 59, a Singaporean, was appointed as a Non-Executive Director of the Company on 15th February 2000. He was appointed as Chairman of Nomination Committee and resigned as Chairman of Remuneration Committee of the Board, both with effect from 1st March 2011. 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 40.5% 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 all of the four Board Meetings held in the financial year ended 31st December 2010. 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, 63, a Malaysian, was appointed as Independent Non-Executive Director of the Company on 23rd May 2001. He is a member of the Audit Committee. He was appointed as a member of Nomination Committee and resigned as a member of Remuneration Committee of the Board, both with effect from 1st March 2011. 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 2010. He has had no convictions for any offences within the past 10 years.

LEONG KHAI CHEONG

Senior Independent Non-Executive Director

Leong Khai Cheong, 59, 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 the 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 2010. He has had no convictions for any offences within the past 10 years.

MAE HENG SU-LING

Independent Non-Executive Director

Mae Heng, 40, 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 Committee. She was appointed as a member of Remuneration Committee and resigned as a member of Nomination Committee of the Board, both with effect from 1st March 2011. 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 attended all of the four Board Meetings held in the financial year ended 31st December 2010. 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.

mission


Avegesic
15
Avegesic Tablet
Meloxicam 15mg
AVEY
15mg
50 Tablets

Why do we do what we do?

RESTORING HEALTH, ENHANCING LIFE

Apex's mission is to invest in and operate businesses that restores health to and enhances the life of those we serve. Healthcare professionals use our medicines and diagnostic devices to treat and manage infections, cardiovascular, metabolic, gastroenterological, rheumatic conditions and more. Consumers use our medicated powder, nutritional supplements and other healthcare related products to enhance their state of wellbeing and quality of life. Together with healthcare professionals and business associates, we take heart that our products play a role in the restoration of health and enhancement of life in those who use and trust them.

chairman's statement

> "I am delighted to report to shareholders of Apex Healthcare Berhad that your company has achieved sterling results in 2010, returning a pretax profit of RM45 million on revenue of RM314 million. The Board of Directors has proposed, in addition to a taxable Final Dividend of 4 cents, a tax exempt Special Dividend of 5 cents in respect of financial year 2010 for your approval at the forthcoming Annual General Meeting scheduled for 19th May 2011."

FINANCIAL PERFORMANCE

In 2010, Apex Healthcare Berhad generated Group revenue of RM314 million, an increase of 11% on the previous year. Pretax profit was RM45.1 million, up 50%, which includes a non-recurring income of RM10.1 million from the recognition of the Group's share of the premium arising from the issuance of new shares to investors in Luyan (Fujian) Pharma Co Ltd, an associate company of the Group's joint venture company in China, Xiamen Maidiken Science and Technology Co Ltd. This financial performance translates into improved earnings per share of 35 cents, up 11 cents from 2009. After eliminating non-recurring income, pretax profit from continuing operations in 2010 was RM35 million, up 31% on a like-for-like basis.

While demand for pharmaceutical services and products continues to grow in the markets we operate in, our strong performance is attributable to increased market share, successful launches of new products and improved operating efficiencies. We have concentrated only on what we do best, which is to bring to market affordable quality pharmaceutical and healthcare products. We have focused on increasing capacity and capability, managing cash flows, inventories and operating costs, understanding our customers better and staying attentive to their needs. I will elaborate in greater detail below.

DIVIDEND

In June 2010, the Company paid out a final taxable dividend of 4.5 sen gross, and for the first time, a special taxable dividend of 10.0 sen gross in respect of FY 2009. The Company completed its 1-for-4 Bonus Issue also in June 2010. An interim dividend of 4.0 sen tax-exempt in respect of FY 2010 was paid in October 2010.

Apex's strong performance in 2010 puts us in a position to continue rewarding our loyal shareholders. I am pleased to say that at the forthcoming Annual General Meeting, the Company will declare a final taxable dividend for FY 2010 of 4 sen per share and propose a special tax exempt dividend of 5 sen per share for the approval of shareholders.

BOARD OF DIRECTORS

Following the Annual General Meeting in May 2010, the Company's founder, Mr Kee Tah Peng, stepped down as Chairman in accordance with group succession plans. I am honoured to have been appointed to the Chairmanship in his stead.

It is a privilege to succeed my father as Chairman. On behalf of the Board, I would like to thank him for building the Company to the strong position which it now enjoys. He provided single-minded leadership, steering the Group through five decades of eventful history. We honour him as Apex's founder and are gratified that he has agreed to remain on the Board as a source of wisdom and experience.

I remain as Chief Executive Officer. Nevertheless, board decisions are dependent on the consensus of the directors, who take an active interest in all major and strategic decisions. The independence of the Board was strengthened in 2009 with the appointment of another independent director so that three of the seven board members are independent. All directors actively contribute to the work of the board. On 18th August 2010, an in-house Crisis Management Training and Workshop was organised for all directors of the Company and senior management of subsidiary companies of which all Directors of the Company were present.

"I am pleased to say that at the forthcoming Annual General Meeting, the Company will declare a final taxable dividend for FY 2010 of 4 sen per share and propose a special tax exempt dividend of 5 sen per share for the approval of shareholders."

Chairman's Statement (cont'd)

INDUSTRY TRENDS AND PROSPECTS

The size of the Malaysian ethical pharmaceutical market in 2010 is RM1.9 billion, growing at 3.2% over 2009 (source: IMS report Q4 2010). This steady growth in demand for off-patent pharmaceuticals underpins the core businesses of Apex. Rising affluence of consumers of our key markets, Singapore, Malaysia, and China drives the sustainable increase in demand for pharmaceuticals, consumer healthcare products and healthcare services.

The volume of products required will increase, but at the same time increasingly sophisticated and discerning consumers have higher expectations of the quality of medications. Apex has always invested in both quality and capacity improvements and is well-placed to go forward on the back of these trends. To quote my predecessor, "this trend remains unchanged and continues to form the basis upon which the Group expects its future business to be built."

The Group is well-represented in China, the fastest growing economy in the world today, having made a strategic investment in 2005 in Xiamen Maidiken Science & Technology Co Ltd ('MDK'), a leading private sector pharmaceutical distributor and retailer in Fujian province. It is estimated that the Chinese pharmaceutical market is growing in excess of 20% a year. Regulatory changes towards higher standards have favoured large well-resourced businesses with economies of scale, such as MDK.

Xepa licenced 6 products to GSK Malaysia for the treatment of cardiovascular and metabolic conditions

REVIEW OF BUSINESSES

XEPA-SOUL PATTINSON

Total sales for Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('Xepa') grew 14% over 2009, marking a second consecutive year of double-digit growth. In Malaysia, sales to the private and government sectors grew 16% and 28% respectively whilst the total pharmaceutical market grew 3.2%. Most of the tenders to government were won on product quality and reliability of supply.

In the sales of ethical pharmaceutical products, Xepa remains Malaysia's leading company in the private sector, according to IMS Health's most recent Malaysian Pharmaceutical Audit report. Whilst maintaining its lead as the highest ranked Malaysian company, Xepa improved its overall enterprise ranking one rung to No 11 in competition with multinational pharmaceutical companies operating in the Malaysian market.

Xepa improved its position in the two most important therapeutic areas, cough mixtures and cardiovascular products, and launched phenylephrine based cough mixtures (in part to mitigate the effect of government restriction of pseudoephedrine), built capacity ahead of the demand curve, and pursued operational excellence. A dedicated cardiovascular sales team was set up in the Klang Valley with excellent impact on sales.

In October, Xepa completed the fitting out of its Solids Production Plant Number 2. The 1,270 sq metres facility cost RM5 million and increases blister packing capacity by 10 million blisters a year. Towards the end of 2010, Xepa licenced a range of 6 products for the treatment of cardiovascular and metabolic conditions to GlaxoSmithKline Malaysia ('GSK') to market under GSK's own brand names in Malaysia and Singapore for an initial term of 3 years.

Xepa's strategy has served well and will continue to be fine tuned. Xepa remains focused on a defined group of products in selected therapeutic areas, producing them to exacting standards, strategically branding them, and marketing them as widely as possible.

> *"Total sales for Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('Xepa') grew 14% over 2009, marking a second consecutive year of double-digit growth."*

ISO 9001:2008 Certification Award

APEX PHARMA

In Malaysia, Apex Pharmacy Marketing Sdn Bhd ('APM') grew revenue by 10%. Profits grew at a higher rate of 18% because a greater proportion of sales were of own-brand products, which carry better margins. A strategic reorganisation was carried out and operations of ABio Marketing Sdn Bhd were consolidated into APM, which now comprises four independent and separately accountable divisions. This has afforded greater autonomy to division heads to respond to customer needs and market trends. Consequently all divisions, Wholesale, Consumer, Pharma & Diagnostics, and Distribution, performed well in 2010.

Wholesale

Apex Pharma remains the undisputed leader in pharmaceutical wholesaling in Malaysia, providing doctors and pharmacies with an efficient one-stop service for all their purchases. There remain regions in which there is further room for growth, such as East Malaysia and Singapore. Initial efforts are paying off with wholesale in Singapore growing by 66% from 2009. Resources will be deployed to build infrastructure in targeted areas, to increase the size of our sales force, and to improve training.

Consumer

Consumer division was a strong performer in 2010 with sales growing 18.5% from FY 2009. This growth is attributed to APM's ability to secure strong principals with innovative products. Top products sold and distributed in 2010 to pharmacies and other retailers include Nutren Diabetic, Kinohimitsu Health Pads and Kino UV Bright drink, and Colla-Plus collagen beauty drink. In Singapore, the Olivenol range of supplements gained significant sales growth and brand recognition as a result of intensive marketing efforts during 2010. Agnesia remains the market leader in the medicated powder category in Malaysia, boosted by new promotional strategies, including radio advertisements. Exports of Agnesia grew 10% in 2010 and will be a key driver of future growth for the brand.

Pharma & Diagnostics

The Pharma division, which sells and markets own brand and third party pharmaceutical and diagnostic products, achieved record sales in 2010. Our AVO line of diagnostic products sold well on launch, with AvoMeter glucose monitors and test strips being particularly successful. Our second brand of off-patent pharmaceuticals, AVEX, returned good gains in its second full year of marketing, achieving 36% growth over 2009. Sales of Gastrovex (lanzoprazole), Ciprox (ciprofloxacin) and Avezol (fluconazole) were outstanding. Avegesic (meloxicam) was launched in October and has rapidly established itself in the market. AVEX was exported for the first time in 2010.

> *"In Malaysia, Apex Pharmacy Marketing Sdn Bhd ('APM') grew revenue by 10%. Profits grew at a higher rate of 18% because a greater proportion of sales were of own-brand products, which carry better margins."*

Chairman's Statement (cont'd)

Apex Pharmacy new outlet in City Square Mall, Johor Bahru

Physical Distribution

The division serves third party principals as well as other APM divisions, providing specialist pharmaceutical logistical services. In the continued quest to refine and improve operations, accuracy and efficiency, APM embarked on ISO 9001:2008 certification for 'Warehousing and Distribution for Pharmaceutical and Consumer Healthcare Products' for its Central Warehouse in Subang Jaya, which was granted in October 2010. It is planned to implement the systems thus developed to all branch depots, with the aim of raising accuracy and customer satisfaction. To further improve customer service, APM invested in a Call Centre System integrated to its SAP ERP; this has resulted in significant improvement in call management efficiency.

APEX RETAIL

During 2010, the Group established a new wholly-owned subsidiary Apex Retail Sdn Bhd ('ARS') to hold its retail pharmacy business which the Group intends to take along a new strategic direction after a hiatus of 5 years. ARS is leveraging on the recognition and goodwill of the Apex Pharmacy name to expand in retail pharmacy under a joint-venture model which gives pharmacists the opportunity to be shareholders in the outlets they operate, and hence an incentive to build the business. The absence of such an incentive was a hindrance in attracting and retaining good people in the past. The first such Apex Pharmacy was opened in City Square Johor Bahru in 2010 under a 60%-owned joint venture company CS Health Store Sdn Bhd. The Group expects to open more such outlets as and when opportunities arise.

CHINA

Our associate company in China, Xiamen Maidiken Science and Technology Co Ltd ('MDK') Group, continues to demonstrate strong growth with a 34% increase in revenue from RMB 1.7 billion to RMB 2.3 billion in 2010. MDK Group's primary business is the distribution and retailing of pharmaceuticals and healthcare products in the province of Fujian, operating under the well recognised 'Luyan' name. Profit contribution to the Group from MDK's recurring operations rose from RM3.7 million to RM5.8 million for 2010.

In July last year, Luyan (Fujian) Pharma Co Ltd ('LYG') issued new shares at a premium to CCBI Healthcare Fund (CHF), an investment fund of China Construction Bank, and Hong Qiao Investment Fund, a Xiamen based private equity fund, raising RMB 137 million in cash. As a result of the new share issue, LYG became a 48% associate company of MDK. Recognition of the Group's share of this premium resulted in an additional profit before tax contribution of RM10.1 million in respect of FY 2010. In November 2010, MDK Group acquired Fujian Yaosheng Biomedical Drug Co Ltd ('YS'), a distributor of vaccines based in Fuzhou, to gain additional market share and secure additional expertise in cold chain distribution.

As at 31st December 2010, MDK has wholesale distribution operations established in all nine prefectures in Fujian and a total of 79 retail pharmacy outlets. MDK remains a well recognised and dominant private sector enterprise in the Fujian pharmaceutical market and is well positioned to capitalise on growth opportunities in the rapidly changing and growing healthcare industry in China.

BRANDS

Having discussed the tangible business operations of the Group, I would like to say a few words about our approach to brands and brand equity. Through consistent marketing and brand building efforts, Apex is today the owner of a group of brands with significant brand equity. These include decades old trusted names such as Xepa^{SP}, Apex Pharmacy, Agnesia and Sedilix, and newer brands such as AVEX and AVO. We have ensured that this intellectual property is well protected in the jurisdictions in which we do business and will continue to add and build value to our portfolio of brands. To our customers and to consumers, our brands represent our core business values of Service, Quality and Integrity, a reputation we will zealously guard and nurture.

Orang Asli Medical Ministry, Gunung Ledang, Melaka

Orang Asli Ministry for Jus Chapel Tribal, Melaka

Sponsorship for Performance Cycles road and mountain biking team in Singapore

CORPORATE SOCIAL RESPONSIBILITY

The Group takes to heart the concept of corporate social responsibility, and supports a wide range of causes promoting social welfare, and the previous year has been no exception. Causes supported in 2010 include orphanages, schools, and medical outreach programs to indigenous people, diabetics as well as the mentally and physically disabled. In particular we were pleased to support Kids for Charity Concert and a Penang Scrabblethon in aid of medical care for Orphange Home Pertubuhan Kebajikan Kanak-Kanak Yatim Dan Miskin Wawasan Port Dickson and Hope Worldwide Penang's Free Mobile Clinic Program.

In 2009, Apex sponsored the Singapore-based Performance Cycles road and mountain biking team as part of its continued promotion of healthy recreational and competitive sporting activity, which meshes with Apex's Mission: 'Restoring Health and Enhancing Life'. In 2010, this was taken further, and Apex will be co-sponsoring the training and competition needs of 80 young Malaysian road cyclists representing their respective states. They will wear specially commissioned jerseys carrying the AGNESIA brand name which are not available for commercial sale. We look forward to seeing these fine sportsmen taking to the roads and highways of Malaysia in our livery.

WORD OF THANKS

The Group has had the most successful year in its history. The entire credit for this achievement goes to my colleagues throughout the Group both past and present. Without the foundation of the past, the present would not be a reality. I therefore wish to thank and acknowledge the contributions of my father's senior management team, Warren Tan Yan Meng, Tong Yew Sum, Kee Tuck Chuan and Ki Tak Sang, all of whom have since retired after decades of service.

Today, Apex has in place a strong management team, who are where they want to be, in jobs of their choice and overcoming challenges and planning strategically as a synergistic team regardless of the business units to which they belong. One of my first undertakings as Chairman has been to formulate a five year business plan with this team and we trust that shareholders will reap the benefits as the plan unfolds and advances towards 2015.

In closing, I will take this opportunity to thank our many supporters over the years and I look forward to many more good years of growth with our shareholders, business partners and loyal customers.

DR KEE KIRK CHIN
CHAIRMAN AND CEO

values

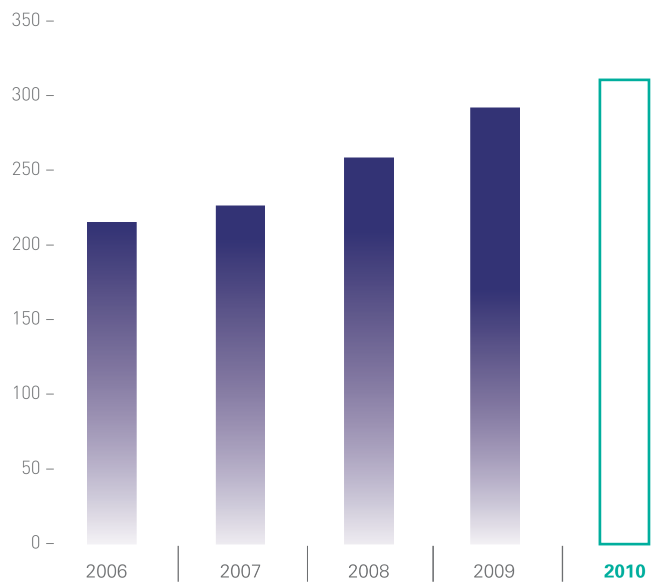
How do we go about our work?

SERVICE, QUALITY AND INTEGRITY, ALWAYS

From the very first customer in 1962, Apex has 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. We will continually refine our processes and systems in order to ensure stringent certification to meet and exceed all applicable quality standards throughout the Group.

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 research and development, manufacturing, warehousing, sales and marketing till final delivery. We value honesty in our dealings and there is no compromise.

five - year financial highlights

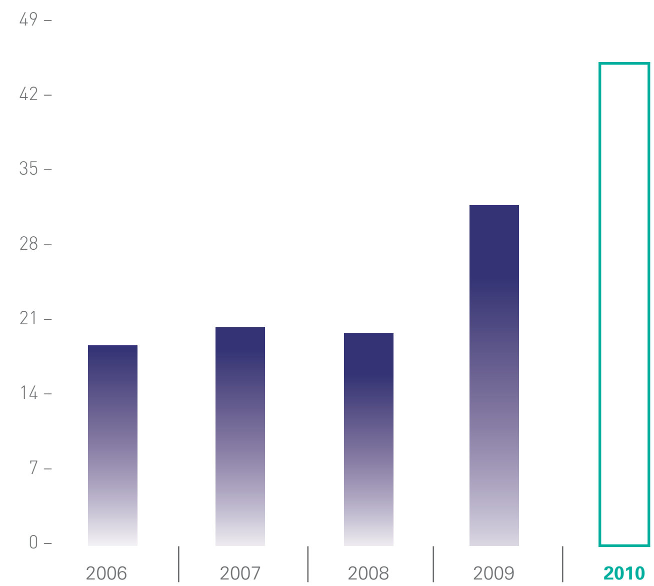


Revenue

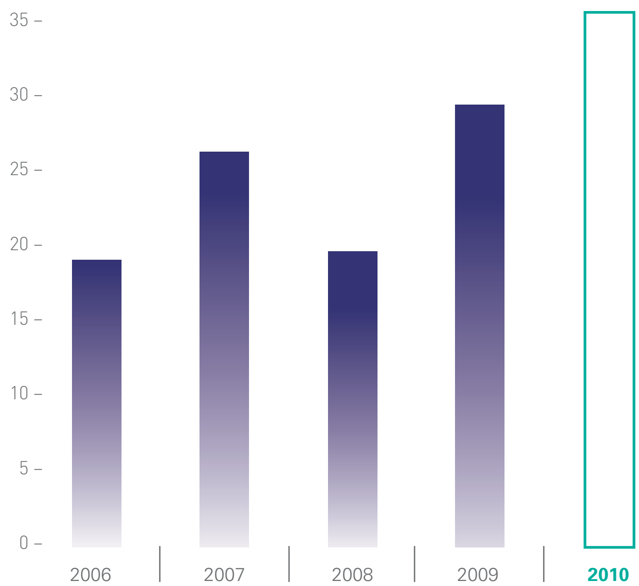
RM 313.7 Million

Profit Before Tax

RM 45.1 Million



Year	Revenue (RM Million)	Profit Before Tax (RM Million)	Earnings Per Share (Sen)	Shareholders' Funds (RM Million)
2006	224.29	18.22	19.49	122.37
2007	235.94	19.41	25.65	135.85
2008	259.24	19.02	19.71	142.69
2009	282.72	30.09	29.54	162.55
2010	**313.72**	**45.09**	**35.15**	**183.06**

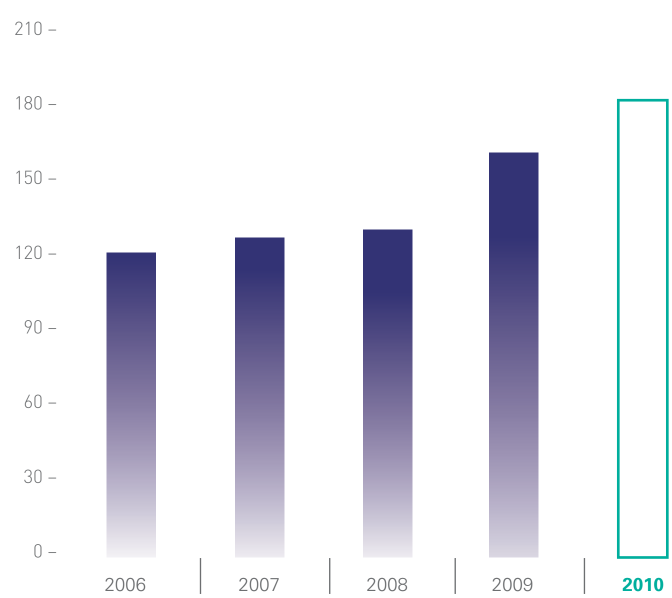


Earnings Per Share

RM 35.2 SEN

Shareholders' Funds

RM 183.1 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 I 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 Board of Directors is elected by the shareholders and is the highest decision making body of the Company other than a general meeting of the shareholders themselves. Formal processes and structures are in place to support the Board in the exercise of its functions and responsibilities, and its decisions are normally arrived at on the basis of deliberation, consensus and collective responsibility. The Company maintains a Schedule of Matters subject exclusively to the decision of the Board.

Members are appointed with the aim of making available to the Group a wide range of skill sets from fields relevant to the Group's activities, the evolving circumstances and needs of the Company, board independence and representation, and the requirements of board sub-committees.

The Board normally holds meetings four times a year at quarterly intervals, with additional meetings as necessary. The Board delegates certain important functions to Board sub-committees: the current sub-committees are the Nomination, Audit and Remuneration Committees. To engage all Directors fully, members of the Board Committees are rotated from time to time.

2. Board Balance

The Board provides leadership of the Group and collectively formulates policies in furtherance of the Group's objectives. The Board currently has seven members: the Chairman/Chief Executive Officer, three Non-Independent, Non-Executive Directors, and three Independent Directors. Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements require one-third of the Board to consist of Independent Directors.

Leong Khai Cheong is Senior Independent Non-Executive Director. He has been a Director since the Group was listed on Bursa Malaysia and is familiar with the Company and its business.

The appointment of a third Independent Director in 2008 allows greater flexibility in complying with the 2007 revisions to the Code on Corporate Governance which recommends that members of the Audit and Nomination Committees should be non-executive, with independent directors in a majority.

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, presentations and materials detailing Group performance and operational, financial and corporate matters, are circulated to Directors, normally at least 7 days 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. Formal channels are usefully augmented and supplemented by regular informal dialogue between non-executive members of the Board and management on matters relating to the Company's business. 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 the proper discharge of their duties.

DIRECTORS (CONT'D)

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 practiced 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 minimise 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 seven Directors have completed the accreditation programme mandated by Bursa Malaysia.

5. Re-election

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

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

The Company's Articles of Association have been amended to stipulate that all directors including executive directors will also be subject to re-election by rotation once every 3 years to comply with sub-paragraph 7.26(2) of Bursa Malaysia's Listing Requirements.

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 6 to 7.

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 in the course of its deliberations takes into account remuneration practices in other public companies.

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.

corporate governance statement (cont'd)

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 groups without favouring either.

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. Shareholders' concerns may be directed to the Senior Independent Non-Executive Director, via the Company Secretaries.

10. The Annual General Meeting

The Board welcomes shareholder participation at the Annual General Meeting, which is the principal forum for dialogue with the shareholders, and is 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 an Annual General Meeting.

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 announcements 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.

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 recognises 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.

Audex Governance Sdn Bhd were appointed outsource providers of Internal Audit services on 1st January 2009. The Internal Auditors meet with the Audit Committee several times a year. The Internal and External Auditors are unrelated parties.

The Statement on Internal Controls is set out on page 24.

13. Relationship with the Auditors

The Board has established a formal, transparent and appropriate relationship with the Group's Auditors, both external and internal. The Audit Committee plays a pivotal role within this arrangement. The Audit Committee meets regularly with the external and internal auditors to discuss and review the audit plan, quarterly financial results, annual financial statements, audit findings and make recommendations to place before the Board.

The 2007 revisions to the Malaysian Code on Corporate Governance increased the minimum frequency of meetings between Audit Committee and External Auditors in the absence of executive directors. Such meetings are already at least as frequent as recommended by the Code.

STATEMENT ON THE EXTENT OF COMPLIANCE WITH BEST PRACTICES

Aside from the areas set out below, the Board is of the opinion that the Group has addressed and is in compliance with the Best Practices recommended in Part 2 of the Code on Corporate Governance, including the 2007 revisions to the Code.

- The functions of Chairman and Chief Executive Officer are currently combined. The Board is of the opinion that no single person has excessive powers of decision as

    - three of the seven Board members are independent, and supply a strong independent element to the decision-making process;
    - the Senior Independent Director avails himself to address shareholders' concerns and is a useful counterbalance in decision-making;
    - the participation of Directors and shareholders during Board and General meetings is welcomed and encouraged as appropriate; and
    - internal controls established within the Group ensure adequate accountability and transparency.

- 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 from time to time the services of professional advisors in relation to investor relations when it is considered desirable to do so.

- 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 31st December 2010 amounted to RM48,300.

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

INTRODUCTION

This Statement on Internal Control is made pursuant to Para 15.26 (b) of the Listing Requirements of Bursa Malaysia for the MAIN Market with regards to the Group's state of internal control. The Board of Directors ("the Board") of Apex Healthcare Berhad ("APEX" or "the Company") is pleased to present below its Statement on Internal Control as a group for the financial year under review, prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance").

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of the Group's internal control system. The Board's responsibility in relation to the systems of internal control encompasses to all subsidiaries of the Group. However, as there are inherent limitations in any system of internal controls, such system of internal control put into effect by Management can only manage but not eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the internal control system through independent reviews conducted and reports it received from the internal audit function and Management. Significant internal control matters were brought to the attention of the Audit Committee. The Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

Key elements of the Group's internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

1. **Control Environment**

Policies & Procedures
Clearly defined policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

Organisation Structure & Authorisation Procedures
The Group maintains a formal organisation structure with clear lines of reporting to Board Committees and Senior Management including defined lines of accountability within which senior management operates, such as roles and responsibilities, authority limits, review and approval procedures, etc.

Annual Budget
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 compares the performances of the business units against its budget on a quarterly basis.

Monitoring and Reporting Procedures
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 of performance against the operating plans and annual budgets.

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 to the Board for approval.

Human Resource Policy
Proper guidelines on the employment and retention of staff, formal training programmes, annual performance appraisals and other relevant procedures are in place within the Group to ensure that competent employees are employed and are adequately trained in carrying out their responsibilities.

1. Control Environment (cont'd)

Management Styles

The Board relies on the experience of the Chief Executive Officer ("CEO") and the respective business unit's management teams to run and manage the operations and businesses of the Group in an effective and efficient manner.

The CEO and management adopt a "hands on" approach in managing the businesses of the Group. This enables the timely identification and resolution of any significant issues arising.

Quality Control

Strong emphasis is placed on ensuring the manufacturing process of its pharmaceutical plant adheres strictly to health, safety and environmental regulations as required by the various authorities. The Directors have ensured that safety and health regulations, environmental controls and all other legislations in connection with the industry the Group operate in have been 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 the departure of any key personnel.

2. Risk Management Framework

The Board acknowledges that the Group's business activities involve some degree of risk and Key Management staff and Head of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards.

During the financial year under review, Management with the assistance of external consultants have completed the update of the Group's key risk profiles. The results of the above risk management update exercise were presented to the Audit Committee during the financial year. Risks identified were prioritised in terms of the possibility of their occurrence and the impact to the Group's business objectives/goals. This allows Management to allocate appropriate resources in the mitigation of risks.

The abovementioned practices and initiatives by Management serves as the on-going process used to identify, evaluate and managed significant risks.

3. Internal Audit Function

The Group's internal audit function is outsourced to an independent firm of consultants who provides the Audit Committee and the Board with the assurance on the adequacy and integrity of the Group's systems of internal control. The outsourced internal audit function focuses on the review of areas which are related to and aligned with the key business risks of the Group. The areas of review are set out in a three year internal audit plan which has been approved by the Audit Committee.

During the financial year under review, the outsourced internal audit function carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's systems of internal control. The results of these reviews have been presented to the Audit Committee at their scheduled meetings. Follow up reviews are also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.

4. Information and Communication

Information critical to meeting Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and resolution on a timely basis.

CONCLUSION

The Board is of the view that the risks faced by the Group are within tolerable levels in the context of the business environment the Group operates in and the system of internal control that existed throughout the year is sound and adequate to safeguard the interest of the Group and to facilitate the evolution of its businesses.

During the year under review, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report. Notwithstanding this, the Board will continue to ensure that the Group's systems of internal control continuously evolve to keep up with its dynamic business environment.

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 2010.

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. Alternate Directors are not appointed as members.

The Committee met 5 times during the financial year to 31st December 2010 and the attendance record is tabulated as follows:

Director	Position	Attendance					Total
		22 Feb	13 Apr	18 May	17 Aug	19 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
Mae Heng Su-Ling	Independent Non-Executive Director	✓	✓	✓	✓	✓	5/5
		3/3	3/3	3/3	3/3	3/3	

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Constitution

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

2. Membership of the Committee

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

2. Membership of the Committee (cont'd)

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.

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;

report of the audit committee (cont'd)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

4. Duties and Functions of the Audit Committee (cont'd)

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; and

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 Chief Executive Officer.

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.

5. Attendance at Meetings

5.1 The Chief Executive Officer, 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.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

6. Procedure of Audit Committee (cont'd)

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 2010, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- Reviewed the Report of the External Auditors, Ernst & Young;
- Reviewed the assistance provided by Management to the External Auditors;
- Reviewed reports of the Internal Auditors on Group's Principal Risk Management, and on Apex Pharmacy Marketing Sdn Bhd and Apex Pharma Marketing Pte Ltd;
- Reviewed the draft Statement on Internal Control for inclusion in the 2009 Annual Report;
- Reviewed the tax fees for FY 2011 and 2012 for the Group's tax agents;
- Reviewed drafts of quarterly and year end financial statements prior to approval for release to Bursa Malaysia Securities Berhad by the Board of Directors; and
- Reviewed the Audit Plan and Timetable with the Auditors.

INTERNAL AUDIT FUNCTION

Audex Governance Sdn Bhd have been the outsourced provider of Internal Audit services to the Group since 1st January 2009. The cost incurred for Internal Audit Services in respect of Financial Year 2010 is RM85,000.

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 Chief Executive Officer.

During the financial year ended 31st December 2010, the Internal Auditors undertook the following activities:

- Attended and reported to the Audit Committee at three of five Audit Committee meetings held during Financial Year 2010;
- Prepared and presented a Risk Management Update Report on the Company and key operating subsidiaries;
- Reviewed and reported on inventory management and procurement of Apex Pharmacy Marketing Sdn Bhd Johor Bahru and Kota Bahru branches; and
- Reviewed and reported on Apex Pharma Marketing Pte Ltd's inventory management, sales & marketing and credit control and collection processes, and made recommendations accordingly.

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 2010.

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 Tuesday 23rd February 2010, at which all members were present.

With effect from 1st March 2011, the composition of Remuneration Committee was restructured to enable the Directors to participate in other Board sub-committees.

Director	Position	Attendance
Jackson Chevalier Yap-Kit-Siong (Resigned on 1st March 2011)	Non-Executive Director & Chairman of Remuneration Committee	√
Leong Khai Cheong	Senior Independent Non-Executive Director & Chairman of Audit Committee	√
Dr Ahmad Kamal bin Md Alif (Resigned on 1st March 2011)	Independent Non-Executive Director	√
Robert Dobson Millner (Appointed on 1st March 2011)	Non-Executive Director & Chairman of Remuneration Committee	N/A
Mae Heng Su-Ling (Appointed on 1st March 2011)	Independent Non-Executive Director	N/A

N/A : Not Applicable

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.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE (CONT'D)

3. Guiding Principles (cont'd)

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

4. Duties and Functions of the Committee

The RC is authorised 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 performance of senior management in FY2009 and determined the performance bonus of the Group's Senior Management with respect to FY 2009 and the salary adjustments for FY 2010;
- Reviewed and approved Senior Management's Key Performance Indicators for FY 2010;
- Reviewed and recommended Directors' Fees for FY 2010; and
- Reviewed and approved the renewal of the Consultancy Agreement between the Company and Kee Tah Peng.

DIRECTORS' REMUNERATION

The remuneration of the Directors is presented in bands of RM 50,000 for FY 2010 in the table below:

Remuneration Band	Non-Executive Directors	Executive Director
Below RM50,000	2	–
RM50,001 to RM100,000	3	–
RM250,001 to RM300,000	1	–
RM1,500,001 to RM1,550,000	–	1

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

Analysis of Remuneration	Executive Director	Non-Executive Directors	Total
Fees	39,583	235,417	275,000
Salaries & other emoluments	585,029	291,500	876,529
Bonus	700,385	–	700,385
Pension costs – defined contribution plans	166,743	–	166,743
Non-monetary Benefits	46,851	81,617	128,468
	1,538,591	608,534	2,147,125

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 2010.

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 Tuesday 23rd February 2010. All members were present.

With effect from 1st March 2011, the composition of Nomination Committee was restructured to enable the Directors to participate in other Board sub-committees.

Director	Position	Attendance
Robert Dobson Millner (Resigned on 1st March 2011)	Non-Executive Director & Chairman of Nomination Committee	√
Leong Khai Cheong	Senior Independent Non-Executive Director & Chairman of Audit Committee	√
Mae Heng Su-Ling (Resigned on 1st March 2011)	Independent Non-Executive Director	√
Jackson Chevalier Yap-Kit-Siong (Appointed on 1st March 2011)	Non-Executive Director & Chairman of Nomination Committee	N/A
Dr Ahmad Kamal bin Md Alif (Appointed on 1st March 2011)	Independent Non-Executive Director	N/A

N/A : 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.

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.

TERMS OF REFERENCE OF NOMINATION COMMITTEE (CONT'D)

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 Chief Executive Officer 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 FY 2010 included:

- Assessment of the effectiveness and performance of the Board and Board sub-committees, Directors, and Company Secretaries for FY 2009;
- Deliberation on which Directors would stand for re-election and re-appointment at the 2010 Annual General Meeting of shareholders;
- Considered the retirement of Kee Tah Peng as Chairman and re-designation as Non-Executive Director; and
- Considered the appointment of Dr Kee Kirk Chin as Chairman and Chief Executive Officer of the Company and Group.

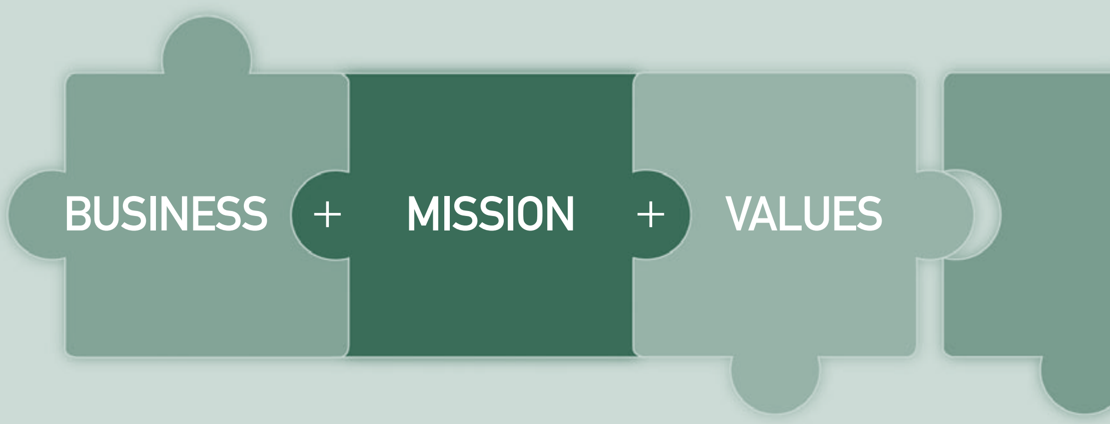
report of the
nomination committee (cont'd)

ATTENDANCE RECORD AT BOARD MEETINGS IN FINANCIAL YEAR 2010

Director	Position	23 Feb	19 May	18 Aug	23 Nov	Total
Dr Kee Kirk Chin	Chairman & CEO	✓	✓	✓	✓	4/4
Kee Tah Peng @ Hee Teck Peng	Non-Executive 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	✓	✓	✓	✓	4/4
Leong Khai Cheong	Senior Independent Non-Executive Director and Chairman of Audit Committee	✓	✓	✓	✓	4/4
Dr Ahmad Kamal bin Md Alif	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Mae Heng Su-Ling	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Total Attendance		7/7	7/7	7/7	7/7	

The Secretary was present at all Board Meetings held in 2010.

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 2010.

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
Profit net of tax	38,340,061	12,618,008
Profit attributable to:		
Owners of the parent	32,941,567	12,618,008
Minority interests	5,398,494	-
	38,340,061	12,618,008

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.

directors' report
(cont'd)

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2009 were as follows:

	RM
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
Final dividend of 4.5 sen less 25% taxation on 74,973,500 ordinary shares, paid on 23 June 2010	2,530,360
Special dividend of 10 sen less 25% taxation on 74,973,500 ordinary shares, paid on 23 June 2010	5,623,012
In respect of the financial year ended 31 December 2010:	
Interim tax exempt dividend of 4 sen on 93,716,875 ordinary shares, paid on 15 October 2010	3,748,675
	11,902,047

At the forthcoming Annual General Meeting, a final dividend of 4.0 sen per share less 25% tax and a special tax exempt dividend of 5.0 sen per share in respect of the financial year ended 31 December 2010 amounting RM 2,811,506 and RM 4,685,844 respectively on 93,716,875 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

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:

Dr Kee Kirk Chin
Kee Tah Peng @ Hee Teck Peng
Robert Dobson Millner
Jackson Chevalier Yap-Kit-Siong
Leong Khai Cheong
Dr Ahmad Kamal bin Md Alif
Mae Heng Su-Ling

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

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

directors' report
(cont'd)

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 32 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM 1.00 each			
	1.1.2010	**Acquired / Bonus issue**	**Disposed**	**31.12.2010**
Direct interest				
Dr Kee Kirk Chin	600,000	150,000	-	750,000
Kee Tah Peng @ Hee Teck Peng	205,000	51,250	-	256,250
Robert Dobson Millner	15,000	3,750	-	18,750
Jackson Chevalier Yap-Kit-Siong	15,000	3,750	-	18,750
Leong Khai Cheong	15,000	103,750	-	118,750
Dr Ahmad Kamal bin Md Alif	210,000	52,500	-	262,500
Indirect interest				
Dr Kee Kirk Chin	30,596,161	7,834,550	-	38,430,711
Kee Tah Peng @ Hee Teck Peng	30,626,161	7,842,050	-	38,468,211

Dr Kee Kirk Chin and Kee Tah Peng @ Hee Teck Peng, 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.

None of the other directors in office at the end of the financial year held any interest in shares and debentures of related corporations during the financial year.

directors' report
(cont'd)

ISSUE OF SHARES

On 21 June 2010, the Company increased its issued and paid up share capital from RM 74,973,500 to RM 93,716,875 by way of issuance of 18,743,375 new ordinary shares of RM 1.00 each credited as fully paid on the basis of one (1) bonus share for every four (4) existing ordinary shares of RM 1.00 each in the Company ("bonus issue"). The bonus issue was effected by way of wholly capitalising the Company's entire share premium account of RM 5,305,396 and retained earnings for the remainder of RM 13,437,979.

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

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position 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.

(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; and

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

directors' report
(cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(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 are disclosed in Note 17, Note 18 and Note 27 respectively to the financial statements.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 37 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 19 April 2011.

Dr Kee Kirk Chin **Kee Tah Peng @ Hee Teck Peng**

statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dr Kee Kirk Chin and Kee Tah Peng @ Hee Teck Peng, 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 53 to 137 are 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 2010 and of their financial performance and cash flows for the year then ended.

Supplementary information - breakdown of retained profits into realised and unrealised

Further to the statement by directors, pursuant to Section 169(15) of the Companies Act, 1965, as above, the information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 April 2011.

Dr Kee Kirk Chin

Kee Tah Peng @ Hee Teck Peng

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 53 to 138 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 19 April 2011

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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 53 to 137.

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 2010 and of their financial performance and cash flows for the year then ended.

independent auditors' report
(cont'd)

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.

(c) 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.

(d) 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

The Supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit and Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Yap Seng Chong
No. 2190/12/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
19 April 2011

statements of comprehensive income

For the year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Revenue	4	**313,718,404**	282,719,080	**18,414,098**	15,273,194
Cost of sales/services rendered	5	**(230,207,828)**	(212,068,623)	**(2,090,727)**	(2,075,080)
Gross profit		**83,510,576**	70,650,457	**16,323,371**	13,198,114
Other income	6	**1,370,502**	1,875,530	**1,305,718**	1,395,531
Administrative expenses		**(15,306,964)**	(12,584,192)	**(1,328,630)**	(1,061,384)
Selling and marketing expenses		**(39,473,638)**	(34,804,548)	**(11,290)**	(4,196)
Other expenses		**(610,480)**	(1,431,821)	**(437,896)**	(64,747)
Operating profit		**29,489,996**	23,705,426	**15,851,273**	13,463,318
Finance costs	7	**(353,395)**	(608,870)	**-**	-
Share of results of associates		**15,957,342**	6,996,163	**-**	-
Profit before tax	8	**45,093,943**	30,092,719	**15,851,273**	13,463,318
Income tax expense	11	**(6,753,882)**	(5,542,720)	**(3,233,265)**	(3,392,429)
Profit net of tax		**38,340,061**	24,549,999	**12,618,008**	10,070,889
Other comprehensive income:					
Revaluation of properties		**-**	3,155,137	**-**	-
Foreign currency translation		**(445,908)**	67,289	**-**	-
Income tax relating to component of other comprehensive income		**-**	(27,219)	**-**	-
Other comprehensive (loss)/income for the year, net of tax		**(445,908)**	3,195,207	**-**	-
Total comprehensive income for the year		**37,894,153**	27,745,206	**12,618,008**	10,070,889
Profit attributable to:					
Owners of the parent		**32,941,567**	22,144,288	**12,618,008**	10,070,889
Minority interests		**5,398,494**	2,405,711	**-**	-
		38,340,061	24,549,999	**12,618,008**	10,070,889

statements of comprehensive income

For the year ended 31 December 2010
(cont'd)

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Total comprehensive income attributable to:					
Owners of the parent		**32,502,010**	25,339,495	**12,618,008**	10,070,889
Minority interests		**5,392,143**	2,405,711	**-**	-
		37,894,153	27,745,206	**12,618,008**	10,070,889
Earnings per share attributable to owners of the parent (sen per share):					
Basic	12	**35.15**	23.63		
Net dividends per share in respect of the year	13	**14.88**	7.32		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

statements of financial position

As at 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	14	**69,222,535**	66,709,904	**68,786**	80,196
Investment properties	15	**3,810,000**	3,800,000	**-**	-
Intangible assets	16	**1,285,251**	1,405,047	**-**	-
Investment in subsidiaries	17	**-**	-	**53,258,188**	53,158,188
Investment in associates	18	**49,593,430**	35,791,256	**-**	3,870,090
Available-for-sale financial assets	19	**3,928,206**	-	**3,870,090**	-
Deferred tax assets	20	**359,000**	58,000	**-**	-
		128,198,422	107,764,207	**57,197,064**	57,108,474
Current assets					
Inventories	21	**38,914,185**	41,562,399	**-**	-
Trade and other receivables	22	**74,899,438**	67,341,509	**45,721,121**	47,232,971
Prepayments		**102,569**	37,603	**11,103**	674
Tax recoverable		**576,208**	324,445	**331,660**	198,047
Derivative financial instruments	23	**46,976**	-	**-**	-
Deposits with licensed banks	24	**13,300,000**	10,100,000	**5,300,000**	3,100,000
Cash and bank balances	24	**9,949,551**	9,849,408	**546,566**	476,916
		137,788,927	129,215,364	**51,910,450**	51,008,608
Total assets		**265,987,349**	236,979,571	**109,107,514**	108,117,082

statements of financial position

As at 31 December 2010
(cont'd)

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM**	**RM**	**RM**	**RM**
Equity and liabilities					
Current liabilities					
Borrowings	25	**2,839,322**	2,797,876	**-**	-
Trade and other payables	26	**50,846,017**	47,335,681	**2,225,868**	1,867,491
Current tax payable		**1,144,034**	1,572,511	**-**	-
		54,829,373	51,706,068	**2,225,868**	1,867,491
Non-current liabilities					
Borrowings	25	**6,612,168**	8,942,944	**-**	-
Deferred tax liabilities	20	**6,174,947**	3,947,898	**-**	-
		12,787,115	12,890,842	**-**	-
Net current assets		**82,959,554**	77,509,296	**49,684,582**	49,141,117
Total liabilities		**67,616,488**	64,596,910	**2,225,868**	1,867,491
Net assets		**198,370,861**	172,382,661	**106,881,646**	106,249,591
Equity attributable to owner of the parent					
Share capital	27	**93,716,875**	74,973,500	**93,716,875**	74,973,500
Share premium	27	**-**	5,305,396	**-**	5,305,396
Other reserves	28	**6,748,043**	7,187,600	**-**	-
Retained earnings	29	**82,598,337**	75,080,702	**13,164,771**	25,970,695
		183,063,255	162,547,198	**106,881,646**	106,249,591
Minority interests		**15,307,606**	9,835,463	**-**	-
Total equity		**198,370,861**	172,382,661	**106,881,646**	106,249,591
Total equity and liabilities		**265,987,349**	236,979,571	**109,107,514**	108,117,082

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

consolidated statement of changes in equity

For the year ended 31 December 2010

	Note	Non-distributable Share capital RM	Non-distributable Revaluation reserve RM	Non-distributable Foreign currency translation reserve RM	Non-distributable Share premium RM	Distributable retained earnings RM	Equity attributable to owners of the parent total RM	Minority interests RM	Total equity RM
At 1 January 2010		74,973,500	6,883,866	303,734	5,305,396	75,080,702	162,547,198	9,835,463	172,382,661
Total comprehensive income		-	-	(439,557)	-	32,941,567	32,502,010	5,392,143	37,894,153
Transactions with owners									
Bonus issue of shares (1 for 4)		18,743,375	-	-	(5,305,396)	(13,437,979)	-	-	-
Payment of share issue expenses		-	-	-	-	(83,906)	(83,906)	-	(83,906)
Subscription of shares by minority interest		-	-	-	-	-	-	80,000	80,000
Dividends on ordinary shares	13	-	-	-	-	(11,902,047)	(11,902,047)	-	(11,902,047)
Total transaction with owners		18,743,375	-	-	(5,305,396)	(25,423,932)	(11,985,953)	80,000	(11,905,953)
At 31 December 2010		93,716,875	6,883,866	(135,823)	-	82,598,337	183,063,255	15,307,606	198,370,861
At 1 January 2009		74,973,500	3,755,948	236,445	5,305,396	58,418,864	142,690,153	7,429,752	150,119,905
Total comprehensive income		-	3,127,918	67,289	-	22,144,288	25,339,495	2,405,711	27,745,206
Transactions with owners									
Dividends on ordinary shares	13	-	-	-	-	(5,482,450)	(5,482,450)	-	(5,482,450)
At 31 December 2009		74,973,500	6,883,866	303,734	5,305,396	75,080,702	162,547,198	9,835,463	172,382,661

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

company statement of changes in equity

For the year ended 31 December 2010

	Note	Share capital RM	Non-distributable share premium RM	Distributable retained earnings RM	Total RM
At 1 January 2010		74,973,500	5,305,396	25,970,695	106,249,591
Total comprehensive income		-	-	12,618,008	12,618,008
Transactions with owners					
Bonus issue of shares		18,743,375	(5,305,396)	(13,437,979)	-
Payment of share issue expenses		-	-	(83,906)	(83,906)
Dividends on ordinary shares	13	-	-	(11,902,047)	(11,902,047)
Total transactions with owners		18,743,375	(5,305,396)	(25,423,932)	(11,985,953)
At 31 December 2010		93,716,875	-	13,164,771	106,881,646
At 1 January 2009		74,973,500	5,305,396	21,382,256	101,661,152
Total comprehensive income		-	-	10,070,889	10,070,889
Transactions with owners					
Dividends on ordinary shares	13	-	-	(5,482,450)	(5,482,450)
At 31 December 2009		74,973,500	5,305,396	25,970,695	106,249,591

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

statements of cash flows

For the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from operating activities					
Profit before tax		**45,093,943**	30,092,719	**15,851,273**	13,463,318
Adjustments for :					
Depreciation of property, plant and equipment		**6,055,991**	6,106,818	**37,554**	36,289
Amortisation of intangible assets		**222,158**	200,085	**-**	-
Property, plant and equipment written off		**626**	2,609	**414**	8
Net impairment loss on property, plant and equipment		**-**	267,936	**-**	-
Net gain on disposal of property, plant and equipment		**(150,045)**	(174,002)	**-**	-
Interest expense		**353,395**	608,870	**-**	-
Interest income		**(182,517)**	(98,189)	**(1,305,718)**	(1,289,291)
Dividend income		**-**	-	**(16,835,000)**	(13,740,000)
Reversal of impairment loss in subsidiaries		**-**	-	**-**	(26,054)
Fair value adjustment on investment properties		**(10,000)**	50,000	**-**	-
Fair value changes on derivatives instrument		**(46,976)**	-	**-**	-
Share of results of associates		**(15,957,342)**	(6,996,163)	**-**	-
Allowance for doubtful debts		**974,659**	1,394,994	**-**	-
Allowance for doubtful debts written back		**(848,592)**	(530,941)	**-**	-
Bad debts written off		**3,340**	98,470	**-**	-
Inventories written off		**357,908**	1,754,278	**-**	-
Inventories written down		**911,436**	224,601	**-**	-
Reversal of inventories written down		**(8,536)**	(537,109)	**-**	-
Unrealised foreign exchange loss/(gain)		**326,600**	(20,788)	**337,500**	(108,675)
Total adjustments		**(7,997,895)**	2,351,469	**(17,765,250)**	(15,127,723)
Operating cashflows before changes in working capital carried forward		**37,096,048**	32,444,188	**(1,913,977)**	(1,664,405)

statements of
cash flows

For the year ended 31 December 2010
(cont'd)

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Operating cashflows before changes in working capital brought forward		**37,096,048**	32,444,188	**(1,913,977)**	(1,664,405)
Changes in working capital					
Inventories		**1,387,406**	(1,111,683)	**-**	-
Receivables		**(7,752,302)**	(711,013)	**1,163,921**	5,457,697
Payables		**3,183,736**	5,716,349	**358,377**	170,856
Total changes in working capital		**(3,181,160)**	3,893,653	**1,522,298**	5,628,553
Cash generated from/(used in) operations		**33,914,888**	36,337,841	**(391,679)**	3,964,148
Tax paid		**(7,281,111)**	(3,539,431)	**(33,128)**	(80,476)
Tax refund		**-**	21,316	**-**	21,316
Dividends received		**-**	-	**13,501,250**	10,305,000
Net cash flows from operating activities		**26,633,777**	32,819,726	**13,076,443**	14,209,988
Investing activities					
Net cash outflow from acquisition of a subsidiary	17	**-**	-	**(2)**	-
Capital injection by minority interest		**80,000**	-	**-**	-
Dividend from associate		**-**	500,713	**-**	-
Purchases of property, plant and equipment	(a)	**(8,785,385)**	(2,903,481)	**(26,558)**	(15,355)
Purchases of intangible assets		**(103,664)**	(125,820)	**-**	-
Additional investment in subsidiaries		**-**	-	**(99,998)**	(8,900,000)
Proceeds from disposal of property, plant and equipment		**150,448**	179,343	**-**	-
Interest received		**182,517**	98,189	**1,305,718**	1,289,291
Net cash flows (used in)/ generated from investing activities		**(8,476,084)**	(2,251,056)	**1,179,160**	(7,626,064)

statements of cash flows

For the year ended 31 December 2010
(cont'd)

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Financing activities					
Payment of share issue expenses		**(83,906)**	-	**(83,906)**	-
Repayment of term loans		**(2,684,476)**	(2,990,176)	**-**	-
Dividends paid		**(11,902,047)**	(5,482,450)	**(11,902,047)**	(5,482,450)
Interest paid		**(353,395)**	(608,870)	**-**	-
Trade financing facilities repaid		**(116,000)**	(7,179,000)	**-**	-
Repayment of lease financing		**-**	(41,849)	**-**	-
Net cash flows used in financing activities		**(15,139,824)**	(16,302,345)	**(11,985,953)**	(5,482,450)
Net increase in cash and cash equivalents		**3,017,869**	14,266,325	**2,269,650**	1,101,474
Effect of exchange rate changes on cash and cash equivalents		**(228,872)**	(28,339)	**-**	-
Cash and cash equivalents at 1 January		**19,949,408**	5,711,422	**3,576,916**	2,475,442
Cash and cash equivalents at 31 December	24	**22,738,405**	19,949,408	**5,846,566**	3,576,916

Note (a):

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

notes to the financial statements

31 December 2010

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market 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 year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods begining on or after 1 January 2010 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 36 to the financial statements.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 35).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Non-hedging derivatives**

  Prior to 1 January 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 January 2010 are recognised at their fair values. Upon the adoption of FRS 139, the derivatives held by the Group does not have material impact to the opening balance of retained earning as at 1 January 2010.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

- **Impairment of trade receivables**

  Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139. Upon the adoption of FRS 139, the impairment of trade receivables does not have material impact to the opening balance of retained earnings as at 1 January 2010.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 December 2010	**As at 1 January 2010**
Statements of financial position		
Group		
Derivatives (assets)	**46,976**	-

	Increase/(decrease)	
	Group 2010	**Company 2010**
Statements of comprehensive income		
Other income	**46,976**	-
Profit before tax from continuing operations	**46,976**	-
Profit net of tax	**46,976**	-

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

The following are effects arising from the above changes in accounting policies: (cont'd)

	Group Increase/ (decrease) 2010 sen per share
Earnings per share	
Basic	0.05

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective: (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 2: Group Cash-settled share-based Payment Transactions	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 7: Improvements to FRSs (2010)	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a lease	1 January 2011
Amendments to IC Interpretation 13: Improvements to FRSs (2010)	1 January 2011
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosure	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and, the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Subsidiaries and basis of consolidation

a) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are consolidated using the purchase method of accounting except for certain subsidiaries, as disclosed in Note 17, which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, the generally accepted accounting principles prevailing at that time. These 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.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Subsidiaries and basis of consolidation (cont'd)

b) Basis of consolidation (cont'd)

(i) Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.6(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(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 share premium of the subsidiaries are written off against reserves.

All intra-group balances,income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2.5 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 for the period in which the investment is acquired.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Associates (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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.

2.6 Intangible assets

a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Intangible assets (cont'd)

a) Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation 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 in accordance with the accounting policy set out in Note 2.20.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

b) Other intangible assets

Intangible assets acquired separately are measured on initially 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 measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated 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 are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Intangible assets (cont'd)

b) Other intangible assets (cont'd)

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.

Software

Software costs, considered to have finite useful lives, are stated at cost less any impairment losses and amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 5 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

2.7 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Property, plant and equipment, and depreciation (cont'd)

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1-2%
Buildings	2%
Plant, machinery and factory equipment	10-15%
Furniture, fittings and equipment	10-33 $^1/_3$%
Motor vehicles	20%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. 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 included 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.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Investment properties (cont'd)

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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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 of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, deposit at call, and short term highly liquid investments which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an intergral part of the Group's cash management.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets (cont'd)

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Impairment of financial assets (cont'd)

c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Financial liabilities (cont'd)

b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Leases (cont'd)

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(e).

2.16 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, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.17 Income tax

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Income tax (cont'd)

b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

notes to the financial statements
31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is immaterial, 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 a finance costs.

2.19 Employee benefits

a) 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.

b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. The Group's foreign subsidiaries in the Republic of Singapore make contributions to their country's Central Providend Fund ("CPF"). Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Foreign currencies

a) 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.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 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. Revenue is measured at the fair value of consideration received or receivable.

a) 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.

b) Rendering of services

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

c) Dividend income

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

d) Interest income

Interest is recognised using the effective interest method.

e) 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.

f) Licence fees

Licence fees are recognised on an accrual basis.

g) Management service fee

Management service fee are recognised when services are rendered.

notes to the financial statements

31 December 2010
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence of non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognsied in the statements of financial position of the Group.

3. SIGNIFICANT JUDGEMENT MADE IN APPLYING ACCOUNTING POLICIES

The preparation of the Group'sfinancial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

notes to the financial statements

31 December 2010
(cont'd)

3. SIGNIFICANT JUDGEMENT MADE IN APPLYING ACCOUNTING POLICIES (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

a) 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 rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental 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.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

a) 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 the reporting date is RM 1,071,950 (2009 : RM 1,073,250). Further details are disclosed in Note 16.

b) Impairment of cost of investment in subsidiaries

In the previous financial year, the Company has reversed certain 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 17.

notes to the financial statements

31 December 2010
(cont'd)

3. SIGNIFICANT JUDGEMENT MADE IN APPLYING ACCOUNTING POLICIES (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

c) 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.

d) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk charateristics. The carrying amount of the Group's loans and receivables at reporting date is disclosed in Note 22.

e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying value of deferred tax assets of the Group as at 31 December 2010 was RM 359,000 (2009 : RM 58,000) and the total unrecognised tax losses and unutilised capital allowance as at 31 December 2010 was RM 880,448 (2009 : RM 1,076,300).

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3. SIGNIFICANT JUDGEMENT MADE IN APPLYING ACCOUNTING POLICIES (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

f) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at 31 December 2010.

4. REVENUE

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Sale of pharmaceutical products	**313,309,407**	282,056,217	**-**	-
Licence fees	**97,186**	372,036	**-**	-
Rental income from investment properties	**311,811**	290,827	**-**	-
Dividend income from subsidiaries	**-**	-	**16,835,000**	13,740,000
Management service fees from subsidiaries	**-**	-	**1,579,098**	1,533,194
	313,718,404	282,719,080	**18,414,098**	15,273,194

5. COST OF SALES/SERVICES RENDERED

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Sale of pharmaceutical products	**229,990,265**	211,850,659	**-**	-
Property rental expense	**217,563**	217,964	**-**	-
Management service fees	**-**	-	**2,090,727**	2,075,080
	230,207,828	212,068,623	**2,090,727**	2,075,080

notes to the financial statements

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6. OTHER INCOME

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Interest income	**182,517**	98,189	**1,305,718**	1,289,291
Rental receivable from operating leases, other than those relating to investment properties	**357,106**	519,671	**-**	-
Gain on disposal of property, plant and equipment	**150,045**	174,002	**-**	-
Reversal of impairment loss on property, plant and equipment	**-**	639,117	**-**	-
Gain from fair value adjustment of investment properties (Note 15)	**10,000**	-	**-**	-
Gain from fair value adjustment of derivative financial instruments (Note 23)	**46,976**	-	**-**	-
Miscellaneous	**623,858**	444,551	**-**	106,240
	1,370,502	1,875,530	**1,305,718**	1,395,531

7. FINANCE COSTS

	Group	
	2010	**2009**
	RM	**RM**
Interest expense on:		
Bank borrowings	**353,395**	608,321
Finance lease liabilities	**-**	549
	353,395	608,870

notes to the financial statements

31 December 2010
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8. PROFIT BEFORE TAX

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Employee benefits expense (Note 9)	**35,021,815**	28,460,061	**1,750,727**	1,845,081
Directors' fees (Note 10)				
- Executive directors	**39,583**	45,000	**39,583**	45,000
- Non-executive directors	**235,417**	250,000	**235,417**	250,000
Consulting fees paid to a director	**180,000**	180,000	**180,000**	180,000
Property, plant and equipment				
- depreciation (Note 14)	**6,055,991**	6,106,818	**37,554**	36,289
- written off	**626**	2,609	**414**	8
- net impairment loss	**-**	267,936	**-**	-
Amortisation of intangible assets (Note 16)	**222,158**	200,085	**-**	-
Loss from fair value adjustment of investment properties (Note 15)	**-**	50,000	**-**	-
Auditors' remuneration				
- current year	**182,270**	173,162	**58,700**	55,900
- overprovision in prior year	**-**	(4,500)	**-**	(4,500)
Foreign exchange (gains)/losses				
- realised	**(212,923)**	36,339	**3,639**	2,435
- unrealised	**326,600**	(20,788)	**337,500**	(108,675)
Rental expenses	**1,145,280**	1,030,134	**262,824**	264,264
Research and development cost	**606,342**	816,101	**-**	-
Allowance for doubtful debts	**974,659**	1,394,994	**-**	-
Bad debts written off	**3,340**	98,470	**-**	-
Allowance for doubtful debts written back	**(848,592)**	(530,941)	**-**	-
Reversal of inventories written down	**(8,536)**	(537,109)	**-**	-
Inventories written off	**357,908**	1,754,278	**-**	-
Inventories written down	**911,436**	224,601	**-**	-
Impairment of financial asset	**54,162**	-	**-**	-
Reversal of impairment loss in subsidiaries	**-**	-	**-**	(26,054)

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31 December 2010
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9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Wages, salaries and social security contributions	**30,013,130**	24,420,072	**1,325,769**	1,441,813
Contributions to defined contribution plans	**3,880,582**	2,953,638	**223,565**	263,395
Other benefits	**1,128,103**	1,086,351	**201,393**	139,873
	35,021,815	28,460,061	**1,750,727**	1,845,081

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 RM 1,452,157 and RM 551,418 (2009 : RM 1,397,892 and RM 907,658) respectively.

10. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Executive directors:				
- Fees	**39,583**	45,000	**39,583**	45,000
- Salaries and other emoluments	**585,029**	568,589	**96,120**	203,520
- Bonus	**700,385**	652,020	**372,814**	559,130
- Pension costs:				
- defined contribution plans	**166,743**	177,283	**82,484**	145,008
	1,491,740	1,442,892	**591,001**	952,658
- Benefits-in-kind	**46,851**	51,295	**46,851**	51,295
	1,538,591	1,494,187	**637,852**	1,003,953

notes to the financial statements
31 December 2010
(cont'd)

10. DIRECTORS' REMUNERATION (cont'd)

The details of remuneration receivable by Directors of the Company during the year are as follows: (cont'd)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Non-executive directors:				
- Fees	**235,417**	250,000	**235,417**	250,000
- Other emoluments	**291,500**	252,000	**291,500**	252,000
	526,917	502,000	**526,917**	502,000
- Benefits-in-kind	**81,617**	113,172	**46,050**	76,732
	608,534	615,172	**572,967**	578,732
	2,147,125	2,109,359	**1,210,819**	1,582,685

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	
	2010	**2009**
Executive directors		
RM 1,450,001 - RM 1,500,000	**-**	1
RM 1,500,001 - RM 1,550,000	**1**	-
Non-executive directors		
Below RM 50,000	**2**	2
RM 50,001 - RM 100,000	**3**	3
RM 250,001 - RM 300,000	**1**	-
RM 300,001 - RM 350,000	**-**	1

notes to the financial statements
31 December 2010
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11. INCOME TAX EXPENSE

Major components of income tax expense

The major component of income tax expense for years ended 31 December 2010 and 2009 are:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Statement of comprehensive income:				
Malaysian income tax:				
Tax expense for the year	**6,775,128**	4,268,226	**3,366,877**	3,459,226
Overprovision in prior year	**(232,475)**	(123,549)	**(133,612)**	(66,797)
	6,542,653	4,144,677	**3,233,265**	3,392,429
Foreign income tax:				
Tax expense for the year	**62,322**	69,511	**-**	-
(Over)/under provision in prior year	**(4,104)**	847	**-**	-
	58,218	70,358	**-**	-
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	**149,482**	1,379,100	**-**	-
Under/(over) provision in prior year	**3,529**	(51,415)	**-**	-
	153,011	1,327,685	**-**	-
Income tax expense recognised in profit or loss	**6,753,882**	5,542,720	**3,233,265**	3,392,429

	Group 2010 RM	Group 2009 RM
Deferred income tax related to other comprehensive income:		
Revaluation of properties	**-**	27,219

notes to the financial statements

31 December 2010
(cont'd)

11. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2010 and 2009 are as follows:

	2010 RM	2009 RM
Group		
Profit before tax	**45,093,943**	30,092,719
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	**11,273,486**	7,523,180
Different tax rates in other countries	**(14,090)**	(166,074)
Adjustments:		
Effect of share of profits of associates	**(3,989,336)**	(1,749,041)
Income not subject to tax	**(139,338)**	(495,437)
Expenses not deductible for tax purposes	**745,034**	910,908
Utilisation of reinvestment allowances during the year	**(669,259)**	(220,093)
Utilisation of previously unrecognised deductible temporary differences	**(97,503)**	-
Deferred tax assets not recognised in respect of deductible temporary differences	**-**	77,440
Double deduction for tax purposes	**(122,062)**	(164,046)
Overprovision of income tax in prior years	**(236,579)**	(122,702)
Under/(over) provision of deferred tax in prior years	**3,529**	(51,415)
Income tax expense recognised in profit or loss	**6,753,882**	5,542,720

notes to the financial statements

31 December 2010
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11. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2010 and 2009 are as follows: (cont'd)

	2010 RM	2009 RM
Company		
Profit before tax	**15,851,273**	13,463,318
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	**3,962,818**	3,365,830
Adjustments:		
Income not subject to tax	**(951,856)**	(81,679)
Expenses not deductible for tax purposes	**355,915**	175,075
Overprovision of income tax in prior year	**(133,612)**	(66,797)
Income tax expense recognised in profit or loss	**3,233,265**	3,392,429

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009 : 25%) of the estimated assessable profit for the year.

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

notes to the financial statements

31 December 2010
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12. EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share amount is calculated by dividing profit of the year, net of tax, attributable to owner of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2010	**2009**
Profit attributable to owners of the parent used in the computation of basic earnings per share (RM)	**32,941,567**	22,144,288
Weighted average number of ordinary shares in issue	**93,716,875**	93,716,875
Basic earnings per share (sen)	**35.15**	23.63

The Company does not have any potential diluted ordinary shares. Accordingly, the diluted earnings per share is not presented.

As of the result of the issuance of ordinary shares through a bonus issue during the financial year, the weighted average number of shares have been adjusted retrospectively in accordance with FRS 133 - Earnings Per Share.

notes to the financial statements

31 December 2010
(cont'd)

13. DIVIDENDS

	2010		2009	
	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
Recognised during the financial year:				
Dividends on 74,973,500 ordinary shares:				
- Final dividend for 2009 : 4.5 sen (2008 : 4.5 sen) per share less 25% tax	**3.38**	**2,530,360**	3.38	2,530,360
- Special dividend of 10 sen per share less 25% tax on 74,973,500 ordinary shares	**7.50**	**5,623,012**	-	-
	10.88	**8,153,372**	3.38	2,530,360
- Tax exempt interim dividend for 2010 : 4 sen per share on 93,716,875 ordinary shares	**4.00**	**3,748,675**	-	-
- Interim dividend for 2009 : 5.25 sen per share less 25% tax on 74,973,500 ordinary shares	**-**	**-**	3.94	2,952,090
	14.88	**11,902,047**	7.32	5,482,450

notes to the financial statements

31 December 2010
(cont'd)

13. DIVIDENDS (cont'd)

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the AGM:

	2010		2009	
	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 of 4.0 sen (2009 : 4.5 sen) per share less 25% tax on 93,716,875 (2009 : 74,973,500) ordinary shares	**3.00**	**2,811,506**	3.38	2,530,360
Special tax exempt dividend 5.0 sen (2009 : RM nil) per share on 93,716,875 ordinary shares	**5.00**	**4,685,844**	-	-
Special dividend of 10.0 sen per share less 25% tax on 74,973,500 ordinary shares	**-**	**-**	7.50	5,623,012
	8.00	**7,497,350**	10.88	8,153,372

At the forthcoming Annual General Meeting, a final dividend of 4.0 sen gross per share less 25% tax and a special tax exempt dividend of 5.0 sen per share in respect of the financial year ended 31 December 2010 amounting to RM 2,811,506 and RM 4,685,844 respectively on 93,716,875 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved will be accounted for in shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2011.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings on freehold land RM	Long leasehold land RM	Buildings on leasehold land RM	Capital in-progress RM	Plant, machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
At 31 December 2010									
Cost/Valuation									
At 1 January 2010									
At cost	-	-	-	-	496,635	32,566,872	23,501,235	3,949,327	60,514,069
At valuation	11,141,832	10,570,722	7,824,600	15,203,925	-	-	-	-	44,741,079
At 1 January 2010	11,141,832	10,570,722	7,824,600	15,203,925	496,635	32,566,872	23,501,235	3,949,327	105,255,148
Additions	228,400	141,600	-	942,206	819,373	3,274,473	2,091,151	1,288,182	8,785,385
Disposals	-	-	-	-	-	-	(3,526)	(321,819)	(325,345)
Transfers	-	-	-	-	(1,187,250)	1,187,250	-	-	-
Written off	-	-	-	-	-	(169,328)	(38,455)	-	(207,783)
Exchange differences	(111,912)	(84,275)	-	-	-	-	(124,026)	(35)	(320,248)
At 31 December 2010	11,258,320	10,628,047	7,824,600	16,146,131	128,758	36,859,267	25,426,379	4,915,655	113,187,157
Accumulated depreciation and impairment loss									
At 1 January 2010	-	1,021,266	-	907,053	-	19,464,640	14,761,718	2,390,567	38,545,244
Depreciation charge for the year (Note 8)	-	193,172	93,507	308,878	-	2,558,493	2,201,773	700,168	6,055,991
Disposals	-	-	-	-	-	-	(3,126)	(321,816)	(324,942)
Written off	-	-	-	-	-	(169,206)	(37,951)	-	(207,157)
Exchange differences	-	(11,451)	-	-	-	-	(93,028)	(35)	(104,514)
At 31 December 2010	-	1,202,987	93,507	1,215,931	-	21,853,927	16,829,386	2,768,884	43,964,622
Net carrying amount									
At cost	-	-	-	-	128,758	15,005,340	8,596,993	2,146,771	25,877,862
At valuation	11,258,320	9,425,060	7,731,093	14,930,200	-	-	-	-	43,344,673
At 31 December 2010	11,258,320	9,425,060	7,731,093	14,930,200	128,758	15,005,340	8,596,993	2,146,771	69,222,535

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Buildings on freehold land RM	Long leasehold land RM	Buildings on leasehold land RM	Capital in-progress RM	Plant, machinery and factory equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
At 31 December 2009									
Cost/Valuation									
At 1 January 2009									
At cost	2,693,876	10,003,739	-	8,396,835	357,072	31,190,442	23,495,417	3,773,431	79,910,812
At valuation	5,740,000	160,000	7,388,000	8,730,000	-	-	-	-	22,018,000
At 1 January 2009	8,433,876	10,163,739	7,388,000	17,126,835	357,072	31,190,442	23,495,417	3,773,431	101,928,812
Additions	-	11,000	-	106,224	1,134,188	402,589	649,233	600,247	2,903,481
Disposals	-	-	-	-	-	-	(33,298)	(424,369)	(457,667)
Written off	-	-	-	-	-	(20,050)	(670,269)	-	(690,319)
Reclassifications	-	-	-	-	(994,625)	993,891	734	-	-
Exchange differences	55,956	38,168	-	-	-	-	59,418	18	153,560
Revaluation	2,652,000	357,815	870,477	(725,155)	-	-	-	-	3,155,137
Elimination of accumulated depreciation on revaluation	-	-	(433,877)	(1,303,979)	-	-	-	-	(1,737,856)
At 31 December 2009	11,141,832	10,570,722	7,824,600	15,203,925	496,635	32,566,872	23,501,235	3,949,327	105,255,148
Accumulated depreciation and impairment loss									
At 1 January 2009	-	1,438,575	352,468	960,215	-	16,956,886	13,099,217	2,182,438	34,989,799
Depreciation charge for the year (Note 8)	-	203,421	81,409	343,764	-	2,527,305	2,318,442	632,477	6,106,818
Disposals	-	-	-	-	-	-	(27,961)	(424,365)	(452,326)
Written off	-	-	-	-	-	(19,551)	(668,159)	-	(687,710)
Impairment loss	-	-	-	907,053	-	-	-	-	907,053
Reversal of impairment loss	-	(639,117)	-	-	-	-	-	-	(639,117)
Exchange differences	-	18,387	-	-	-	-	40,179	17	58,583
Elimination of accumulated depreciation on revaluation	-	-	(433,877)	(1,303,979)	-	-	-	-	(1,737,856)
At 31 December 2009	-	1,021,266	-	907,053	-	19,464,640	14,761,718	2,390,567	38,545,244
Net carrying amount									
At cost	-	-	-	-	496,635	13,102,232	8,739,517	1,558,760	23,897,144
At valuation	11,141,832	9,549,456	7,824,600	14,296,872	-	-	-	-	42,812,760
At 31 December 2009	11,141,832	9,549,456	7,824,600	14,296,872	496,635	13,102,232	8,739,517	1,558,760	66,709,904

notes to the financial statements

31 December 2010
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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Furniture, fittings and equipment RM
At 31 December 2010	
Cost	
At 1 January 2010	230,911
Additions	26,558
Written off	(20,094)
At 31 December 2010	237,375
Accumulated depreciation	
At 1 January 2010	150,715
Depreciation charge for the year (Note 8)	37,554
Written off	(19,680)
At 31 December 2010	168,589
Net carrying amount	68,786

notes to the financial statements

31 December 2010
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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Furniture, fittings and equipment RM
At 31 December 2009	
Cost	
At 1 January 2009	236,412
Additions	15,355
Written off	(20,856)
At 31 December 2009	230,911
Accumulated depreciation	
At 1 January 2009	135,274
Depreciation charge for the year (Note 8)	36,289
Written off	(20,848)
At 31 December 2009	150,715
Net carrying amount	80,196

Revaluation of land and building

(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 December 2009:

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

ii) Tan Say Keat (BSc. (Hons) MSc (Real Estate), MRICS, MISM, Registered Valuer (V-666));

iii) Alan Ng Boon Hsiung (BSc. (Hons) Property Management, MISM, Registered Valuer (V-664));

iv) Ainuddin Jalaini Ismail (BSc. (Hons) Urban Estate Management, Registered Valuer (V-657)); and

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

Valuations were made using a combination of the Comparison and Depreciated Replacement Cost methods of valuation to reflect the fair values of the properties.

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) Had the revalued properties of the Group been carried at historical costs less accumulated depreciation, the net carrying amounts of each class of properties that would have been included in the financial statements of the Group as at reporting date would be as follows:

	Group	
	2010	**2009**
	RM	**RM**
Freehold land	**8,292,959**	8,292,959
Buildings on freehold land	**8,314,023**	8,521,379
Long leasehold land	**3,330,594**	3,375,414
Buildings on leasehold land	**14,498,140**	14,850,795
	34,435,716	35,040,547

<u>Asset pledged as security</u>

The net carrying amount of property, plant and equipment pledged as securities for borrowings (Note 25) amounted to RM 4,323,373 (2009 : RM 4,544,750).

15. INVESTMENT PROPERTIES

Group	Long leasehold land RM	Buildings on leasehold land RM	Freehold shop units RM	Total RM
At 31 December 2010				
At 1 January 2010	132,700	87,300	3,580,000	3,800,000
Gain from fair value adjustments recognised in profit or loss (Note 6 and Note 8)	-	-	10,000	10,000
At 31 December 2010	132,700	87,300	3,590,000	3,810,000

notes to the financial statements

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15. INVESTMENT PROPERTIES (cont'd)

Group	Long leasehold land RM	Buildings on leasehold land RM	Freehold shop units RM	Total RM
At 31 December 2009				
At 1 January 2009	132,700	87,300	3,630,000	3,850,000
Loss from fair value adjustments recognised in profit or loss (Note 8)	-	-	(50,000)	(50,000)
At 31 December 2009	132,700	87,300	3,580,000	3,800,000

Assets held under finance lease

The following investment properties are held under lease terms:

	Group 2010 RM	Group 2009 RM
Leasehold land	**132,700**	132,700
Buildings	**87,300**	87,300
	220,000	220,000

notes to the financial statements

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15. INVESTMENT PROPERTIES (cont'd)

Valuation of investment properties

Investment properties are stated at fair value, which have been determined based on valuations at the reporting date.

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) Tan Say Keat (BSc. (Hons) MSc (Real Estate), MRICS, MISM, Registered Valuer (V-666));

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

iii) Teh Hong Chua (BSc. (Hons) Property Management, MISM, Registered Valuer (V-788)).

Valuations were made using the Comparison method of valuation to reflect the fair values of the properties.

16. INTANGIBLE ASSETS

	Trademark RM	Computer software RM	Total RM
Group			
At 31 December 2010			
Cost			
At 1 January 2009	1,072,600	1,992,041	3,064,641
Additions	-	125,820	125,820
Exchange differences	650	25,299	25,949
At 31 December 2009 and 1 January 2010	1,073,250	2,143,160	3,216,410
Additions	-	103,664	103,664
Exchange differences	(1,300)	(16,872)	(18,172)
At 31 December 2010	1,071,950	2,229,952	3,301,902

notes to the financial statements

31 December 2010
(cont'd)

16. INTANGIBLE ASSETS (cont'd)

	Trademark RM	Computer software RM	Total RM
Group			
At 31 December 2010			
Accumulated amortisation			
At 1 January 2009	-	1,585,980	1,585,980
Amortisation (Note 8)	-	200,085	200,085
Exchange differences	-	25,298	25,298
At 31 December 2009 and 1 January 2010	-	1,811,363	1,811,363
Amortisation (Note 8)	-	222,158	222,158
Exchange differences	-	(16,870)	(16,870)
At 31 December 2010	-	2,016,651	2,016,651
Net carrying amount:			
At 31 December 2009	1,073,250	331,797	1,405,047
At 31 December 2010	1,071,950	213,301	1,285,251

Impairment tests for trademark

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

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16. INTANGIBLE ASSETS (cont'd)

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:

	2010	**2009**
	%	**%**
Gross margin	**40.0**	40.0
Growth rate	**3.0**	3.0
Discount rate	**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) 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.

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17. INVESTMENT IN SUBSIDIARIES

	Company 2010 RM	Company 2009 RM
Unquoted shares at cost	**56,138,875**	56,038,875
Less: Net dividends from pre-merger profits	**(2,216,433)**	(2,216,433)
	53,922,442	53,822,442
Less: Impairment loss	**(664,254)**	(664,254)
	53,258,188	53,158,188

The unquoted subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Principal activities	Effective equity interest 2010 %	Effective equity interest 2009 %
+ 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	**100**	100
Apex Retail Sdn Bhd	Malaysia	Retailing of pharmaceutical products	**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

notes to the financial statements
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17. INVESTMENT IN SUBSIDIARIES (cont'd)

The unquoted subsidiaries are as follows: (cont'd)

Name of subsidiary	Place of incorporation	Principal activities	Effective equity interest 2010 %	2009 %
^ Avex Pharmaceutical Pte Ltd	Singapore	Brands management and development of pharmaceutical and healthcare products	**100**	100
^ First SGC Pte Ltd	Singapore	Investment holding	**66.1**	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
Subsidiary of Apex Retail Sdn Bhd				
CS Health Store Sdn Bhd	Malaysia	Retailing of pharmaceutical products	**60**	-

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

Subscription of shares in subsidiaries

During the previous financial year, the Company subscribed to new shares issued by its wholly owned subsidiaries as follows:

(i) 7,500,000 new ordinary shares of RM 1.00 each issued by Apex Pharmacy Marketing Sdn Bhd for a cash consideration of RM 7,500,000;

(ii) 900,000 new ordinary shares of RM 1.00 each issued by Apex Pharmacy Corporate Sdn Bhd for a cash consideration of RM 900,000; and

(iii) 500,000 new ordinary shares of RM 1.00 each issued by ABio Marketing Sdn Bhd for a cash consideration of RM 500,000.

notes to the financial statements
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17. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisition of subsidiary companies

On 28 July 2010, the Company acquired the entire share capital of Apex Retail Sdn Bhd (Company No. 888633-D) ("ARSB") (formerly known as Supreme Eurostar Sdn Bhd), for a consideration of RM 2.00.

Subsequently, on 1 October 2010, the Company has further subscribed 99,998 ordinary shares of RM 1.00 each in ARSB. The investment in ARSB has increased from RM 2.00 to RM 100,000 accordingly.

On 12 August 2010, ARSB has subscribed for 120,000 shares in CS Health Store Sdn Bhd at RM 1.00 per share for a total consideration of RM 120,000, representing an equity share of 60%.

The acquisitions of subsidiaries did not have any material effect on the financial results and financial position of the Group.

18. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Unquoted shares at cost	**19,716,836**	19,716,836	**3,870,090**	3,870,090
Reclassified to Available-for-sale financial assets	**(3,870,090)**	-	**(3,870,090)**	-
	15,846,746	19,716,836	**-**	3,870,090
Share of post-acquisition reserves	**33,804,800**	16,074,420	**-**	-
Reclassified to Available-for-sale financial assets	**(58,116)**	-	**-**	-
	49,593,430	35,791,256	**-**	3,870,090

notes to the financial statements

31 December 2010
(cont'd)

18. INVESTMENT IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of associates	Place of incorporation	Principal activity	Effective equity interest 2010 %	2009 %
Xiamen Maidiken Science & Technology Co Ltd*	People's Republic of China	Investment holding	**32.4**	32.4
Maritzberg Investments Ltd^	British Virgin Islands	Investment holding	-	20.0

* Audited by firms of auditors other than Ernst & Young.
^ not required to be audited in the country of incorporation

(a) Xiamen Maidiken Science & Technology Co Ltd ("MDK")

In the previous financial year, a subsidiary company of Xiamen Maidiken Science & Technology Co Ltd ("MDK"), Luyan (Fujian) Pharma Co Ltd ("LYG") signed a Share Subscription Agreement with its Senior Management. A total of 15 million shares were issued at Renmimbi ("RMB") 2.50 per share to its Senior Management for a total consideration of RMB 37.5 million.

In the same year, LYG signed another Share Subscription Agreement with a private equity fund in People's Republic of China for the issuance of 5,333,333 shares at RMB 3.75 per share for a total consideration of RMB 20 million.

On 2 July 2010, LYG signed another Share Subscription Agreement with CCBI Healthcare Fund ("CHF"), an investment fund managed by the investment banking arm of China Construction Bank ("CCB") and a private equity fund in People's Republic of China for the issuance of 21.6 million shares at RMB 6.34 per share for a total consideration of RMB 136.9 million.

In December 2010, LYG further issued a total of 1.74 million shares at RMB 7.00 per share to several individuals.

Included in the share of results of associates as disclosed in the Statements of Comprehensive Income is a deemed disposal gain recognised of RM 10.1 million (2009 : RM 3.7 million) as a result of the issuance of new shares in LYG, at a premium to new investors.

notes to the financial statements

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18. INVESTMENT IN ASSOCIATES (cont'd)

(b) Maritzberg Investments Ltd.

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

The summarised financial information of the associates are as follows:

	2010 RM	2009 RM
Assets and liabilities		
Total assets	**515,522,172**	487,527,114
Total liabilities	**352,464,437**	381,082,670
Results		
Revenue	**1,082,542,782**	1,110,712,265
Profit for the year	**18,117,557**	17,781,189

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

19. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2010 RM Carrying amount	2009 RM Carrying amount
Group		
Non-current		
Available-for-sale financial assets		
- Equity instruments (unquoted)	**3,928,206**	-
Total available-for-sale financial assets	**3,928,206**	-

notes to the financial statements

31 December 2010
(cont'd)

19. AVAILABLE-FOR-SALE FINANCIAL ASSET (cont'd)

	2010 RM Carrying amount	2009 RM Carrying amount
Company		
Non-current		
Available-for-sale financial assets		
- Equity instruments (unquoted), at cost	**3,870,090**	-
Total available-for-sale financial assets	**3,870,090**	-

notes to the financial statements

31 December 2010
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20. DEFERRED TAXATION

Deferred income tax as at 31 December relates to the following:

Group

	As at 1 January 2009 RM	Recognised in profit or loss (Note 11) RM	Recognised directly in equity RM	As at 31 December 2009 RM	Withholding tax for investment in associate RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2010 RM
Deferred tax liabilities:							
Investment in associates	-	-	-	-	1,773,038	-	1,773,038
Accelerated capital allowances	2,930,135	(203,170)	-	2,726,965	-	565,964	3,292,929
Revaluation of property, plant and equipment	1,847,139	-	27,219	1,874,358	-	-	1,874,358
	4,777,274	(203,170)	27,219	4,601,323	1,773,038	565,964	6,940,325
Deferred tax assets:							
Unutilised reinvestment allowance	(1,519,000)	1,519,000	-	-	-	-	-
Other payables and provisions	(723,280)	11,855	-	(711,425)	-	(412,953)	(1,124,378)
	(2,242,280)	1,530,855	-	(711,425)	-	(412,953)	(1,124,378)
	2,534,994	1,327,685	27,219	3,889,898	1,773,038	153,011	5,815,947

notes to the financial statements

31 December 2010
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20. DEFERRED TAXATION (cont'd)

Presented after appropriate offsetting as follows:

	2010 RM	2009 RM
Deferred tax assets	**(359,000)**	(58,000)
Deferred tax liabilities	**6,174,947**	3,947,898
	5,815,947	3,889,898

Unrecognised tax losses

At the reporting date, the Group has tax losses of approximately RM 680,293 (2009 : RM 1,076,300) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Tax consequences of proposed dividends

There are no income tax consequences (2009 : RM nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 13).

Deferred tax assets not recognised

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

	Group	
	2010 RM	2009 RM
Unutilised business losses	**680,293**	1,076,300
Unutilised capital allowance	**200,155**	-
Other payables and provisions	**11,338**	-
	891,786	1,076,300

notes to the financial statements

31 December 2010
(cont'd)

21. INVENTORIES

	Group 2010 RM	Group 2009 RM
Cost		
Raw materials	**2,424,390**	3,749,428
Work-in-progress	**696,756**	162,251
Finished goods	**5,262,967**	5,786,709
Pharmaceutical products held for resale	**30,530,072**	31,864,011
	38,914,185	41,562,399

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM 212,160,522 (2009 : RM 195,370,630).

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables				
Trade receivables	**73,565,004**	66,677,852	**-**	-
Bills receivable	**1,360,562**	1,623,749	**-**	-
	74,925,566	68,301,601	**-**	-
Less: Allowance for doubtful debts for trade receivables	**(2,226,612)**	(2,749,649)	**-**	-
Trade receivables, net (a)	**72,698,954**	65,551,952	**-**	-

notes to the financial statements

31 December 2010
(cont'd)

22. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Other receivables				
Amounts due from subsidiaries (b):				
- interest bearing	**-**	-	**28,301,250**	33,478,750
- non-interest bearing	**-**	-	**17,415,901**	13,749,582
Deposits	**424,845**	348,047	**3,970**	3,300
Other receivables	**1,775,639**	3,058,250	**-**	1,339
Less: Allowance for doubtful debts for other receivables	**-**	(1,616,740)	**-**	-
	2,200,484	1,789,557	**45,721,121**	47,232,971
Total trade and other receivables	**74,899,438**	67,341,509	**45,721,121**	47,232,971
Add: Cash and bank balances (Note 24)	**23,249,551**	19,949,408	**5,846,566**	3,576,916
Total loans and receivables	**98,148,989**	87,290,917	**51,567,687**	50,809,887

notes to the financial statements

31 December 2010
(cont'd)

22. TRADE AND OTHER RECEIVABLES (cont'd)

a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2009 : 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2010	**2009**
	RM	**RM**
Neither past due nor impaired	**64,140,842**	56,364,389
1 to 30 days past due not impaired	**6,566,470**	7,004,976
31 to 60 days past due not impaired	**1,317,782**	1,781,350
61 to 90 days past due not impaired	**574,363**	314,387
More than 90 days past due not impaired	**99,497**	86,850
	8,558,112	9,187,563
Impaired	**2,226,612**	2,749,649
	74,925,566	68,301,601

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 95% (2009 : 95%) of the Group's trade receivables arise from customers with more than one year of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

notes to the financial statements
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(cont'd)

22. TRADE AND OTHER RECEIVABLES (cont'd)

a) Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM 8,558,112 (2009 : RM 9,187,563) that are past due at the reporting date but not impaired.

Receivables that are past due but not impaired relate to customers that the Group still deem to be creditworthy. Based on the past experience, the Board believes that no impairment of allowance is necessary in respect of those balances.

The receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Collectively impaired		Individually impaired		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Trade receivables						
- nominal amounts	**191,686**	215,060	**2,034,926**	2,534,589	**2,226,612**	2,749,649
Less: Allowance for impairment	**(191,686)**	(215,060)	**(2,034,926)**	(2,534,589)	**(2,226,612)**	(2,749,649)
	-	-	**-**	-	**-**	-

notes to the financial statements

31 December 2010
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22. TRADE AND OTHER RECEIVABLES (cont'd)

a) Trade receivables (cont'd)

Movement in allowance accounts:

	Group 2010 RM	Group 2009 RM
At 1 January	**(2,749,649)**	(2,688,666)
Charge for the year (Note 8)	**(974,659)**	(1,394,994)
Written off	**649,104**	803,070
Allowance for doubtful debts written back (Note 8)	**848,592**	530,941
At 31 December	**(2,226,612)**	(2,749,649)

During the financial year, bad debts of the Group amounting to RM 649,104 (2009 : RM 803,070) were written-off against allowance for doubtful debts, which have been provided previously.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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.

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

	Group 2010 RM	Group 2009 RM
Ringgit Malaysia	**61,339,948**	53,592,241
Singapore Dollar	**9,675,927**	9,032,590
United States Dollar	**1,362,047**	1,615,691
Others	**321,032**	1,311,430
	72,698,954	65,551,952

notes to the financial statements

31 December 2010
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22. TRADE AND OTHER RECEIVABLES (cont'd)

(b) Amounts due from subsidiaries (current)

Amounts due from subsidiaries are denominated in Ringgit Malaysia, with the exception of amounts due from subsidiaries of RM 8,403,435 (2009 : RM 8,093,559) which are denominated in Singapore Dollars.

The amounts due from subsidiaries are unsecured and have no credit terms or repayable on demand. The effective weighted average interest rate for amounts due from subsidiaries which are interest bearing at reporting date was 4.00% (2009 : 4.00%) per annum.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	2010		2009	
	Contract/ Notional Amount RM	Assets RM	Contract/ Notional Amount RM	Assets RM
Group				
Non-hedging derivatives:				
Current				
Forward currency contracts	**2,779,722**	**46,976**	-	-
Total derivatives	**2,779,722**	**46,976**	-	-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD and SGD for which firm commitment existed at the reporting date, extending to May 2011.

During the financial year, the Group recognised a gain of RM 46,976 (2009 : RM nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33.

notes to the financial statements

31 December 2010
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24. DEPOSITS WITH LICENSED BANKS, CASH AND BANK BALANCES

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods at between 14 days to 30 days depending on the immediate cash requirements of the Group and the Company, and earn interest rates as at 31 December 2010 for the Group and the Company at 3% (2009 : 3%).

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Deposits with licensed banks	**13,300,000**	10,100,000	**5,300,000**	3,100,000
Cash and bank balances	**9,949,551**	9,849,408	**546,566**	476,916
	23,249,551	19,949,408	**5,846,566**	3,576,916
Less: Bank overdrafts (Note 25)	**(511,146)**	-	**-**	-
Cash and cash equivalents	**22,738,405**	19,949,408	**5,846,566**	3,576,916

notes to the financial statements

31 December 2010
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25. BORROWINGS

	Group 2010 RM	Group 2009 RM
Current		
Secured:		
Term loans	**61,100**	254,800
Unsecured:		
Bank overdrafts (Note 24)	**511,146**	-
Export credit refinancing	**-**	116,000
Term loans	**2,267,076**	2,427,076
	2,778,222	2,543,076
	2,839,322	2,797,876
Non-current		
Secured:		
Term loans	**-**	63,700
Unsecured:		
Term loans	**6,612,168**	8,879,244
	6,612,168	8,942,944
Total loans and borrowings	**9,451,490**	11,740,820
Total borrowings		
Bank overdrafts	**511,146**	-
Export credit refinancing	**-**	116,000
Term loans	**8,940,344**	11,624,820
	9,451,490	11,740,820

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31 December 2010
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25. BORROWINGS (cont'd)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group	
	2010	**2009**
	RM	**RM**
On demand or within one year	**2,839,322**	2,797,876
More than 1 year and less than 2 years	**2,267,076**	2,330,776
More than 2 years and less than 5 years	**4,345,092**	6,612,168
	9,451,490	11,740,820

Details of the terms of repayment are as follows:-

Loan	**Interest rate**		**Repayment term**
	2010	**2009**	
	%	**%**	
Loan 1	3.58	3.47	84 principal monthly instalments of RM 130,953 each commencing from the following month after full release
Loan 2	3.58	3.47	84 principal monthly instalments of RM 57,970 each commencing from the following month after full release
Loan 3	-	3.59	60 principal monthly instalments of RM 106,666 each commencing from the first release of the loan
Loan 4	2.12	2.55	20 quarterly instalments of SGD 26,000 (approximately RM 61,100) each with the first instalment due three months from the date of drawdown

Term loans

Term loan 4 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.

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31 December 2010
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25. BORROWINGS (cont'd)

Term loans (cont'd)

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

	2010 %	2009 %
Bank overdrafts	**5.00**	5.33
Trade financing facilities	**-**	3.50
Term loans	**3.09**	3.16

Bank overdrafts

Bank overdrafts are denominated in Singapore Dollars ("SGD"), bear interest at 5% p.a. and are secured by corporate guarantee from the Company (Note 31).

Term loan at Cost of fund + 0.75% p.a.

These loans are secured by a corporate guarantee from the Company (Note 31).

Trade financing facilities

These trade financing facilities are secured by a corporate guarantee from the Company (Note 31).

notes to the financial statements

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26. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Trade payables (a)				
Trade payables	**35,501,584**	34,016,189	**-**	-
Bills payable	**287,972**	370,361	**-**	-
	35,789,556	34,386,550	**-**	-
Other payables (b)				
Amounts due to subsidiaries:				
- non-interest bearing	**-**	-	**834,746**	837,017
Amounts due to related parties (c)	**160,000**	-	**-**	-
Other payables	**4,804,164**	4,499,191	**35,601**	32,548
Other accruals	**9,817,297**	8,239,940	**1,080,521**	787,926
Accrual of directors' fee	**275,000**	210,000	**275,000**	210,000
	15,056,461	12,949,131	**2,225,868**	1,867,491
Total trade and other payables	**50,846,017**	47,335,681	**2,225,868**	1,867,491
Add: Loans and borrowings (Note 25)	**9,451,490**	11,740,820	**-**	-
Total financial liabilities carried at amortised cost	**60,297,507**	59,076,501	**2,225,868**	1,867,491

The currency profile of payables is as follows:

Ringgit Malaysia	**40,674,228**	34,548,175	**2,225,868**	1,867,491
Singapore Dollar	**9,553,208**	11,131,903	**-**	-
United States Dollar	**249,462**	962,191	**-**	-
Euro	**338,120**	414,209	**-**	-
Others	**30,999**	279,203	**-**	-
	50,846,017	47,335,681	**2,225,868**	1,867,491

notes to the financial statements

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(cont'd)

26. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2009 : 30 to 90 days).

(b) Other payables

These amounts are non-interest bearing.

(c) Amounts due to related parties

These amounts are unsecured, non-interest bearing and are repayable on demand.

27. SHARE CAPITAL AND SHARE PREMIUM

Group/Company	Number of shares of RM1.00 each 2010 Units	2009 Units	Amount 2010 RM	2009 RM
Authorised:				
Ordinary shares of RM 1.00 each	**100,000,000**	100,000,000	**100,000,000**	100,000,000

Group/Company	Number of ordinary shares of RM1.00 each Issued and fully paid share capital Units	Amount Issued and fully paid share capital RM	Share premium RM	Total share capital and share premium RM
At 1 January/31 December 2009	**74,973,500**	74,973,500	**5,305,396**	80,278,896
Bonus share issue of 1 : 4	**18,743,375**	18,743,375	**(5,305,396)**	13,437,979
At 31 December 2010	**93,716,875**	93,716,875	**-**	93,716,875

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(cont'd)

27. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

On 21 June 2010, the Company increased its issued and paid up share capital from RM 74,973,500 to RM 93,716,875 by way of issuance of 18,743,375 new ordinary shares of RM 1.00 each credited as fully paid on the basis of one (1) bonus share for every four (4) existing ordinary shares of RM 1.00 each in the Company ("bonus issue"). The bonus issue was effected by way of wholly capitalising the Company's entire share premium account for RM 5,305,396 and retained earnings for the remainder of RM 13,437,979.

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

a) Share capital

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.

28. OTHER RESERVES

Group	Asset revaluation reserve RM	Foreign currency translation reserve RM	Total RM
At 1 January 2009	3,755,948	236,445	3,992,393
Revaluation increase, net of deferred tax	3,127,918	-	3,127,918
Currency translation differences	-	67,289	67,289
At 31 December 2009	6,883,866	303,734	7,187,600
At 1 January 2010	**6,883,866**	**303,734**	**7,187,600**
Currency translation differences	**-**	**(445,908)**	**(445,908)**
Less: Minority interest	**-**	**6,351**	**6,351**
At 31 December 2010	**6,883,866**	**(135,823)**	**6,748,043**

28. OTHER RESERVES (cont'd)

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

(a) Asset revaluation reserve

The asset revaluation reserve represent 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 other comprehensive income. 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 represents 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.

29. 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 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010, 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.

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31 December 2010
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30. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	**287,932**	776,737	**-**	-
Approved but not contracted for:				
Property, plant and equipment	**8,507,538**	8,607,779	**600,000**	13,000
Intangible assets	**200,000**	-	**-**	-
	8,995,470	9,384,516	**600,000**	13,000

(b) Operating lease commitments - as lessee

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

	Group 2010 RM	Group 2009 RM
Not later than one year	**783,561**	980,760
Later than one year and not later than five years	**360,932**	417,175
	1,144,493	1,397,935

notes to the financial statements

31 December 2010
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31. CONTINGENT LIABILITIES

(a) Guarantees

The Company has provided the following guarantees at the reporting date:

	Company	
	2010	**2009**
	RM	**RM**
Unsecured:		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	**14,618,090**	16,284,300

(b) Legal claims

(i) 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 warehouse and corporate headquarters ("the Building"), (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 RM 90,058 as damages and RM 1,596,000 as consequential losses, arising from the alleged damage to the Plaintiff's building during the construction of the Building.

Upon APM's application submitted by its solicitors, the High Court has struck off the Writ of Summons and Statement of Claim on 1 July 2010.

(ii) On 17 October 2007, the Company announced that APM and ABio Marketing Sdn Bhd ("ABio"), both wholly owned subsidiaries 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.

On 12 April 2010, the parties to the suit have withdrawn the relevant claims and counter claims.

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31 December 2010
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32. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	2010 RM	2009 RM
Group		
- Purchase of property, plant and equipment from Apex Pharmacy Holdings Sdn Bhd ^	**370,000**	-
Company		
- Management service fees received from subsidiary companies	**1,579,098**	1,533,194
- Interest income received from subsidiary companies	**1,244,494**	1,245,002
- Dividend income received from subsidiary companies	**16,835,000**	13,740,000
- Rental expense paid to subsidiary companies	**(262,824)**	(264,264)

^ Corporate shareholder of Apex Healthcare Berhad

(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	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employment benefits	**5,961,517**	5,431,857	**1,786,169**	1,910,396
Post-employment benefits:				
Defined contribution plans	**649,349**	624,693	**207,843**	236,586
Other long-term benefits	**31,000**	31,647	**15,777**	15,876
	6,641,866	6,088,197	**2,009,789**	2,162,858

notes to the financial statements

31 December 2010
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32. RELATED PARTY TRANSACTIONS (cont'd)

(b) Compensation of key management personnel (cont'd)

Included in the total key management personnel are:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Directors' remuneration (Note 10)	**2,147,125**	2,109,359	**1,210,819**	1,582,685

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group 2010 Carrying amount RM	Group 2010 Fair value RM	Company 2010 Carrying amount RM	Company 2010 Fair value RM
Financial assets:					
- Available-for-sale financial asset	19	3,928,206	*	3,870,090	*

* Investment in equity instruments carried at cost (Note 19)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in Maritzberg Investments Ltd that are not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future. The Group intends to eventually dispose of this investment through sale to institutional investors.

notes to the financial statements

31 December 2010
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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Trade and other payables (current)	26
Loans and borrowings (current)	25
Loans and borrowings (non-current)	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from subsidiaries, loans from subsidiaries and fixed rate bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

notes to the financial statements

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

B. Determination of fair value (cont'd)

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guarabteed were to default.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered 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 and trade payables.

The Group requires all of its operating entities to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of RM 50,000 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

notes to the financial statements

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign currency exchange risk (cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Singapore and People's Republic of China ("PRC"). The Group's net investments in Singapore and PRC are not hedged as currency positions in SGD and RMB are considered to be long-term in nature.

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 2010:

	Net financial assets/(liabilities) held in non-functional currencies				
Functional currency of Group companies	**United States Dollar RM**	**Euro RM**	**Singapore Dollar RM**	**Others RM**	**Total RM**
Ringgit Malaysia					
Trade receivables	1,362,047	-	419,419	321,032	2,102,498
Trade and other payables	(249,462)	(338,120)	(418,143)	(30,999)	(1,036,724)
	1,112,585	(338,120)	1,276	290,033	1,065,774

At 31 December 2009:

Ringgit Malaysia					
Trade receivables	1,615,691	-	286,482	1,311,430	3,213,603
Trade and other payables	(962,191)	(414,209)	-	(279,203)	(1,655,603)
	653,500	(414,209)	286,482	1,032,227	1,558,000

notes to the financial statements

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and loans at fixed rates given to related parties.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM 29,913 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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.

Exposure to credit risk

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

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2010		2009	
	RM	% of total	RM	% of total
By industry sectors				
Malaysia Private Sector	**55,714,732**	**76.64%**	49,457,670	75.45%
Malaysia Government Sector	**3,651,099**	**5.02%**	2,158,903	3.29%
Singapore Private Sector	**11,054,673**	**15.21%**	11,429,882	17.44%
Singapore Government Sector	**177,537**	**0.24%**	285,825	0.43%
Export Market	**2,100,913**	**2.89%**	2,219,672	3.39%
	72,698,954	**100.00%**	65,551,952	100.00%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity and cash flow risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

		2010 RM	
	On demand or within one year	**One to five years**	**Total**
Group			
Financial liabilities:			
Trade and other payables	50,846,017	-	50,846,017
Loans and borrowings	2,839,322	6,612,168	9,451,490
Total undiscounted financial liabilities	53,685,339	6,612,168	60,297,507
Company			
Financial liabilities:			
Trade and other payables	2,225,868	-	2,225,868
Total undiscounted financial liabilities	2,225,868	-	2,225,868

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35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 40%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Loans and borrowings	25	**9,451,490**	11,740,820	**-**	-
Trade and other payables	26	**50,846,017**	47,335,681	**2,225,868**	1,867,491
Less: Cash and bank balances	24	**(23,249,551)**	(19,949,408)	**(5,846,566)**	(3,576,916)
Net debt/(cash)		**37,047,956**	39,127,093	**(3,620,698)**	(1,709,425)
Equity attributable to the owners of the parent		**183,063,255**	162,547,198	**106,881,646**	106,249,591
Total capital		**183,063,255**	162,547,198	**106,881,646**	106,249,591
Capital and net debt		**220,111,211**	201,674,291	**103,260,948**	104,540,166
Gearing ratio		**17%**	19%	**-**	-

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36. SEGMENT INFORMATION

For management purposes, the Group is organised into three main business units based on their products, and has three reportable operating segments as follows:

(i) Manufacturing of pharmaceutical products;

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

(iii) Investment holding and the provision of management services.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

36. SEGMENT INFORMATION (cont'd)

	Manufacturing		Marketing distribution and retailing		Investment holding		Adjustments and eliminations		Notes	Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009		2010	2009
	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Revenue											
External revenue	**53,886,621**	46,370,304	**257,565,408**	235,685,912	**2,266,375**	662,864	**-**	-		**313,718,404**	282,719,080
Inter-segment revenue	**20,731,551**	19,074,432	**-**	-	**19,064,522**	16,137,658	**(39,796,073)**	(35,212,090)	A	**-**	-
Total revenue	**74,618,172**	65,444,736	**257,565,408**	235,685,912	**21,330,897**	16,800,522	**(39,796,073)**	(35,212,090)		**313,718,404**	282,719,080
Results											
Interest income	**121,115**	53,584	**178**	315	**61,224**	44,290	**-**	-		**182,517**	98,189
Interest expense	**(343,294)**	(421,521)	**(1,146,381)**	(1,380,756)	**(108,214)**	(51,595)	**1,244,494**	1,245,002	A	**(353,395)**	(608,870)
Fair value gain/(loss) on investment properties	**-**	-	**-**	-	**70,000**	-	**(60,000)**	(50,000)	A	**10,000**	(50,000)
Depreciation and amortisation	**(4,389,634)**	(4,233,445)	**(1,728,093)**	(1,926,996)	**(128,230)**	(121,394)	**(32,192)**	(25,068)	A	**(6,278,149)**	(6,306,903)
Share of results of associates	**-**	-	**-**	-	**15,957,342**	6,996,163	**-**	-		**15,957,342**	6,996,163
Other non-cash gain/ (expenses)	**10,140**	(912,735)	**(1,449,749)**	(1,823,432)	**(331,994)**	82,117	**-**	-	B	**(1,771,603)**	(2,654,050)
Segment results (external)	**21,261,541**	15,722,560	**12,347,470**	11,023,506	**13,616,141**	5,111,904	**(2,131,209)**	(1,765,251)	C	**45,093,943**	30,092,719

36. SEGMENT INFORMATION (cont'd)

	Manufacturing		Marketing, distribution and retailing		Investment holding		Adjustments and eliminations		Notes	Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009		2010	2009
	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Assets and liabilities											
Investment in associates	**-**	-	**-**	-	**49,593,430**	35,791,256	**-**	-		**49,593,430**	35,791,256
Additions to non-current assets	**7,519,591**	2,502,960	**716,741**	504,416	**652,717**	21,925	**-**	-	D	**8,889,049**	3,029,301
Segment assets	**80,007,579**	71,518,006	**116,856,534**	119,012,172	**68,188,028**	46,066,948	**935,208**	382,445	E	**265,987,349**	236,979,571
Segment liabilities	**(9,348,429)**	(7,228,784)	**(39,202,910)**	(38,768,517)	**(2,294,678)**	(1,338,380)	**(16,770,471)**	(17,261,229)	F	**(67,616,488)**	(64,596,910)
Other information											
Depreciation and amortisation	**4,389,634**	4,233,445	**1,728,093**	1,926,996	**160,422**	146,462	**-**	-		**6,278,149**	6,306,903
Fair value adjustment of investment properties	**-**	-	**-**	-	**70,000**	-	**(60,000)**	(50,000)		**10,000**	(50,000)
Non cash items other than depreciation and amortisation	**(10,344)**	912,735	**1,449,742**	2,464,695	**4,979**	(82,117)	**-**	-		**1,444,377**	3,295,313

notes to the financial statements

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(cont'd)

36. SEGMENT INFORMATION (cont'd)

A Inter-segment revenues were eliminated on consolidation

B Other material non-cash (gain)/expenses consist of the following items as presented in the respective notes to the financial statements:

	2010 RM	2009 RM
Bad debts write off	**3,340**	98,470
Allowance of bad debts net of reversals	**126,067**	864,053
Reversal of inventories written down	**(8,536)**	(537,109)
Inventories written off	**357,908**	1,754,278
Inventories written down	**911,436**	224,601
Impairment of financial asset	**54,162**	-
Impairment of property plant and equipment, net	**-**	267,936
Property plant and equipment written off	**626**	2,609
Unrealised foreign exchange loss/(gain)	**326,600**	(20,788)
	1,771,603	2,654,050

C Unallocated corporate expense of RM 2,131,209 (2009 : RM 1,765,261) were deducted from segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of comprehensive income.

D Additions to non-current assets consist of:

	2010 RM	2009 RM
Property, plant and equipment	**8,785,385**	2,903,481
Intangible assets	**103,664**	125,820
	8,889,049	3,029,301

notes to the financial statements

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(cont'd)

36. SEGMENT INFORMATION (cont'd)

E The following items were added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Deferred tax assets	**359,000**	58,000
Tax recoverable	**576,208**	324,445
	935,208	382,445

F The following items were added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Loan and borrowings	**9,451,490**	11,740,820
Current tax payable	**1,144,034**	1,572,511
Deferred tax liabilities	**4,401,909**	3,947,898
Deferred tax liabilities on share of associate profit	**1,773,038**	-
	16,770,471	17,261,229

notes to the financial statements
31 December 2010
(cont'd)

36. SEGMENT INFORMATION (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2010	2009	2010	2009
	RM	RM	RM	RM
Malaysia	**253,867,912**	229,210,685	**68,287,591**	65,354,199
Singapore	**59,850,492**	53,508,395	**6,030,195**	6,560,752
	313,718,404	282,719,080	**74,317,786**	71,914,951

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2010	2009
	RM	RM
Property, plant and equipment	**69,222,535**	66,709,904
Investment properties	**3,810,000**	3,800,000
Intangible assets	**1,285,251**	1,405,047
	74,317,786	71,914,951

37. SUBSEQUENT EVENT

On 10 January 2011, the Company acquired an additional 145,000 ordinary shares in First SGC Pte Ltd ("FSGC"), representing 4% equity interest for a total cash consideration of SGD 1.45 million (approximating RM 3.5 million) from Enlove Pte Ltd. This acquisition resulted in an increase to 70% of the Company's equity interest in FSGC which in turn holds 49% in the Group's associated company, Xiamen Maidiken Science & Technology Co Ltd, China.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2010 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2011.

notes to the financial statements

31 December 2010
(cont'd)

39. SUPPLEMENTAL INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	80,966	13,165
Unrealised	(1,373)	-
	79,593	13,165
Total share of retained profits from associated companies:		
Realised	18,795	-
	98,388	13,165
Less: Consolidation adjustments	(15,790)	-
Total group retained profits as per consolidated accounts	82,598	13,165

list of properties

At 31 December 2010

	Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount	Date of last revaluation/ acquisition	
	APEX PHARMACY CORPORATE SDN BHD							
1	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 / 26 years old	900,000	Revalued - Dec 2009	N1
2	Unit No. B5, Level 1, Block B, Pusat Bandar Damansara, Jalan Damanlela, Kuala Lumpur	-	116	Leased / 1 unit of intermediate shoplots	Freehold / 26 years old	1,250,000	Revalued - Dec 2009	N1
3	Unit No. B6, Level 1, Block B, Pusat Bandar Damansara, Jalan Damanlela, Kuala Lumpur	-	133	Leased / 1 unit of intermediate shoplots	Leasehold / 26 years old	1,440,000	Revalued - Dec 2009	N1
4	Lot No. 99, Town Area XXXVIII (38), District of Melaka Tengah, Melaka	156	272	Leased / 2 - storey shophouse	Leasehold / (exp. 2075) 36 years old	220,000	Revalued - Dec 2009	N1
5	Lot No. 564, 569 & 571 Town Area XIX (19) District of Melaka Tengah, Melaka	130	330	Pharmacy outlet / 3 - storey shophouse	Freehold / 46 years old	456,800	Revalued - Dec 2009	N1
6	Unit No. 48, Erected on Lot No. PT 797, Town Area XXI (21) District of Melaka Tengah, Melaka	137	603	Warehouse cum office / 4 ½ - storey shop office	Leasehold / (exp. 2084) 20 years old	735,000	Revalued - Dec 2009	N1
7	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) 10 years old	293,750	Revalued - Dec 2009	N1
8	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) 10 years old	401,458	Revalued - Dec 2009	N1

list of properties

At 31 December 2010
(cont'd)

	Registered Owner & Address	Land area sq.metres	Built-up area sq.metres	Existing use/ Description	Tenure/ (Expiry date) Age of building	Net Carrying Amount	Date of last revaluation/ acquisition	
9	21, Jalan Permas 9/12 Bandar Baru Permas Jaya Masai, Johor	279	369	1 ½ storey terraced warehouse cum office	Freehold	368,400	Acquired - Jun 2010	
	XEPA-SOUL PATTINSON (MALAYSIA) SDN BHD							
10	Lot Nos. PT 1071, 1072 & 1073, Mukim of Bertam, District of Melaka Tengah, Melaka (Cheng Industrial Estate - Phase 1)	29,266	9,427	Factory Complex / 1 ½ - storey Factory Building	Leasehold / (exp. 2096) 18 years old	19,549,788	Revalued - Dec 2009	N2
11	Lot Nos. PT 1074, Mukim of Bertam, District of Melaka Tengah, Melaka (Cheng Industrial Estate - Phase 1)	9,700	-	Car park	Leasehold / (exp. 2096)	1,810,054	Revalued - Dec 2009	N1
	APEX PHARMACY MARKETING SDN BHD							
12	H.S. (D) 4636, No. Lot 4892 Mukim Damansara, Daerah Petaling, Negeri Selangor	10,116	929	Industrial Land /	Freehold	8,100,000	Revalued - Dec 2009	N1
				Corporate Office and Distribution Centre	6 years old	7,434,808	Revalued - Dec 2009	N1
						7,434,808		
	APEX PHARMA MARKETING PTE LTD							
13	49 Tannery Lane, #04-01 & 04-07 Noble Warehouse, Singapore 347796	-	700	Industrial Land / Warehouse	Freehold 25 years old	4,323,373	Revalued - Dec 2009	N3
		50,009	13,263			47,283,431		

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

N1 These properties were revalued in Dec 2009 by CH Williams Talhar & Wong using the Comparison Method of valuation.

N2 The property was revalued in Dec 2009 by CH Williams Talhar & Wong using both the Comparison Method and Depreciated Replacement Cost Method of valuation.

N3 The property was revalued in Dec 2009 by Knight Frank Pte Ltd. The method of valuation was not mentioned in the said report.

analysis of shareholdings

As at 31 March 2011

Authorised Share Capital	:	RM 100,000,000
Issued and Fully Paid-Up Capital	:	RM 93,716,875
Class of Shares	:	Ordinary Shares of RM 1.00 each
Voting Rights	:	1 vote per Ordinary Share

ANALYSIS OF HOLDINGS AS AT 31 MARCH 2011

Category	No. of Holders	%	No. of Shares	%
1 - 99	53	2.90	2,616	0.00
100 - 1,000	112	6.14	73,249	0.08
1,001 - 10,000	1,319	72.27	4,662,597	4.97
10,001 - 100,000	291	15.95	7,625,375	8.14
100,001 - 4,685,842	47	2.58	15,032,150	16.04
4,685,843 and above	3	0.16	66,320,888	70.77
Total	**1,825**	**100.00**	**93,716,875**	**100.00**

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2011

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1	APEX PHARMACY HOLDINGS SENDIRIAN BERHAD	37,950,711	40.50
2	WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED	14,848,750	15.84
3	WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED	13,521,427	14.43
4	LIM TEH REALTY SDN BERHAD	1,300,000	1.39
5	LIEW YOON YEE	1,080,000	1.15
6	MD ALI BIN MD DEWAL	803,885	0.86
7	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG SINGAPORE FOR KEE KIRK CHIN	750,000	0.80
8	ROSINA BINTI ALADAD KHAN	718,750	0.77
9	LIEW YOON YEE	606,000	0.65
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR SKANDINAVISKA ENSKILDA BANKEN AB (SWEDISH CLIENTS)	537,300	0.57

analysis of shareholdings

As at 31 March 2011
(cont'd)

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2011 (cont'd)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
11	TEOH CHOON NEO @ IVY TEOH CHOON NEO	500,000	0.53
12	CHAN HENG KOON	460,000	0.49
13	TAN YAN MENG WARREN	421,875	0.45
14	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)	378,900	0.40
15	YEO LEE HEE	372,000	0.40
16	TENGKU PUAN NOR SA'ADAH BINTI AL-MARHUM SULTAN SULAIMAN SHAH	342,465	0.37
17	SINGAM A/L KUMARASAMY	332,000	0.35
18	WONG CHEE LING	325,700	0.35
19	XEPA HOLDINGS SDN.BHD.	325,000	0.35
20	FAM KEAT HONG	300,000	0.32
21	ONG WOAN HUA	285,000	0.30
22	LIM KHUAN ENG	282,200	0.30
23	TAN YAN MENG WARREN	281,250	0.30
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG JWEE LEE (E-IMO)	281,000	0.30
25	AHMAD KAMAL BIN MD ALIF	262,500	0.28
26	KEE TAH PENG @ HEE TECK PENG	256,250	0.27
27	TEOH CHOON NEO @ IVY TEOH CHOON NEO	250,000	0.27
28	KOH KIM KEAN	237,500	0.25
29	LEONG WAI KUEN	214,000	0.23
30	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD KIM ENG SECURITIES PTE LTD FOR LEM KIM WAN @ LIM HONG GEE	200,800	0.21
	TOTAL	**78,425,263**	**83.68**

analysis of shareholdings

As at 31 March 2011
(cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2011

(per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct: No. of Ordinary Shares held	Direct: %	Indirect: No. of Ordinary Shares held	Indirect: %
Apex Pharmacy Holdings Sendirian Berhad	37,950,711	40.50	-	-
Washington H. Soul Pattinson and Company Limited	28,370,177	30.27	-	-
Xepa Holdings Sdn Bhd	325,000	0.35	37,950,711(1)	40.50
Apex Holdings (Pte) Ltd	155,000	0.17	38,275,711(1)	40.84
Kee Tah Peng @ Hee Teck Peng	256,250	0.27	38,468,211(4)	41.05
Dr Kee Kirk Chin	750,000(2)	0.80	38,430,711(1)	41.01
Xepa Holdings Pte Ltd	-	-	38,430,711 (1)	41.01
Yang Liew Fang	-	-	38,430,711 (1)	41.01
Kee Kirk Chuen	37,500(3)	0.04	38,430,711 (1)	41.01
Dr Kee Loo	-	-	38,430,711 (1)	41.01
United Engineers Limited	-	-	37,950,711(1)	40.50
UE UMC Pte Ltd	-	-	37,950,711(1)	40.50
Oversea-Chinese Banking Corporation Limited	-	-	37,950,711(1)	40.50

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

As at 31 March 2011
(cont'd)

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2011

(per Register of Directors' Shareholdings)

	Direct		Indirect	
Name of Directors	**No. of Ordinary Shares held**	**%**	**No. of Ordinary Shares held**	**%**
Kee Tah Peng @ Hee Teck Peng	256,250	0.27	38,468,211 [(1)]	41.05
Dr Kee Kirk Chin	750,000 [(2)]	0.80	38,430,711 [(3)]	41.01
Jackson Chevalier Yap-Kit-Siong	18,750	0.02	-	-
Leong Khai Cheong	118,750	0.13		
Robert Dobson Millner	18,750	0.02	-	-
Dr Ahmad Kamal Bin Md Alif	262,500	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 twelfth annual general meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting ("AGM") of Apex Healthcare Berhad ("AHB") will be held at Bunga Teratai Room, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 19th May 2011 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive the Statutory Financial Statements for the financial year ended 31 December 2010 together with the Directors' and Auditors' Reports thereon. **Resolution 1**

2. To approve a final dividend of 4.0 sen gross per share less 25% tax and a special tax-exempt dividend of 5.0 sen per share for the financial year ended 31 December 2010. **Resolution 2**

3. To approve the payment of Directors' fees for the financial year ended 31 December 2010. **Resolution 3**

4. 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 4**
   ii. Dr Ahmad Kamal Bin Md Alif **Resolution 5**

5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications:

6. **ORDINARY RESOLUTION 1**
   RE-APPOINTMENT OF DIRECTOR OVER SEVENTY (70) YEARS OF AGE **Resolution 7**

   "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."

7. **ORDINARY RESOLUTION 2**
   AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES **Resolution 8**

   "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."

notice of twelfth annual general meeting
(cont'd)

8. **SPECIAL RESOLUTION 1**
PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION **Resolution 9**

"THAT the deletion, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Appendix I attached to the 2010 Annual Report, be and is hereby approved."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final dividend of 4.0 sen gross per share less 25% tax and a special tax-exempt dividend of 5.0 sen per share for the financial year ended 31 December 2010, if approved, will be paid on 23 June 2011. The entitlement date for the payment is 2 June 2011.

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 2011 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
27 April 2011

notice of twelfth annual general meeting
(cont'd)

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

(a) <u>Resolution 7</u>

This proposed resolution is in accordance with Section 129 of the Companies Act, 1965 and if passed, Mr Kee Tah Peng @ Hee Teck Peng, who is over seventy (70) years of age, will be re-appointed as Director of the Company and will hold office until the conclusion of the next Annual General Meeting.

(b) <u>Resolution 8</u>

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

Pursuant to the General Mandate procured and approved at the Company's last AGM, the Company has during the financial year 2010 implemented a bonus issue of 18,743,375 bonus shares on the basis of one (1) bonus share for every four (4) existing shares held.

(c) <u>Resolution 9</u>

This proposed resolution, if passed, will streamline the Company's Articles of Association with the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the proposed amendments to the Company's Articles of Association is set out in Appendix I attached to the 2010 Annual Report.

appendix 1

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

	EXISTING ARTICLES	PROPOSED AMENDMENTS
57	*Business of Annual General Meeting* The business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors <u>to elect Directors, Auditors and other officers in the place of those retiring by rotation or otherwise</u>, to declare dividends and to transact any other business which under these Articles ought to be transacted at an Annual General Meeting. All other business transacted at an Annual General Meeting and all business transacted at an Extraordinary General Meeting shall be deemed Special.	*Business of Annual General Meeting* The business of an Annual General Meeting shall be to receive and consider the Profit and Loss Accounts, the Balance Sheet and the Reports of the Directors and of the Auditors, <u>to elect Directors in the place of those retiring by rotation or otherwise, to consider and approve Directors' fees, to appoint Auditors and to authorise the Directors to determine their remuneration</u>, to declare dividends and to transact any other business which under these Articles ought to be transacted at an Annual General Meeting. All other business transacted at an Annual General Meeting and all business transacted at an Extraordinary General Meeting shall be deemed Special.
71	*How votes may be given and who can act as proxy* Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, every member present in person or by proxy or represented by attorney on a show of hands on any question shall have one vote and upon a poll every such member shall have one vote for every share held by him. A member may appoint <u>more than two proxies</u> to attend at the same meeting. Where a member appoints <u>two or more proxies</u>, he shall specify the proportion of his shareholdings to be represented by each proxy. 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 proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account. A proxy need not be a member of the Company, an advocate, an approved Company auditor, or a person approved by the Registrar, and shall be entitled to vote on a show of hands on any question at any General Meeting.	*How votes may be given and who can act as proxy* Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, every member present in person or by proxy or represented by attorney on a show of hands on any question shall have one vote and upon a poll every such member shall have one vote for every share held by him. A member may appoint <u>not</u> more than two proxies to attend at the same meeting. Where a member appoints <u>more than one proxy</u>, he shall specify the proportion of his shareholdings to be represented by each proxy. 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 proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account. A proxy need not be a member of the Company, an advocate, an approved Company auditor, or a person approved by the Registrar <u>(the provisions of Section 149(1) of the Act shall not apply)</u>, and shall be entitled to vote on a show of hands on any question at any General Meeting.

appendix 1 (cont'd)

	EXISTING ARTICLES	PROPOSED AMENDMENTS
130	*Payment by post* Unless otherwise directed, any dividend may be paid by cheque, warrant or banker's draft sent through the post to the registered address of the member entitled, or in case of joint holders to that one whose name shall stand first on the register in respect of the joint holding, and every cheque, warrant or banker's draft so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque, warrant or banker's draft which shall be sent by post duly addressed to the member for whom it is intended.	*Mode of Payment of Dividend* Unless otherwise directed, any dividend, <u>interest, or</u> <u>other money payable in cash in respect of shares</u> may be paid by cheque, warrant or banker's draft sent through the post to the registered address of the <u>members or to</u> <u>such person entitled thereto</u> or in case of joint holders to that one whose name shall stand first on the register in respect of the joint holding, <u>or paid via electronic transfer</u> <u>or other methods of funds transfer to such account as designated by such member</u>, and every cheque, warrant, banker's draft <u>or electronic transfer</u> so sent shall be made payable to the order of the person to whom it is sent. <u>Every such cheque or warrant or banker's</u> <u>draft or electronic transfer shall be sent at the risk of</u> <u>the person entitled to the money represented thereby</u>. The Company shall not be responsible for the loss of any cheque, warrant or banker's draft which shall be sent by post duly addressed to the member for whom it is intended.

statement accompanying notice of 2011 annual general meeting

Directors who are standing for re-election and re-appointment at the Twelfth Annual General Meeting

i. Directors retiring in accordance with Article 89 of the Company's Articles of Association:

- Dr Kee Kirk Chin
- Dr Ahmad Kamal Bin Md Alif

ii. Directors retiring in accordance with Section 129(2) of the Companies Act, 1965:

- Kee Tah Peng @ Hee Teck Peng

Details of the above Directors seeking re-election and re-appointment are set out in the Directors' Profile from pages 6 to 7.

form of proxy

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

No. of Shares held	
CDS Account No.	

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

of ____
(Full Address)

being a member/members of **APEX HEALTHCARE BERHAD**, hereby appoint ______________________

______________________ of ____________________________________
(Full name in block letters) (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 Twelfth Annual General Meeting of the Company to be held at Bunga Teratai Room, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 19th May 2011 at 10.00 a.m. and at any adjournment thereof on the following resolutions referred to in the Notice of Twelfth 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 2010 together with the Directors' and Auditors' Reports thereon.		
2.	To approve a final dividend of 4.0 sen gross per share less 25% tax and a special tax-exempt dividend of 5.0 sen per share for the financial year ended 31 December 2010.		
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2010.		
4.	To re-elect Dr Kee Kirk Chin as Director of the Company.		
5.	To re-elect Dr Ahmad Kamal Bin Md Alif as Director of the Company.		
6.	To re-appoint Kee Tah Peng @ Hee Teck Peng as Director of the Company.		
7.	To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.		
8.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	To approve the amendments to the Company's Articles of Association.		

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

Dated this ____________ day of ____________ 2011

____
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 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.

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

Depot	Address	Tel 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 (Executive Director) Ms Lee Siew Bee (Finance & Admin. Manager) Mr Lau Ah Tee (General Manager - Sales & Marketing) Mr Loo Kok Yuan (General Manager - Distribution) Mr Lim Ein Heng (Assistant General Manager - International Business) Mr Then Tat Ying (Business Development Manager - Consumer Healthcare) Ms Ang Girl Bee (Senior Distribution Manager - Consumer Healthcare) Ms Tan Pei Leng (Senior Wholesale Manager - Wholesale) Ms Wong Mei Ling (Product Manager - Pharma) Mr Choong Foo Peng (Business Development Manager - Pharma)
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)
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) Mr Low Chor Ling (Branch Manager)
Seremban	18, Jalan Dato Abdul Rahman 70000 Seremban Negeri Sembilan	06-764 2810	06-767 0327	Mr Low Chor Ling (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 (Branch Manager)
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)
Singapore	No 12, Harper Road #06-00 Sulisam Building Singapore 369677	02-6741 3803	02-6749 3839	Ms Loh Pei Juin (Assistant General Manager)