

The following is to be read after the Section on 'Statement on the Extent of Compliance with Best Practices' of the Corporate Governance Statement found on page 19 of the Annual Report of Apex Healthcare Berhad for 2003 and shall form part of the Annual Report of Apex Healthcare Berhad for 2003.

Corporate governance statement

in respect of Financial Year 2003

ADDITIONAL INFORMATION

1 Non-Audit Fees

The amount of non-audit fees paid and payable to the external auditors, Ernst & Young, by the Group for the financial year ended 31 December 2003 amounted to RM 37,700.

2 Material Contracts

Saved as disclosed in the accompany Circular on the Proposed Renewal of the Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, 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

At the Annual General Meeting held on 21st May 2003, shareholders of Apex Healthcare Berhad voted in favour of the mandate allowing defined recurrent related party transactions of a revenue or trading nature between the Group and related companies.

The aggregate value of transactions conducted pursuant to the shareholders' mandate during financial year 2003 is as detailed below: -

With:

Grafton Pharmasia Pte Ltd	RM
<i>Pursuant to the Distributorship Agreements</i>	

Sale of pharmaceuticals and consumer healthcare products for marketing and distribution in Singapore	5,806,034
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Purchase of consumer healthcare products for marketing and distribution in Malaysia	2,344,203
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Grafton Laboratories Pte Ltd	RM
<i>Pursuant to the Licence Agreement</i>	

Royalties for the licence to manufacture, market and distribute medicated powder products under the brand name 'Agnesia'	230,139
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Grafton Pharmasia Pte Ltd and Grafton Laboratories Pte Ltd are both subsidiaries of United Medicorp Pte Ltd which holds 30% equity interest in Apex Pharmacy Holdings Sdn Bhd, a substantial shareholder of Apex Healthcare Berhad.

Shareholders' approval will be sought at the forthcoming Annual General Meeting to renew this mandate and further details can be found in the circular accompanying this Annual Report.

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.

By Order of the Board

Yeoh Chong Keat (MIA 2736)

Kwong Lien Wah (MIA 3422)

Secretaries

Melaka

26 April 2004