



# CAREPLUS GROUP BERHAD

[Registration No. 201001011474 (896134-D)]

(Incorporated in Malaysia)

## Unaudited Quarterly Financial Report for the 3<sup>rd</sup> Quarter Ended 30 September 2020

### Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-Sep-2020 RM'000	Preceding Period Corresponding Quarter 30-Sep-2019 RM'000	Current Period To Date 30-Sep-2020 RM'000	Preceding Period Corresponding To Date 30-Sep-2019 RM'000
Revenue	122,705	84,339	346,299	256,386
Cost of sales	(75,364)	(86,885)	(266,409)	(252,320)
Gross profit	47,341	(2,546)	79,890	4,066
Other operating income/(expense)	1,712	7	16,173	(378)
Administration expenses	(3,040)	(2,516)	(9,062)	(7,417)
Finance costs	(647)	(1,239)	(3,196)	(3,931)
Shares of profit in joint venture	4,367	-	5,253	-
Profit/(loss) before taxation	49,733	(6,294)	89,058	(7,660)
Taxation	(6,877)	(10)	(8,849)	(160)
Profit/(loss) after taxation	42,856	(6,284)	80,209	(7,820)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the financial period	42,856	(6,284)	80,209	(7,820)
<b>Profit/(Loss) after taxation:</b>				
Owners of the Company	42,856	(4,936)	80,209	(6,534)
Non-controlling interest	-	(1,348)	-	(1,286)
	42,856	(6,284)	80,209	(7,820)



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### Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-Sep-2020 RM'000	Preceding Period Corresponding Quarter 30-Sep-2019 RM'000	Current Period To Date 30-Sep-2020 RM'000	Preceding Period Corresponding To Date 30-Sep-2019 RM'000
<b>Total comprehensive Income/(loss) for the financial period attributable to:</b>				
Owners of the Company	42,856	(4,936)	80,209	(6,534)
Non-controlling interest	-	(1,348)	-	(1,286)
	<u>42,856</u>	<u>(6,284)</u>	<u>80,209</u>	<u>(7,820)</u>
<b>Profit/(loss) per share attributable to owners of the Company:</b>				
Basic (sen)	8.00	(0.93)	14.97	(1.23)

#### **Notes :**

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements of Careplus Group Berhad ("Company") for the financial year ended 31 December 2019 and the accompanying explanatory notes in this interim financial report.



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(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3<sup>rd</sup> Quarter Ended 30 September 2020

## Unaudited Condensed Consolidated Statements of Financial Position

	UNAUDITED As at 30-Sep-2020 RM'000	AUDITED As at 31-Dec-2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint venture	49,512	-
Amount owing by related party	5,220	-
Property, plant and equipment	111,787	144,608
Prepaid expenses	347	347
Goodwill on consolidation	205	205
	<u>167,071</u>	<u>145,160</u>
<b>Current assets</b>		
Inventories	30,675	45,439
Trade receivables	18,698	38,656
Other receivables, deposits and prepaid expenses	7,006	4,655
Amount owing by a related party	9,696	26,506
Current tax assets	120	678
Derivative assets	1,109	207
Fixed deposits with licensed banks	34,485	5,155
Cash and bank balances	12,235	5,697
	<u>114,024</u>	<u>126,993</u>
<b>TOTAL ASSETS</b>	<u>281,095</u>	<u>272,153</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	101,711	90,475
Merger deficit	-	(11,521)
Retained profits	83,662	17,676
<b>Total equity</b>	<u>185,373</u>	<u>96,630</u>



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## Unaudited Quarterly Financial Report for the 3<sup>rd</sup> Quarter Ended 30 September 2020

### Unaudited Condensed Consolidated Statements of Financial Position (Cont'd)

	UNAUDITED As at 30-Sep-2020 RM'000	AUDITED As at 31-Dec-2019 RM'000
<b>Non-current liability</b>		
Amount owing to a related party	10,922	10,351
Long-term borrowings	7,254	18,430
Deferred tax liabilities	921	921
	<u>19,097</u>	<u>29,702</u>
<b>Current liabilities</b>		
Trade payables	12,085	44,847
Other payables and accrued expenses	28,783	20,656
Amount owing to a related party	-	11,602
Short-term borrowings	28,199	68,131
Tax payable	7,558	-
Bank overdrafts	-	585
	<u>76,625</u>	<u>145,821</u>
<b>Total liabilities</b>	<u>95,722</u>	<u>175,523</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>281,095</u>	<u>272,153</u>
Net assets per share attributable to owners of the Company (sen)	<u>34.59</u>	<u>18.19</u>

#### **Notes:**

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes in this interim financial period.



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Unaudited Quarterly Financial Report for the 3<sup>rd</sup> Quarter Ended 30 September 2020

## Unaudited Condensed Consolidated Statements of Cash Flows

	Current Year To Date 30-Sep-2020 RM'000	Preceding Year Corresponding To Date 31-Dec-2019 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	89,058	(7,932)
Adjustments for :		
Allowance for doubtful debts on trade receivables	87	61
Allowance for doubtful debts on amount owing by a related party	-	153
Gain on disposal of subsidiary	(15,445)	-
Property, plant and equipment written off	-	128
Depreciation of property, plant and equipment	12,316	20,477
Fair value (gain)/loss on derivatives	(946)	66
Loss on disposal of equipment	7	74
Inventories written down to net realisable value	436	4,535
Interest expenses	3,196	5,190
Interest income	(199)	(312)
Share of profit in joint venture	(5,253)	-
Unrealised loss/(gain) on foreign exchange	(145)	(434)
Operating profit before working capital changes	<u>83,112</u>	<u>22,005</u>
Increase in inventories	(4,791)	(8,072)
Increase in trade and other receivables	(3,975)	(12,381)
(Decrease)/ Increase in trade and other payables	(1,124)	11,122
Decrease in amount owing by a related party	13,620	35,418
Cash generated from operations	<u>86,842</u>	<u>48,092</u>
Income tax paid	(791)	(896)
Income tax refund	-	599
<b>Net cash from operating activities</b>	<u>86,051</u>	<u>47,795</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Interest received	199	312
Purchase of property, plant and equipment	(47,254)	(14,633)
Proceeds from disposal of equipment	122	83
Acquisition of non-controlling interests	(5,750)	(5,750)
Disposal of subsidiary	12,676	-
<b>Net cash used in investing activities</b>	<u>(40,007)</u>	<u>(19,988)</u>
<b>Balance carried forward</b>	46,044	27,807



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### Unaudited Condensed Consolidated Statements of Cash Flows (Cont'd)

	Current Year To Date 30-Sep-2020 RM'000	Preceding Year Corresponding To Date 31-Dec-2019 RM'000
<b>Balance brought forward</b>	46,044	27,807
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Placement in pledged fixed deposits	(1,036)	1,157
Net drawdown/(repayment) of bills payable	(17,871)	(8,788)
Drawdown of term loan	3,558	4,430
Net drawdown/(repayment) of hire purchase obligations	3,108	(9,227)
Repayment of term loans	(333)	(7,721)
Proceeds from issuance from shares of private placement	11,236	-
Dividend paid to non-controlling interest	(5,852)	-
Interest paid	(2,624)	(5,190)
<b>Net cash from/(used in) financing activities</b>	(9,814)	(31,749)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	36,230	(3,942)
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	(813)	796
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	6,118	9,264
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	41,535	6,118
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Fixed deposits	34,485	5,155
Cash and bank balances	12,235	5,697
Bank overdrafts	-	(585)
Less: Fixed deposits pledged to licensed banks	(5,185)	(4,149)
	41,535	6,118

#### Notes :

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes in this interim financial report



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## Unaudited Quarterly Financial Report for the 3<sup>rd</sup> Quarter Ended 30 September 2020

### Unaudited Condensed Consolidated Statements of Changes in Equity

	← Non-distributable →		Merger Deficit	Distributable Retained Profits	Attributable To Owners of The Company	Total Equity
	Share Capital	Share Premium				
	RM'000	RM'000				
Balance at 1.1.2020	90,475	-	(11,521)	17,676	96,630	96,630
Contributions by / distributions to owners of the Company :-						
Shares issued pursuant to private placement	11,430	-	-	-	11,430	11,430
Expenses from private placement	(194)	-	-	-	(194)	(194)
Dividend declared on ordinary shares	-	-	-	(2,702)	(2,702)	(2,702)
Total transactions with the owners of the Company	11,236	-	-	(2,702)	8,534	8,534
Reclassification of Merger Deficit	-	-	11,521	(11,521)	-	-
Profit after taxation / Total comprehensive income for the financial period	-	-	-	80,209	80,209	80,209
<b>Balance at 30.9.2020</b>	<b>101,711</b>	<b>-</b>	<b>-</b>	<b>83,662</b>	<b>185,373</b>	<b>185,373</b>



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### Unaudited Condensed Consolidated Statements of Changes in Equity (Cont'd)

	← Non-distributable →			Distributable Retained Profits RM'000	Attributable To Owners of The Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000				
	Balance at 1.1.2019	90,475	-				
Contributions by / distributions to owners of the Company :-							
Shares purchased from non-controlling interest	-	-	-	454	454	(22,305)	(21,851)
Dividend paid to non- controlling interest	-	-	-	-	-	(12,262)	(12,262)
Total transactions with the owners of the Company	-	-	-	454	454	(34,567)	(34,113)
Loss after taxation / Total comprehensive loss for the financial period	-	-	-	(5,751)	(5,751)	(2,067)	(7,818)
<b>Balance at 31.12.2019</b>	<b>90,475</b>	<b>-</b>	<b>(11,521)</b>	<b>17,676</b>	<b>96,630</b>	<b>-</b>	<b>96,630</b>

#### Notes :

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes in this interim financial report.





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### A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

#### 1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The interim financial report should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those of the Group’s consolidated audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following new MFRS/amendments with effect from 1 January 2020:

MFRSs	Amendments to References to the Conceptual Framework MFRS Standards
Amendments to MFRS 3	Definition of Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of the abovementioned standards did not have material impact on the financial statements of the Group.



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### 2. Auditors' Report on Preceding Annual Financial Statements

The auditors' reports for the Company and its subsidiaries for the financial year ended 31 December 2019 were not subject to any qualification.

### 3. Seasonal or Cyclical Factors

The Group's business operations were not significantly affected by any major seasonal or cyclical factors.

### 4. Significant Unusual Items

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

### 5. Material Changes in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the current quarter under review.

### 6. Details of Changes in Debts and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the current financial quarter under.

### 7. Dividend Paid

There was no dividend paid during the current quarter under review.

### 8. Segmental Reporting

The Group's business comprises mainly of manufacturing and sales of latex and nitrile gloves. The Group's manufacturing activities are operated solely in Malaysia. On this basis, no reportable operating segment is presented as all information required are disclosed in this report.

### 9. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The carrying amounts of property, plant and equipment are reviewed at each reporting period to determine whether there is any indication of impairment.

### 10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.



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### 11. Valuation of inventories

Reviews are made monthly by management on expected selling price and economic trends when assessing the net realisable value of inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The Group recognised a provision for inventories written down to net realisable value of RM436,000 in the current quarter.

### 12. Contingent Liabilities and Contingent Assets

The Group has no outstanding contingent liabilities and contingent assets as at 23 October 2020 which might materially and adversely affect the position or business of the Group.

### 13. Capital Commitments

Authorized capital expenditure not provided for in the interim financial report as at the end of the current quarter were as follows:

	<b>As at 30-Sep-2020 (UNAUDITED) RM'000</b>
<u>Authorised and contracted but not provided for:-</u>	
Construction of building	8,023
Construction of plant and machineries	106,995
	<u>115,108</u>
 <u>Authorised but not contracted and not provided for:-</u>	
Land and building	26,685
Construction of plant and machineries	82,252
	<u>108,937</u>

### 14. Events Subsequent to the End of the Interim Reporting Period

On 21 August 2020, the Board of Directors of Careplus ("Board") had announced that Careplus entered into a Share Acquisition Agreement ("SAA") to acquire the entire issued share capital of Time Aircraft Manufacturing Sdn. Bhd. ("Time Aircraft"), comprising 1,000,000 ordinary shares for a total cash consideration of RM23.002 million ("Proposed Acquisition").

On 7 October 2020, the Board had announced that all the conditions precedent stipulated in the SAA have been fully satisfied and the Acquisition has become unconditional and has been completed on 7 October 2020.



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### 15. Related Party Disclosures

(a) Identities of related parties

The Company has controlling related party relationships with:-

- (i) Its subsidiaries
- (ii) Entities controlled by certain key management personnel, directors and/or substantial shareholders; and
- (iii) The directors who are the key management personnel.

(b) In addition to balances detailed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the period under review:

	<b>9 Months Ended 30-Sep-2020 (UNAUDITED) RM'000</b>
Transactions with a close member of the family of a director:	
Insurance and renewal of road tax services expenses	212
Rental paid	190
Transactions with directors:	
Rental paid	128

(c) Key management personnel

	<b>9 Months Ended 30-Sep-2020 (UNAUDITED) RM'000</b>
Short-term employee benefits	<b>3,008</b>

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### B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE LISTING REQUIREMENTS

#### 1. Financial review for current quarter and financial year to date

	INDIVIDUAL PERIOD			
	Current Year Quarter 30/9/2020 (UNAUDITED)	Preceding Year Corresponding Quarter 30/9/2019 (UNAUDITED)	Changes	
			RM'000	%
Revenue	122,705	84,339	38,366	45.49
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	47,106	(557)	47,663	8,557.09
Profit/(Loss) before interest and tax ("PBIT/(LBIT)")	50,380	(5,055)	55,435	1,096.64
Profit/(Loss) before taxation ("PBT/(LBT)")	49,733	(6,294)	56,027	890.17
Profit/(Loss) after taxation ("PAT/(LAT)")	42,856	(6,284)	49,140	781.99
Profit/(Loss) attributable to owners of the Company	42,856	(4,936)	47,792	968.23

#### Performance Review (current quarter vs preceding year's corresponding quarter)

The Group recorded a revenue of approximately RM122.7 million for the quarter ended 30 Sep 2020, which is 45.49% higher than the revenue in the last year's corresponding quarter. The Group's revenue has increased on the back of higher selling price and better capacity output.

The Group's PBT and profit attributable to owners of the Company has improved significantly by 890.17% and 968.23% respectively which were contributed by:

1. Higher glove sales, higher utilisation rate and higher selling prices as a result of surge in demand due to the COVID-19 pandemic.
2. Profit attributable to owners include the 50% sharing of profit earned from the Joint Venture between Careplus M and Ansell. Please refer to note 9, in pages 21 and 22 for details.



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### 1. Financial review for current quarter and financial year to date (cont'd)

	CUMULATIVE PERIOD			
	Current Year-to-Date 30/9/2020 (UNAUDITED)	Preceding Year Corresponding Quarter 30/9/2019 (UNAUDITED)	Changes	
			RM'000	RM'000
Revenue	346,299	256,386	89,913	35.07
EBITDA	81,830	10,278	71,552	696.17
PBIT	92,254	(3,729)	95,983	2,573.96
PBT/(LBT)	89,058	(7,660)	96,718	1,262.64
PAT/(LAT)	80,209	(7,820)	88,029	1,125.69
Profit/(Loss) attributable to owners of the Company	80,209	(6,534)	86,743	1,327.56

#### Performance Review (cumulative period vs preceding year's corresponding period)

The Group recorded a revenue increase of approximately RM89.9 million during the quarter ended 30 September 2020, an increase of 35.07% against the revenue in the corresponding quarter last year. This is mainly due to increase in selling prices arising from the surge in demand due to the Covid-19 pandemic and higher sales quantity.

The cumulative profits have increased significantly as a result of higher sales volume, average selling price and better production efficiency. It included a one-off gain of RM15.4 million from the disposal of 50% equity interest in Careplus M for the Joint Venture with Ansell in Quarter 2.

A larger tax provision of RM8.850 million has been provided for as a result of higher profits achieved.



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### 2. Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30/9/2020 (UNAUDITED)	Immediate Preceding Quarter 30/6/2020 (UNAUDITED)	Changes	
	RM'000	RM'000	RM'000	%
Revenue	122,705	118,898	3,807	3.2
EBITDA	47,106	27,075	20,031	73.98
PBIT	50,380	39,412	10,968	27.83
PBT	49,733	38,119	11,614	30.47
PAT	42,856	36,212	6,644	18.35
Profit attributable to owners of the Company	42,856	36,212	6,644	18.35

The Group recorded an increase in revenue of RM3.8 million or 3.2% from the immediate preceding quarter.

By comparison, the Group's PBT and profits attributable to the owners of the Company only increased by 30.47% and 18.35% respectively. In the immediate preceding quarter, the Group recorded a one off gain of RM15.4million from the disposal of 50% equity interest in Careplus M for the Joint Venture with Ansell. Excluding this one-off gain, the PBT from operations would have shown an increase of RM27.0 million as a consequence of significant improvement from operating profit.

### 3. Prospects

We are now running 29 lines with an annual capacity of 4.62 billion pieces of gloves. We are targeting to install 4 new lines by the end of this year, another 15 new lines by mid-2021, with an additional 9 lines in the planning stage to be completed by end 2021.

As a result, the Group will have 57 production lines with an annual capacity of 10.5 billion pieces of medical and surgical gloves by end 2021. The Group has also put in place to increase surgical gloves packing facilities from 72 million pairs to 288 million pairs annually by end 2021.

We will be investing RM10 million to automate our new lines to reduce our dependency on production workers. At the same time, we will be renovating our newly purchased budget hotel to be converted into workers' hostel (pending approval by the authorities) to attract more local workers to join us.

Barring any unforeseen circumstances, we are confident we will be able to commission and run all the production as planned.



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### 4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

### 5. Taxation

The Group's taxation figures were as follows:

	<b>3 Months Ended 30-Sep-2020 (UNAUDITED) RM'000</b>	<b>9 Months Ended 30-Sep-2020 (UNAUDITED) RM'000</b>
Income tax		
- Current period	<u>6,877</u>	<u>8,849</u>

The Group's effective tax rate is lower than the statutory tax rate due to claimable capital allowances, reinvestment allowance and unabsorbed export allowance brought forward from previous year by subsidiaries.





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### 6. Realised and Unrealised Retained Profits of the Group

	As at 30-Sep-2020 (UNAUDITED) RM'000	As at 30-Sep-2019 (UNAUDITED) RM'000
Total retained profits, net of consolidation adjustments:		
Realised	90,410	43,365
Unrealised	333	(1,654)
	90,743	41,711
Less: Consolidation adjustments	4,440	(25,272)
As at 30.9.2020 / 30.9.2019	95,183	16,439

### 7. Profit/(Loss) Before Tax

Profit/(Loss) before tax was arrived at after charging / (crediting): -

	3 Months Ended 30-Sep-2020 (UNAUDITED) RM'000	3 Months Ended 30-Sep-2019 (UNAUDITED) RM'000	9 Months Ended 30-Sep-2020 (UNAUDITED) RM'000	9 Months Ended 30-Sep-2019 (UNAUDITED) RM'000
Depreciation of property, plant and equipment	3,143	5,037	12,316	15,225
Fair value (gain)/loss on derivatives	(933)	51	(946)	236
(Gain)/Loss on disposal of equipment	(10)	177	7	220
Interest expenses	647	1,239	3,196	3,931
Interest income	(139)	(27)	(199)	(102)
Rental expenses	285	131	663	376
Realised (gain)/loss on foreign exchange	(99)	(719)	(848)	(536)
Rental income	(9)	(11)	(38)	(32)
Unrealised loss/(gain) on foreign exchange	(821)	210	145	(603)

There were no gain or loss on disposal of unquoted investment or properties, write off of receivables, provision for and write off of inventories, impairment of assets and exceptional items during the current quarter under review.



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### 8. Status of Corporate Proposal

Save as disclosed below, there were no other corporate proposals announced but not completed at the latest practicable date which is not earlier than seven (7) days from the date of issue of this interim financial report: -

- (a) On 5 February 2020, UOBKH had, on behalf of our Board of Director of the Company (“Board”), announced that Careplus had, on February 2020 entered into a joint venture arrangement with Ansell Services (Asia) Sdn Bhd (“Ansell”) (“Joint Venture”) comprising the following:-
  - (i) the disposal by Careplus of 50% equity interest in Careplus (M) Sdn Bhd (“Careplus M”), consisting of 14,550,000 ordinary shares in Careplus M (“Careplus M Share(s)”) for a disposal consideration of approximately RM26.81 million, subject to adjustments, to be satisfied entirely by cash (“Disposal Consideration”) (“Disposal”), via a conditional share purchase agreement (“SPA”) entered into between Careplus and Ansell on even date;
  - (ii) a Shareholders’ Agreement to be entered into between Careplus, Ansell and Careplus M to given the rights, duties, liabilities and obligations to each other as shareholders in relation to the operation of Careplus M as a joint venture between Careplus and Ansell upon completion of the Disposal, which includes, amongst others, a further subscription of new Careplus M Shares by Careplus and Ansell in equal proportions (“Careplus M Subscription”) (“Shareholders’ Agreement”); and
  - (iii) in conjunction with the SPA, an Options Agreement was entered into between Careplus and Ansell, whereby Careplus agrees to grant the Call Option and Put Option to Ansell in respect of the Careplus M Shares held by Careplus and Ansell after the completion of the Disposal.

The Disposal had become unconditional and was completed on 14 May 2020, following which, Careplus M ceased to be a wholly owned subsidiary of Careplus and became a 50% of joint venture of Careplus. Further, in line with the completion, Careplus and Careplus M entered into the Shareholders’ Agreement with Ansell on 14 May 2020.



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### 8. Status of Corporate Proposal (cont'd)

The status of utilisation of the Disposal Consideration are set out as follows: -

Details of Utilisation	Timeframe for utilisation	Initial Consideration RM'000	Retained Consideration RM'000	Total Disposal Consideration RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Careplus M Subscription	Upon Completion	10,500	-	10,500	10,500	-
Capital expenditure	Within 6 months upon receipt of the proceeds	10,000	-	10,000	10,000	-
Working capital	Within 30 months upon receipt of the proceeds	815	5,394	6,209	815	5,394
Estimated expenses for the Joint Venture	Upon Completion	260	-	260	260	-
<b>Total</b>		<b>21,575</b>	<b>5,394</b>	<b>26,969</b>	<b>11,575</b>	<b>5,394</b>

- (b) On 12 June 2020, AmInvestment Bank Berhad (“**AmInvestment Bank**”) had, on behalf of the Board of Directors of Careplus Group Berhad (“**Careplus**” or the “**Company**”) (“**Board**”), announced that the Company proposed to undertake a private placement of up to 53,135,900 new ordinary shares in Careplus (“**Careplus Shares**”) (“**Placement Shares**”), representing up to 10% of the total number of issued shares in Careplus of 531,359,799 Careplus Shares as at 11 June 2020 (“**Private Placement**”).

On 23 June 2020, AmInvestment Bank had, on behalf of the Board, announced that Bursa Malaysia Securities Berhad (“**Bursa Securities**”) had, vide its letter dated 23 June 2020, approved the listing and quotation of up to 53,135,900 Placement Shares on the ACE Market of Bursa Securities (“**Bursa Securities’ Approval**”). AmInvestment Bank had on the even date, on behalf of the Board, announced the price-fixing of the first tranche of the Private Placement at RM1.27 per Placement Share.

The first tranche of the Private Placement was completed on 1 July 2020 following the listing and quotation of 9,000,000 Placement Shares on the ACE Market of Bursa Securities.



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### 8. Status of Corporate Proposal (cont'd)

The status of actual proceeds raised from the first tranche of the Private Placement amounting to RM11.43 million are as follow:

Descriptions	Proposed Utilisation* RM'000	Actual Proceeds Raised RM'000	Actual Utilisation RM'000	Balance RM'000	Estimated timeframe for the utilisation of proceeds from the date of listing of the Placement Shares
Capital Expenditure	76,511	11,198	11,198	-	Within 12 months
Working Capital	5,000	-	-	-	Within 12 months
Estimated expenses in relation to the Private Placement	1,450	232	232	-	Within 1 month
<b>Total Proceeds</b>	<b>82,961</b>	<b>11,430</b>	<b>11,430</b>	-	

Note:

\* As per announcement dated 12 June 2020

- (c) On 22 July 2020, the Board of Directors of Careplus (“Board”) had announced that the Company and Tang Kin San (“TKS”) (collectively, “the Purchasers”) entered into a conditional Share Acquisition Agreement (“SAA”) with Chang Keng Chiang, Chang Sze Wei and Chang Kai Ping (collectively, “the Vendors”) to collectively acquire the entire enlarged issued share capital of Centro Heights Sdn. Bhd. (“Centro”), which will comprise 3,800,000 ordinary shares in Centro (“Sale Shares”) for a total purchase price of RM3.8 million, payable in the following proportions by the Purchasers: Careplus (90%) and TKS (10%) (“Proposed Acquisition”). Upon completion of the Proposed Acquisition, Careplus will own 90% equity interest in Centro, while the remaining 10% equity interest will be held by TKS. The intended business for Centro is to manage its properties (comprising a hotel in Seremban) as workers’ hostels for Careplus’ workers and would enable Careplus to consolidate its workers’ hostels in a central location to enable efficient management and ease of administrative purposes.

Separately, the Company had also on 22 July 2020 entered into a Commitment and Option Agreement (“Option Agreement”) with TKS. Both the parties agreed that upon successful completion of the Proposed Acquisition, TKS will be appointed to spearhead the management of Centro. Additionally, Careplus has agreed to grant an option for TKS to purchase from Careplus an aggregate of up to 760,000 ordinary shares in Centro, representing up to 20% equity interest in Centro at the time of completion of the Proposed Acquisition in a single or multiple tranches within 5 years (“Option Shares”), at a call option exercise price of RM1.00 per Option Share, upon the terms and conditions as set out in the Option Agreement (“Call Option”).

For information, TKS is brother in-law of Mr. Loo Teck Looi, a Non-Independent Executive Director of Careplus. Accordingly, Mr. Loo Teck Looi, being the interested director in the Call Option, has abstained from all Board deliberations and voting on the Call Option.



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### 8. Status of Corporate Proposal (Cont'd)

- (d) On 5 June 2020, UOBKH had, on behalf of our Board, announced that Careplus proposed to undertake the establishment of a share grant plan (“SGP”) of up to 10% of the total number of issued shares in Careplus (excluding treasury shares, if any) at any point in time during the duration of the SGP for the eligible Executive Directors and employees of Careplus Group. The SGP was approved by the shareholders of Careplus at the Extraordinary General Meeting held on 8 July 2020 and is pending implementation by the Board.

The SGP, when implemented, shall be in force for an initial period of 5 years, and may be extended for an aggregate duration of up to 10 years.

### 9. Investment in joint venture

	As at 30-Sep-2020 (UNAUDITED) RM'000	As at 30-Sep-2019 (UNAUDITED) RM'000
Reconciliation to carrying amount		
Beginning of investment	26,759	-
Additional share capital	17,500	-
Share of profits in joint venture	5,253	-
Net assets at 30 September 2020	49,512	-

The details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			30 June 2020 %	30 June 2019 %
Careplus (M) Sdn Bhd	Manufacturing gloves and provision for quality control services for outsourced gloves	Malaysia	50	-



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### 9. Investment in joint venture (cont'd)

The following table summarises the financial information of the Group's material joint venture:

	<b>As at 30 June 2020 (UNAUDITED) RM'000</b>	<b>As at 30 September 2020 (UNAUDITED) RM'000</b>
Non-current assets	67,550	72,961
Current assets	50,209	66,727
Non-current liabilities	(13,004)	(12,033)
Current liabilities	(43,909)	(44,076)
<b>Equity attributable to owners of the Company</b>	<b>(60,846)</b>	<b>(83,579)</b>
Revenue	25,596	74,855
Expenses	(23,824)	(64,349)
<b>Profit for the year</b>	<b>1,772</b>	<b>10,506</b>
Shares of profit in joint venture	886	5,253

The shares of profit in the joint venture of RM5,253,000 was derived from the profit for the period from 15 May 2020 until 30 September 2020.



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### 10. Group Borrowings and Debt Securities

(a) The Group's borrowings as at 30 September 2020 and 30 September 2019 were as follows:

	<u>As at 30 September 2020</u>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
Secured:			
Hire purchase	4,269	3,599	7,868
Term loans	2,985	4,019	7,004
Bills payable	-	20,581	20,581
	<u>7,254</u>	<u>28,199</u>	<u>35,453</u>

	<u>As at 30 September 2019</u>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
Secured:			
Hire purchase	3,689	9,507	13,196
Term loans	14,467	3,218	17,685
Bills payable	-	72,050	72,050
	<u>18,156</u>	<u>84,775</u>	<u>102,931</u>

(b) There were no unsecured debts during the current quarter under review.

(c) Included in bill payables, there is a total amount of RM17.1 million (30.9.2019: RM51.9 million) denominated in USD.

### 11. Derivatives Financial Instruments

As at 30 September 2020, the Group's outstanding derivatives were as follows:

<b>Type of Derivatives</b>	<b>Contract/Notional Value RM'000</b>	<b>Assets/(Liabilities) RM'000</b>
Currency forwards - Less than 1 year	103,256	1,109

The Group entered currency forwards to hedge highly probable forecast transactions denominated in foreign currencies, which are expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.



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### 12. Material Litigation

There were no material litigations involving the Group as at the date of this report.

### 13. Dividends Declared / Proposed

There were no dividends declared during the current financial period.

### 14. Earnings Per Share

The computation of basic and diluted earnings per share for the financial period ended 30 September 2020 and 30 September 2019 was as follows: -

#### (a) Basic

	3 Months Ended 30-Sep-2020 (UNAUDITED)	3 Months Ended 30-Sep-2019 (UNAUDITED)	9 Months Ended 30-Sep-2020 (UNAUDITED)	9 Months Ended 30-Sep-2019 (UNAUDITED)
Profit/(Loss) attributable to owners of the Company (RM'000)	42,856	(4,936)	80,209	(6,534)
Weighted average number of ordinary shares as at 1 January/30 September ('000)	<u>535,884</u>	<u>531,360</u>	<u>535,884</u>	<u>531,360</u>
Basic earnings/(loss) per share (sen)	<u>8.00</u>	<u>(0.93)</u>	<u>14.97</u>	<u>(1.23)</u>

#### (b) Diluted

Diluted earnings per share is not applicable for the financial period ended 30 September 2020 and 30 September 2019 as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.