



CAREPLUS GROUP BERHAD

[Registration No. 201001011474 (896134-D)]

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 September 2021

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-Sep-2021 RM'000	Preceding Period Corresponding Quarter 30-Sep-2020 RM'000	Current Period To Date 30-Sep-2021 RM'000	Preceding Period Corresponding To Date 30-Sep-2020 RM'000
Revenue	100,837	122,705	591,218	346,299
Cost of sales	(81,289)	(75,364)	(299,637)	(266,409)
Gross profit	19,548	47,341	291,581	79,890
Other operating (expenses)/income	(1,398)	1,712	(2,515)	16,173
Administration expenses	(3,696)	(3,040)	(15,231)	(9,062)
Finance costs	(858)	(647)	(2,003)	(3,196)
Shares of (loss)/profit in joint venture	(1,461)	4,367	22,644	5,253
Profit before taxation	12,135	49,733	294,476	89,058
Taxation	(3,748)	(6,877)	(57,463)	(8,849)
Profit after taxation	8,387	42,856	237,013	80,209
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	8,387	42,856	237,013	80,209
Profit after taxation:				
Owners of the Company	8,374	42,856	236,993	80,209
Non-controlling interest	13	-	20	-
	8,387	42,856	237,013	80,209



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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-2021 RM'000	Preceding Period Corresponding Quarter 30-Sep-2020 RM'000	Current Period To Date 30-Sep-2021 RM'000	Preceding Period Corresponding To Date 30-Sep-2020 RM'000
Total comprehensive income for the financial period attributable to:				
Owners of the Company	8,374	42,856	236,993	80,209
Non-controlling interest	13	-	20	-
	<u>8,387</u>	<u>42,856</u>	<u>237,013</u>	<u>80,209</u>
Profit per share attributable to owners of the Company:				
Basic (sen)	1.54	8.00	43.45	14.97

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 2020 and the accompanying explanatory notes in this interim financial report.



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Unaudited Condensed Consolidated Statements of Financial Position

	UNAUDITED As at 30-Sep-2021 RM'000	AUDITED As at 31-Dec-2020 RM'000
ASSETS		
Non-current assets		
Investment in joint venture	76,889	54,245
Goodwill on consolidation	205	205
Property, plant and equipment	239,483	179,813
Other receivables and prepaid expenses	4,063	5,646
	<u>320,640</u>	<u>239,909</u>
Current assets		
Inventories	58,998	53,845
Trade receivables	53,103	63,638
Other receivables, deposits and prepaid expenses	11,062	6,071
Amount owing by a joint venture	6,295	3,952
Derivative assets	-	2,447
Fixed deposits with licensed banks	127,753	42,233
Cash and bank balances	80,439	30,090
	<u>337,650</u>	<u>202,276</u>
TOTAL ASSETS	<u>658,290</u>	<u>442,185</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	171,284	136,115
Retained profits	329,547	125,919
	<u>500,831</u>	<u>262,034</u>
Non-controlling interest	390	370
Total equity	<u>501,221</u>	<u>262,404</u>



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

	UNAUDITED As at 30-Sep-2021 RM'000	AUDITED As at 31-Dec-2020 RM'000
Non-current liability		
Long-term borrowings	5,825	7,084
Deferred tax liabilities	3,894	3,893
Other payables	6,079	10,610
	<u>15,798</u>	<u>21,587</u>
Current liabilities		
Trade payables	34,425	20,191
Other payables and accrued expenses	46,077	42,776
Contract liabilities	30,908	67,343
Amount owing to joint venture	48	1,626
Tax payable	20,932	2,403
Short-term borrowings	8,857	23,855
Derivative liabilities	24	-
	<u>141,271</u>	<u>158,194</u>
Total liabilities	<u>157,069</u>	<u>179,781</u>
TOTAL EQUITY AND LIABILITIES	<u>658,290</u>	<u>442,185</u>
Net assets per share attributable to owners of the Company (sen)	<u>91.90</u>	<u>48.75</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 2020 and the accompanying explanatory notes in this interim financial period.



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Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 September 2021

Unaudited Condensed Consolidated Statements of Cash Flows

	Current Year To Date 30-Sep-2021 RM'000	Preceding Year Corresponding To Date 31-Dec-2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	294,476	148,547
Adjustments for:		
Depreciation of property, plant and equipment	15,982	15,747
Interest expense	2,003	3,630
Inventories written down	-	4,018
Fair value loss/(gain) on derivatives	2,470	(2,283)
Allowance for doubtful debts on trade receivables	229	164
Unrealised loss/(gain) on foreign exchange	893	(822)
Interest income	(1,522)	(550)
Gain on disposal of subsidiary	-	(15,445)
Gain on disposal of property, plant and equipment	(31)	(4)
Share of profit in joint venture	(22,644)	(9,986)
Share-based payment expense	1,718	-
Operating profit before working capital changes	293,574	143,016
Increase in inventories	(5,153)	(31,543)
Decrease/(Increase) in trade and other receivables	7,845	(21,194)
Increase in trade and other payables	11,574	9,927
(Decrease)/ Increase in contract liabilities	(36,435)	67,343
(Decrease)/ Increase in amount owing to joint venture	(3,900)	1,626
Cash generated from operations	267,505	169,175
Income tax paid	(38,933)	(20,593)
Income tax refund	-	492
Net cash from operating activities	228,572	149,074
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	1,522	339
Proceeds from disposal of equipment	44	93
Disposal of subsidiary	-	12,685
Acquisition of non-controlling interests	-	(5,750)
Additional subscription of shares in joint venture	-	(7,000)
Other receivable	(3,550)	-
Purchase of property, plant and equipment	(75,664)	(99,031)
Repayment of advance to joint venture	-	4,401
Net cash used in investing activities	(77,648)	(94,263)
Balance carried forward	150,924	54,811



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

	Current Year To Date 30-Sep-2021 RM'000	Preceding Year Corresponding To Date 31-Dec-2020 RM'000
Balance brought forward	150,924	54,811
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
Dividends paid	(33,365)	(2,702)
Dividends paid to non-controlling interest by subsidiary	-	(5,852)
Net repayment of bills payable	(16,409)	(21,834)
Net proceeds from issuance of shares from private placement	33,451	45,640
Drawdown of term loans	2,170	-
Repayment of hire purchase obligations	(1,922)	(3,899)
Repayment of term loans	(351)	(449)
Interest paid	(706)	(2,871)
Changes in pledged fixed deposits	5,980	(4,084)
Net cash (used in)/from financing activities	<u>(11,152)</u>	<u>3,949</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	139,772	58,760
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	2,077	(788)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>64,090</u>	<u>6,118</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>205,939</u>	<u>64,090</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Fixed deposits	127,753	42,233
Cash and bank balances	80,439	30,090
Less: Fixed deposits pledged to licensed banks	(2,253)	(8,233)
	<u>205,939</u>	<u>64,090</u>

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 2020 and the accompanying explanatory notes in this interim financial report



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Unaudited Condensed Consolidated Statements of Changes in Equity

	Non-Distributable	Distributable	Attributable		
	Share Capital	Retained Profits	To Owners of The Company	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2021	136,115	125,919	262,034	370	262,404
Contributions by / distributions to owners of the Company:					
Issuance of shares:					
- Private placement	34,000	-	34,000	-	34,000
- Expenses on private placement	(549)	-	(549)	-	(549)
- Employees Share Grant Plan	1,718	-	1,718	-	1,718
Dividends declared on ordinary shares	-	(33,365)	(33,365)	-	(33,365)
Total transactions with the owners of the Company	35,169	(33,365)	1,804	-	1,804
Profit after taxation / Total comprehensive income for the financial period	-	236,993	236,993	20	237,013
Balance at 30.09.2021	171,284	329,547	500,831	390	501,221



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Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 September 2021

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

	Non-distributable		Distributable	Attributable	Non-Controlling Interest	Total Equity
	Share Capital	Merger Deficit	Retained Profits	To Owners of The Company		
	RM'000	RM'000	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:						
Issuance of shares:						
- Private placement	46,422	-	-	46,422	-	46,422
- Expenses on private placement	(782)	-	-	(782)	-	(782)
Acquisition of assets	-	-	-	-	385	385
Disposal of subsidiary	-	11,521	(11,521)	-	-	-
Dividends	-	-	(2,702)	(2,702)	-	(2,702)
Total transactions with the owners of the Company	45,640	11,521	(14,223)	42,938	385	43,323
Profit after taxation / Total comprehensive income for the financial period	-	-	122,466	122,466	(15)	122,451
Balance at 31.12.2020	136,115	-	125,919	262,034	370	262,404

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 2020 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 2020 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 2020 except for the adoption of the following new MFRS/amendments with effect from 1 January 2021:

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform – Phase 2

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 2020 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

During the current financial year, the Company increased its issued and paid-up ordinary share capital from RM136,114,571, comprising 550,079,799 ordinary shares to RM171,283,771, comprising 568,078,799 ordinary shares by way of:

- (a) 999,000 new ordinary shares at an issue price of RM1.72 each for cash, arising from the exercise of Share Grant Plan on 25 June 2021.
- (b) 1,000,000 new ordinary shares at an issue price of RM2 each for cash, arising from the exercise of a private placement on 22 July 2021.
- (c) 4,000,000 new ordinary shares at an issue price of RM2 each for cash, arising from the exercise of a private placement on 23 July 2021.
- (d) 8,000,000 new ordinary shares at an issue price of RM2 each for cash, arising from the exercise of a private placement on 26 July 2021.
- (e) 4,000,000 new ordinary shares at an issue price of RM2 each for cash, arising from the exercise of a private placement on 27 July 2021.

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the current financial quarter under review.



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7. Dividend Paid

Since the end of the previous year, the amount of dividends declared and paid by the Company are in respect of the following:

- (a) On 24 March 2021, the Company paid a dividend of 2.0 sen per ordinary share to shareholders of the Company amounting to RM11,001,595.98.
- (b) On 16 June 2021, the Company paid a dividend of 2.0 sen per ordinary share to shareholders of the Company amounting to RM11,001,595.98.
- (c) On 15 September 2021, the Company paid a dividend of 2.0 sen per ordinary share to shareholders of the Company amounting to RM11,361,575.98.

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.

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. There were no provision inventories written down for this quarter.

12. Contingent Liabilities and Contingent Assets

The Group has no outstanding contingent liabilities and contingent assets as at 26 November 2021 which might materially and adversely affect the position or business of the Group.



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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:

	As at 30-Sep-2021 (UNAUDITED) RM'000
<u>Authorised and contracted but not provided for:-</u>	
Construction of building	36,199
Construction of plant and machineries	82,725
Land and Building	27,895
	<hr/> 146,819 <hr/>
<u>Authorised but not contracted and not provided for:-</u>	
Land and building	22,903
Construction of plant and machineries	11,667
	<hr/> 34,570 <hr/>

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

- a. On 23 April 2021, the Company proposed to undertake the proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities. The proposed transfer is pending approval from the regulatory Authorities.
- b. On 11 May 2021, Careplus Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a conditional Sale and Purchase Agreement with Rapid Mall Sdn. Bhd. to acquire a piece of freehold land held under the individual title Geran 129593, Lot 22174, Pekan Bukit Kepayang, Daerah Seremban, Negeri Sembilan measuring 40,680 square metres in area together with a purpose-built single-storey retail complex with mezzanine floor erected thereon bearing the postal address Tesco Extra-Makro Seremban, Kawasan Perniagaan Oakland, 70300 Seremban, Negeri Sembilan for a total cash consideration of RM35.5 million. The acquisition was completed on 24 November 2021.



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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:

	9 Months Ended 30-Sep-2021 (UNAUDITED) RM'000
<u>Transactions with joint venture:</u>	
Sales to joint venture	21,204
Purchases from joint venture	6,528
Interest income	35
<u>Transactions with a close member of the family of a director:</u>	
Insurance and renewal of road tax services expenses	862
Renovation and electrical services	1,003
Rental paid	53
<u>Transactions with directors:</u>	
Rental paid	100

(c) Key management personnel

	9 Months Ended 30-Sep-2021 (UNAUDITED) RM'000
Short-term employee benefits	3,326



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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 30/9/2021 (UNAUDITED)	Preceding Year Corresponding Quarter 30/9/2020 (UNAUDITED)	Changes	
			RM'000	%
Revenue	100,837	122,705	(21,868)	(17.82)
Earnings before interest, tax, depreciation and amortization ("EBITDA")	21,103	47,106	(26,003)	(55.20)
Profit before interest and tax ("PBIT")	12,993	50,380	(37,387)	(74.21)
Profit before taxation ("PBT")	12,135	49,733	(37,598)	(75.60)
Profit after taxation ("PAT")	8,387	42,856	(34,469)	(80.43)
Profit attributable to owners of the Company	8,374	42,856	(34,482)	(80.46)

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

The Group's revenue and profit after taxation recorded a decline of RM21.9million and RM34.5million or 17.82% and 80.43% respectively for the current quarter. The decline was mainly attributable to the following:

- i. The continued decline of the average selling price ("ASP") of gloves due to increased industry competition from existing glove manufacturers and newcomers. The gross profit of the Group was also affected by the higher raw material costs of inventories on hand which do not commensurate with the continued decline in glove's ASP.
- ii. Lower utilisation rate of Careglove Global Sdn. Bhd. ("Careglove") and Rubbercare Protection Products Sdn. Bhd. ("Rubbercare") production capacity of 52% and 62% respectively in the current quarter due to:
 - The closure of the Group's manufacturing operations during the month of July 2021 under the Enhanced Movement Control Order ("EMCO")
 - Continued labour shortages as the Group is unable to recruit new foreign workers
 - Requirement to adhere to the 60% limit on the labour utilisation under the National Recovery Plan ("NRP").

Due to the aforementioned factors, the Group also recorded a share of loss of RM1.5million in the Group's joint venture, Careplus (M) Sdn. Bhd. ("Careplus M") in the current quarter. The utilisation rate of Careplus M production capacity was at 48% in the current quarter.



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

	CUMULATIVE PERIOD			
	Current Year Quarter 30/9/2021 (UNAUDITED)	Preceding Year Corresponding Quarter 30/9/2020 (UNAUDITED)	Changes	
			RM'000	RM'000
Revenue	591,218	346,299	244,919	70.72
EBITDA	290,827	81,830	208,997	255.40
PBIT	296,479	92,254	204,225	221.37
PBT	294,476	89,058	205,418	230.66
PAT	237,013	80,209	156,804	195.49
Profit attributable to owners of the Company	236,993	80,209	156,784	195.47

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

The Group's revenue and profit after taxation recorded an increase of RM244.9million and RM156.8million or 70.72% and 195.49% respectively for the cumulative period ended 30 September 2021.

The increase was mainly attributable to the strong demand globally in during the first half of 2021 for gloves following the global outbreak of COVID-19 pandemic in 2020, increased manufacturing capacity from the commissioning of new production lines and the increase in ASP of gloves.



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

	Current Quarter 30/9/2021 (UNAUDITED)	Immediate Preceding Quarter 30/6/2021 (UNAUDITED)	Changes	
	RM'000	RM'000	RM'000	%
Revenue	100,837	249,048	(148,211)	(59.51)
EBITDA	21,103	128,821	(107,718)	(83.62)
PBIT	12,993	134,906	(121,913)	(90.37)
PBT	12,135	134,425	(122,290)	(90.97)
PAT	8,387	105,083	(96,696)	(92.02)
Profit attributable to owners of the Company	8,374	105,076	(96,702)	(92.03)

The Group's revenue and profit after taxation recorded a sharp decline of RM148.2million and RM96.7million or 59.51% and 92.02% respectively for the current quarter. The decline was mainly attributable to the following:

- i. The continued decline of the ASP of gloves due to increased industry competition from existing glove manufacturers and newcomers. The gross profit of the Group was also affected by the higher raw material costs of inventories on hand which do not commensurate with the continued decline in glove's ASP.
- ii. Lower utilisation rate of Careglove and Rubbercare production capacity of 52% and 62% respectively in the current quarter due to:
 - The closure of the Group's manufacturing operations during the month of July 2021 under the EMCO
 - Continued labour shortages as the Group is unable to recruit new foreign workers
 - Requirement to adhere to the 60% limit on the labour utilisation under the NRP

In the current quarter, one (1) new line have been commissioned in Careglove.

3. Prospects

In line with the growing global rubber glove demand, the Group will continue its expansion plans to grow its production capacities. The Group presently has 39 production lines with an annual capacity of 6.78 billion pieces of gloves. Due to the EMCO and recent temporary closure of factories, two (2) additional lines will only be completed by the end of the year and the installation of an additional ten (10) lines is delayed until 2022, with another four (4) lines to be installed by 2023.

Barring any unforeseen circumstances, the Group expects to have 55 production lines in operation with an annual capacity of 10.06 billion pieces of medical and surgical gloves by 2023.



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3. Prospects (cont'd)

On an overall basis, the Group's current and expected expansion plans are depicted below:-

	As at 30 Sep 2021	End of 2021	End of 2022	End of 2023
No. of production lines	39	41	51	55
Production capacity	6.78 billion units	7.20 billion units	9.26 billion units	10.06 billion units
Careglove	4.32 billion units	4.32 billion units	5.12 billion units	5.92 billion units
Rubbercare	0.42 billion units	0.60 billion units	1.14 billion units	1.14 billion units
Careplus M	2.04 billion units	2.28 billion units	3.00 billion units	3.00 billion units

The Group has seen a declining trend in ASP for gloves since its peak in the 1st half of 2021, primarily attributed to the increasing supply from other major industry glove manufacturers and newcomers in the market, driving the intensified competition in the market. The outlook of the industry remains encouraging, attributed to enhanced health awareness and increased hygiene practices.

The Group continues to face labour shortages due to the Government's restrictions on the intake of new foreign workers. While the Group is able to supplement its workforce requirements by recruiting local workers, such recruitment is limited by the availability of skilled local workers due to intensified competition within the industry, as well as the higher labour costs attributed to recruitment of local workers. Such limitations, as well as the limits on labour utilisation under the NRP, has resulted in lower utilisation rates of the Group's production lines. Nonetheless, pending the upliftment of restrictions on recruitment of foreign workers, the management will continue its recruitment efforts amongst local workers to meet the Group's production demands.

The Group has also received conditional approval from the authorities to construct a new manufacturing facility at a parcel of industrial land in Chembong owned by the Group to build 24 new production lines. Due to current market conditions, and subject to other regulatory approvals to be obtained, the Group has yet to make any firm decisions on commencing construction of the new manufacturing facility.

Moving forward, the Group will continue its efforts to focus on improving production efficiency across its manufacturing operations. The Group remains optimistic of the longer-term prospects underpinned by growing demand for rubber gloves as well as the Group's ongoing expansion plans.



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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. **Taxation**

5. Taxation

The Group's taxation figures were as follows:

	3-Months Ended 30-Sep-2021 (UNAUDITED) RM'000	9 Months Ended 30-Sep-2021 (UNAUDITED) RM'000
Income tax		
- Current period	<u>3,748</u>	<u>57,463</u>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate due to certain expenses being not deductible for tax purposes.

6. Realised and Unrealised Retained Profits of the Group

	As at 30-Sep-2021 (UNAUDITED) RM'000	As at 30-Sep-2020 (UNAUDITED) RM'000
Total retained profits, net of consolidation adjustments:		
Realised	320,164	90,410
Unrealised	<u>(3,025)</u>	<u>333</u>
	317,139	90,743
Less: Consolidation adjustments	12,408	4,440
As at 30.9.2021 / 30.9.2020	<u>329,547</u>	<u>95,183</u>



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7. Profit Before Tax

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

	3 Months Ended 30-Sep-2021 (UNAUDITED) RM'000	3 Months Ended 30-Sep-2020 (UNAUDITED) RM'000	9 Months Ended 30-Sep-2021 (UNAUDITED) RM'000	9 Months Ended 30-Sep-2020 (UNAUDITED) RM'000
Depreciation of property, plant and equipment	5,810	3,143	15,982	12,316
Fair value (gain)/loss on derivatives	(388)	(933)	2,470	(946)
(Gain)/Loss on disposal of equipment	(3)	(10)	(31)	7
Interest expenses	858	647	2,003	3,196
Interest income	(752)	(139)	(1,522)	(199)
Rental expenses	1,420	285	2,803	663
Realised loss/(gain) on foreign exchange	148	(99)	(2,623)	(848)
Rental income	(13)	(9)	(38)	(38)
Unrealised loss/(gain) on foreign exchange	903	(821)	893	145

There were no gain or loss on disposal of unquoted investment or properties, write-off of receivables, provision for and write off on 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, the Group entered into a joint venture arrangement with Ansell Services (Asia) Sdn. Bhd. for the disposal of 50% of its 100% equity interest of Careplus (M) Sdn. Bhd. ("CPM") comprising 14,550,000 ordinary shares in CPM for a consideration of RM26,968,969. The transaction was completed on 14 May 2020.

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	2,218	3,991
Estimated expenses for the Joint Venture	Upon Completion	260	-	260	260	-
Total		21,575	5,394	26,969	22,978	3,991

Note:

*Ansell had, on 28 May 2021, paid RM1.403 million of the Retained Consideration, while the balance of RM3.991million is expected to be paid within 5 Business Days after the expiry of 24 months from the completion date.



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8. Status of Corporate Proposal (cont'd)

- (b) On 12 June 2020, the Group proposed to undertake a private placement of up to 53,135,900 new ordinary shares in Careplus Group Berhad, representing up to 10% of the total number of issued shares in Careplus Group Berhad of 531,359,799 as at 11 June 2020.

As at 26 Nov 2021, the Company had successfully placed out 35,720,000 Placement Shares on the ACE Market of Bursa Securities pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM80.42 million.

The table below sets out the status of utilisation of proceeds raised from the Private Placement as mentioned above amounting to RM80.42 million:

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	76,511	72,564	3,947	Within 12 months
Working Capital	5,000	2,582		2,582	Within 12 months
Estimated expenses in relation to the Private Placement	1,450	1,329	1,329	-	Within 1 month
Total Proceeds	82,961	80,422	73,893	6,529	

Note:

*As per announcement dated 12 June 2020



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9. Investment in joint venture

	As at 30-Sep-2021 (UNAUDITED) RM'000	As at 31-Dec-2020 (AUDITED) RM'000
Reconciliation to carrying amount		
Beginning balance as at 1 January 2021/1 January 2020	54,245	-
Retained interest of the joint venture upon change in ownership interest	-	26,759
Additional subscription of shares	-	17,500
Share of profits in joint venture	22,644	9,986
Ending balance as at 30 September 2021/31 December 2020	76,889	54,245

The details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			30 Sep 2021 %	31 Dec 2020 %
Careplus (M) Sdn Bhd	Manufacturing gloves and provision for quality control services for outsourced gloves	Malaysia	50	50

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

	As at 30 Sep 2021 (UNAUDITED) RM'000	As at 31 Dec 2020 (AUDITED) RM'000
Non-current assets	113,571	85,150
Current assets	166,112	108,131
Non-current liabilities	(10,728)	(12,454)
Current liabilities	(130,622)	(87,782)
Equity attributable to owners of the Company	(138,333)	(93,045)
Revenue	218,808	130,860
Profit for the year	45,287	19,972
Shares of profit in joint venture	22,644	9,986



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9. Investment in joint venture (cont'd)

The shares of profit in the joint venture of RM22,644,000 was derived from the profit for the period from 1 January 2021 until 30 September 2021.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	As at 30 Sep 2021 (UNAUDITED) RM'000	As at 31 Dec 2020 (AUDITED) RM'000
Net assets of the joint venture	138,333	93,045
Proportion of the Group's interest in the joint venture	50%	50%
	69,167	46,523
Goodwill	7,722	7,722
Carrying amount of the Group's interest in the joint venture	76,889	54,245

10. Group Borrowings and Debt Securities

(a) The Group's borrowings as at 30 September 2021 and 30 September 2020 were as follows:

	As at 30 September 2021		Total RM'000
	Long term RM'000	Short term RM'000	
Secured:			
Hire purchase	3,322	1,291	4,613
Term loans	2,503	6,996	9,499
Bills payable	-	570	570
	<u>5,825</u>	<u>8,857</u>	<u>14,682</u>

	As at 30 September 2020		Total RM'000
	Long term RM'000	Short term RM'000	
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>

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

(c) There were no bill payables denominated in USD during the current quarter under review (30.9.2020: RM17.1 million).



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11. Derivatives Financial Instruments

As at 30 September 2021, the Group's outstanding derivatives were as follows:

Type of Derivatives	Contract/Notional Value RM'000	Assets/(Liabilities) RM'000
Currency forwards - Less than 1 year	46,228	(24)

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.

12. Material Litigation

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



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13. Earnings Per Share

The computation of basic and diluted earnings per share for the financial period ended 30 September 2021 and 30 September 2020 was as follows: -

(a) Basic

	3 Months Ended 30-Sep-2021 (UNAUDITED)	3 Months Ended 30-Sep-2020 (UNAUDITED)	9 Months Ended 30-Sep-2021 (UNAUDITED)	9 Months Ended 30-Sep-2020 (UNAUDITED)
Profit attributable to owners of the Company (RM'000)	8,374	42,856	236,993	80,209
Weighted average number of ordinary shares ('000):				
- Issued ordinary shares at 1 January	537,517	531,360	537,517	531,360
Issuance of shares:				
- pursuant to employees Share Grant Plan	512	-	512	-
- Private placement	7,370	4,524	7,370	4,524
Weighted average number of ordinary shares as at 30 September ('000)	<u>545,399</u>	<u>535,884</u>	<u>545,399</u>	<u>535,884</u>
Basic earnings per share (sen)	<u>1.54</u>	<u>8.00</u>	<u>43.45</u>	<u>14.97</u>

(b) Diluted

Diluted earnings per share is not applicable for the financial period ended 30 September 2021 and 30 September 2020 as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.