



CAREPLUS GROUP BERHAD

[Registration No. 201001011474 (896134-D)]

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 4th Quarter Ended 31 December 2021

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 31-Dec-2021 RM'000	Preceding Period Corresponding Quarter 31-Dec-2020 RM'000	Current Period To Date 31-Dec-2021 RM'000	Preceding Period Corresponding To Date 31-Dec-2020 RM'000
Revenue	109,097	129,330	700,315	475,629
Cost of sales	(115,941)	(73,667)	(415,578)	(340,076)
Gross (loss)/profit	(6,844)	55,663	284,737	135,553
Other operating income/(expense)	114	3,330	(2,401)	19,503
Administration expenses	(2,807)	(3,803)	(18,038)	(12,865)
Finance costs	(308)	(434)	(2,311)	(3,630)
Share of (loss)/profit in joint venture	(8,593)	4,733	14,051	9,986
(Loss)/Profit before taxation	(18,438)	59,489	276,038	148,547
Income tax credit/(expense)	2,467	(17,247)	(54,996)	(26,096)
(Loss)/Profit after taxation	(15,971)	42,242	221,042	122,451
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income for the financial period	(15,971)	42,242	221,042	122,451
(Loss)/Profit after taxation:				
Owners of the Company	(15,961)	42,257	221,032	122,466
Non-controlling interest	(10)	(15)	10	(15)
	(15,971)	42,242	221,042	122,451



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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 31-Dec-2021 RM'000	Preceding Period Corresponding Quarter 31-Dec-2020 RM'000	Current Period To Date 31-Dec-2021 RM'000	Preceding Period Corresponding To Date 31-Dec-2020 RM'000
Total comprehensive (loss)/income for the financial period attributable to:				
Owners of the Company	(15,961)	42,257	221,032	122,466
Non-controlling interest	(10)	(15)	10	(15)
	<u>(15,971)</u>	<u>42,242</u>	<u>221,042</u>	<u>122,451</u>
 (Loss)/Earnings per share attributable to owners of the Company (sen)	 <u>(2.93)</u>	 <u>7.86</u>	 <u>40.53</u>	 <u>22.78</u>

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 31-Dec-2021 RM'000	AUDITED As at 31-Dec-2020 RM'000
ASSETS		
Non-current assets		
Investment in joint venture	68,296	54,245
Goodwill on consolidation	205	205
Property, plant and equipment	288,490	179,813
Right-of-Use Assets	709	-
Other receivables and prepaid expenses	3,953	5,646
	<u>361,653</u>	<u>239,909</u>
Current assets		
Inventories	67,237	53,845
Trade receivables	58,908	63,638
Other receivables, deposits and prepaid expenses	7,169	6,071
Amount owing by a joint venture	1,615	3,952
Tax recoverable	3,429	-
Derivative assets	284	2,447
Fixed deposits with licensed banks	80,310	42,233
Cash and bank balances	45,779	30,090
	<u>264,731</u>	<u>202,276</u>
TOTAL ASSETS	<u>626,384</u>	<u>442,185</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	171,832	136,115
Retained profits	313,587	125,919
	<u>485,419</u>	<u>262,034</u>
Non-controlling interest	380	370
Total equity	<u>485,799</u>	<u>262,404</u>



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

	UNAUDITED As at 31-Dec-2021 RM'000	AUDITED As at 31-Dec-2020 RM'000
Non-current liability		
Long-term borrowings	12,314	7,084
Deferred tax liabilities	10,817	3,894
Other payables	3,088	10,610
	<u>26,219</u>	<u>21,588</u>
Current liabilities		
Trade payables	57,536	20,191
Other payables and accrued expenses	38,705	42,776
Contract liabilities	7,928	67,343
Lease liabilities	713	-
Amount owing to joint venture	177	1,625
Tax payable	1,165	2,403
Short-term borrowings	8,142	23,855
	<u>114,366</u>	<u>158,193</u>
Total liabilities	<u>140,585</u>	<u>179,781</u>
TOTAL EQUITY AND LIABILITIES	<u>626,384</u>	<u>442,185</u>
Net assets per share attributable to owners of the Company (sen)	<u>89.08</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 4th Quarter Ended 31 December 2021

Unaudited Condensed Consolidated Statements of Cash Flows

	Current Year To Date 31-Dec-2021 RM'000	Preceding Year Corresponding To Date 31-Dec-2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	276,038	148,547
Adjustments for:		
Depreciation of property, plant and equipment	22,297	15,747
Depreciation of right-of-use assets	153	-
Interest expense	2,311	3,630
Inventories written down to net realisable value	8,726	4,018
Fair value loss/(gain) on derivatives	2,163	(2,283)
Allowance for doubtful debts on trade receivables	(248)	164
Unrealised gain on foreign exchange	(265)	(822)
Interest income	(2,166)	(550)
Gain on disposal of subsidiary	-	(15,445)
Gain on disposal of property, plant and equipment	(31)	(4)
Share of profit in joint venture	(14,051)	(9,986)
Share-based payment expense	2,455	-
Operating profit before working capital changes	<u>297,382</u>	<u>143,016</u>
Increase in inventories	(22,118)	(31,543)
Decrease/(Increase) in trade and other receivables	4,024	(21,194)
Increase in trade and other payables	24,170	9,927
(Decrease)/ Increase in contract liabilities	(59,415)	67,343
Increase in lease liabilities	713	-
Decrease in amount owing by joint venture	857	-
Increase in amount owing to joint venture	-	1,626
Cash generated from operations	<u>245,613</u>	<u>169,175</u>
Income tax paid	(52,739)	(20,593)
Income tax refund	-	492
Net cash from operating activities	<u>192,874</u>	<u>149,074</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	2,166	339
Proceeds from disposal of equipment	1,448	93
Disposal of subsidiary	-	12,685
Acquisition of non-controlling interests	-	(5,750)
Additional subscription of shares in joint venture	-	(7,000)
Purchase of right-of-use assets	(862)	-
Purchase of property, plant and equipment	(132,391)	(99,031)
Repayment of advance to joint venture	-	4,401
Net cash used in investing activities	<u>(129,639)</u>	<u>(94,263)</u>
Balance carried forward	63,235	54,811



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

	Current Year To Date 31-Dec-2021 RM'000	Preceding Year Corresponding To Date 31-Dec-2020 RM'000
Balance brought forward	63,235	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)
Purchase of treasury shares	(188)	-
Net repayment of bills payable	(10,479)	(21,834)
Net proceeds from issuance of shares from private placement	33,450	45,640
Drawdown of term loans	2,570	-
Repayment of hire purchase obligations	(2,572)	(3,899)
Repayment of term loans	(124)	(449)
Interest paid	(886)	(2,871)
Changes in pledged fixed deposits	5,945	(4,084)
Net cash (used in)/from financing activities	<u>(5,649)</u>	<u>3,949</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,586	58,760
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	2,125	(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><u>123,801</u></u>	<u><u>64,090</u></u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Fixed deposits	80,310	42,233
Cash and bank balances	45,779	30,090
Less: Fixed deposits pledged to licensed banks	(2,288)	(8,233)
	<u>123,801</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 Quarterly Financial Report for the 4th Quarter Ended 31 December 2021

Unaudited Condensed Consolidated Statements of Changes in Equity

	← Non-Distributable →			Distributable	Attributable	Non-controlling interest	Total equity
	Share capital	Treasury shares	Share-based payments reserve				
	RM'000	RM'000	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)
Equity-settled share-based payments	1,718	-	736	-	2,454	-	2,454
Purchase of treasury shares	-	(188)	-	-	(188)	-	(188)
Dividends declared on ordinary shares	-	-	-	(33,364)	(33,364)	-	(33,364)
Total transactions with the owners of the Company	35,169	(188)	736	(33,364)	2,353	-	2,353
Profit after taxation / Total comprehensive income for the financial period	-	-	-	221,032	221,032	10	221,042
Balance at 31.12.2021	171,284	(188)	736	313,587	485,419	380	485,799



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

	Non-distributable		Distributable	Attributable To Owners of The Company	Non-Controlling Interest	Total Equity
	Share Capital	Merger Deficit	Retained Profits			
	RM'000	RM'000	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 Main 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

Issue of shares

In the current 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 the issuance 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.



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6. Details of Changes in Debts and Equity Securities (cont'd)

Treasury Shares

In the current year, the Company purchased 200,000 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM187,000 and it has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares were RM0.935 per share.

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

7. Dividends Paid

Since the end of the previous year, the amount of dividends 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 RM11,001,596.
- (b) On 16 June 2021, the Company paid a dividend of 2.0 sen per ordinary share to shareholders of the Company amounting to RM11,001,596.
- (c) On 15 September 2021, the Company paid a dividend of 2.0 sen per ordinary share to shareholders of the Company amounting to RM11,361,576.

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.



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12. Contingent Liabilities and Contingent Assets

The Group has no outstanding contingent liabilities and contingent assets as at 23 February 2022 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:

	As at 31-Dec-2021 RM'000
<u>Authorised and contracted but not provided for:</u>	
Construction of building	32,065
Construction of plant and machineries	78,672
	<hr/> 110,737 <hr/>
<u>Authorised but not contracted and not provided for:-</u>	
Land and building	22,903
Construction of plant and machineries	2,043
	<hr/> 24,946 <hr/>

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

There were no other events subsequent to the current financial quarter ended 31 December 2021 up to the date of this interim financial report that have not been reflected in this interim financial report, which may substantially affect the results of the operations of the Group.



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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) Its joint venture
- (iii) Entities controlled by certain key management personnel, directors and/or substantial shareholders; and
- (iv) 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:

	12 Months Ended 31-Dec-2021 RM'000
<u>Transactions with joint venture:</u>	
Sales to joint venture	22,254
Purchases from joint venture	11,118
Interest income	132
<u>Transactions with a close member of the family of a director:</u>	
Insurance and renewal of road tax services expenses	1,033
Renovation, electrical services and factory maintenance	1,630
Rental paid	121
Consultancy fee and allowance	173
<u>Transactions with directors:</u>	
Rental paid	131

(c) Key management personnel

	12 Months Ended 31-Dec-2021 RM'000
Short-term employee benefits	3,397



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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 31/12/2021	Preceding Year Corresponding Quarter 31/12/2020		
	RM'000	RM'000	RM'000	%
Revenue	109,097	129,330	(20,233)	(15.64)
(Losses)/Earnings before interest, tax, depreciation and amortization ("LBITDA)/EBITDA")	(4,001)	55,006	(59,007)	(107.27)
(Loss)/Profit before interest and tax ("LBIT)/PBIT")	(18,130)	59,923	(78,053)	(130.26)
(Loss)/Profit before taxation ("LBT)/PBT")	(18,438)	59,489	(77,927)	(130.99)
(Loss)/Profit after taxation ("LAT)/PAT")	(15,971)	42,242	(58,213)	(137.81)
(Loss)/Profit attributable to owners of the Company	(15,961)	42,257	(58,218)	(137.77)

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

In the current quarter, the Group's revenue recorded a decline of RM20.2 million (15.64%) while loss before tax is RM18.4 million compared against the preceding year's corresponding quarter profit before tax of RM59.5 million. The decline in performance was mainly attributable to the following:

- Decline in average selling price ("ASP") of gloves as the market demand normalises from increased supply and the surplus of inventories by most customers.
- As a result of lower ASP, the Group have written-down its inventories to net realisable value.
- Low utilisation rate of the Group's production capacity at 54% due to labour shortages and overall decrease in demand from customers.
- Share of loss in the Group's joint venture, Careplus (M) Sdn. Bhd. ("Careplus M") for the aforementioned reasons.



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

	CUMULATIVE PERIOD			
	Current Year Quarter 31/12/2021	Preceding Year Corresponding Quarter 31/12/2020		
	RM'000	RM'000	RM'000	%
Revenue	700,315	475,629	224,686	47.24
EBITDA	286,826	136,836	149,990	109.61
PBIT	278,349	152,217	126,132	82.86
PBT	276,038	148,547	127,491	85.83
PAT	221,042	122,451	98,591	80.51
Profit attributable to owners of the Company	221,032	122,466	98,566	80.48

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

The Group's revenue and profit after taxation recorded an increase of RM224.7 million and RM98.6 million or 47.24% and 80.51% respectively for the cumulative period ended 31 December 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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3. Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31/12/2021	Immediate Preceding Quarter 30/9/2021		
	RM'000	RM'000	RM'000	%
Revenue	109,097	100,837	8,260	8.19
(LBITDA)/EBITDA	(4,001)	21,103	(25,104)	(118.96)
(LBIT)/PBIT	(18,130)	12,993	(31,123)	(239.54)
(LBT)/PBT	(18,438)	12,135	(30,573)	(251.94)
(LAT)/PAT	(15,971)	8,387	(24,358)	(290.43)
(Loss)/Profit attributable to owners of the Company	(15,961)	8,374	(24,335)	(290.60)

In the current quarter, the Group's revenue recorded an increase of RM8.3 million or 8.19% while loss after tax is RM15.97 million compared against the immediate preceding quarter profit after tax of RM8.39 million. The decline in performance was mainly attributable to the following:

- Decline in average selling price ("ASP") of gloves as the market demand normalises from increased supply and the surplus of inventories by most customers.
- As a result of lower ASP, the Group have written-down its inventories to net realisable value.
- Low utilisation rate of the Group's production capacity at 54% due to labour shortages and overall decrease in demand from customers.
- Share of loss in the Group's joint venture, Careplus M for the aforementioned reasons.

4. Prospects

In the current quarter, the Group has managed to install an additional 2 production lines. As of year end, the Group has 41 production lines with an annual capacity of 7.2 billion pieces of gloves. The Group expects to install an additional 6 production lines by end of 2022 in line with its initial plan. Due to weaker market demand and shortage of workers, the additional 8 production lines which was committed but not fully contracted for will be suspended temporarily.

Moving forward, the Group will continue to focus its efforts on improving production efficiency across its manufacturing operations via automation and upskilling of its workforce to increase utilisation of installed capacity when market demand recovers. The Group will also intensify its efforts in attracting and retaining local workers as part of its workforce. The Group will revise its expansion plan upon clearer visibility on government's policy on foreign labor and improvement in market demand.

The Group remains optimistic of the longer-term prospects of the gloves sector underpinned by growing demand for gloves post pandemic as gloves has been proven to be a critical medical device for contagious disease control. 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 2025.



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3. Prospects (cont'd)

On an overall basis, the Group's current and forecasted production capacity plan are as follow:

	As at 31 Dec 2021	End of 2022	End of 2025
No. of production lines	41	47	55
Production capacity	7.20 billion units	8.46 billion units	10.06 billion units
Careglove Global Sdn. Bhd.	4.32 billion units	4.32 billion units	5.92 billion units
Rubbercare Protection Products Sdn. Bhd.	0.60 billion units	1.14 billion units	1.14 billion units
Careplus M	2.28 billion units	3.00 billion units	3.00 billion units

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:

	3-Months Ended 31-Dec-2021 RM'000	12 Months Ended 31-Dec-2021 RM'000
Current tax	(4,456)	48,073
Deferred tax	6,923	6,923
	<u>2,467</u>	<u>54,996</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.

6. Realised and Unrealised Retained Profits of the Group

	As at 31-Dec-2021 RM'000	As at 31-Dec-2020 RM'000
Total retained profits, net of consolidation adjustments:		
Realised	316,681	126,739
Unrealised	(10,798)	5,518
	<u>305,883</u>	<u>132,257</u>
Less: Consolidation adjustments	7,704	(6,338)
As at 31.12.2021 / 31.12.2020	<u>313,587</u>	<u>125,919</u>



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7. Loss/Profit Before Tax

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

	3 Months Ended 31-Dec-2021 RM'000	3 Months Ended 31-Dec-2020 RM'000	12 Months Ended 31-Dec-2021 RM'000	12 Months Ended 31-Dec-2020 RM'000
Depreciation of right-of-use assets	153	-	153	-
Depreciation of property, plant and equipment	6,315	3,459	22,297	15,747
Fair value (gain)/loss on derivatives	(308)	(1,337)	2,163	(2,283)
Gain on disposal of equipment	(1)	(12)	(31)	(4)
Interest expenses	308	434	2,311	3,630
Interest income	(644)	(351)	(2,166)	(550)
Rental expenses	1,319	323	4,123	1,012
Realised loss/(gain) on foreign exchange	739	(1,436)	(1,884)	(2,078)
Rental income	(17)	(11)	(55)	(53)
Unrealised gain on foreign exchange	(1,161)	(465)	(265)	(822)
Inventories written-down to net realisable value	8,726	4,018	8,726	4,018

There were no gain or loss on disposal of unquoted investment or properties, write-off of receivables, 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
CPM 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 RM3.991 million is expected to be paid within 5 Business Days after the expiry of 24 months from the completion date (i.e. by 24 May 2022).



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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. As at 31 December 2021, The Group has fully utilised the proceeds arising from the private placement.

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	76,511	-	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	80,422	-	

Note:

*As per announcement dated 12 June 2020



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9. Investment in joint venture

	As at 31-Dec-2021 RM'000	As at 31-Dec-2020 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	14,051	9,986
Ending balance as at 31 December 2021/31 December 2020	68,296	54,245

The details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			31 Dec 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 31 Dec 2021 RM'000	As at 31 Dec 2020 RM'000
Non-current assets	150,956	85,150
Current assets	142,866	108,131
Non-current liabilities	(13,119)	(12,454)
Current liabilities	(159,556)	(87,782)
Equity attributable to owners of the Company	121,147	93,045
Revenue	266,348	130,860
Profit for the year	28,103	19,972
Shares of profit in joint venture	14,051	9,986



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9. Investment in joint venture (cont'd)

The shares of profit in the joint venture of RM14.05 million was derived from the profit for the period from 1 January 2021 until 31 December 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 31 Dec 2021 RM'000	As at 31 Dec 2020 RM'000
Net assets of the joint venture	121,147	93,045
Proportion of the Group's interest in the joint venture	50%	50%
	60,574	46,523
Goodwill	7,722	7,722
Carrying amount of the Group's interest in the joint venture	68,296	54,245

10. Group Borrowings and Debt Securities

(a) The Group's borrowings as at 31 December 2021 and 31 December 2020 were as follows:

	<u>As at 31 December 2021</u>		Total RM'000
	Long term RM'000	Short term RM'000	
Secured:			
Hire purchase	3,017	1,205	4,222
Term loans	9,297	483	9,780
Bills payable	-	6,454	6,454
	<u>12,314</u>	<u>8,142</u>	<u>20,456</u>

	<u>As at 31 December 2020</u>		Total RM'000
	Long term RM'000	Short term RM'000	
Secured:			
Hire purchase	4,222	2,573	6,795
Term loans	2,863	4,818	7,681
Bills payable	-	16,464	16,464
	<u>7,085</u>	<u>23,855</u>	<u>30,940</u>

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

(c) Included in bills payable, there is a total amount of RM4.28 million (31.12.2020: RM16.2 million) denominated in USD.



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11. Derivatives Financial Instruments

As at 31 December 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	27,054	284

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 31 December 2021 and 31 December 2020 was as follows: -

(a) Basic

	3 Months Ended 31-Dec-2021	3 Months Ended 31-Dec-2020	12 Months Ended 31-Dec-2021	12 Months Ended 31-Dec-2020
(Loss)/Profit attributable to owners of the Company (RM'000)	(15,961)	42,257	221,032	122,466
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	6,157	7,370	6,157
Purchase of treasury shares	(36)	-	(36)	-
Weighted average number of ordinary shares as at 31 December ('000)	545,363	537,517	545,363	537,517
Basic (loss)/earnings per share (sen)	(2.93)	7.86	40.53	22.78

(b) Diluted

Diluted earnings per share is not applicable for the financial period ended 31 December 2021 and 31 December 2020 as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.