



CAREPLUS GROUP BERHAD

[Registration No. 201001011474 (896134-D)]

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 September 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30-Sep-2022 RM'000	Preceding Period Corresponding Quarter 30-Sep-2021 RM'000	Current Period To Date 30-Sep-2022 RM'000	Preceding Period Corresponding To Date 30-Sep-2021 RM'000
Revenue	48,318	100,837	216,029	591,218
Cost of sales	(68,730)	(81,289)	(278,843)	(299,637)
Gross (loss)/profit	(20,412)	19,548	(62,814)	291,581
Other operating expenses	(842)	(1,398)	(2,662)	(2,515)
Administration expenses	(2,383)	(3,696)	(6,095)	(15,231)
Finance costs	(516)	(858)	(1,171)	(2,003)
Share of (loss)/profit in joint venture	(7,793)	(1,461)	(31,988)	22,644
(Loss)/Profit before taxation	(31,946)	12,135	(104,730)	294,476
Income tax credit/(expense)	1,738	(3,748)	1,564	(57,463)
(Loss)/Profit after taxation	(30,208)	8,387	(103,166)	237,013
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income for the financial period	(30,208)	8,387	(103,166)	237,013
(Loss)/Profit after taxation:				
Owners of the Company	(30,210)	8,374	(103,183)	236,993
Non-controlling interest	2	13	17	20
	(30,208)	8,387	(103,166)	237,013



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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-2022 RM'000	Preceding Period Corresponding Quarter 30-Sep-2021 RM'000	Current Period To Date 30-Sep-2022 RM'000	Preceding Period Corresponding To Date 30-Sep-2021 RM'000
Total comprehensive (loss)/income for the financial period attributable to:				
Owners of the Company	(30,210)	8,374	(103,183)	236,993
Non-controlling interest	2	13	17	20
	<u>(30,208)</u>	<u>8,387</u>	<u>(103,166)</u>	<u>237,013</u>
(Loss)/Earnings per share (sen)				
- Basic	(5.31)	1.51	(18.12)	42.81
- Diluted	<u>(5.23)</u>	<u>1.51</u>	<u>(17.85)</u>	<u>42.62</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 2021 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-2022 RM'000	AUDITED As at 31-Dec-2021 RM'000
ASSETS		
Non-current assets		
Investment in joint venture	36,308	68,296
Goodwill on consolidation	205	205
Property, plant and equipment	307,944	288,848
Right-of-Use Assets	945	708
	<u>345,402</u>	<u>358,057</u>
Current assets		
Inventories	30,314	67,237
Trade receivables	30,828	42,451
Other receivables, deposits and prepaid expenses	15,684	10,764
Amount owing by a joint venture	20,278	1,615
Tax recoverable	8,192	1,502
Derivative assets	-	284
Fixed deposits with licensed banks	39,404	87,288
Cash and bank balances	22,562	38,801
	<u>167,262</u>	<u>249,942</u>
TOTAL ASSETS	<u>512,664</u>	<u>607,999</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	173,819	171,284
Treasury shares	(235)	(188)
Share-based payment reserve	1,237	736
Retained profits	210,284	313,467
	<u>385,105</u>	<u>485,299</u>
Non-controlling interest	382	366
Total equity	<u>385,487</u>	<u>485,665</u>



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

	UNAUDITED As at 30-Sep-2022 RM'000	AUDITED As at 31-Dec-2021 RM'000
Non-current liabilities		
Long-term borrowings	25,284	12,314
Deferred tax liabilities	8,899	8,899
Other payables and accrued expenses	5,261	13,569
Lease liabilities	444	359
	<u>39,888</u>	<u>35,141</u>
Current liabilities		
Trade payables	22,332	24,356
Other payables and accrued expenses	29,421	32,598
Contract liabilities	17,327	20,277
Lease liabilities	437	354
Derivative liabilities	394	-
Amount owing to joint venture	-	177
Tax payable	12	1,289
Short-term borrowings	17,366	8,142
	<u>87,289</u>	<u>87,193</u>
Total liabilities	<u>127,177</u>	<u>122,334</u>
TOTAL EQUITY AND LIABILITIES	<u>512,664</u>	<u>607,999</u>
Net assets per share attributable to owners of the Company (sen)	<u>67.70</u>	<u>85.49</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 2021 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 2022

Unaudited Condensed Consolidated Statements of Cash Flows

	Current Year To Date 30-Sep-2022 RM'000	Preceding Year Corresponding To Date 30-Sep-2021 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(104,730)	294,476
Adjustments for:		
Depreciation of property, plant and equipment	19,402	15,982
Depreciation of right-of-use assets	373	-
Interest expense	1,171	2,003
Reversal of inventories written down to net realisable value	(2,097)	-
Fair value loss on derivatives	678	2,470
Allowance for doubtful debts on trade receivables	43	229
Unrealised (gain)/loss on foreign exchange	(689)	893
Interest income	(1,034)	(1,522)
Gain on disposal of property, plant and equipment	(18)	(31)
Share of loss/(profit) in joint venture	31,988	(22,644)
Equity-settled share-based payments	3,036	1,718
Operating (loss)/profit before working capital changes	<u>(51,877)</u>	<u>293,574</u>
Decrease/(Increase) in inventories	39,020	(5,153)
Decrease in trade and other receivables	6,390	7,845
Increase in amount owing by joint venture	(17,826)	-
(Decrease)/Increase in trade and other payables	(13,945)	11,574
Decrease in contract liabilities	(2,950)	(36,435)
Decrease in amount owing to joint venture	(177)	(3,900)
Cash (used in)/generated from operations	<u>(41,365)</u>	<u>267,505</u>
Income tax paid	(6,404)	(38,933)
Net cash (used in)/from operating activities	<u>(47,769)</u>	<u>228,572</u>
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Interest received	1,034	1,522
Proceeds from disposal of property, plant and equipment	66	44
Other receivables	-	(3,550)
Purchase of property, plant and equipment	(38,546)	(75,664)
Net cash used in investing activities	<u>(37,446)</u>	<u>(77,648)</u>
Balance carried forward	(85,215)	150,924



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

	Current Year To Date 30-Sep-2022 RM'000	Preceding Year Corresponding To Date 30-Sep-2021 RM'000
Balance brought forward	(85,215)	150,924
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid	-	(33,365)
Net proceeds from issuance of shares from private placement	-	33,451
Net drawdown/(repayment) of bills payable	6,057	(16,409)
Purchase of treasury shares	(47)	-
Drawdown of term loans	3,241	2,170
Drawdown of hire purchase	14,400	-
Repayment of hire purchase obligations	(1,316)	(1,922)
Repayment of term loans	(447)	(351)
Interest paid	(1,119)	(706)
Repayment of lease liabilities	(345)	-
Changes in pledged fixed deposits	(13)	5,980
Net cash from/(used in) financing activities	<u>20,411</u>	<u>(11,152)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(64,804)	139,772
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	668	2,077
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>123,801</u>	<u>64,090</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>59,665</u></u>	<u><u>205,939</u></u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Fixed deposits	39,404	127,753
Cash and bank balances	22,562	80,439
Less: Fixed deposits pledged to licensed banks	(2,301)	(2,253)
	<u><u>59,665</u></u>	<u><u>205,939</u></u>

Notes :

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2021 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			Total equity
	Share capital	Treasury shares	Share-based payments reserve	Retained earnings	Attributable to owners of the company	Non-controlling interest	
Period Ended 30 Sep 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2022	171,284	(188)	736	313,467	485,299	366	485,665
Transaction with owners:							
Equity-settled share-based payments	2,535	-	501	-	3,036	-	3,036
Purchase of treasury shares	-	(47)	-	-	(47)	-	(47)
Total transactions with the owners of the Company	2,535	(47)	501	-	2,989	-	2,989
Total comprehensive loss for the financial period	-	-	-	(103,183)	(103,183)	16	(103,167)
Balance at 30.9.2022	173,819	(235)	1,237	210,284	385,105	382	385,487
Period Ended 30 Sep 2021							
Balance at 1.1.2021	136,115	-	-	125,919	262,034	370	262,404
Transaction with owners:							
Issuance of shares:							
Private placement	34,000	-	-	-	34,000	-	34,000
Expenses on private placement	(549)	-	-	-	(549)	-	(549)
Dividends declared on ordinary shares	-	-	-	(33,365)	(33,365)	-	(33,365)
Equity-settled share-based payment	1,718	-	-	-	1,718	-	1,718
Total transactions with the owners of the Company	35,169	-	-	(33,365)	1,804	-	1,804
Total comprehensive income for the financial period	-	-	-	236,993	236,993	20	237,013
Balance at 30.9.2021	171,284	-	-	329,547	500,831	390	501,221

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 2021 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 2021 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 2021 except for the adoption of the following new MFRS/amendments:

Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 – 2020
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant, and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Costs of fulfilling a Contract

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 2021 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. Dividends 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.



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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

During the quarter under review, Careplus Group Berhad had incorporated a wholly-owned subsidiary known as Care Dynamic Sdn. Bhd. under the Companies Act 2016. Care Dynamic Sdn. Bhd. has an issued and paid-up capital of RM1.00 comprising 1 ordinary share of RM1.00. It intends to carry out the business of provision of hostel accommodation services.

Other than the above, 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.

12. Contingent Liabilities and Contingent Assets

On 10 June 2022, Rubbercare Protection Products Sdn. Bhd. ("RPP"), a wholly-owned subsidiary of Careplus Group Berhad, filed a Statement of Claim at the High Court in Seremban, Negeri Sembilan against Petrolife Aero Sdn. Bhd. ("Petrolife") in respect to a dispute on the supply of Liquefied Natural Gas ("LNG") to RPP for its new factory upon the completion of the said new plant with the issuance of a certificate of completion and compliance. Petrolife have demanded that RPP takes delivery of the LNG commencing March 2022. RPP is seeking, among others, that Petrolife refund the deposit paid of RM1,500,000, less the allowed deduction pursuant to the appointment, and that Petrolife remove its LNG Tank Farm System from RPP's factory. In response, Petrolife filed a counterclaim alleging breach of contract and loss of RM27,083,764.

On 30 August 2022, RPP has been served with a sealed Writ of Summons accompanied by a Statement of Claim, both dated 5 August 2022 by Petrolife. Petrolife seeks to claim against RPP an amount of RM27,083,764 for allegedly losses suffered, a claim similar to its counterclaim in RPP's suit, and other legal costs and damages and 5% interest for all judgement sums and legal cost from the date of filing the Writ of Summons until the date of full settlement.

Based on legal opinion sought, the directors are of the opinion that the counterclaim and writ of summon filed on 30 August 2022 are not expected to have any material business and operational impacts to the Group. Hence, no provision is required at this stage, as it is not probable that a future sacrifice of economic benefits will be required, save except for amount claimed by Petrolife with the interest on the judgement sum and/or legal cost to be incurred.



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13. Capital Commitments

Authorised 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-2022 RM'000
<u>Authorised and contracted but not provided for:</u>	
Construction of building	22,046
Construction of plant and machineries	18,925
	<u>40,971</u>
 <u>Authorised but not contracted and not provided for:-</u>	
Land and building	21,026
Construction of plant and machineries	-
	<u>21,026</u>

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

There were no other events subsequent to the current financial quarter ended 30 September 2022 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.

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.



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15. Related Party Disclosures (cont'd)

- (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-2022 RM'000
<u>Transactions with joint venture:</u>	
Sales to joint venture	4,359
Purchases from joint venture	8,457
Interest income	110
Salary charged to	899
Services charged to	298
<u>Transactions with a close member of the family of a director:</u>	
Insurance and renewal of road tax services expenses	280
Renovation, electrical services and factory maintenance	465
Rental paid	122
Consultancy fee and allowance	52
Sewerage treatment project	423
Agent fees	158
<u>Transactions with directors:</u>	
Rental paid	<u>221</u>
(c) Key management personnel	
	9 Months Ended 30-Sep-2022 RM'000
Short-term employee benefits	<u>2,182</u>



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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 30/9/2022	Preceding Year Corresponding Quarter 30/9/2021		
	RM'000	RM'000	RM'000	%
Revenue	48,318	100,837	(52,519)	(52.08)
(Loss)/Earnings before interest, tax, depreciation and amortization “(LBITDA)/EBITDA”	(17,064)	21,103	(38,167)	(180.86)
(Loss)/Profit before interest and tax “(LBIT)/PBIT”	(31,430)	12,993	(44,423)	(341.90)
(Loss)/Profit before taxation “(LBT)/PBT”	(31,946)	12,135	(44,081)	(363.26)
(Loss)/Profit after taxation “(LAT)/PAT”	(30,208)	8,387	(38,595)	(460.18)
(Loss)/Profit attributable to owners of the Company	(30,210)	8,374	(38,584)	(460.76)

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

In the current quarter, the Group recorded revenue of RM48.3 million, a decline of RM52.5 million (52.08%) compared against the preceding year's corresponding quarter while loss before tax is RM31.9 million compared against profit before tax of RM12.1 million recorded for preceding year's corresponding quarter.

The decline in performance was mainly attributable to the deterioration in average selling price (“ASP”) and lower sales order from key customers during the current quarter. Comparatively, in the preceding year's corresponding quarter, ASP and demand for medical gloves peaked at an all-time high. Further, costs of production were adversely impacted by the increase of minimum wage in Malaysia under the gazetted Minimum Wage Order 2022 and increase in natural gas tariffs.



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

	CUMULATIVE PERIOD			
	Current Year to-date 30/9/2022	Preceding Year Corresponding Period 30/9/2021		
	RM'000	RM'000	RM'000	%
Revenue	216,029	591,218	(375,189)	(63.46)
(LBITDA)/EBITDA	(51,354)	290,827	(342,181)	(117.66)
(LBIT)/PBIT	(103,559)	296,479	(400,038)	(134.93)
(LBT)/PBT	(104,730)	294,476	(399,206)	(135.56)
(LAT)/PAT	(103,166)	237,013	(340,179)	(143.53)
(Loss)/Profit attributable to owners of the Company	(103,183)	236,993	(340,176)	(143.54)

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

The Group's revenue and profit after taxation recorded a decline of RM375.2 million and RM340.2 million or 63.46% and 143.53% respectively for the cumulative period ended 30 September 2022.

The decline in performance was mainly attributable to the deterioration in ASP and lower sales order from key customers in the current cumulative period. Comparatively, in the preceding year's corresponding cumulative period, ASP and demand for medical gloves peaked at an all-time high. Further, costs of production were adversely impacted by the increase of minimum wage in Malaysia under the gazetted Minimum Wage Order 2022 and increase in natural gas tariffs.



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

	Current Quarter 30/9/2022	Immediate Preceding Quarter 30/6/2022		
	RM'000	RM'000	RM'000	%
Revenue	48,318	85,454	(37,136)	(43.46)
LBITDA	(17,064)	(13,774)	(3,290)	(23.89)
LBIT	(31,430)	(34,798)	3,368	(9.68)
LBT	(31,946)	(35,155)	3,209	(9.13)
LAT	(30,208)	(35,240)	5,032	(14.28)
Loss attributable to owners of the Company	(30,210)	(35,278)	5,068	(14.37)

In the current quarter, the Group recorded revenue of RM48.3 million, a decrease of RM37.1 million (43.46%) over the immediate preceding quarter. Loss before tax is lower at RM31.9 million, a decrease of RM3.2 million compared against the immediate preceding quarter.

The marginal improvement in loss after tax was driven by a reduction in upkeep expense, reversal of impairment of inventories and over provision of tax expense in prior year.

3. Prospects

The Group's business outlook is challenging as it navigates through the uncertainty of gloves ASP, rising cost structure, geopolitical tensions and stiff competition. Current ASP is depressed by overhang stock. The Group shall focus its efforts on securing new orders to improve utilisation rates of production lines and place greater emphasis on cost management to ensure that the Group's performance is on the trajectory of improvement.

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 despite there will be short term setback in the next few quarters under very challenging environment.



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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:

	3-Months Ended 30-Sep-2022 RM'000	9-Months Ended 30-Sep-2022 RM'000
Current tax expense	74	248
Over provision in prior year	<u>(1,812)</u>	<u>(1,812)</u>
	<u>(1,738)</u>	<u>(1,564)</u>

The applicable Malaysian income tax rate for the financial year ending 31 December 2022 is 24% (2021: 24%)

6. Realised and Unrealised Retained Profits of the Group

	As at 30-Sep-2022 RM'000	As at 30-Sep-2021 RM'000
Total retained profits, net of consolidation adjustments:		
Realised	244,827	320,164
Unrealised	<u>(9,983)</u>	<u>(3,025)</u>
	234,844	317,139
Less: Consolidation adjustments	(24,560)	12,408
As at 30.9.2022 / 30.9.2021	<u>210,284</u>	<u>329,547</u>



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7. (Loss)/Profit Before Tax

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

	3 Months Ended 30-Sep- 2022 RM'000	3 Months Ended 30-Sep- 2021 RM'000	9 Months Ended 30-Sep- 2022 RM'000	9 Months Ended 30-Sep- 2021 RM'000
Depreciation of right-of-use assets	124	-	373	-
Depreciation of property, plant and equipment	6,358	5,810	19,402	15,982
Fair value loss/(gain) on derivatives	102	(388)	678	2,470
Gain on disposal of property, plant and equipment	-	(3)	(18)	(31)
Interest expenses	515	858	1,171	2,003
Interest income	(332)	(752)	(1,034)	(1,522)
Rental expenses	1,254	1,420	4,215	2,803
Realised loss/(gain) on foreign exchange	125	148	(938)	(2,623)
Rental income	(2)	(13)	(28)	(38)
Unrealised (gain)/loss on foreign exchange	(236)	903	(689)	893
(Reversal)/Inventories written down to net realisable value	(2,672)	-	(2,097)	-

There were no gain or loss on disposal of unquoted investment or properties, write-off of receivables, 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 by 31 December 2022.



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9. Investment in joint venture

The details of the joint venture are as follows:

	As at 30-Sep-2022 RM'000	As at 30-Sep-2021 RM'000
Reconciliation to carrying amount		
Beginning balance as at 1 January 2022/1 January 2021	68,296	54,245
Share of (loss)/profits in joint venture	(31,988)	22,644
	36,308	76,889

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			30 Sep 2022 %	30 Sep 2021 %
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-2022 RM'000	As at 30-Sep-2021 RM'000
Non-current assets	151,358	113,571
Current assets	122,687	166,112
Non-current liabilities	(19,703)	(10,728)
Current liabilities	(197,170)	(130,622)
Net assets	57,172	138,333
Revenue	154,071	218,808
(Loss)/Profit for the year	(63,976)	45,287
Share of (loss)/profit in joint venture	(31,988)	22,644



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9. Investment in joint venture (cont'd)

The shares of loss in the joint venture of RM32.0 million was derived from the loss for the period from 1 January 2022 until 30 September 2022.

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-2022 RM'000	As at 30-Sep-2021 RM'000
Net assets of the joint venture	57,172	138,333
Proportion of the Group's interest in the joint venture	50%	50%
	28,586	69,167
Goodwill	7,722	7,722
Carrying amount of the Group's interest in the joint venture	36,308	76,889

10. Group Borrowings and Debt Securities

(a) The Group's borrowings as of 30 September 2022 and 30 September 2021 were as follows:

	<u>As of 30 September 2022</u>		Total RM'000
	Long term RM'000	Short term RM'000	
Secured:			
Hire purchase	13,469	3,837	17,306
Term loans	11,815	759	12,574
Bills payable	-	12,770	12,770
	25,284	17,366	42,650

	<u>As of 30 September 2021</u>		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
	5,825	8,857	14,682

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

(b) Included in bills payable, there is a total amount of RM5.4 million (30.9.2021: NIL) denominated in USD.



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(b) Derivatives Financial Instruments

As of 30 September 2022, the Group's outstanding derivatives were as follows:

Type of Derivatives	Contract/Notional Value RM'000	Liabilities RM'000
Currency forwards - Less than 1 year	12,493	394

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.

(c) Material Litigation

As at the date of this report, there are no material litigation against the Group or taken by the Group except for the ongoing legal case disclosed in the "Contingent Liabilities and Contingent Assets" section of this report.



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(d) (Loss)/Earnings Per Share

The computation of basic and diluted (loss)/earnings per share for the financial period ended 30 September 2022 and 30 September 2021 was as follows: -

	3 Months Ended 30-Sep-2022	3 Months Ended 30-Sep-2021	9 Months Ended 30-Sep-2022	9 Months Ended 30-Sep-2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(30,210)	8,374	(103,183)	236,993
Weighted average number of ordinary shares:				
Number of shares issued at beginning of year ('000)	568,079	550,080	568,079	550,080
Effect of weighted average number of ordinary shares in respect of private placement ('000)	-	3,244	-	3,244
Effect of weighted average number of ordinary shares in respect of shares issuance pursuant to SGP ('000)	1,341	271	1,341	271
Effect of weighted average number of ordinary shares in respect of purchase of treasury shares ('000)	(5)	-	(5)	-
	<u>569,415</u>	<u>553,595</u>	<u>569,415</u>	<u>553,595</u>
Basic (loss)/earnings per share (sen)	<u>(5.31)</u>	<u>1.51</u>	<u>(18.12)</u>	<u>42.81</u>
Weighted average number of shares used in calculation of basic earnings per share ('000)	569,415	553,595	569,415	553,595
Effect of dilutive potential ordinary shares – SGP ('000)	8,701	2,434	8,701	2,434
	<u>578,116</u>	<u>556,029</u>	<u>578,116</u>	<u>556,029</u>
Diluted (loss)/earnings per share (sen)	<u>(5.23)</u>	<u>1.51</u>	<u>(17.85)</u>	<u>42.62</u>