



# CAREPLUS GROUP BERHAD

[Registration No. 201001011474 (896134-D)]

(Incorporated in Malaysia)

## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 18 months ended	
	Current Period Quarter 30-June-2023 RM'000	Preceding Period Corresponding Quarter 30-June-2022 RM'000	Current Period To Date 30-June-2023 RM'000	Preceding Period Corresponding To Date 30-June-2022 RM'000
Revenue	12,155	-	307,403	-
Cost of sales	(25,651)	-	(412,221)	-
Gross loss	(13,496)	-	(104,818)	-
Other operating expenses	(81,234)	-	(80,889)	-
Administration expenses	4,339	-	(7,162)	-
Finance costs	(571)	-	(2,966)	-
Share of loss in joint venture	-	-	(34,359)	-
Loss before taxation	(90,962)	-	(230,194)	-
Income tax	8,175	-	9,559	-
Loss after taxation	(82,787)	-	(220,635)	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the financial period	(82,787)	-	(220,635)	-
<b>Loss after taxation:</b>				
Owners of the Company	(82,794)	-	(220,685)	-
Non-controlling interest	7	-	50	-
	(82,787)	-	(220,635)	-



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 18 months ended	
	Current Period Quarter 30-June-2023 RM'000	Preceding Period Corresponding Quarter 30-June-2022 RM'000	Current Period To Date 30-June-2023 RM'000	Preceding Period Corresponding To Date 30-June-2022 RM'000
<b>Total comprehensive loss for the financial period attributable to:</b>				
Owners of the Company	(82,794)	-	(220,685)	-
Non-controlling interest	7	-	50	-
	<u>(82,787)</u>	<u>-</u>	<u>(220,635)</u>	<u>-</u>
<b>Loss per share (sen)</b>				
- Basic	(14.47)	-	(38.57)	-
- Diluted	<u>(14.28)</u>	<u>-</u>	<u>(38.06)</u>	<u>-</u>

#### Notes:

The financial year end of the Group has been changed from 31 December 2022 to 30 June 2023. As such, there are no comparative figures for the preceding year corresponding quarter and preceding year corresponding period.

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes in this interim financial report.



# CAREPLUS GROUP BERHAD

[Registration No. 201001011474 (896134-D)]

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

## Unaudited Condensed Consolidated Statements of Financial Position

	UNAUDITED As at 30-June-2023 RM'000	AUDITED As at 31-Dec-2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint venture	-	68,296
Goodwill on consolidation	-	205
Property, plant and equipment	215,558	288,848
Right-of-Use Assets	1,298	708
Other receivables and prepaid expenses	7,257	-
	<u>224,113</u>	<u>358,057</u>
<b>Current assets</b>		
Inventories	11,486	67,237
Trade receivables	15,040	42,451
Other receivables, deposits and prepaid expenses	12,016	10,764
Amount owing by a joint venture	-	1,615
Tax recoverable	8,040	1,502
Derivative assets	-	284
Fixed deposits with licensed banks	53,713	87,288
Cash and bank balances	37,273	38,801
	<u>137,568</u>	<u>249,942</u>
<b>TOTAL ASSETS</b>	<u>361,681</u>	<u>607,999</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	175,370	171,284
Treasury shares	(235)	(188)
Share-based payment reserve	213	736
Retained earnings	92,782	313,467
	<u>268,130</u>	<u>485,299</u>
Non-controlling interest	426	366
<b>Total equity</b>	<u>268,556</u>	<u>485,665</u>



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

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

	UNAUDITED As at 30-June-2023 RM'000	AUDITED As at 31-Dec-2021 RM'000
<b>Non-current liabilities</b>		
Long-term borrowings	35,476	12,314
Deferred tax liabilities	577	8,899
Other payables and accrued expenses	16,835	13,569
Lease liabilities	682	359
	<u>53,570</u>	<u>35,141</u>
<b>Current liabilities</b>		
Trade payables	2,835	24,356
Other payables and accrued expenses	13,088	32,598
Contract liabilities	13,856	20,277
Lease liabilities	646	354
Amount owing to joint venture	-	177
Tax payable	4	1,289
Short-term borrowings	9,126	8,142
	<u>39,555</u>	<u>87,193</u>
<b>Total liabilities</b>	<u>93,125</u>	<u>122,334</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>361,681</u>	<u>607,999</u>
Net assets per share attributable to owners of the Company (sen)	<u>46.93</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 for the financial year ended 31 December 2021 and the accompanying explanatory notes in this interim financial report.



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

### Unaudited Condensed Consolidated Statements of Cash Flows

	<b>Current Year To Date 30-June-2023 RM'000</b>	<b>Preceding Year Corresponding To Date 30-June-2022 RM'000</b>
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>		
Loss before tax	(230,194)	-
Adjustments for:		
Depreciation of property, plant and equipment	36,673	-
Depreciation of right-of-use assets	1,189	-
Interest expense	3,063	-
Inventories written down to net realisable value	(1,125)	-
Fair value loss on derivatives	284	-
Allowance for doubtful debts on trade receivables	(84)	-
Unrealised gain on foreign exchange	(376)	-
Interest income	(2,709)	-
Gain on disposal of joint venture	(3,272)	-
Gain on disposal of property, plant and equipment	(49)	-
Gain on disposal of right-of-use assets	(26)	-
Share of loss in joint venture	34,359	-
Equity-settled share-based payments	3,563	-
Impairment loss on goodwill	205	-
Impairment loss on property, plant and equipment	78,702	-
Operating loss before working capital changes	<u>(79,797)</u>	<u>-</u>
Decrease in inventories	56,876	-
Decrease in trade and other receivables	18,211	-
Decrease in amount owing by joint venture	1,766	-
Decrease in trade and other payables	(37,937)	-
Decrease in contract liabilities	(6,421)	-
Decrease in amount owing to joint venture	(177)	-
Cash used in operations	<u>(47,479)</u>	<u>-</u>
Income tax paid	(7,449)	-
Income tax refund	863	-
<b>Net cash used in operating activities</b>	<u>(54,065)</u>	<u>-</u>
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		
Interest received	2,709	-
Proceeds from disposal of property, plant and equipment	282	-
Disposal of joint venture	37,209	-
Purchase of property, plant and equipment	(42,318)	-
Disposal of shares in subsidiary	10	-
<b>Net cash used in investing activities</b>	<u>(2,108)</u>	<u>-</u>
<b>Balance carried forward</b>	(56,173)	-



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

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

	<b>Current Year To Date 30-June-2023 RM'000</b>	<b>Preceding Year Corresponding To Date 30-June-2022 RM'000</b>
<b>Balance brought forward</b>	(56,173)	-
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Net repayment of bills payable	(6,500)	-
Purchase of treasury shares	(47)	-
Drawdown of term loans	9,389	-
Drawdown of hire purchase	28,800	-
Repayment of hire purchase obligations	(5,467)	-
Repayment of term loans	(2,121)	-
Interest paid	(3,012)	-
Repayment of lease liabilities	(1,139)	-
Changes in pledged fixed deposits	(70)	-
<b>Net cash generated from financing activities</b>	<u>19,833</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(36,340)	-
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	1,167	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u>123,801</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u><u>88,628</u></u>	<u><u>-</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Fixed deposits	53,713	-
Cash and bank balances	37,273	-
Less: Fixed deposits pledged to licensed banks	(2,358)	-
	<u><u>88,628</u></u>	<u><u>-</u></u>

#### Notes :

The financial year end of the Group has been changed from 31 December 2022 to 30 June 2023. As such, there are no comparative figures for the preceding year corresponding period.

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes in this interim financial report.



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

### 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 June 2023	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	4,086	-	(523)	-	3,563	-	3,563
Purchase of treasury shares	-	(47)	-	-	(47)	-	(47)
Share acquisition by NCI	-	-	-	-	-	10	10
Total transactions with the owners of the Company	4,086	(47)	(523)	-	3,516	10	3,526
Total comprehensive loss for the financial period	-	-	-	(220,685)	(220,685)	50	(220,635)
<b>Balance at 30.6.2023</b>	<b>175,370</b>	<b>(235)</b>	<b>213</b>	<b>92,782</b>	<b>268,130</b>	<b>426</b>	<b>268,556</b>

#### Notes:

The financial year end of the Group has been changed from 31 December 2022 to 30 June 2023. As such, there are no comparative figures for the preceding year corresponding period.

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes in this interim financial report.



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

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

#### 1. Basis of Preparation

The 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:

MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 <sup>1</sup>
Amendments to MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information <sup>2</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>2</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>2</sup>
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules <sup>2</sup>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to MFRS 101	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements <sup>3</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective immediately for annual periods beginning before 1 January 2023, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

<sup>4</sup> Effective date deferred to a date to be determined and announced.

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





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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

### 2. Change in Financial Year End

On 30 November 2022, the Company announced the change of financial year end from 31 December 2022 to 30 June 2023. No comparative financial information was presented in this interim financial report. For the comparative financial information, reference is made to the quarterly report of the previous year for the corresponding period.

### 3. 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.

### 4. Seasonal or Cyclical Factors

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

### 5. Significant Unusual Items

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

### 6. 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.

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

In the current year, the Company increased its issued and paid-up ordinary share capital from RM173,818,545 comprising 573,022,299 ordinary shares to RM175,370,129 comprising 578,493,999 ordinary shares by the issuance of:

- (a) Allotment and issuance of 598,300 new ordinary shares at an issue price of RM1.10 each, pursuant to the exercise of Share Grant Plan on 7 April 2023.
- (b) Allotment and issuance of 3,492,800 new ordinary shares at an issue price of RM0.15 each, pursuant to the exercise of Share Grant Plan on 7 April 2023.
- (c) Allotment and issuance of 1,380,600 new ordinary shares at an issue price of RM0.31 each, pursuant to the exercise of Share Grant Plan on 7 April 2023.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

### 8. Dividends Paid

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

### 9. 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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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

### 10. 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.

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

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

### 12. 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.

### 13. Contingent Liabilities and Contingent Assets

#### Rubbercare Protection Products Sdn Bhd v Petrolife Aero Sdn Bhd

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 ("RPP's Suit"). ("Petrolife") in respect of 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 has demanded that RPP takes delivery of the LNG commencing March 2022. RPP is seeking, among others, that Petrolife refunds the deposit paid of RM1,500,000, less the allowed deduction pursuant to the appointment, and that Petrolife removes 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 was served with a sealed Writ of Summons accompanied by a Statement of Claim, both dated 5 August 2022 by Petrolife ("Petrolife's Suit"). Petrolife sought 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. Upon RPP's application to strike out Petrolife's Suit on grounds of multiplicity, the Kuala Lumpur High Court allowed the same and struck out Petrolife's Suit with costs. Petrolife's Suit with no. WA-22NCC-414-08/2022 (previously WA-22NCvC-438-08/2022) is no longer live.

RPP's Suit has been fixed for trial on 7.3.2024, 8.3.2024, 21.3.2024, 22.3.2024.

Based on legal opinion sought, the directors are of the opinion that Petrolife's counterclaim in RPP's Suit is 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 the amount counterclaimed by Petrolife with the interest on the judgment sum and/or legal cost to be incurred.



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

### 13. Contingent Liabilities and Contingent Assets (cont'd)

#### Test Rite International Company Ltd v Careglove Global Sdn Bhd

Careglove Global Sdn Bhd ("CGG"), a wholly owned subsidiary of Careplus Group Berhad, was served a sealed Writ of Summons No. BA-22NCvC-89-03/2023 accompanied by a Statement of Claim, both dated 3 March 2023 filed by Test Rite International Company Limited ("Test Rite"), which was received by CGG on 7 March 2023 ("Test Rite's Suit"). Test Rite alleges, inter alia, that CGG has breached a Supplier Agreement in relation to the supply of Nitrile Examination Gloves ordered by Test Rite and a Deposit Refund Agreement allegedly entered into by Test Rite and CGG. In response to Test Rite's Suit for USD1,500,000-00 and general damages, CGG counterclaimed to forfeit the deposit paid by Test Rite amounting to USD 2,780,250-00 including the sum of USD 280,250-00 paid to Test Rite out of goodwill and losses amounting to approximately RM33.96 million.

There are 2 interlocutory applications fixed for hearing on 12.10.2023 where the Court will determine CGG's application to transfer the suit from Shah Alam to the Seremban High Court and Test Rite's application for summary judgment.

Based on legal opinion sought, the directors are of the opinion that Test Rite's Suit is 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 the amount claimed by Test Rite with the interest on the judgment sum and/or cost to be incurred.

#### Rubbercare Protection Products Sdn Bhd v Liew Kwan Yong

On 17 April 2023, RPP was served with a sealed Writ of Summons accompanied by a Statement of Claim, both dated 6 April 2023 by Liew Kwan Yong ("LKY") trading as Reliance Electrical and Mechanical Engineering ("LKY's Suit"). LKY sought to claim against RPP in the Sessions Court of Seremban the sum of RM196,172-00 for alleged services rendered and goods supplied with interest and cost. RPP has denied any and all liabilities and has filed a counterclaim for, amongst others, a declaration that LKY is not entitled to any payment of the invoices issued by it amounting to RM194,372-00, an order that LKY pays RPP RM1,241,144-80 for all the invoices issued by LKY for works that were not carried out, and general damages. LKY's suit is currently pending transfer to the Seremban High Court and consolidation with RPP's Suit Against LKY as described below.

On 10 April 2023, RPP filed a Statement of Claim at the High Court in Seremban against LKY ("RPP's Suit Against LKY") claiming, amongst others, a declaration that LKY is not entitled to any payment of the invoices issued by it amounting to RM194,372-00, an order that LKY pays RPP RM1,241,144-80 for all the invoices issued by LKY for works that were not carried out, and general damages. No counterclaim has been filed by LKY.

Upon RPP's application to transfer LKY's Suit from the Sessions Court to the High Court of Seremban, the High Court has allowed the same and RPP's Suit Against LKY is currently pending consolidation with LKY's Suit. RPP has also applied for discovery against LKY which is fixed for hearing on 13.10.2023.

Based on legal opinion sought, the directors are of the opinion that LKY's Suit is 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 the amount claimed by LKY with the interest on the judgment sum and/or legal cost to be incurred.



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

### 13. Contingent Liabilities and Contingent Assets (Cont'd)

#### Director General of Royal Malaysia Customs Department vs Careglove Global Sdn Bhd

Careglove Global Sdn Bhd ("CGG"), a wholly owned subsidiary of Careplus Group Berhad, was filed an Application for Leave to apply for judicial review at the High Court of Kuala Lumpur against the Director General of Customs to challenge the validity of the Bills of Demand ("Application for Judicial Review") amounting to the sum of RM1,728,342.97 ("Disputed Sales Tax") to CGG on 2 August 2023.

Notwithstanding the Application for Judicial Review, CGG has paid the disputed Sales Tax to the Customs in order to comply with the law and to avoid civil sanctions from the Customs. The Company will make further announcement on any material development of the matter from time to time.

### 14. Capital Commitments

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

	<b>As at 30-June-2023 RM'000</b>
<u>Authorised and contracted but not provided for:</u>	
Construction of building	16,520
Construction of plant and machineries	588
	<u>17,108</u>
 <u>Authorised but not contracted and not provided for:-</u>	
Construction of land and building	<u>-</u>

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

Save as disclosed below, there were no other events subsequent to the current financial quarter ended 30 June 2023 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:-

- (a) On 6 July 2023, the Company announced that it had entered into a joint venture and shareholders agreement with GoAuto ("JVSA") in respect of a project to start-up a dealership of "NETA" brand of electric vehicles ("EV") ("EV Dealership"). Pursuant to the signing of the term sheet between the Company and GoAuto on 2 June 2023 ("**Term Sheet**"), both Parties Careplus and GoAuto are individually referred to as "**Party**", and collectively as the "**Parties**") have agreed to enter into contractual agreement(s) within 3 months from the date of the Term Sheet. Hence, the purpose of the JVSA is to set out the rights and obligations and mutual understanding of the Parties as well as to regulate the relationship of the Parties as shareholders in respect of NEXV, which will undertake the EV Dealership and subsequently, to expand the dealership to include other EV brands with the support from GoAuto's expertise ("Joint Venture").



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

### 16. 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:

	<b>18 Months Ended 30-Jun-2023 RM'000</b>
<b><u>Transactions with joint venture:</u></b>	
Sales to joint venture	5,997
Purchases from joint venture	(9,366)
Interest income	296
Salary charged to	4,070
Services charged to	2,827
Rental charged to	150
Management fee charged to	276
<b><u>Transactions with a close member of the family of a director:</u></b>	
Insurance and renewal of road tax services expenses	459
Renovation, electrical services and factory maintenance	465
Rental paid	245
Consultancy fee and allowance	96
Sewerage treatment project	423
Agent fees	180
<b><u>Transactions with directors:</u></b>	
Rental paid	450

(c) Key management personnel

	<b>18 Months Ended 30-Jun-2023 RM'000</b>
Short-term employee benefits	1,791



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## Unaudited Quarterly Financial Report for the Quarter Ended 30 June 2023

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

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/6/2023	Preceding Year Corresponding Quarter 30/6/2022	Current Year to-date 30/6/2023	Preceding Year Corresponding Period 30/6/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	12,155	-	307,403	-
Loss before interest, tax, depreciation and amortization ("LBITDA")	(3,554)	-	(78,562)	-
Loss before interest and tax ("LBIT")	(90,391)	-	(227,228)	-
Loss before taxation ("LBT")	(90,962)	-	(230,194)	-
Loss after taxation ("LAT")	(82,787)	-	(220,635)	-
Loss attributable to owners of the Company	(82,794)	-	(220,685)	-

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

As announced on 30 November 2022, the financial year end of the Company has been changed from 31 December 2022 to 30 June 2023. As such, no comparative financial information is available for the preceding year corresponding period.

The Group recorded revenue of RM12.2 million while loss before tax is RM91.0 million for the current quarter. For 18 months financial period ended 30 June 2023, the Group recorded revenue of RM307.4 million and loss before tax of RM230.2 million.

The loss before tax recorded for the current quarter was mainly due to a one-off impairment loss for plant and machineries of RM78.7 million. The breakdown as per the following:

#### Property, plant and equipment:

	Freehold land and building (RM'000)	Plant and machineries (RM'000)	Other assets (RM'000)	Total (RM'000)
Balance as at 31 December 2021	105,532	168,890	14,426	288,848
Balance as at 30 June 2023 (before impairment)	155,649	117,995	20,616	294,260
Impairment loss	-	(78,702)	-	(78,702)
<b>Balance as at 30 June 2023 (after impairment)</b>	<b>155,649</b>	<b>39,293</b>	<b>20,616</b>	<b>215,558</b>

The Group has also recognised additional loss of RM6.7 million due to cancellation of five (5) uninstalled production lines in our new Factory 5 ("F5").



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

	Current Quarter 30/6/2023	Immediate Preceding Quarter 31/3/2023		
	RM'000	RM'000	RM'000	%
Revenue	12,155	33,684	(21,529)	(63.91)
LBITDA	(3,554)	(11,102)	7,548	(67.99)
LBIT	(90,391)	(14,956)	(75,435)	(504.38)
LBT	(90,962)	(15,656)	(75,306)	(481.00)
LAT	(82,787)	(15,769)	(67,018)	(425.00)
Loss attributable to owners of the Company	(82,794)	(15,772)	(67,022)	(424.94)

In the current quarter, the Group recorded revenue of RM12.2 million, a decrease of RM21.5 million (63.91%) over the immediate preceding quarter. Loss before tax is higher at RM91.0 million, an increase of RM75.3 million compared against the immediate preceding quarter.

The loss before tax recorded was mainly due to a one-off impairment for machineries of RM78.7 million. Details as per shown in previous page.

The Group has also recognised additional loss of RM6.7 million due to cancellation of five (5) uninstalled production lines in our new F5.

### 3. Prospects

The Group's glove business outlook remains challenging as it navigates through the low ASP, stiff competition and low utilisation rate. The Group has placed greater emphasis on cost management, reduce overhead by holding lower resources as demand will not increase overnight to ensure that the Group's will be able to sustain its presence in marketplace in the long run.

As per our announcement dated 6 July 2023, the electric vehicles ("EV") automotive and Careplus Mall new business division, is part of the Company's long-term aspirations and growth initiatives to explore and venture into the viable renewable energy and energy efficiency management industry. The Proposed Joint Venture with GoAuto provides a strategic avenue for the Company to venture into the field of assembling, manufacturing and distribution of EV whilst also utilising the existing property of the Company (i.e. Careplus Mall), which was not yielding any returns at this juncture.

Subject to the feasibility studies to be undertaken, the Company, through Careplus Properties Sdn Bhd ("CPP"), expects to enter into tenancy arrangements with SPV2 (in accordance to the term sheet announced on 2 June 2023) to lease out the currently unutilised Chembong Land as part of the Proposed Joint Venture.

This is part of the Company's long-term plan to diversify into other viable businesses to enhance the profitability of the Group in the long term and to provide its shareholders with better returns.

The Group remains optimistic about the longer-term prospects of the gloves sector and the new ventures for EV automotive and renewable energy and energy efficiency management industry.



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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-June-2023 RM'000	18-Months Ended 30-June-2023 RM'000
Current tax	255	(7,823)
Deferred tax	7,920	(1,736)
	<u>8,175</u>	<u>(9,559)</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. (Loss)/Profit Before Tax

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

	3 Months Ended 30-June- 2023 RM'000	3 Months Ended 30-June- 2022 RM'000	18 Months Ended 30-June- 2023 RM'000	18 Months Ended 30-June- 2022 RM'000
Depreciation of right-of-use assets	825	-	1,189	-
Depreciation of property, plant and equipment	5,517	-	36,673	-
Fair value loss on derivatives	-	-	284	-
Loss/ (Gain) on disposal of property, plant and equipment	-	-	(49)	-
Interest expenses	669	-	3,063	-
Interest income	(678)	-	(2,709)	-
Rental expenses	(473)	-	5,336	-
Realised loss/(gain) on foreign exchange	(488)	-	(676)	-
Rental income	(69)	-	(577)	-
Unrealised loss/(gain) on foreign exchange	386	-	(376)	-
Inventories written down/(Reversal) to net realisable value	680	-	(1,125)	-
Gain on disposal of joint venture	-	-	(3,272)	-
Impairment loss on goodwill	205	-	205	-
Impairment loss on property, plant and equipment	78,702	-	78,702	-

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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### 7. 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:

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 12 January 2023, the Company had announced that it proposed to undertake the proposed private placement of up to 114,604,459 new Careplus Shares, representing 20% of the total number of issued Careplus Shares at an issue price to be determined and announced at a later date after receipt of all relevant approvals.

On 31 January 2023, Bursa Malaysia Securities Berhad ("**Bursa Securities**") has, vide its letter dated 31 January 2023, resolved to approve the listing and quotation for up to 114,604,459 new ordinary shares to be issued pursuant to the Proposed Private Placement.

On 9 March 2023, the Company has obtained approval from the shareholders of Careplus for the listing and quotation for up to 114,604,459 new ordinary shares ("**Placement Shares**") to be issued pursuant to the Proposed Private Placement ("**Private Placement**") at an extraordinary general meeting held on the even date ("**Shareholders' Approval**").

On 30 March 2023, the Company had announced that it entered into a share subscription agreement ("**Subscription Agreement**") with Macquarie Bank Limited ("**Macquarie**") to grant Macquarie the right to subscribe for up to 114,000,000 Placement Shares, which is in line with the Shareholders' Approval and in accordance with the terms and conditions of the Subscription Agreement.

On 7 July 2023, the Company had vide its letter dated 7 July 2023, approved the Company's application for an extension of time until 30 January 2024 to complete the implementation of the Private Placement.

As at 1 August 2023, the Company had successfully placed out 3,600,000 Placement Shares at a subscription price of RM0.2830, which raised the gross proceeds of approximately RM1.02 million. For clarification purposes, the Company has agreed to accept a subscription price below the below the Floor Price for this tranche of shares. The subscription price of RM0.283 represents a discount of approximately 5.92% to the VWAP of Careplus Shares during the 5 consecutive trading days up to and including 31 July 2023 of RM0.3008.



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

The table below sets out the status of utilisation proceeds raised from Private Placement as at 23 August 2023:

Descriptions	Proposed Utilisation*	Actual Proceeds Raised as at 23 August 2023	Actual Utilisation	Balance	Estimated timeframe for the utilisation of proceeds from the date of listing of the Placement Shares
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Capital Expenditure	34,353	1,019	1,019	-	Within 24 months
Working Capital	15,000	-	-	-	Within 24 months
Estimated expenses in relation to the Private Placement	500	-	-	-	Within 1 month
<b>Total Proceeds</b>	<b>49,853</b>	<b>1,019</b>	<b>1,019</b>	<b>-</b>	

Note:

\*As per announcement dated 12 January 2023

- (b) On 13 February 2023, the Company had entered into a conditional sale and purchase agreement SPA with Ansell Services (Asia) Sdn Bhd ("Ansell") for the disposal of Careplus' entire 50% equity interest held in CMSB, comprising 32,050,000 ordinary shares in Careplus (M) Sdn Bhd ("**CMSB**"), to Ansell for a total consideration of RM37,500,000, to be satisfied entirely in cash. The Disposal has become unconditional and has been completed on 28 February 2023.

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
Working capital	Within 30 months	29,900	7,500	37,400	-	37,400
Estimated expenses for the Disposal	Upon Completion	100	-	100	100	-
<b>Total</b>		<b>30,000</b>	<b>7,500</b>	<b>37,500</b>	<b>100</b>	<b>37,400</b>



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### 8. Investment in joint venture

The details of the joint venture are as follows:

	As at 30-June-2023 RM'000	As at 30-June-2022 RM'000
Reconciliation to carrying amount		
Beginning balance as at 1 January 2022/1 January 2021	68,296	68,296
Share of loss in joint venture	(34,359)	(24,195)
Carrying amount of the Group's interest in the joint venture	33,937	44,101
Disposal of Investment in joint venture	(48,509)	-
Gain from disposal of joint venture	14,572	-
Ending balance as at 30 June 2023/30 June 2022	-	44,101

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			30 June 2023	31 Mar 2022
Careplus (M) Sdn. Bhd.	Manufacturing gloves and provision for quality control services for outsourced gloves	Malaysia	%	%
			-	50

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

	As at 30-June-2023 RM'000	As at 30-June-2022 RM'000
Non-current assets	146,834	152,339
Current assets	108,106	126,436
Non-current liabilities	(14,668)	(20,419)
Current liabilities	(187,842)	(185,599)
Net assets	52,430	72,757
Revenue	267,075	93,042
Loss for the year	(68,718)	(48,391)
Share of loss in joint venture	(34,359)	(24,195)

The shares of loss in the joint venture of RM34.4 million was derived from the loss for the period from 1 January 2022 until 28 February 2023.

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-June-2023 RM'000	As at 30-June-2022 RM'000
Net assets of the joint venture	52,430	72,757
Proportion of the Group's interest in the joint venture	50%	50%
Goodwill	26,215	36,379
Carrying amount of the Group's interest in the joint venture	7,722	7,722
	33,937	44,101



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### 9. Group Borrowings and Debt Securities

(a) The Group's borrowings as of 30 June 2023 and 30 June 2022 were as follows:

	<b>As of 30 June 2023</b>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
Secured:			
Hire purchase	20,953	6,601	27,554
Term loans	14,523	2,525	17,048
Bills payable	-	-	-
	<u>35,476</u>	<u>9,126</u>	<u>44,602</u>

	<b>As of 30 June 2022</b>		<b>Total RM'000</b>
	<b>Long term RM'000</b>	<b>Short term RM'000</b>	
Secured:			
Hire purchase	2,392	1,231	3,623
Term loans	11,050	502	11,552
Bills payable	-	25,086	25,086
	<u>13,442</u>	<u>26,819</u>	<u>40,261</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 (30.6.2022: RM23.6 million).

### 10. Derivatives Financial Instruments

As of 30 June 2023, the Group's outstanding derivatives were as follows:

<b>Type of Derivatives</b>	<b>Contract/Notional Value RM'000</b>	<b>Assets RM'000</b>
Currency forwards - Less than 1 year	-	-

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

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



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### 11. 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.

### 12. Loss Per Share

The computation of basic and diluted loss per share for the financial period ended 30 June 2023 and 30 June 2022 was as follows: -

	3 Months Ended 30-June- 2023	3 Months Ended 30-June- 2022	18 Months Ended 30-June -2023	18 Months Ended 30-June -2022
Loss attributable to owners of the Company (RM'000)	(82,794)	-	(220,685)	-
Weighted average number of ordinary shares:				
Number of shares issued at beginning of year ('000)	568,079	-	568,079	-
Effect of weighted average number of ordinary shares in respect of shares issuance pursuant to SGP ('000)	4,219	-	4,219	-
Effect of weighted average number of ordinary shares in respect of purchase of treasury shares ('000)	(103)	-	(103)	-
	<u>572,195</u>	<u>-</u>	<u>572,195</u>	<u>-</u>
Basic loss per share (sen)	<u>(14.47)</u>	<u>-</u>	<u>(38.57)</u>	<u>-</u>
Weighted average number of shares used in calculation of basic earnings per share ( '000)	572,195	-	572,195	-
Effect of dilutive potential ordinary shares – SGP ('000)	7,660	-	7,660	-
	<u>579,855</u>	<u>-</u>	<u>579,855</u>	<u>-</u>
Diluted loss per share (sen)	<u>(14.28)</u>	<u>-</u>	<u>(38.06)</u>	<u>-</u>