



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|--|--|
| | Current Period Quarter 30-Sep-2018 RM'000 | Preceding Period Corresponding Quarter 30-Sep-2017 RM'000 | Current Period To Date 30-Sep-2018 RM'000 | Preceding Period Corresponding To Date 30-Sep-2017 RM'000 |
| Revenue | 89,432 | 78,982 | 248,732 | 246,574 |
| Cost of sales | (82,101) | (74,249) | (232,385) | (230,075) |
| Gross profit | 7,331 | 4,733 | 16,347 | 16,499 |
| Other operating income/(expenses) | (80) | 47 | 206 | (65) |
| Administration expenses | (2,314) | (2,833) | (6,987) | (8,171) |
| Finance costs | (1,354) | (1,257) | (3,875) | (3,828) |
| Profit before taxation | 3,583 | 690 | 5,691 | 4,435 |
| Taxation | (288) | (205) | (900) | (623) |
| Profit after taxation | 3,295 | 485 | 4,791 | 3,812 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income for the financial period | 3,295 | 485 | 4,791 | 3,812 |
| Profit/(loss) after taxation: | | | | |
| Owners of the Company | 1,171 | (1,442) | 262 | (1,096) |
| Non-controlling interest | 2,124 | 1,927 | 4,529 | 4,908 |
| | 3,295 | 485 | 4,791 | 3,812 |



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(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------|---|---------------------------|---|
| | Current Period Quarter | Preceding Period Corresponding Quarter | Current Period To Date | Preceding Period Corresponding To Date |
| | 30-Sep-2018 RM'000 | 30-Sep-2017 RM'000 | 30-Sep-2018 RM'000 | 30-Sep-2017 RM'000 |
| Total comprehensive income/(loss) for the financial period attributable to: | | | | |
| Owners of the Company | 1,171 | (1,442) | 262 | (1,096) |
| Non-controlling interest | 2,124 | 1,927 | 4,529 | 4,908 |
| | <u>3,295</u> | <u>485</u> | <u>4,791</u> | <u>3,812</u> |
| Earnings/(Loss) per share attributable to owners of the Company: | | | | |
| Basic (sen) | 0.22 | (0.28) | 0.05 | (0.22) |

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 2017 and the accompanying explanatory notes in this interim financial report.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

Unaudited Condensed Consolidated Statements of Financial Position

| | UNAUDITED As at 30-Sep-2018 RM'000 | AUDITED As at 31-Dec-2017 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 152,072 | 157,702 |
| Prepaid expenses | 347 | 347 |
| Goodwill on consolidation | 205 | 205 |
| | <u>152,624</u> | <u>158,254</u> |
| Current assets | | |
| Inventories | 43,824 | 37,475 |
| Trade receivables | 25,107 | 17,277 |
| Other receivables, deposits and prepaid expenses | 7,138 | 8,496 |
| Amount owing by a related party | 60,955 | 48,518 |
| Current tax assets | 859 | 903 |
| Derivative assets | - | 1,398 |
| Fixed deposits with licensed banks | 4,497 | 8,443 |
| Cash and bank balances | 5,786 | 5,809 |
| | <u>148,166</u> | <u>128,319</u> |
| TOTAL ASSETS | <u>300,790</u> | <u>286,573</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 90,475 | 85,100 |
| Merger deficit | (11,521) | (11,521) |
| Retained profits | 24,658 | 24,396 |
| Total equity attributable to owners of the company | <u>103,612</u> | <u>97,975</u> |
| Non-controlling interest | <u>35,967</u> | <u>32,870</u> |
| Total Equity | <u>139,579</u> | <u>130,845</u> |



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

| | UNAUDITED As at 30-Sep-2018 RM'000 | AUDITED As at 31-Dec-2017 RM'000 |
|--|---|---|
| Non-current liability | | |
| Long-term borrowings | 21,799 | 33,930 |
| Deferred tax liabilities | 6 | 6 |
| | <hr/> 21,805 | <hr/> 33,936 |
| Current liabilities | | |
| Trade payables | 29,861 | 24,686 |
| Other payables and accrued expenses | 20,912 | 26,105 |
| Short-term borrowings | 86,761 | 69,850 |
| Bank overdrafts | 1,174 | 1,151 |
| Derivative liabilities | 177 | - |
| Provision for taxation | 521 | - |
| | <hr/> 139,406 | <hr/> 121,792 |
| Total liabilities | <hr/> 161,211 | <hr/> 155,728 |
| TOTAL EQUITY AND LIABILITIES | <hr/> 300,790 | <hr/> 286,573 |
| Net assets per share attributable to owners of the Company (sen) | <hr/> 19.50 | <hr/> 20.02 |

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 2017 and the accompanying explanatory notes in this interim financial period.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

Unaudited Condensed Consolidated Statements of Cash Flows

| | Current Year To Date 30-Sep-2018 RM'000 | Preceding Year Corresponding To Date 30-Sep-2017 RM'000 |
|---|--|---|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Profit before tax | 5,691 | 4,435 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 15,744 | 15,884 |
| Fair value loss/(gain) on derivatives | 1,575 | (896) |
| (Gain)/Loss on disposal of equipment | (53) | 2 |
| Interest expenses | 3,875 | 3,828 |
| Interest income | (98) | (175) |
| Unrealised gain on foreign exchange | (1,335) | (323) |
| Operating profit before working capital changes | 25,399 | 22,755 |
| Increase in inventories | (6,350) | (4,607) |
| (Increase)/Decrease in trade and other receivables | (4,769) | 4,364 |
| Decrease in trade and other payables | (406) | (9,231) |
| Increase in amount owing by a related party | (9,646) | (9,613) |
| Cash generated from operations | 4,228 | 3,668 |
| Interest paid | (3,875) | (3,828) |
| Income tax paid | (335) | (405) |
| Net cash from/(used in) operating activities | 18 | (565) |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | |
| Interest received | 98 | 175 |
| Purchase of property, plant and equipment | (11,790) | (4,360) |
| Proceeds from disposal of equipment | 1,730 | 280 |
| Net cash used in investing activities | (9,962) | (3,905) |
| Balance carried forward | (9,944) | (4,470) |



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

| | Current Year To Date 30-Jun-2018 RM'000 | Preceding Year Corresponding To Date 30-Sep-2017 RM'000 |
|---|--|---|
| Balance brought forward | (9,944) | (4,470) |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | |
| Changes in pledged fixed deposits | (4) | (471) |
| Net drawdown of bills payable | 11,173 | 362 |
| Net repayment of hire purchase obligations | (6,574) | (7,067) |
| Repayment of term loans | (3,177) | (3,750) |
| Repayment to a related party | - | (4) |
| Share issuance of expenses upon private placement exercise | - | (82) |
| Proceeds from private placement exercise | 5,375 | 7,045 |
| Dividend paid to non-controlling interests | (1,432) | - |
| Net cash from/(used in) financing activities | <u>5,361</u> | <u>(3,967)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (4,583) | (8,437) |
| EFFECTS OF FOREIGN EXCHANGE TRANSLATION | 587 | 1,862 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | <u>8,858</u> | <u>16,940</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u><u>4,862</u></u> | <u><u>10,365</u></u> |
| CASH AND CASH EQUIVALENTS COMPRISE | | |
| Fixed deposits | 4,497 | 6,607 |
| Cash and bank balances | 5,786 | 9,592 |
| Bank overdrafts | (1,174) | (1,727) |
| Less: Fixed deposits pledged to licensed banks | (4,247) | (4,107) |
| | <u>4,862</u> | <u>10,365</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 2017 and the accompanying explanatory notes in this interim financial report.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

Unaudited Condensed Consolidated Statements of Changes in Equity

| | ← Non-distributable → | | Distributable Retained Profits | Attributable To Owners of The Company | Non- Controlling Interest | Total Equity |
|---|-----------------------|-------------------|--------------------------------------|---|---------------------------------|----------------|
| | Share Capital | Merger Deficit | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1.1.2018 | 85,100 | (11,521) | 24,396 | 97,975 | 32,870 | 130,845 |
| Contributions by / distributions to owners of the Company :- | | | | | | |
| Shares issued pursuant to private placement | 5,375 | - | - | 5,375 | - | 5,375 |
| Dividend paid to non- controlling interest | - | - | - | - | (1,432) | (1,432) |
| Total transactions with the owners of the Company | 5,375 | - | - | 5,375 | (1,432) | 3,943 |
| Profit after taxation / Total comprehensive income for the financial period | - | - | 262 | 262 | 4,529 | 4,791 |
| Balance at 30.9.2018 | 90,475 | (11,521) | 24,658 | 103,612 | 35,967 | 139,579 |



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

| | ← Non-distributable → | | → | Distributable | Attributable | Non- | Total |
|---|-----------------------|----------|-----------------|---------------|---------------|---------------|----------------|
| | Share | Share | Merger | Retained | To Owners of | Controlling | Equity |
| | Capital | Premium | Deficit | Profits | The Company | Interest | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1.1.2017 | 48,326 | 29,811 | (11,521) | 26,314 | 92,930 | 28,889 | 121,819 |
| Contributions by / distributions to owners of the Company :- | | | | | | | |
| Shares issued pursuant to Private Placement | 7,045 | - | - | - | 7,045 | - | 7,045 |
| Shares issued expenses pursuant to Private Placement | (82) | - | - | - | (82) | - | (82) |
| Dividend paid to non- controlling interest | - | - | - | - | - | (774) | (774) |
| Total transactions with the owners of the Company | 6,963 | - | - | - | 6,963 | (774) | 6,189 |
| Profit after taxation / Total comprehensive income for the financial year | - | - | - | (1,918) | (1,918) | 4,755 | 2,837 |
| Transfer in accordance with Section 618(2) of the Companies Act 2016 | 29,811 | (29,811) | - | - | - | - | - |
| Balance at 31.12.2017 | 85,100 | - | (11,521) | 24,396 | 97,975 | 32,870 | 130,845 |

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 2017 and the accompanying explanatory notes in this interim financial report.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

1. Basis of Preparation

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

The interim financial report should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 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 2017. The Group has not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective:

| | |
|---|---|
| MFRS 16 | Leases ¹ |
| Amendments to MFRS 128 | Long term interests in Associate and Joint Venture ¹ |
| IC Interpretation 23 | Uncertainty over Income Tax Payments ¹ |
| Amendments to MFRSs | Annual Improvements to MFRSs 2015 - 2017 Cycle ¹ |
| Amendments to References to the conceptual framework in MFRS standards ² | |

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

The adoption of the abovementioned standards when they become effective, are not expected to have material impact on the financial statements of the Group in the period of initial application.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' reports for the Company and its subsidiaries for the financial year ended 31 December 2017 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 was no material changes in estimates of amounts reported that have a material effect on the current quarter under review.

6. Details of Changes in Debts and Equity Securities

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

7. Dividend Paid

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

8. Segmental Reporting

The Group's business comprise 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.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

11. Contingent Liabilities and Contingent Assets

The Group has no outstanding contingent liabilities and contingent assets as at 19 November 2018 which might materially and adversely affect the position or business of the Group.

12. Capital Commitments

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

| | As at 30-Sep-2018 (UNAUDITED) RM'000 |
|---|---|
| <u>Authorised and contracted but not provided for:-</u> | |
| Construction of building | 15,462 |
| Construction of plant and machineries | 4,348 |
| | <hr/> 19,810 <hr/> |

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

There were no other events subsequent to the current financial quarter ended 30 Sep 2018 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.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

14. Related Party Disclosures

(a) Identities of related parties

The Company has controlling related party relationships with:-

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

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

| | 9 Months Ended 30-Sep-2018 (UNAUDITED) RM'000 |
|---|--|
| Sales to a related party | 156,953 |
| Transactions with a close member of the family of a director: | |
| Insurance and renewal of road tax services expenses | 360 |
| Rental paid | 70 |
| Transactions with directors: | |
| Rental paid | 148 |

(c) Key management personnel

| | 9 Months Ended 30-Sep-2018 (UNAUDITED) RM'000 |
|------------------------------|--|
| Short-term employee benefits | 2,732 |



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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 30/09/2018 (UNAUDITED) | Preceding Year Corresponding Quarter 30/09/2017 (UNAUDITED) | Changes | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 89,432 | 78,982 | 10,450 | 13.23 |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | 9,644 | 6,784 | 2,860 | 42.16 |
| Profit before interest and tax ("PBIT") | 4,937 | 1,947 | 2,990 | 153.57 |
| Profit before taxation ("PBT") | 3,583 | 690 | 2,893 | 419.28 |
| Profit after taxation ("PAT") | 3,295 | 485 | 2,810 | 579.38 |
| Profit/(loss) attributable to owners of the Company | 1,171 | (1,442) | 2,613 | 181.21 |

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

The Group recorded a revenue of approximately RM89.4 million during the quarter ended 30 September 2018, an increase of 13.23% against the revenue in the corresponding quarter last year. The Group revenue has increased on the back of higher output. The higher sales demand from new customers contributed by improved glove quality and new product range.

Overall, the Group's PBT has increased by 419.28% which were contributed by improved operational efficiency.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

| | CUMMULATIVE PERIOD | | | |
|---|---|--|---------|--------|
| | Current Year To-Date 30/09/2018 (UNAUDITED) | Preceding Year Corresponding Period 30/09/2017 (UNAUDITED) | Changes | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 248,732 | 246,574 | 2,158 | 0.88 |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | 23,561 | 22,683 | 878 | 3.87 |
| Profit before interest and tax ("PBIT") | 9,566 | 8,263 | 1,303 | 15.77 |
| Profit before taxation ("PBT") | 5,691 | 4,435 | 1,256 | 28.32 |
| Profit after taxation ("PAT") | 4,791 | 3,812 | 979 | 25.68 |
| Profit/(loss) attributable to owners of the Company | 262 | (1,096) | 1,358 | 123.91 |

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

In the cumulative period ended 30 Sep 2018, the Group recorded a revenue of approximately RM249 million, an increase of RM2.2 million or 0.88% against approximately RM247 million in the preceding year corresponding period which was mainly due to the increase in Group's sales volume increment by 6%.

The Group's PBT and profit attributable to the owners of the Company improved by 28.32% and 123.91% respectively, which are mainly contributed by the higher sales revenue and better capacity utilisation.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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

| | Current Quarter 30/9/2018 (UNAUDITED) | Immediate Preceding Quarter 30/6/2018 (UNAUDITED) | Changes | |
|---|--|---|---------|--------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 89,432 | 80,452 | 8,980 | 11.16 |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | 9,644 | 7,847 | 1,797 | 22.90 |
| Profit before interest and tax ("PBIT") | 4,937 | 2,176 | 2,761 | 126.88 |
| Profit before tax ("PBT") | 3,583 | 849 | 2,734 | 322.03 |
| Profit after tax ("PAT") | 3,295 | 573 | 2,722 | 475.04 |
| Profit/(loss) attributable to owners of the Company | 1,171 | (684) | 1,855 | 271.20 |

The Group has recorded an increase in revenue by RM9 million or 11.16% from the preceding quarter which was mainly due to the increase of the Group's sales volume by 7%.

The higher sales revenue has resulted in an increase in EBITDA by approximately 22.90%. The Group's PBT has increased by 322.03%.

Aside the sales revenue contributed by higher demand or sales volume, the stronger USD against RM has also contributed to the sales revenue.

In the current quarter the Group's PBT has a foreign exchange gain of RM0.2 million compared to foreign exchange loss of RM0.5 million in the preceding quarter.

3. Prospects

The Group's financial performance and prospects are subject to the global demand for gloves, price of latex and the movement in foreign exchange rates. The Group adopts prudent foreign currency management procedures by hedging against foreign currency rate fluctuations through the locking in of foreign currency rates at or around the time of order placement.

The Group has improved its performance over the last quarter and the business prospects remain good. Managing the dynamic risks of production/sales balancing, enhancing our production capability and cost efficiency, forex movements and contracting raw material prices remain our top priorities. To date we have achieved an annual capacity of 4.14 billion pieces of gloves from the twenty-six (27) lines in the Group's three (3) factories. In the coming quarters we are optimistic in achieving higher capacity utilization and sales.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

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 figure was as follows:

| | 3 Months Ended 30-Sep-2018 (UNAUDITED) RM'000 | 9 Months Ended 30-Sep-2018 (UNAUDITED) RM'000 |
|--------------------------------|--|--|
| Income tax - Current period | 288 | 900 |

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 30-Sep-2018 (UNAUDITED) RM'000 | As at 30-Sep-2017 (UNAUDITED) RM'000 |
|---|---|---|
| Total retained profits, net of consolidation adjustments: | | |
| Realised | 49,957 | 46,831 |
| Unrealised | 1,152 | 2,734 |
| | <u>51,109</u> | <u>49,565</u> |
| Less: Consolidation adjustments | (26,451) | (24,347) |
| As at 30.09.2018 / 30.09.2017 | <u>24,658</u> | <u>25,218</u> |



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

7. Profit/(Loss) Before Tax

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

| | 3 Months Ended 30-Sep -2018 (UNAUDITED) RM'000 | 3 Months Ended 30-Sep-2017 (UNAUDITED) RM'000 | 9 Months Ended 30-Sep-2018 (UNAUDITED) RM'000 | 9 Months Ended 30-Sep-2017 (UNAUDITED) RM'000 |
|---|--|---|---|---|
| Depreciation of property, plant and equipment | 5,141 | 5,399 | 15,744 | 15,884 |
| Fair value loss/(gain) on derivatives | (236) | (160) | 1,575 | (896) |
| Loss/(gain) on disposal of equipment | (51) | 11 | (53) | 2 |
| Interest expenses | 1,354 | 1,257 | 3,875 | 3,828 |
| Interest income | (32) | (50) | (98) | (175) |
| Rental expenses | 113 | 98 | 339 | 267 |
| Realised gain on foreign exchange | (411) | 580 | (1,525) | 596 |
| Rental income | (11) | (10) | (32) | (30) |
| Unrealised (gain)/loss on foreign exchange | 392 | (769) | (1,335) | (323) |

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

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:-

On 20 July 2017 & 25 July 2017, on behalf of the Board of Director of the Company ("Board"), RHB Investment Bank Berhad ("RHBIB") had announced that the Company proposed to undertake a private placement of up to 48,325,979 new ordinary shares ("Careplus Shares"), representing up to 10% of the total number of issued shares of Careplus (excluding treasury shares) to third party investors to be identified later ("Private Placement").

The listing application for the Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 27 July 2017 in which the approval was obtained on 31 July 2017.

On 28 September 2017, the Company had allotted and issued 23,100,000 Careplus Shares (Tranche 1) at an issue price of RM0.305 per Careplus Share under the Private Placement, amounting of RM7,045,500.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

8. Status of Corporate Proposal (Cont'd)

On 12 January 2018, on behalf of the Board, RHBIB had announced that an application had been submitted to Bursa Securities to seek for its approval for an extension of time up to 30 July 2018 for the implementation of the Private Placement ("Extension Application") in which the approval was obtained on 17 January 2018.

On 3 July 2018 and 27 July 2018, the Company had allotted and issued the remaining new Careplus Shares of 10,000,000 (Tranche 2) and 15,000,000 (Tranche 3) respectively under the Private Placement at an issue price of RM0.215 per Careplus Share, amounting to a total of RM5,375,000.

The Private Placement had been completed on 30 July 2018.

The status of utilization of the gross proceeds of RM12,420,500 from the Private Placement by the Company as at 30 September 2018 are as follows:-

| Purposes | Timeframe for utilisation | Amount of Proceed RM'000 | Amount Utilised RM'000 | Amount Unutilised RM'000 | Deviation |
|--|----------------------------------|---------------------------------|-------------------------------|---------------------------------|------------------|
| Construction of new building | Within 12 months | 5,257 | 4,876 | 381 | - |
| New production lines and supporting & automation equipment | Within 24 months | 7,063 | 3,100 | 3,963 | - |
| Expenses in relation to the Proposed Private Placement | Upon completion | 100 | 100 | - | - |
| Total | | 12,420 | 8,076 | 4,344 | - |



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

9. Group Borrowings and Debt Securities

(a) The Group's borrowings as at 30 September 2018 and 30 September 2017 were as follows:

| | <u>As at 30 September 2018</u> | | Total RM'000 |
|-----------------|--------------------------------|------------------------------|-------------------------|
| | Long term RM'000 | Short term RM'000 | |
| Secured: | | | |
| Bank overdrafts | - | 1,174 | 1,174 |
| Hire purchase | 11,039 | 11,295 | 22,334 |
| Term loans | 10,760 | 4,257 | 15,017 |
| Bills payable | - | 71,209 | 71,209 |
| | <u>21,799</u> | <u>87,935</u> | <u>109,734</u> |

| | <u>As at 30 September 2017</u> | | Total RM'000 |
|-----------------|--------------------------------|------------------------------|-------------------------|
| | Long term RM'000 | Short term RM'000 | |
| Secured: | | | |
| Bank overdrafts | - | 1,727 | 1,727 |
| Hire purchase | 19,843 | 11,429 | 31,272 |
| Term loans | 14,086 | 5,369 | 19,455 |
| Bills payable | - | 53,819 | 53,819 |
| | <u>33,929</u> | <u>72,344</u> | <u>106,273</u> |

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

(c) Included in bill payables, there is a total amount of RM62.6 million (30.9.2017: RM38.2 million) denominated in USD.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

10. Derivatives Financial Instruments

As at 30 September 2018, 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 | 21,081 | (177) |

The Group entered into 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.

11. Material Litigation

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

12. Dividends Declared / Proposed

There were no dividends declared during the current financial period.



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 3rd Quarter Ended 30 Sep 2018

13. Earnings Per Share

The computation of basic and diluted earnings per share for the financial period ended 30 September 2018 and 30 September 2017 was as follows:-

(a) Basic

| | 3 Months Ended 30-Sep-2018 (UNAUDITED) | 3 Months Ended 30-Sep-2017 (UNAUDITED) | 9 Months Ended 30-Sep-2018 (UNAUDITED) | 9 Months Ended 30-Sep-2017 (UNAUDITED) |
|--|---|---|---|---|
| Profit/(Loss) attributable to owners of the Company (RM'000) | 1,171 | (1,442) | 262 | (1,096) |
| Weighted average number of ordinary shares ('000) | | | | |
| - Issued ordinary shares at 1 January | 506,360 | 483,260 | 506,360 | 483,260 |
| - Effect of private placement exercise | 25,000 | 23,100 | 25,000 | 23,100 |
| Weighted average number of ordinary shares as at 30 September ('000) | 531,360 | 506,360 | 531,360 | 506,360 |
| Basic (loss)/earnings per share (sen) | 0.22 | (0.28) | 0.05 | (0.22) |

(b) Diluted

Diluted earnings per share is not applicable for the financial period ended 30 September 2018 and 30 September 2017 as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

14. Authorization for Issue

The quarterly unaudited financial statements were authorised for issue by the Board in accordance with a resolution dated 19 November 2018.