

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2023**

	---Individual Quarter---		Cumulative
	31 December 2023 RM '000	31 December 2022 RM '000	Quarter 31 December 2023 RM '000
Revenue	20,691	7,440	20,691
Cost of sales	(17,764)	(7,482)	(17,764)
Gross profit/(Loss)	2,927	(42)	2,927
Other operating income	18	4	18
Administrative expenses	(1,464)	(2,551)	(1,464)
Other operating expenses	(650)	-	(650)
Finance costs	(184)	(63)	(184)
Profit/(Loss) before taxation	647	(2,652)	647
Taxation	-	-	-
Profit/(Loss) after taxation, representing total comprehensive income/(loss)	647	(2,652)	647
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:			
- Owners of the Company	(382)	(2,087)	(382)
- Non-controlling interest	1,029	(565)	1,029
	647	(2,652)	647
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
- Owners of the Company	(382)	(2,087)	(382)
- Non-controlling interests	1,029	(565)	1,029
	647	(2,652)	647
Weighted average no. of ordinary shares ('000)	630,335	471,224	630,335
Loss per share attributable to Owners of the Company (sen):			
- Basic	(0.06)	(0.44)	(0.06)
- Diluted	N/A	N/A	N/A

N/A: The effect is not shown as this is anti-dilutive.

Notes:

On 27 February 2023, Kanger International Berhad ("**Kanger**" or the "**Company**") announced the change of financial year end from 31 March 2023 to 30 September 2023. The current reporting financial period will be for a period of 3 months made up from 1 October 2023 to 31 December 2023. As such, there are no comparative figures for the cumulative preceding years corresponding periods.

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Company for the financial period ended ("**FPE**") 30 September 2023 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	(Unaudited) As at 31 December 2023 RM '000	(Audited) As at 30 September 2023 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	12,109	12,522
Investment properties	100,697	99,197
Right-of-use assets	1,026	1,180
Intangible assets	90,286	90,286
Other investments	5,000	5,000
	<u>209,118</u>	<u>208,185</u>
CURRENT ASSETS		
Inventories	94	178
Trade and other receivables	117,263	104,947
Current tax assets	98	98
Cash and cash equivalents	482	2,539
	<u>117,937</u>	<u>107,762</u>
TOTAL ASSETS	<u>327,055</u>	<u>315,947</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	427,561	427,561
Reserves	(139,937)	(139,555)
SHAREHOLDERS' EQUITY	<u>287,624</u>	<u>288,006</u>
Non-controlling interests	6,135	5,106
TOTAL EQUITY	<u>293,759</u>	<u>293,112</u>
CURRENT LIABILITIES		
Trade and other payables	31,046	19,925
Bank borrowings	260	330
Amount owing to a director	-	265
Lease liabilities	731	721
Current tax liabilities	404	404
	<u>32,441</u>	<u>21,645</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 (CONT'D)**

	(Unaudited) As at 31 December 2023 RM '000	(Audited) As at 30 September 2023 RM '000
NON-CURRENT LIABILITIES		
Bank borrowings	345	494
Lease liabilities	510	696
	<u>855</u>	<u>1,190</u>
TOTAL LIABILITIES	33,296	22,835
TOTAL EQUITY AND LIABILITIES	327,055	315,947
NET ASSETS PER SHARE (sen)	<u>45.20</u>	<u>45.10</u>

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of Kanger for the FPE 30 September 2023 and the accompanying explanatory notes attached to this interim financial report.

KANGER INTERNATIONAL BERHAD
201201030306 (1014793-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2023**

	Share Capital RM '000	Merger Reserve RM '000	Warrants Reserve RM '000	Accumulated losses RM '000	Total RM '000	Non- controlling Interests RM '000	Total Equity RM '000
Balance as at 30 September 2023 (Audited)	427,561	200	38,919	(178,674)	288,006	5,106	293,112
Loss after tax	-	-	-	(382)	(382)	1,029	647
Total comprehensive loss	-	-	-	(382)	(382)	1,029	647
Balance as at 31 December 2023	427,561	200	38,919	(179,056)	287,624	6,135	293,759

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements of Kanger for the FPE 30 September 2023 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2023**

	Period ended 31 December 2023 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES	
Profit before taxation	647
Adjustments for:	
Amortization of right-of-used assets	154
Depreciation of property, plant and equipment	136
Loss on disposal of property, plant and equipment	74
Interest expenses	184
Impairment loss on other receivables	286
Operating profit before working capital changes:	1,481
Change in inventories	85
Change in trade and other receivables	(12,601)
Change in trade and other payables	9,199
CASH USED IN OPERATIONS	(1,836)
Interest paid	(27)
NET CASH USED IN OPERATING ACTIVITIES	(1,863)
CASH FLOWS FOR INVESTING ACTIVITIES	
Proceeds from disposal of property, plant and equipment	202
NET CASH FROM INVESTING ACTIVITIES	202
CASH FLOWS FOR FINANCING ACTIVITIES	
Net repayment of bank borrowing	(219)
Net repayment of lease liabilities	(177)
NET CASH USED IN FINANCING ACTIVITIES	(396)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,057)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	2,539
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	482
Cash and cash equivalents at end of the financial period comprise the following:	
- Cash and bank balances	482

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of Kanger for the FPE 30 September 2023 and the accompanying explanatory notes attached to this interim financial report.

QUARTERLY REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 DECEMBER 2023

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of Kanger (“Company”) for the FPE 30 September 2023 and the accompanying explanatory notes attached to this interim financial report.

Kanger and its subsidiaries (“Group”) have not applied the following standards, amendments and interpretations under the MFRS framework that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

MFRSs (Including The Consequential Amendments)	Effective dates for financial period beginning on and after
Amendments to MFRS 7: Financial Instruments Disclosures – <i>Supplier Financing Arrangement</i>	1 January 2024
Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements – <i>Non-current liabilities with Covenants and Classification of Liabilities as Current and Non-Current</i>	1 January 2024
Amendments to MFRS 107: Statement of Cash Flows – <i>Supplier Financing Arrangements</i>	1 January 2024
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates – <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group intends to adopt the above MFRSs as well as amendments to MFRSs when they become effective.

The adoption of the above standards will not have any material impact on the financial position and performance of the Group. The accounting policies and methods of computation adopted by the Group in these unaudited condensed interim financial statements are consistent with those adopted in the Audited Financial Statements of Kanger for the FPE 30 September 2023.

A2. Auditors’ report on preceding annual financial statements

The auditors’ report on the audited consolidated financial statements of the Group for the FPE 30 September 2023 was not subject to any qualification.

A3. Seasonal or cyclical factors

The principal business of the Group was not significantly affected by seasonal or cyclical factors.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter.

A5. Material changes in estimates

Not applicable as there were no estimates reported in the prior financial years.

A6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt or equity securities during the current financial quarter and financial period-to-date.

A7. Segmental information

The Group's revenue is derived from the products as follows:

	---Individual Quarter---		Cumulative
	31	31	Quarter
	December	December	December
	2023	2022	2023
	RM '000	RM '000	RM '000
Manufacturing, trading and project management services	20,690	5,746	20,690
Trading of medical and healthcare products	1	1,694	1
Total	<u>20,691</u>	<u>7,440</u>	<u>20,691</u>

The Group's revenue based on the geographical location of its customers is as follows:

	---Individual Quarter---		Cumulative
	31	31	Quarter
	December	December	December
	2023	2022	2023
	RM '000	RM '000	RM '000
Malaysia	20,691	7,440	20,691
Total	<u>20,691</u>	<u>7,440</u>	<u>20,691</u>

No other segmental information such as segment assets and liabilities are presented as the Group's assets and liabilities are managed on group wide basis and are not allocated to any of the operating segments.

A8. Valuation of property, plant and equipment and investment properties

The Group has not carried out any valuation of its property, plant and equipment and investment properties in the current financial quarter.

A9. Capital commitments

Capital expenditures as at the date of this report but not recognised in the financial statements are as follows:

	---Individual Quarter---		Cumulative
	31	31	Quarter
	December	December	December
	2023	2022	2023
	RM '000	RM '000	RM '000
Approved and contracted	<u>42,173</u>	<u>56,435</u>	<u>42,173</u>

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter and financial period-to-date.

A11. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets since the date of the last annual reporting period up to the date of this report.

A12. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current financial quarter and financial period-to-date that have not been reflected in this interim financial report.

A13. Related party transactions

There were no related party transactions entered into with related parties during the current financial quarter and financial period-to-date.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

---- Individual Quarter ----			
	31 December 2023 RM '000	31 December 2022 RM '000	Variance (Amount RM'000/%)
Revenue	20,691	7,440	13,251>100%
Gross profit/(loss)	2,927	(42)	2,969/>100%
Profit/(Loss) before taxation	647	(2,652)	3,299/>100%
Profit/(Loss) after taxation	647	(2,652)	3,299/>100%
		Cumulative Quarter 31 December 2023 RM '000	Variance (Amount RM'000/%)
Revenue		20,691	N/A
Gross profit		2,927	N/A
Profit before taxation		647	N/A
Profit after taxation		647	N/A

N/A: There are no comparative figures for the cumulative preceding year corresponding periods.

Individual Quarter

Revenue increase by RM13.3 million in current financial quarter ended 31 December 2023 (“**Q1 2024**”) as compared to the corresponding quarter ended 31 December 2022 (“**Q3 2023**”) which was mainly due to significantly increase in the sales generate from trading of building materials. This segment has also contributed a higher profit margin and gives rise to gross profit recorded in Q1 2024 as compare to gross loss in Q3 2023.

B2. Comparison with immediate preceding quarter’s results

	Quarter ended		
	31 December 2023 RM '000	30 September 2023 RM '000	Variance (Amount RM'000/%)
Revenue	20,691	7,225	13,466>100%
Gross profit	2,927	320	2,607/>100%
Profit/(Loss) before taxation	647	918	(271)/(29.5%)
Profit/(Loss) after taxation	647	171	476/>100%

The Group recorded increase in revenue as compare to last quarter ended 30 September 2023. The increase was mainly due to increase in sales generated from trading of construction materials. However, the profit before taxation was lower than the preceding quarter because the Group has incurred higher operating expenses as compare to the preceding quarter.

B3. Prospects for the financial year ending 30 September 2024 (“FYE 2024”)

As the economy normalises further, Bank Negara Malaysia (“BNM”) said Malaysian economy is expected to grow between 4% and 5% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand.

The growth will be driven mainly by firm domestic demand, better-than-expected labour market conditions, stronger pick-up in tourism activity, as well as the implementation of projects including the recently re-tabled Budget 2023 would provide upside risks to the domestic growth outlook.

Meanwhile, private investment is projected to expand by 5.4% (2023: 3%), supported by the implementation of multi-year projects across all economic sectors with the ongoing efforts to embark on automation and digitalisation, and continued progress in large-scale transport and digital infrastructure projects.

BNM also quoted that downside risks emanate primarily from external factors mainly from weaker-than-expected global growth stemming from a sharp tightening in global financial markets amid tighter monetary policy or worsening sentiments. Nonetheless, BNM expecting that the risk to Malaysia’s growth projections is balanced.

The Group has identified the following main strategies to continue to grow its businesses: -

- (a) The Group has lined up several growth initiatives through organic and inorganic means, here, organic means is a focus on short and medium-term financial performance whereas the inorganic means would rather be with a longer-term financial performance horizon focus.
- (b) In organic frontiers of construction segment, our focus would be on and ensuring that the current projects and order book in hand are effectively and efficiently expedite and complete within the short and mid-term timeline thus translated it into revenue stream.
- (c) Whereas for inorganic growth of construction segment, our focus would be to on a look out for a suitable and viable merger or acquisition opportunities of an existing substantive player/s as a key leverage to multiply its operational size and volume so as to achieve certain economies of scale advantages.
- (d) This inorganic growth strategy is also applicable to our property and investment management segment whereby we continuously seek for a suitable and viable acquisition in strategic locations as to expand this segment’s contribution to the Group.
- (e) On medical and healthcare segment, we continue to explore and to build up a wider range of products for the existing products, also to introduce new products into our existing distribution channel and core sales and marketing operations infrastructure, a leverage that would see a better profit margin with increase revenue.

Premised on the above, the Board is cautiously optimistic on the prospects of the Group for FYE 2024.

B4. Profit forecast

The Group has not issued any profit forecast in any public documents.

B5. Taxation

The Group do not incur any current tax expense during the quarter ended 31 December 2023.

B6. Status of corporate proposals

(a) Share Issuance Scheme (“SIS”)

On 24 December 2019, the Company undertaken a corporate exercise to establish the SIS for the directors and eligible employees of the Group, which was approved by the shareholders of the Company on the Extraordinary General Meeting.

The Company had on 26 December 2023 offered a total of 81,713,369 share options at the option price of RM0.058 to eligible employees and directors of the Company in accordance with the By-Laws of the SIS.

(b) Proposed acquisition of 980,000 ordinary shares of Sung Master Holdings Sdn. Bhd. (“SMH”)

The Group had on 23 November 2023 entered into a share sale agreement with Wong Seen (“Vendor”) for the acquisition of 980,000 ordinary shares in SMH, representing the remaining 49% equity interest in SMH for a purchase consideration of RM72,000,110 to be fully satisfied via cash.

(c) Proposed private placement

On 29 December 2023, the Company proposed to undertake a private placement of up to 20% of the total number of issued shares to third party investors.

B7. Borrowings

The Group’s borrowings are as follows:

	As at 31 December 2023 RM '000	As at 30 September 2023 RM '000
Secured – Short term borrowings		
Hire purchase	260	330
Secured – Long term borrowings		
Hire purchase	345	494
Total borrowings	605	824

The currency exposure profile of the Group’s borrowings is as follows:

	As at 31 December 2023 RM '000	As at 30 September 2023 RM '000
Secured – Short term and long term borrowings		
Ringgit Malaysia	605	824
Total borrowings	605	824

B7. Borrowings (cont'd)

Note:

The borrowings decreased by RM0.2 million as at 31 December 2023 as compared to 30 September 2023 was mainly due to normal repayment made on hire purchase.

The hire purchase is subject to fixed interest rate at 2.8% as at 31 December 2023.

B8. Material litigation

As at the date of this report, there is no litigation or arbitration which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B9. Dividends

There were no dividends paid or declared for the financial period ended 31 December 2023 (FPE 30 September 2023: Nil).

B10. Loss per share

The Group's basic loss per share is calculated as follows:

	---Individual Quarter---		Cumulative
	31	31	Quarter
	December	December	December
	2023	2022	2023
	RM '000	RM '000	RM '000
Loss attributable to Owners of the Company (RM '000)	(382)	(2,087)	(382)
Weighted average number of ordinary shares in issue ('000)	630,335	471,224	630,335
Basic loss per share (sen)	<u>(0.06)</u>	<u>(0.44)</u>	<u>(0.06)</u>

The Group's diluted loss per share is calculated as follows:

	---Individual Quarter---		Cumulative
	31	31	Quarter
	December	December	December
	2023	2022	2023
	RM '000	RM '000	RM '000
Loss attributable to Owners of the Company (RM '000)	(382)	(2,087)	(382)
Weighted average number of ordinary shares in issue ('000)	630,335	471,224	630,335
Assuming full exercise of SIS ('000)	-	1,650	-
Assuming exercise of Warrants (units)	169,951	169,951	169,951
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A: The effect is not shown as this is anti-dilutive.

B11. Disclosure on selected expense/income items as required by the Listing Requirements

Included in the loss before taxation are the following expense items:

	---Individual Quarter---		Cumulative
	31	31	Quarter
	December	December	December
	2023	2022	2023
	RM '000	RM '000	RM '000
Amortisation of right-of-used assets	154	270	154
Depreciation of property, plant and equipment	136	338	136
Loss on disposal of property, plant and equipment	74	-	74
Interest expenses	184	63	184
Impairment loss on other receivables	<u>286</u>	<u>-</u>	<u>286</u>

There were no other income, provision for inventories, gain or loss on disposal of property, plant and equipment, impairment of assets, gain or loss on derivatives and exceptional items for the current financial quarter.

By Order of the Board

THONG PUI YEE (MAICSA 7067416)

Company Secretary
Kuala Lumpur
26 February 2024