

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND (2ND) QUARTER ENDED 31 MARCH 2024**

	---Individual Quarter---		Cumulative
	31 March 2024	31 March 2023	Quarter 31 March 2024
	RM '000	RM '000	RM '000
Revenue	9,969	22,161	30,660
Cost of sales	(7,984)	(17,508)	(25,748)
Gross profit	1,985	4,653	4,912
Other operating income	217	931	235
Administrative expenses	(810)	(2,729)	(2,274)
Other operating expenses	(2,039)	(1,168)	(2,689)
Finance costs	(80)	(54)	(264)
(Loss)/Profit before taxation	(727)	1,633	(80)
Taxation	-	-	-
(Loss)/Profit after taxation, representing total comprehensive (loss)/income	(727)	1,633	(80)
(LOSS)/PROFIT AFTER TAX ATTRIBUTABLE TO:			
- Owners of the Company	(1,464)	138	(1,846)
- Non-controlling interest	737	1,495	1,766
	(727)	1,633	(80)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
- Owners of the Company	(1,464)	138	(1,846)
- Non-controlling interests	737	1,495	1,766
	(727)	1,633	(80)
Weighted average no. of ordinary shares ('000)	571,056	492,010	665,399
Loss per share attributable to Owners of the Company (sen):			
- Basic	(0.26)	0.028	(0.28)
- 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 6 months made up from 1 October 2023 to 31 March 2024. 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 MARCH 2024

	(Unaudited) As at 31 March 2024 RM '000	(Audited) As at 30 September 2023 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10,061	12,522
Investment properties	99,197	99,197
Right-of-use assets	-	1,180
Intangible assets	90,286	90,286
Other investments	5,000	5,000
	<u>204,544</u>	<u>208,185</u>
CURRENT ASSETS		
Inventories	199	178
Trade and other receivables	35,574	104,947
Current tax assets	98	98
Cash and cash equivalents	560	2,539
	<u>36,431</u>	<u>107,762</u>
TOTAL ASSETS	<u>240,975</u>	<u>315,947</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	433,234	427,561
Reserves	(206,530)	(139,555)
SHAREHOLDERS' EQUITY	<u>226,704</u>	<u>288,006</u>
Non-controlling interests	-	5,106
TOTAL EQUITY	<u>226,704</u>	<u>293,112</u>
CURRENT LIABILITIES		
Trade and other payables	13,867	19,925
Bank borrowings	-	330
Amount owing to a director	-	265
Lease liabilities	-	721
Current tax liabilities	404	404
	<u>14,271</u>	<u>21,645</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024 (CONT'D)

	(Unaudited) As at 31 March 2024 RM '000	(Audited) As at 30 September 2023 RM '000
NON-CURRENT LIABILITIES		
Bank borrowings	-	494
Lease liabilities	-	696
	<u>-</u>	<u>1,190</u>
TOTAL LIABILITIES	14,271	22,835
TOTAL EQUITY AND LIABILITIES	240,975	315,947
NET ASSETS PER SHARE (sen)	<u>30.99</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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 31 MARCH 2024

	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
Transaction with Owners of the Company:							
- Issuance of shares granted under SIS	4,740	-	-	-	4,740	-	4,740
- Share issuance expenses	933	-	-	-	933	-	933
- Changes in equity shareholdings in subsidiary	-	-	-	(65,128)	(65,128)	(6,872)	(72,000)
Total transactions with Owners of the Company	5,673	-	-	(65,128)	(59,455)	(6,872)	(72,000)
(Loss)/Profit after tax	-	-	-	(1,846)	(1,846)	1,766	(80)
Total comprehensive (loss)/income	-	-	-	(1,846)	(1,846)	1,766	(80)
Balance as at 31 March 2024	433,234	200	38,919	(245,648)	226,705	-	226,705

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 SECOND (2ND) QUARTER ENDED 31 MARCH 2024**

	Period ended 31 March 2024 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES	
Loss before taxation	(80)
Adjustments for:	
Amortization of right-of-used assets	154
Depreciation of property, plant and equipment	172
Gain on lease termination	(214)
Loss on disposal of property, plant and equipment	1,144
Interest expenses	184
Impairment loss on other receivables	286
Share based payment	933
Operating profit before working capital changes:	2,579
Change in inventories	(21)
Change in trade and other receivables	(3,179)
Change in trade and other payables	(6,214)
CASH USED IN OPERATIONS	(6,835)
Interest paid	(27)
NET CASH USED IN OPERATING ACTIVITIES	(6,862)
CASH FLOWS FOR INVESTING ACTIVITIES	
Proceeds from disposal of property, plant and equipment	539
NET CASH FROM INVESTING ACTIVITIES	539
CASH FLOWS FOR FINANCING ACTIVITIES	
Net repayment of bank borrowing	(219)
Net repayment of lease liabilities	(177)
Proceeds for issuance of SIS	4,740
NET CASH FROM FINANCING ACTIVITIES	4,344
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,979)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	2,539
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	560
Cash and cash equivalents at end of the financial period comprise the following:	
- Cash and bank balances	560

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 SECOND (2ND) QUARTER ENDED 31 MARCH 2024

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2024

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 major issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the period under review.

During the current financial quarter, the Company increased its share capital from RM427,561,384 to RM433,233,764 by way of issuance of 81,713,369 new ordinary shares within exercise price of RM0.058 per ordinary share for a total cash consideration of RM4,739,375 and fair value of ESOS Reserve RM933,004 pursuant to the Company's Share Issuance Scheme ("SIS").

A7. Segmental information

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

	---Individual Quarter---		Cumulative
	31 March	31 March	Quarter
	2024	2023	31 March
	RM '000	RM '000	2024
			RM '000
Manufacturing, trading and project management services	9,969	22,117	30,659
Trading of medical and healthcare products	-	44	1
Total	<u>9,969</u>	<u>22,161</u>	<u>30,660</u>

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

	---Individual Quarter---		Cumulative
	31 March	31 March	Quarter
	2024	2023	31 March
	RM '000	RM '000	2024
			RM '000
Malaysia	9,969	22,161	30,660
Total	<u>9,969</u>	<u>22,161</u>	<u>30,660</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 March 2024 RM '000	31 March 2023 RM '000	Quarter 31 March 2024 RM '000
Approved and contracted	<u>43,673</u>	<u>50,435</u>	<u>43,673</u>

A10. Changes in the composition of the Group

On 21 February 2024, the Company has further acquired 980,000 ordinary shares in Sung Master Holdings Sdn. Bhd. ("SMH"), representing 49% equity interest in SMH from Wong Seen for a purchase consideration of RM72,000,110 to be satisfied via cash which has resulting SMH being a 100% owned subsidiary of the Company.

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 March 2024 RM '000	31 March 2023 RM '000	Variance (Amount RM'000/%)
Revenue	9,969	22,161	12,192>100%
Gross profit	1,985	4,653	2,668/57%
(Loss)/Profit before taxation	(727)	1,633	2,360/>100%
(Loss)/Profit after taxation	(727)	1,633	2,360/>100%
Cumulative Quarter			
	31 March 2024 RM '000		Variance (Amount RM'000/%)
Revenue		30,660	N/A
Gross profit		4,912	N/A
Loss before taxation		(80)	N/A
Loss after taxation		(80)	N/A

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

Individual Quarter

Revenue decrease by RM13.3 million in current financial quarter ended 31 March 2024 (“**Q2 2024**”) as compared to the corresponding quarter ended 31 March 2023 (“**Q4 2023**”) which was mainly due to significantly decrease in the sales generate from Sung Master Holdings Sdn Bhd on trading of building materials. Besides, Q2 2024 has recorded loss after taxation of RM0.7 million as compared to the profit of RM1.6 million in Q4 2023. This was mainly due to loss on disposal of motor vehicles which has contributed a total of RM1.1 million in current financial quarter.

B2. Comparison with immediate preceding quarter’s results

	Quarter ended		Variance (Amount RM'000/%)
	31 March 2024 RM '000	31 December 2023 RM '000	
Revenue	9,969	20,691	10,722/52%
Gross profit	1,985	2,927	942/32%
(Loss)/Profit before taxation	(727)	647	(1,374)/ >100%
(Loss)/Profit after taxation	(727)	647	(1,374)/ >100%

The Group recorded loss after taxation of RM0.7 million as compared to profit after taxation of RM0.6 million in Q1 2024. The loss was recorded in Q2 2024 was mainly due to non-recurring expenses such as loss on disposal of motor vehicles of RM1.1 million.

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 March 2024.

B6. Status of corporate proposals

(a) Share Issuance Scheme (“SIS”)

On 24 December 2019, the Company undertook 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.

During the current financial quarter, approximately 41.9 million of ordinary shares were subscribed as below:

- (a) On 11 January 2024, 31,213,369 new ordinary shares which were issued under Share Issuance Scheme amounting to RM1,810,375; and
- (b) On 15 January 2024, 50,500,000 new ordinary shares which were issued under Share Issuance Scheme amounting to RM2,929,000.

(b) Proposed acquisition of 980,000 ordinary shares of 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. The acquisition was completed on 21 February 2024.

(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 March 2024 RM '000	As at 30 September 2023 RM '000
Secured – Short term borrowings		
Hire purchase	-	330
Secured – Long term borrowings		
Hire purchase	-	494
Total borrowings	<u>-</u>	<u>824</u>

B7. Borrowings (cont'd)

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

	As at 31 March 2024 RM '000	As at 30 September 2023 RM '000
Secured – Short term and long term borrowings		
Ringgit Malaysia	-	824
Total borrowings	<u>-</u>	<u>824</u>

Note:

The borrowings decreased by RM0.8 million as at 31 March 2024 as compared to 30 September 2023 was mainly due to early settlement on hire purchase.

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 March 2024 (FPE 30 September 2023: Nil).

B10. Loss per share

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

	---Individual Quarter---		Cumulative Quarter
	31 March 2024 RM '000	31 March 2023 RM '000	31 March 2024 RM '000
(Loss)/Profit attributable to Owners of the Company (RM '000)	(1,465)	138	(1,847)
Weighted average number of ordinary shares in issue ('000)	571,056	492,010	665,399
Basic (loss)/Profit per share (sen)	<u>(0.26)</u>	<u>0.028</u>	<u>(0.28)</u>

B10. Loss per share (cont'd)

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

	---Individual Quarter---		Cumulative
	31 March 2024 RM '000	31 March 2023 RM '000	Quarter 31 March 2024 RM '000
(Loss)/Profit attributable to Owners of the Company (RM '000)	(1,465)	138	(1,847)
Weighted average number of ordinary shares in issue ('000)	571,056	492,010	665,399
Assuming full exercise of SIS ('000)	4,740	200	-
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 March 2024 RM '000	31 March 2023 RM '000	Quarter 31 March 2024 RM '000
Amortisation of right-of-used assets	154	250	154
Depreciation of property, plant and equipment	36	253	172
Gain on lease termination	(214)	-	(214)
Loss on disposal of property, plant and equipment	1,070	1,168	1,144
Interest expenses	-	59	184
Impairment loss on other receivables	-	-	286
Reversal of allowance of impairment loss	-	(927)	-

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
29 May 2024