

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1st) QUARTER ENDED 30 JUNE 2022**

	---Individual Quarter---		---Cumulative Quarter---	
	30 June 2022 RM '000	30 June 2021 RM '000	30 June 2022 RM '000	30 June 2021 RM '000
Revenue	15,033	4,141	15,033	4,141
Cost of sales	(14,003)	(3,618)	(14,003)	(3,618)
Gross profit	1,030	523	1,030	523
Other operating income	12	620	12	620
Administrative expenses	(3,301)	(6,234)	(3,301)	(6,234)
Selling and distribution expenses	-	(302)	-	(302)
Other operating expenses	-	(2,175)	-	(2,175)
Finance costs	(74)	(461)	(74)	(461)
Loss before taxation	(2,333)	(8,066)	(2,333)	(8,066)
Taxation	-	-	-	-
Loss after taxation (" LAT ")	(2,333)	(8,066)	(2,333)	(8,066)
Other comprehensive income: <i>Items that maybe reclassified subsequently to profit or loss</i>				
- Foreign exchange translation	465	6,099	465	6,099
Total comprehensive loss	(1,868)	(1,967)	(1,868)	(1,967)
LAT ATTRIBUTABLE TO:				
- Owners of the Company	(2,345)	(7,543)	(2,345)	(7,543)
- Non-controlling interest	12	(523)	12	(523)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
- Owners of the Company	(1,880)	(1,135)	(1,880)	(1,135)
- Non-controlling interests	12	(832)	12	(832)
Weighted average no. of ordinary shares ('000)	442,994	2,731,686	442,994	2,731,686
Loss per share attributable to Owners of the Company (sen):				
- Basic	(0.53)	(0.28)	(0.53)	(0.28)
- Diluted	N/A	N/A	N/A	N/A

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

Notes:

*The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended ("**FYE**") 31 March 2022 and the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	(Unaudited) As at 30 June 2022 RM '000	(Audited) As at 31 March 2022 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	13,104	13,448
Investment properties	71,435	71,435
Right-of-use assets	2,389	2,664
Intangible assets	90,286	90,286
Other investments	5,000	5,000
	<u>182,214</u>	<u>182,833</u>
CURRENT ASSETS		
Inventories	9,861	9,013
Trade and other receivables	121,078	122,890
Current tax assets	2,533	1,964
Cash and cash equivalents	1,274	2,398
	<u>134,746</u>	<u>136,265</u>
TOTAL ASSETS	<u>316,960</u>	<u>319,098</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	425,612	425,312
Reserves	(127,349)	(125,469)
SHAREHOLDERS' EQUITY	<u>298,263</u>	<u>299,843</u>
Non-controlling interests	4,270	4,258
TOTAL EQUITY	<u>302,533</u>	<u>304,101</u>
CURRENT LIABILITIES		
Trade and other payables	6,164	5,737
Bank borrowings	628	620
Amount owing to a director	2,888	3,422
Lease liabilities	965	1,022
Current tax liabilities	246	270
	<u>10,891</u>	<u>11,071</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (CONT'D)

	(Unaudited) As at 30 June 2022 RM '000	(Audited) As at 31 March 2022 RM '000
NON-CURRENT LIABILITIES		
Bank borrowings	1,778	1,939
Lease liabilities	1,758	1,987
	<u>3,536</u>	<u>3,926</u>
TOTAL LIABILITIES	14,427	14,997
TOTAL EQUITY AND LIABILITIES	316,960	319,098
NET ASSETS PER SHARE (sen)	<u>49.46</u>	<u>50.86</u>

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of Kanger for the FYE 31 March 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2022

	Share Capital RM '000	Merger Reserve RM '000	Warrants Reserve RM '000	Foreign currency translation reserve RM '000	Accumulated losses RM '000	Total RM '000	Non- controlling Interests RM '000	Total Equity RM '000
Balance as at 31 March 2022 (Audited)	425,312	(13,365)	38,919	3,443	(154,466)	299,843	4,258	304,101
Issuance of shares granted under SIS	300	-	-	-	-	300	-	300
LAT	-	-	-	-	(2,345)	(2,345)	12	(2,333)
Foreign currency translation	-	-	-	465	-	465	-	465
Total comprehensive loss	-	-	-	465	(2,345)	(1,880)	12	(1,868)
Balance as at 30 June 2022	425,612	(13,365)	38,919	3,908	(156,811)	298,263	4,270	302,533

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements of Kanger for the FYE 31 March 2022 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST(1ST) QUARTER ENDED 30 JUNE 2022**

	Period ended 30 June 2022 RM'000	Period ended 30 June 2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(2,333)	(8,066)
Adjustments for:		
Amortisation of intangible assets	275	264
Depreciation of property, plant and equipment	363	995
Interest expenses	74	461
Interest income	(9)	(7)
Share-based payment	-	2,110
Operating loss before working capital changes:	(1,630)	(4,243)
Change in inventories	(848)	2,345
Change in trade and other receivables	1,277	(29,698)
Change in trade and other payables	891	8,438
CASH USED IN OPERATIONS	(310)	(23,158)
Interest received	9	7
Tax paid	(593)	(295)
NET CASH USED IN OPERATING ACTIVITIES	(894)	(23,446)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of other investments	-	(5,000)
Purchase of property, plant and equipment and investment properties	(18)	(5,651)
NET CASH USED IN INVESTING ACTIVITIES	(18)	(10,651)
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(74)	(461)
Net drawdown of bank borrowings	-	901
Net repayment of lease liabilities	(286)	(438)
Net repayment of bank borrowing	(152)	(424)
Proceeds from issuance of shares	300	10,000
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(212)	9,578
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,124)	(24,519)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	-	658
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	2,398	81,715
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,274	57,854
Cash and cash equivalents at end of the financial period comprise the following:		
- Cash and bank balances	1,274	57,854

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of Kanger for the FYE 31 March 2022 and the accompanying explanatory notes attached to this interim financial report.

QUARTERLY REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2022

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2022

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 for the FYE 31 March 2022 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
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Disclosure of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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 FYE 31 March 2022.

A2. Auditors’ report on preceding annual financial statements

The auditors’ report on the audited consolidated financial statements of the Group for the FYE 31 March 2022 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 was no issuance, cancellation, repurchase, resale and repayment of debt or equity securities for the current financial quarter ended 30 June 2022 other than 5,133,245 new ordinary shares which were issued under Share Issuance Scheme amounting to approximately RM300,000.

A7. Segmental information

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

	---Individual Quarter---		---Cumulative Quarter---	
	30 June 2022 RM '000	30 June 2021 RM '000	30 June 2022 RM '000	30 June 2021 RM '000
Manufacturing, trading and project management services	15,033	-	15,033	-
Horizontal and vertical bamboo and wood flooring	-	3,497	-	3,497
Bamboo furniture and other strand woven bamboo products	-	644	-	644
Total	15,033	4,141	15,033	4,141

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

	---Individual Quarter---		---Cumulative Quarter---	
	30 June 2022 RM '000	30 June 2021 RM '000	30 June 2022 RM '000	30 June 2021 RM '000
PRC	-	4,141	-	4,141
Malaysia	15,033	-	15,033	-
	15,033	4,141	15,033	4,141

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 Quarter---	
	30 June 2022 RM '000	30 June 2021 RM '000	30 June 2022 RM '000	30 June 2021 RM '000
Approved and contracted	<u>71,435</u>	<u>-</u>	<u>71,435</u>	<u>-</u>
Approved but not contracted	<u>222,090</u>	<u>-</u>	<u>222,090</u>	<u>-</u>

A10. Changes in the composition of the Group

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

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 ----		Variance (Amount RM'000/%)
	30 June 2022 RM '000	30 June 2021 RM '000	
Revenue	15,033	4,141	10,892/>100%
Gross profit	1,030	523	507/97%
Loss before taxation	(2,333)	(8,066)	5,733/71%
Loss after taxation	(2,333)	(8,066)	5,733/71%

	---- Cumulative Quarter ----		Variance (Amount RM'000/%)
	30 June 2022 RM '000	30 June 2021 RM '000	
Revenue	15,033	4,141	10,892/>100%
Gross profit	1,030	523	507/97%
Loss before taxation	(2,333)	(8,066)	5,733/71%
Loss after taxation	(2,333)	(8,066)	5,733/71%

Individual Quarter

Revenue increased by RM11 million or more than 100% in the current financial quarter ended 30 June 2022 (“**Q1 2023**”) as compared to the corresponding quarter ended 30 June 2021 (“**Q1 2022**”) which mainly due to recovery from Covid-19 on construction, property development and renovation business segments as all businesses were allowed to fully operate. The increase was mainly derived from the newly acquired subsidiary, Sung Master Holdings Sdn. Bhd. which operates in the construction industry with trading of building materials as its main business.

The gross profit recorded in Q1 2023 increased by 97% as compare to gross profit recorded in Q1 2022 was mainly due to profit generated from newly acquired subsidiary which the profit margin recorded higher.

Overall, the Group recorded loss before taxation of RM2.3 million in Q1 2023 due to insufficient revenue generated to defray the expenses. However, the Group’s performance had improved compare to Q1 2022 as lesser administrative expenses incurred after disposal of the subsidiaries in China in FYE 2022 which consists of RM3.5 million and incurred non-recurring expenses such as recognition of share-based payments of RM2.0 million in Q1 2022.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Variance (Amount RM'000/%)
	30 June 2022 RM '000	31 March 2022 RM '000	
Revenue	15,033	99,100	(84,067)/>100%
Gross profit	1,030	2,820	(1,790)/>100%
Loss before taxation	(2,333)	(31,019)	28,686/>100%
Loss after taxation	(2,333)	(31,120)	28,686/>100%

The Group recorded decrease in revenue by RM84.1 million to RM15 million in Q1 2023 as compare to RM99 million in the preceding financial quarter ended 31 March 2022 ("Q4 2022"). The decrease in revenue was mainly due to decrease in sales generated from construction business.

Overall, the Group recorded loss before taxation of RM2.3 million in Q1 2023 as compare to loss before taxation of RM31 million in Q1 2022. High amount of losses was recorded in Q4 2022 was mainly due to the Group has incurred non-recurring expenses such as impairment loss on inventories amounting to RM15.5 million, impairment loss on trade and other receivables amounting to RM24.1 million.

B3. Prospects for the financial year ending 31 March 2023 ("FYE 2023")

The Malaysian economy registered a growth of 5.0% in the first quarter of 2022 following an improving domestic demand as economic activity continued to normalize following the easing of containment measures. In the meantime, the domestic economy is anticipated to improve further in 2022, with growth projected at 5.3% to 6.3% as announced in March 2022 (Source: Bank Negara Malaysia).

In Budget 2022, RM3.5 billion has been allocated for infrastructure projects on top of a RM2.9 billion allocation for small and medium projects. Thus, the prospect of the construction industry in 2022 is expected to improve with mega infrastructure projects such as the Pan Borneo Highway, East Coast Rail Link (ECRL) and Mass Rapid Transit Line 3 (MRT3) in the pipeline.

With the reopening of Malaysia's international borders on 1 April 2022, tourist arrivals have surpassed 2 million in the period of 1 April 2022 until 21 June 2022. In addition, according to the Ministry of Tourism, Arts and Culture, the target of foreign tourist arrivals has been further revised to 4.5 million. The recovery of the domestic and international tourism sector will augur well for the Group's property investment in Genting Highlands.

Given the recent rise in Covid-19 cases and uncertainties due to the geopolitical tensions and supply chain disruptions, we are cognizant on the challenges ahead and will exercise prudence in our business expansion strategy.

B3. Prospects for the financial year ending 31 March 2023 (“FYE 2023”) (cont’d)

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

- (a) Since the group diversification, the construction business has overtaken the bamboo manufacturing and trading segment as the main revenue contributor to the Group and this growth strategy shall continue to be the key revenue drivers.
- (b) In line with (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.
- (c) In organic frontiers of construction segment, our focus would be on and ensuring that the current projects and orderbook in hand are effectively and efficiently expedite and complete within the short and midterm timeline thus translated it into revenue stream.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) Bamboo products trading shall continue to contribute is fair share of revenue to the group but at a lower amount and ratio.

Premised on the above, the Board is cautiously optimistic on the prospects of the Group for FYE 2023.

B4. Profit forecast

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

B5. Taxation

As the Group recorded loss before taxation, there is no current tax expense and the analysis of effective tax rate is not meaningful.

The PRC income tax is computed in accordance with the relevant laws and regulations in the PRC. In addition, Kanger Trading (HK) Co. Limited currently enjoys 0% tax rate in Hong Kong as it is an export company and derives its income overseas.

B6. Status of corporate proposals

Share Issuance Scheme (“SIS”)

The Company had on 5 May 2022 and 20 May 2022 granted 2.4 million and 2.8 million share options respectively to some of its directors and employees under the SIS.

During the current financial quarter, approximately 5.1 million of ordinary shares were subscribed, in which approximate 2.4 million and 2.8 million of ordinary shares were exercised at the exercise price of RM0.063 and RM0.545 per ordinary share which resulted from the proceeds from the issuance of shares of RM300,000 under the SIS.

B7. Borrowings

The Group’s borrowings as at 30 June 2022 are as follows:

	As at 30 June 2022 RM '000	As at 31 March 2022 RM '000
Secured – Short term borrowings		
Hire purchase	628	620
Secured – Long term borrowings		
Hire purchase	1,778	1,939
Total borrowings	2,406	2,559

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

	As at 30 June 2022 RM '000	As at 31 March 2022 RM '000
Secured – Short term and long term borrowings		
Ringgit Malaysia	2,406	2,559
Total borrowings	2,406	2,559

Note:

The borrowings decreased by RM0.1 million as at 30 June 2022 as compare to 31 March 2022 was mainly due to repayment made on hire purchase.

The weighted average effective interest rates of the Group’s borrowings ranged from 4% to 9% as at 30 June 2022. The hire purchase is subjected to fixed interest rate as at 30 June 2022.

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 30 June 2022 (FYE 31 March 2022: Nil).

B10. Loss per share

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

	---Individual Quarter---		---Cumulative Quarter---	
	30 June 2022 RM '000	30 June 2021 RM '000	30 June 2022 RM '000	30 June 2021 RM '000
Loss attributable to Owners of the Company (RM '000)	(2,345)	(7,543)	(2,345)	(7,543)
Weighted average number of ordinary shares in issue ('000)	442,994	2,731,686	442,994	2,731,686
Basic loss per share (sen)	<u>(0.01)</u>	<u>(0.28)</u>	<u>(0.01)</u>	<u>(0.28)</u>

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

	---Individual Quarter---		---Cumulative Quarter---	
	30 June 2022 RM '000	30 June 2021 RM '000	30 June 2022 RM '000	30 June 2021 RM '000
LAT attributable to Owners of the Company (RM '000)	(2,345)	(7,543)	(2,345)	(7,543)
Weighted average number of ordinary shares in issue ('000)	442,994	2,731,686	442,994	2,731,686
Assuming full exercise of SIS ('000)	-	-	-	-
Diluted earnings per share (sen)	<u>N/A</u>	<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 Quarter---	
	30 June 2022 RM '000	30 June 2021 RM '000	30 June 2022 RM '000	30 June 2021 RM '000
Amortisation of intangible assets	-	264	-	264
Depreciation of property, plant and equipment and investment properties	363	995	363	995
Depreciation of right-of-use assets	275	-	275	-
Interest expenses	74	461	74	461
Interest income	<u>(9)</u>	<u>(7)</u>	<u>(9)</u>	<u>(7)</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
29 August 2022