



CARZO HOLDINGS BERHAD

Registration No: 202001026908 (1383228-K)
(Incorporated in Malaysia under the Companies Act 2016)

**SECOND HALF YEARLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA
SECURITIES BERHAD (“BURSA SECURITIES”).**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY CARZO HOLDINGS BERHAD (“CARZO” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



CARZO HOLDINGS BERHAD
 Registration No: 202001026908 (1383228-K)
 (Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022⁽¹⁾

	Unaudited as at 31.12.2022 RM	Audited as at 31.12.2021 RM
ASSETS		
Non-Current Assets		
Plant and equipment	3,339,003	1,814,483
Right-of-use assets	2,137,522	340,284
	<u>5,476,525</u>	<u>2,154,767</u>
Current Assets		
Inventories	2,268,348	1,486,143
Trade and other receivables	10,218,392	22,707,360
Fixed deposits with licensed banks	1,478,221	3,528,669
Tax recoverable	682,400	117,796
Cash and bank balances	3,105,533	358,421
	<u>17,752,894</u>	<u>28,198,389</u>
Total Assets	<u>23,229,419</u>	<u>30,353,156</u>
EQUITY		
Share capital	13,476,309	9,476,397
Merger reserve	(1,857,406)	(1,857,406)
(Accumulated losses)/Retained earnings	(6,411,114)	1,737,680
Total Equity	<u>5,207,789</u>	<u>9,356,671</u>
LIABILITIES		
Non-Current Liabilities		
Borrowings	1,004,334	1,515,902
Lease liabilities	1,887,042	531,805
	<u>2,891,376</u>	<u>2,047,707</u>
Current Liabilities		
Trade and other payables	9,372,631	14,169,621
Borrowings	5,014,308	4,398,112
Lease liabilities	743,315	381,045
	<u>15,130,254</u>	<u>18,948,778</u>
Total Liabilities	<u>18,021,630</u>	<u>20,996,485</u>
Total Equity and Liabilities	<u>23,229,419</u>	<u>30,353,156</u>
Net assets per share	<u>0.05</u>	<u>0.11</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022⁽¹⁾ (CONT'D)

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of financial position is disclosed in Note A1 and should be read in conjunction with the audited financial statements of Carzo and its subsidiaries (“**Group**”) for the financial year ended (“**FYE**”) 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
("FPE") 31 DECEMBER 2022⁽¹⁾**

	Individual 6-month ended		Cumulative 12-month ended	
	Unaudited 31.12.2022 RM	Unaudited 31.12.2021 RM	Unaudited 31.12.2022 RM	Audited 31.12.2021 RM
Revenue	23,375,288	47,439,518	55,090,557	90,295,659
Cost of sales	(21,999,940)	(43,206,214)	(49,752,721)	(81,166,216)
Gross profit	1,375,348	4,233,304	5,337,836	9,129,443
Other operating income	300,852	254,031	358,678	715,111
Operating and administrative expenses	(8,537,970)	(4,395,881)	(13,084,541)	(8,132,515)
(Loss)/ Profit from operations	(6,861,770)	91,454	(7,388,027)	1,712,039
Finance costs	(266,128)	(223,966)	(455,437)	(407,282)
(Loss)/ Profit before taxation	(7,127,898)	(132,512)	(7,843,464)	1,304,757
Taxation	(161,835)	(500,961)	(305,330)	(980,206)
(Loss)/ Profit after taxation	(7,289,733)	(633,473)	(8,148,794)	324,551
(Loss)/ Profit after taxation attributable to:-				
Owners of the Company:	(7,289,733)	(633,473)	(8,148,794)	324,551
Total comprehensive (loss)/ income attributable to:-				
Owners of the Company:	(7,289,733)	(633,473)	(8,148,794)	324,551
(Loss)/Earnings per Share (sen)				
- Basic	(7.81)	(0.72)	(8.97)	0.38



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE FPE 31 DECEMBER 2022 ⁽¹⁾
(CONT'D)**

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of profit or loss and other comprehensive income is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FPE 31 DECEMBER 2022 ⁽¹⁾

	Share capital RM	Merger reserve RM	Retained earnings RM	Total RM
At 1 January 2021	3,177,730	(1,857,406)	1,413,129	2,733,453
Issuance of shares	6,516,444	-	-	6,516,444
Profit for the financial year	-	-	324,551	324,551
Share issuance expenses	(217,777)	-	-	(217,777)
At 31 December 2021	<u>9,476,397</u>	<u>(1,857,406)</u>	<u>1,737,680</u>	<u>9,356,671</u>
At 1 January 2022	9,476,397	(1,857,406)	1,737,680	9,356,671
Issuance of new shares	3,999,912	-	-	3,999,912
Loss for the financial period	-	-	(8,148,794)	(8,148,794)
At 31 December 2022	<u>13,476,309</u>	<u>(1,857,406)</u>	<u>(6,411,114)</u>	<u>5,207,789</u>

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of changes in equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
 THE FPE 31 DECEMBER 2022 ⁽¹⁾**

	Unaudited 12-month ended 31.12.2022 RM	Audited 12-month ended 31.12.2021 RM
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(7,843,464)	1,304,757
Adjustments for:		
Depreciation of plant and equipment	646,108	528,316
Depreciation of right-of-use assets	396,168	212,164
Deposit written off	27,900	14,150
Loss on disposal of plant and equipment	48,061	-
Impairment of plant and equipment	-	125,664
Impairment loss on trade receivables	3,950,073	150,327
Interest income	(18,175)	(28,095)
Interest expense	455,437	407,282
Reversal of allowance for impairment loss	(13,462)	-
Unrealised foreign exchange (gain)/loss	(57,713)	146,105
Waiver of lease payment	-	(37,500)
Operating (loss)/profit before working capital changes	<u>(2,409,067)</u>	<u>2,823,170</u>
Changes in working capital		
Inventories	(782,205)	(534,780)
Trade and other receivables	8,331,194	(7,744,737)
Trade and other payables	(4,161,790)	4,555,330
	<u>3,387,199</u>	<u>(3,724,187)</u>
Cash generated from/(used in) operations	978,132	(901,017)
Interest paid	(174,864)	(131,620)
Interest received	18,175	28,095
Income tax paid	(869,934)	(1,574,273)
	<u>(1,026,623)</u>	<u>(1,677,798)</u>
Net cash used in operating activities	<u>(48,491)</u>	<u>(2,578,815)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	31,300	-
Purchase of plant and equipment, representing net cash used in investing activities	<u>(2,089,989)</u>	<u>(767,664)</u>
Net cash used in investing activities	<u>(2,058,689)</u>	<u>(767,664)</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FPE 31 DECEMBER 2022 ⁽¹⁾ (CONT'D)

	Unaudited	Audited
	12-month ended	
	31.12.2022	31.12.2021
	RM	RM
Cash Flows From Financing Activities		
Proceeds from issuance of shares	3,999,912	6,516,444
Share issuance expenses	-	(217,777)
Repayment of term loans	(443,199)	(408,770)
Repayment of lease liabilities	(635,899)	(424,528)
Lease interest paid	(114,747)	(71,716)
Term loans interests paid	(165,826)	(203,946)
Increase in fixed deposits pledged	(719,032)	(388,453)
Net cash generated from financing activities	<u>1,921,209</u>	<u>4,801,254</u>
Net (decrease)/increase in cash and cash equivalents	(185,971)	1,454,775
Cash and cash equivalents at the beginning of the financial period/year	<u>2,649,297</u>	<u>1,194,522</u>
Cash and cash equivalents at the end of the financial period/year	<u>2,463,326</u>	<u>2,649,297</u>
Cash and cash equivalents at the end of the financial period/year comprises:		
Cash and bank balances	3,105,533	358,421
Bank overdrafts	(642,207)	(478,604)
Fixed deposits with licensed banks	1,478,221	3,528,669
	<u>3,941,547</u>	<u>3,408,486</u>
Less: Fixed deposits pledged with licensed banks	<u>(1,478,221)</u>	<u>(759,189)</u>
	<u>2,463,326</u>	<u>2,649,297</u>

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of cash flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FPE 31 DECEMBER 2022

A1. BASIS OF PREPARATION

- 1.1 The unaudited interim financial report of the Group has been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134 – Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“**MASB**”) and is in compliance with Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”). The unaudited interim financial report should be read in conjunction with the audited financial statements for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- 1.2 The accounting standards and/or interpretations adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited combined financial statements for the FYE 31 December 2021.
- 1.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial period:-

		Effective dates for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
Amendments to MFRS 1	First-time Adoption of MFRSs	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112	Income Taxes	1 January 2023
Amendments to MFRS 16	Leases	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2024
Amendments to MFRS 10	Consolidated Financial Statement	Deferred
Amendments to MFRS 128	Investments in Associates and Joint Ventures	Deferred



PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FPE 31 DECEMBER 2022 (CONT'D)

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the FYE 31 December 2021 were not subject to any qualification.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's fresh fruits business is subject to seasonal demand while the Group's grocery business does not experience any seasonality as the demand for grocery products is not subject to major seasonal fluctuations. The demand for the Group's fresh fruits products is higher prior to the commencement and during festive seasons such as Chinese New Year, Hari Raya and Christmas.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Save for the RM3,950,073 of allowance of impairment loss on trade receivables due to unrecoverable debts from certain trade debtors, there were no other material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

A5. CHANGES IN MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS

There were no material changes in accounting estimates and judgments during the current financial period under review.

A6. DIVIDENDS PAID

There were no dividends paid during the current financial period under review.

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FPE 31 DECEMBER 2022 (CONT'D)

A7. SEGMENTAL INFORMATION

7.1 Analysis of revenue by business segments

The Group's revenue based on its business segments are presented as follows:

Revenue by business segments	Individual 6-month ended				Cumulative 12-month ended			
	31.12.2022		31.12.2021		31.12.2022		31.12.2021	
	RM	%	RM	%	RM	%	RM	%
<u>Fruits business</u>								
Distribution and retail	11,468,037	49.06	35,029,428	73.84	33,308,789	60.47	66,534,476	73.69
Retail chain stores	10,637,753	45.51	11,632,707	24.52	20,035,601	36.37	21,862,433	24.21
Convenience stores ⁽¹⁾	(87,645)	(0.37)	286,856	0.60	55,682	0.10	532,293	0.59
E-commerce	78,647	0.34	320,966	0.68	199,463	0.36	541,798	0.60
Others ⁽²⁾	115,687	0.49	169,561	0.36	265,732	0.48	824,659	0.91
	22,212,479	95.03	47,439,518	100.00	53,865,267	97.78	90,295,659	100.00
<u>Grocery business</u>								
Groceries ⁽³⁾	1,162,809	4.97	-	0.00	1,225,290	2.22	-	0.00
Total	23,375,288	100.00	47,439,518	100.00	55,090,557	100.00	90,295,659	100.00

Notes:

(1) The negative figure arises from credit note issued to customer.

(2) Comprising hotels, hospitals, airline food providers and consumers who purchased through vending machines and at the Group's display store which was closed during FYE 31 December 2021.

(3) This being sales from grocery outlets which commenced during the FPE 31 December 2022.

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FPE 31 DECEMBER 2022 (CONT'D)

A7. SEGMENTAL INFORMATION (CONT'D)

7.2 Analysis of revenue by product groups

The Group's revenue based on its product groups are presented as follows:

Revenue by product group	Individual 6-month ended				Cumulative 12-month ended			
	31.12.2022		31.12.2021		31.12.2022		31.12.2021	
	RM	%	RM	%	RM	%	RM	%
Fresh fruits	22,184,220	94.91	47,191,966	99.48	53,672,437	97.43	89,763,557	99.41
Fruit products ⁽¹⁾	16,610	0.07	244,266	0.51	191,480	0.35	488,123	0.54
Other food products ⁽²⁾	11,649	0.05	3,286	0.01	1,350	0.00	43,979	0.05
Groceries ⁽³⁾	1,162,809	4.97	-	0.00	1,225,290	2.22	-	0.00
Total	23,375,288	100.00	47,439,518	100.00	55,090,557	100.00	90,295,659	100.00

Notes:

- (1) Comprising fruit juices, plant-based drinks, pickled fruits, dried fruits, cut fruits, frozen fruits and ready-to-eat fruit products.
- (2) Comprising frozen meat and seafood, nuts, vegetables, ready-to-eat food (e.g. soup, canned food, pre-mix sauces and pastes) and convenience food (e.g. instant noodles and snacks) sold via the Group's E-commerce sales channel.
- (3) Comprising groceries sold at the grocery outlets (Jii-Mart).

**PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR
THE FPE 31 DECEMBER 2022 (CONT'D)**

A8. TAXATION

	Individual 6-month ended		Cumulative 12-month ended	
	Unaudited		Unaudited	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Malaysian statutory tax:				
- Current period tax provision	106,437	222,413	249,932	701,658
- Under provision in prior years	55,398	278,548	55,398	278,548
	<u>161,835</u>	<u>500,961</u>	<u>305,330</u>	<u>980,206</u>

Meanwhile, the Group are taxed at the statutory rate of 24% on their chargeable income for the FPE/FYE 31 December 2022 and 31 December 2021.

A9. ACQUISITION AND DISPOSAL OF PLANT AND EQUIPMENT

The table below shows the acquisitions of plant and equipment during the financial period under review.

	31.12.2022
	RM
Acquisition of plant and equipment:	
Computer & Software	652,855
Outlet equipment	396,625
Renovation	388,211
Furniture and fittings	254,898
Motor vehicles	223,000
Work-in-progress	217,563
Aircond	74,449
Signage	38,687
Office equipment	3,700
	<u>2,249,988</u>
	31.12.2022
	RM
Disposal of plant and equipment:	
Machineries*	<u>79,401</u>

Note:

* Disposal of plant and equipment was due to cessation of production line for fruit products during the financial period.



PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FPE 31 DECEMBER 2022 (CONT'D)

A10. OTHER INVESTMENTS

There were no other investments during the current financial period under review.

A11. DEBT AND EQUITY SECURITIES

Save for the new ordinary shares in the Company issued during the current financial period under review as disclosed in Note C1, there was no issuances of debt and equity securities of the Company during the current financial period under review.

A12. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 December 2022.

A13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets and contingent liabilities as at 31 December 2022.

A14. SIGNIFICANT EVENTS OCCURRING SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial period as at the date of this report except for the corporate proposals disclosed in Note C1.

A15. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period under review.

A16. RELATED PARTY TRANSACTIONS

There were no related party transactions during the current financial period under review.



PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Comparison with corresponding period in the preceding financial year:

The 6-month FPE (“6MFPE”) 31 December 2022 vs second half of the FYE 31 December 2021 (“2HFY21”)

The Group’s revenue decreased by approximately RM24.06 million or 50.76% to RM23.38 million during the 6MFPE 31 December 2022 (2HFY21: RM47.40 million) mainly arising from the decrease in the sales of fresh fruits attributable to the following:

- (i) lower demand from end-customers due to higher retail prices of imported fresh fruits resulting from fluctuation of exchange rates during the 6MFPE 31 December 2022; and
- (ii) lower sales of fresh fruits especially durian to the Group’s customers from the distribution and retail segment as the Group had discontinued sales to certain major distributors.

In addition, the Group’s revenue for the 12-month FPE 31 December 2022 (“12MFPE22”) was affected by the poor durian harvest of fruits due to unfavourable weather conditions; and the Group’s focus on clearing the sales of overstocked imported fresh fruits resulting from supply chain disruption at Port Klang in the first half of year 2022 following the floods in Selangor towards the end of year 2021 which had disrupted the distribution of imported fresh fruits in Malaysia. Further, absence of revenue from the following sales channels in 12MFPE22 contributed to the lower revenue generated by the Group during the financial period under review:

- (i) the Group’s display store ceased operations in August 2021 to reduce operating cost and to steer the Group’s business focus on wholesale of fresh fruits in the distribution and retail, and retail chain stores segments; and
- (ii) no sales of fresh fruits to hotels and airline food providers during the financial period under review were mainly due to fewer overseas flights and tourism activities in Malaysia.

The gross profit of the Group decreased by RM2.85 million or 67.38% to RM1.38 million in the 6MFPE 31 December 2022 (2HFY21: RM4.23 million) are in line with the decrease in sales to the Group’s customers along with reduced margin due to suppression of selling price of fruits as a result of surplus of fruits in the market.

The Group recorded a loss after taxation of RM7.29 million in the 6MFPE 31 December 2022 (2HFY21: RM0.63 million) mainly due to decrease in revenue and profit margin, along with increase in allowance for impairment losses of trade receivables due to unrecoverable debts from certain trade debtors.



PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B2. PROSPECTS

The Group is undergoing restructuring of its existing business models for the fruits business wherein it will prioritise on expanding its core fruits business on distribution and retail segment as well as the retail chain store segment. Further, following the suppression of fruit selling prices during the 12MFPE22 which resulting in a profit margin squeeze during the financial period, the Group is looking to reduce its variety of fruit offerings to focus on high margin products in order to improve the profitability of the Group and ensure sustainability of the business. Nevertheless, the Group still intends to maintain its other sales channels to increase source of revenue.

The Company had on 6 May 2022 announced that it intends to diversify its businesses to include retail, distribution and wholesale of groceries and related business via Carzo Digital Media Sdn Bhd, the Company's wholly-owned subsidiary, under the name of "Jii-Mart". The grocery business commenced on 3 June 2022 following the opening of the Group's first store in Seremban, Negeri Sembilan on the same day. As at the date of this report, the Group has opened a total of 11 grocery stores throughout Negeri Sembilan. The management will continue to evaluate the feasibility of setting up additional grocery stores in other urban and other sub-urban areas.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.



PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B4. BASIC EARNINGS PER SHARE

The basic earnings per share amounts are calculated by dividing the net profit for the financial year attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period under review.

	Individual 6-month ended		Cumulative 12-month ended	
	Unaudited		Unaudited	Audited
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
(Loss)/ Profit attributable to owners of the Company	<u>(7,289,733)</u>	<u>(633,473)</u>	<u>(8,148,794)</u>	<u>324,551</u>
Weighted average number of ordinary shares in issue	<u>93,355,292</u>	<u>88,270,000</u>	<u>90,833,544</u>	<u>84,395,793</u>
(Loss)/ Earnings per share (sen)	<u>(7.81)</u>	<u>(0.72)</u>	<u>(8.97)</u>	<u>0.38</u>

The Company has not issued any dilutive potential instruments/securities and hence, the diluted earnings per share is not computed.



PART C: OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

- (a) On 12 May 2022, the Company had announced the Share Issuance Scheme (“**SIS**”) and had been approved by the Company’s shareholders at the extraordinary general meeting held on 27 June 2022. On 28 July 2022, the Company announced that the effective date for the implementation of the SIS is on 28 July 2022. The Company has not granted any options under the SIS (“**SIS Options**”) and there are no outstanding SIS Options which have been granted but unexercised as at the date of this report.
- (b) On 8 August 2022, the Company announced that it proposed to undertake the proposed private placement of up to 20% of the total number of issued shares of the Company (excluding treasury shares, if any) (“**Private Placement**”).

Bursa Securities had, vide its letter dated 23 August 2022, noted that up to 17,654,000 new Carzo Shares arising from the Private Placement (“**Placement Shares**”) will be listed and quoted on the LEAP Market of Bursa Securities in multiple tranches in the second half of 2022 and first quarter of 2023. The Company has allotted and issued 7,142,700 units of Placement Shares as at the date of this report.

On 3 February 2023, the Company announced that it submitted an application to Bursa Securities seeking its approval for an extension of time from 23 February 2023 to 22 August 2023 for the Company to complete the implementation of the Private Placement whereby Bursa Securities had, vide its letter dated 21 February 2023, resolved to approve the application for extension of time of 6 months from 23 February 2023 until 22 August 2023 to complete the Private Placement pursuant to Rule 6.60(1) of the ACE Market Listing Requirements.

C2. BOROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 December 2022 are as follows:

	Current RM	Non-Current RM	Total RM
Secured			
Term loans	397,805	801,520	1,199,325
Bank overdraft	642,207	-	642,207
Banker's acceptances	3,864,543	-	3,864,543
	<u>4,904,555</u>	<u>801,520</u>	<u>5,706,075</u>
Unsecured			
Term loan	109,753	202,814	312,567
	<u>5,014,308</u>	<u>1,004,334</u>	<u>6,018,642</u>
		Unaudited 31.12.2022 RM	Audited 31.12.2021 RM
Total bank borrowings		6,018,642	5,914,014
Less: Deposits, bank and cash balances		(4,583,754)	(3,887,090)
		<u>1,434,888</u>	<u>2,026,924</u>

C3. MATERIAL LITIGATION

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

PART C: OTHER INFORMATION (CONT'D)

C4. UTILISATION OF PROCEEDS

A. The status of utilisation of proceeds raised of RM6,516,444 from CRI Sdn Bhd and the 41 prelisting investors prior to the listing of the Company on the LEAP Market of Bursa Securities on 9 September 2021 (“**Pre-Listing Proceeds**”) as at the date of this report is as follows:

(I) As at 6 May 2022 (being the date of the announcement in relation to the variation of utilisation purpose of part of the balance Pre-Listing Proceeds (“**Variation**”), the Group had utilised RM3.76 million of the Pre-Listing Proceeds whilst the balance Pre-Listing Proceeds of RM2.76 million remained unutilised as follows:

Utilisation purposes:	Allocation of funds	Utilisation of proceeds as of 6.5.2022	Un-utilised proceeds	Expected time frame for utilisation of proceeds (from 30.6.2021, being the latest practicable date prior to the date of the Information Memorandum)
	RM	RM	RM	RM
Capital expenditure for:				
- acquisition of premises or land	1,000,000	-	1,000,000	Within 18 months
- new cold room facilities	316,494	(316,494)	-	Utilised
- acquisition of trucks and machineries	1,870,000	(173,411)	1,696,589	Within 14 months
Working capital for business expansion	2,429,950	(2,388,132)	63,516 ⁽¹⁾	Within 14 months
Estimated listing expenses	900,000	(878,302)	- ⁽¹⁾	Within 7 months
Total proceeds	6,516,444	(3,756,339)	2,760,105	

Note:

(1) The surplus amount to defray listing expenses was reallocated to the amount earmarked for working capital for business expansion of the Group.

PART C: OTHER INFORMATION (CONT'D)

C4. UTILISATION OF PROCEEDS (CONT'D)

(II) The Group had fully utilised RM2.76 million of the revised Pre-Listing Proceeds after the Variation as follows:

Utilisation purposes:	Revised allocation after the Variation RM	Utilisation of proceeds as of 23.2.2023 RM
Capital expenditure for:		
- acquisition of trucks and machineries	200,000	- ⁽¹⁾
- furniture & fittings	392,400	(392,400)
- acquisition of assets for grocery stores	1,296,310	(1,296,310)
Working capital for Grocery Business	871,395	(871,395)
Working capital for Fruit Business	-	(200,000) ⁽¹⁾
Total proceeds	<u>2,760,105</u>	<u>(2,760,105)</u>

Note:

(1) The Board had deliberated and resolved to vary the amount earmarked for purchase of waste compost machine of RM200,000 and to allocate it for working capital of the Group which was fully utilised during the financial period under review.

PART C: OTHER INFORMATION (CONT'D)

C4. UTILISATION OF PROCEEDS (CONT'D)

- B. The status of utilisation of proceeds raised of RM3,999,912.00 from the issuance of the Placement Shares pursuant to the Private Placement as at the date of this report is as follows:

Utilisation purposes	Allocation of funds⁽¹⁾ RM'000	Utilisation of proceeds as at 23.2.2023 RM'000	Un-utilised proceeds RM'000	Expected time frame for utilisation of proceeds (from 21 October 2022)
Capital expenditure for the grocery business	775	623	152	Within 15 months
Working capital requirements	3,100	2,602	498 ⁽²⁾	Within 15 months
Estimated expenses for the Private Placement	125	61	64 ⁽²⁾	-
Total	4,000	3,286	714	

Notes:

- (1) The surplus of funds following payment of expenses was allocated based on the following estimated proportion in view that the Group required additional working capital at the time of utilisation:

Utilisation of proceeds	Proportion
Capital expenditure for the Grocery Business	20%
Working capital requirements	80%
Total	100%

- (2) Any surplus amount allocated for the expenses of the Private Placement will be utilised for working capital requirements.