

Carzo Holdings Berhad

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

Reports and financial statements
for the financial year
ended 30 June 2024

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Reports and financial statements for the financial year ended 30 June 2024

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Directors' Report for the financial year ended 30 June 2024

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

Principal activities

The principal activities of the Company are wholesale of fruits, provision of management services and activities of investment holding companies. The principal activities of the subsidiaries are as disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year, except as disclosed in the financial statements.

Financial results

	Group RM	Company RM
Loss for the year	<u>6,547,185</u>	<u>840,096</u>

Dividends

No dividends were paid, declared or proposed since the end of the previous financial period.

The Directors do not recommend the payment of any final dividend in respect for the financial year ended 30 June 2024.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures

There were no issuance of shares or debentures by the Company during the financial year.

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Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Share Issuance Scheme ("SIS")

The Company has established a SIS of up to 10% of the total number of issued shares (excluding treasury shares) of the Company for a period of 5 years effective from 28 July 2022 and may be extended for a further period of up to 5 years, but will not in aggregate exceed 10 years from the Effective Date. The Company's SIS is governed by the By-Laws, which was approved by the shareholders at the Extraordinary General Meeting held on 27 June 2022.

There was no SIS option granted during the financial year ended 30 June 2024.

The details of the SIS are disclosed in Note 14 to the financial statements.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Dato' Sri Delon Lee Kean Yip	
Cheong Wai Keh	
Datin Sri Peh Chai Hoon	
Dato' Sri Chow Kok Leong	(Appointed on 1.1.2024)
Dato' Mohd Ibrahim Bin Mohd Nor	(Resigned on 1.1.2024)

The names of the directors of the Company's subsidiaries in office during the financial year and during the period from end of the financial year to the date of this report are:

Dato' Sri Delon Lee Kean Yip
Cheong Wai Keh

Directors' interests

According to the Register of Directors' Shareholdings, particulars of interest in the shares of the Company and its related companies during the financial year of the Directors who held office at the end of the financial year were as follows:

	Number of ordinary shares in the Company			
	At 1.7.2023	Additions	Disposals	At 30.6.2024
Shareholdings in the name of the Directors:				
Dato' Sri Delon Lee Kean Yip	56,096,500	181,000	-	56,277,500
Cheong Wai Keh	1,900,000	-	-	1,900,000
Datin Sri Peh Chai Hoon	5,561,000	-	-	5,561,000

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Directors' interests (continued)

	Number of ordinary shares in the Company			
	At 1.7.2023	Additions	Disposals	At 30.6.2024
Shareholdings in which the Directors are deemed to have interest:				
Dato' Sri Delon Lee Kean Yip*	5,561,000	-	-	5,561,000
Datin Sri Peh Chai Hoon*	56,096,500	181,000	-	56,277,500

* Deemed interest by virtue of shares held by the Director's spouse

By virtue of their interests in the shares of the Company, Dato' Sri Delon Lee Kean Yip and Datin Sri Peh Chai Hoon are deemed to have interests in the shares of all the subsidiaries as at the financial year end to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company or its related companies during the financial year.

Directors' benefits

In respect of the Directors or past Directors of the Company, no fees and other benefits distinguished separately, have been paid to or receivable by them as remuneration for their services to the Company other than as disclosed in Note 22 to the financial statements.

Since the end of previous financial period, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or any related company with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or any related company, a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and insurance costs for Directors, Officers and Auditors

(a) Directors and Officers

The Directors and Officers of the Group and the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") basis for the purpose of Section 289 of the Companies Act 2016. There were no indemnity given to and insurance effected for the Directors and the Officers of the Group and of the Company.

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Indemnity and insurance costs for Directors, Officers and Auditors (continued)

(b) Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. To the extent permitted by law, the Company has agreed to indemnify its auditors, Nexia SSY PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Nexia SSY PLT during the financial year and up to the date of this report.

Other statutory information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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Other statutory information (continued)

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no contingent or other liability of the Group and of the Company have become enforceable or is likely to become enforceable within the period of the twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

Significant and subsequent events

The details of significant and subsequent events are disclosed in Note 30 to the financial statements.

Auditors

The auditors, Nexia SSY PLT, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 October 2024.

Dato' Sri Delon Lee Kean Yip
Director

Cheong Wai Keh
Director

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Statements of Financial Position as at 30 June 2024

	Note	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
ASSETS					
Non-current assets					
Plant and equipment	6	1,185,910	1,862,954	-	-
Right-of-use assets	7	272,301	1,342,094	-	-
Investment in subsidiaries	8	-	-	-	-
		1,458,211	3,205,048	-	-
Current assets					
Inventories	9	546,130	1,796,450	-	-
Trade and other receivables	10	1,827,982	3,890,945	41,122	40,000
Tax recoverable		1,411,960	1,201,794	-	-
Fixed deposits with licensed banks	11	1,848,931	1,753,535	-	-
Cash and bank balances	11	196,723	2,624,202	4,621	500,460
		5,831,726	11,266,926	45,743	540,460
TOTAL ASSETS		7,289,937	14,471,974	45,743	540,460

The accompanying notes form an integral part of these financial statements.

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Statements of Financial Position as at 30 June 2024 (continued)

	Note	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	12	13,476,309	13,476,309	13,476,309	13,476,309
Merger reserve	13	(1,857,406)	(1,857,406)	-	-
Accumulated losses		(23,700,399)	(17,153,214)	(13,877,979)	(13,037,883)
(CAPITAL DEFICIENCY)/ TOTAL EQUITY		(12,081,496)	(5,534,311)	(401,670)	438,426
Non-current liabilities					
Borrowings	15	1,841,280	2,580,932	-	-
Lease liabilities	16	135,611	1,079,997	-	-
Deferred tax liabilities	17	11,271	15,858	-	-
		1,988,162	3,676,787	-	-
Current liabilities					
Trade and other payables	18	7,656,927	7,532,136	447,413	102,034
Borrowings	15	9,379,150	8,123,781	-	-
Lease liabilities	16	347,194	673,581	-	-
		17,383,271	16,329,498	447,413	102,034
TOTAL LIABILITIES		19,371,433	20,006,285	447,413	102,034
TOTAL EQUITY AND LIABILITIES		7,289,937	14,471,974	45,743	540,460

The accompanying notes form an integral part of these financial statements.

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Statements of Comprehensive Income for the financial year ended 30 June 2024

	Note	Group		Company	
		Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Revenue	19	27,966,985	70,350,756	-	-
Cost of sales		(26,391,498)	(64,130,057)	-	-
Gross profit		1,575,487	6,220,699	-	-
Other income		203,435	313,421	-	12,631
Operating and administrative expenses		(7,425,740)	(14,888,681)	(154,996)	(4,021,552)
Reversal of/(allowance for) impairment losses on financial assets		87,504	(9,429,556)	(685,100)	(8,022,774)
Loss from operations		(5,559,314)	(17,784,117)	(840,096)	(12,031,695)
Finance costs	20	(723,272)	(771,919)	-	-
Loss before taxation	21	(6,282,586)	(18,556,036)	(840,096)	(12,031,695)
Taxation	23	(264,599)	(334,858)	-	-
Loss for the year/period		(6,547,185)	(18,890,894)	(840,096)	(12,031,695)
Attributable to:					
Owners of the Company		(6,547,185)	(18,890,894)	(840,096)	(12,031,695)
Non-controlling interest		-	-	-	-
		(6,547,185)	(18,890,894)	(840,096)	(12,031,695)
Losses per share attributable to equity holders of the Company (sen)					
- Basic	24	(6.86)	(20.62)		
- Diluted	24	(6.86)	(20.62)		

The accompanying notes form an integral part of these financial statements.

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Statements of Changes in Equity for the financial year ended 30 June 2024

	Note	Share capital RM	Merger reserve RM	(Accumulated losses)/Retained earnings RM	Total RM
Group					
At 1 July 2023		13,476,309	(1,857,406)	(17,153,214)	(5,534,311)
Loss for the year		-	-	(6,547,185)	(6,547,185)
At 30 June 2024		13,476,309	(1,857,406)	(23,700,399)	(12,081,496)
At 1 January 2022		9,476,397	(1,857,406)	1,737,680	9,356,671
Issuance of shares	12	3,999,912	-	-	3,999,912
Loss for the period		-	-	(18,890,894)	(18,890,894)
At 30 June 2023		13,476,309	(1,857,406)	(17,153,214)	(5,534,311)
Company					
At 1 July 2023		13,476,309	-	(13,037,883)	438,426
Loss for the year		-	-	(840,096)	(840,096)
At 30 June 2024		13,476,309	-	(13,877,979)	(401,670)
At 1 January 2022		9,476,397	-	(1,006,188)	8,470,209
Issuance of shares	12	3,999,912	-	-	3,999,912
Loss for the period		-	-	(12,031,695)	(12,031,695)
At 30 June 2023		13,476,309	-	(13,037,883)	438,426

The accompanying notes form an integral part of these financial statements.

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Statements of Cash Flows for the financial year ended 30 June 2024

	Note	Group		Company	
		Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Cash flows from operating activities					
Loss before taxation		(6,282,586)	(18,556,036)	(840,096)	(12,031,695)
Adjustments for:					
Deposits and other receivables written-off		131,001	94,356	-	-
Depreciation of plant and equipment	6	604,611	1,032,061	-	-
Depreciation of right-of-use assets	7	427,918	682,965	-	-
Finance costs	20	723,272	771,919	-	-
Gain on termination and modification of leases		(38,178)	(2,900)	-	-
Impairment loss on investment in subsidiaries		-	-	-	3,613,664
Impairment loss on plant and equipment	6	151,533	552,845	-	-
Interest income		(48,068)	(49,415)	-	(12,631)
Inventories written down		14,335	36,194	-	-
Loss on disposal of plant and equipment - net		295,976	26,474	-	-
Allowance for/(reversal of) impairment losses on financial assets:					
- trade receivables		(90,976)	9,429,556	-	-
- other receivables		3,472	-	-	-
- amount due from subsidiaries		-	-	685,100	8,022,774
Plant and equipment written-off		122,588	392,545	-	-
Unrealised (gain)/loss on foreign exchange		(83,368)	241,553	-	-
Operating loss before working capital changes		(4,068,470)	(5,347,883)	(154,996)	(407,888)

The accompanying notes form an integral part of these financial statements.

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**Statements of Cash Flows
for the financial year ended 30 June 2024 (continued)**

	Group		Company		
	Note	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Cash flows from operating activities (continued)					
Decrease/(increase) in inventories		1,235,985	(346,501)	-	-
Decrease/(increase) in trade and other receivables		2,019,466	9,282,154	(1,123)	2,506
Increase in bills payable		952,691	3,430,122	-	-
Increase/(decrease) in trade and other payables		208,159	(6,868,689)	345,380	71,677
Cash generated from/ (used in) operations		347,831	149,203	189,261	(333,705)
Interest paid		(372,446)	(351,947)	-	-
Interest received		-	49,415	-	12,631
Income tax refunded		50,000	-	-	-
Income tax paid		(529,352)	(1,402,998)	-	-
Net cash (used in)/generated from operating activities		(503,967)	(1,556,327)	189,261	(321,074)
Cash flows from investing activities					
Purchase of plant and equipment	6(c)	(636,834)	(2,198,251)	-	-
Proceeds from disposal of plant and equipment		139,170	305,855	-	-
Net cash used in investing activities		(497,664)	(1,892,396)	-	-

The accompanying notes form an integral part of these financial statements.

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Statements of Cash Flows for the financial year ended 30 June 2024 (continued)

		Group		Company	
	Note	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Cash flows from financing activities					
Proceeds from issuance of shares	12	-	3,999,912	-	3,999,912
Increase in fixed deposits pledged		(47,328)	(994,346)	-	-
Advances to subsidiaries		-	-	(685,100)	(5,976,377)
Drawdown of term loan		-	2,000,000	-	-
Repayment of lease liabilities	16	(590,720)	(1,001,147)	-	-
Repayment of term loan		(694,341)	(662,832)	-	-
Lease liabilities interest paid	16	(75,978)	(171,226)	-	-
Term loan interest paid		(274,848)	(248,746)	-	-
Net cash (used in)/generated from financing activities		<u>(1,683,215)</u>	<u>2,921,615</u>	<u>(685,100)</u>	<u>(1,976,465)</u>
Net decrease in cash and cash equivalents		(2,684,846)	(527,108)	(495,839)	(2,297,539)
Cash and cash equivalents at beginning of the year/period		<u>2,122,189</u>	<u>2,649,297</u>	<u>500,460</u>	<u>2,797,999</u>
Cash and cash equivalents at end of the year/period	11	<u>(562,657)</u>	<u>2,122,189</u>	<u>4,621</u>	<u>500,460</u>

The accompanying notes form an integral part of these financial statements.

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Notes to the Financial Statements for the financial year ended 30 June 2024

1. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the LEAP Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at No. 6, Jalan Persiaran Industri, SD5, Bandar Sri Damansara, 52200 Kuala Lumpur.

The principal activities of the Company are wholesale of fruits, provision of management services and activities of investment holding companies. The principal activities of the subsidiaries are as disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial period, except as disclosed in the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 October 2024.

2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with and complied with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information (Note 3).

The Directors have prepared the financial statements of the Group and of the Company on a going concern basis, notwithstanding that:

- i. The Group and the Company incurred a net loss of RM6,547,185 and RM840,096 respectively. As of 30 June 2024, the Group's current liabilities exceeded their current assets by RM11,551,545 and recorded a capital deficiency of RM12,081,496.
- ii. As at 30 June 2024, the Group did not meet certain financial covenants for certain borrowings, as disclosed in Note 15. As a result, the said banks have the rights to recall/rescind the Group's outstanding borrowings of RM6,638,075. The Directors have not commenced any renegotiation of the lending terms with the banks, including revised facility limits and covenants.
- iii. As at the date of this report, the Directors does not have any clear future plan to regularise the Group's operations to achieve sustainable and viable operations and generate adequate cash flows to continue as going concerns.

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2. Basis of preparation of the financial statements (continued)

The factors above indicate that there are material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

3. Material accounting policy information

All material accounting policy information set out below are consistent with these applied in the previous financial period.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events of similar circumstances. Subsidiaries are consolidated from the date on which control exists. They are deconsolidated from the date that control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves. The consolidated financial statements reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 3(b). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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3. Material accounting policy information (continued)

(a) Basis of consolidation (continued)

Merger accounting for common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties, both before and after the business combinations, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party or parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

(b) Goodwill or reserve arising from consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's Cash-Generating Units (CGUs) that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

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3. Material accounting policy information (continued)

(c) Plant and equipment and depreciation

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Air conditioner	10%
Computers and software	10% - 20%
Furniture and fittings	20%
Kitchen equipment/machineries	10% - 20%
Motor vehicles	20%
Office/outlets equipment and signage	10% - 20%
Renovations	10% - 20%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial period end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss in the period the plant and equipment is derecognised, and any unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Investment in subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, unless the investment is held for sale. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(e) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw materials, direct labour, other direct costs and appropriate production overheads (based on normal operating capacity).

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances, short-term bank deposits, fixed deposits with licensed banks, short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in fair value, and net of bank overdrafts.

(g) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(h) Provision for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial period end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(i) Interest bearing loans and borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Subsequently, borrowings are stated at amortised cost using the effective interest method. Any difference between the amount recorded as borrowings and the associated redemption value is recognised in the profit or loss over the period of the borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised and amortised over the period of the facility to which it relates. All other borrowing costs are charged to profit or loss. Borrowings are derecognised from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that have been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred and liabilities assumed, is recognised in profit or loss.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(j) Leases

As Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture, photocopiers and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest methods and by reducing the carrying amount to reflect the lease payments made.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(j) Leases (continued)

As Lessee (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137: Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies MFRS 136: Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Plant and Equipment' policy.

Carzo Holdings Berhad

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3. Material accounting policy information (continued)

(k) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial period end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial period end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial period end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial period end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial period end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(I) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial periods.

As required by law, the Group makes contributions to the statutory provident scheme, the Employees Provident Fund ("EPF") in Malaysia. Such contributions are recognised as an expense in profit or loss in the period as incurred.

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial period end are discounted to present value.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(m) Share-based payments

Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 14. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share option reserve.

(n) Revenue recognition

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

- i. Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- iii. Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- v. Recognise revenue when (or as) the Group satisfies a performance obligation.

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(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(o) Revenue recognition (continued)

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

- i. Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or
- ii. Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii. Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

i Revenue from contracts with customers

a. Sale of goods/services

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods and services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

ii Other income

a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(p) Foreign currencies transactions

i Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

ii Foreign currency transactions

In preparing the financial statements of the Group, transactions in currencies other than the Group's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each financial period end, monetary items denominated in foreign currencies are translated at the rates prevailing at financial period end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2024	2023
	RM	RM
1 United States Dollar ("USD")	4.7195	4.6650
1 Australian Dollar ("AUD")	3.1347	3.0871
1 Euro ("EUR")	5.0489	5.0564
1 Chinese Yuan ("CNY")	0.6496	0.6420
1 Singapore Dollar ("SGD")	3.4783	3.4379

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3. Material accounting policy information (continued)

(q) Impairment of non-financial assets

The Group assesses at each financial period end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial period end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [i.e. cash-generating units ("CGUs")]. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial period end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(r) Financial instruments

Financial instruments carried on the statements of financial position include cash and bank balances, deposits with financial institutions, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as assets or liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(r) Financial instruments (continued)

Financial assets (continued)

ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(r) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

ii. Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(r) Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

(s) Impairment of financial assets

At each financial year end, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(s) Impairment of financial assets (continued)

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

The Group measures the allowance for impairment loss on trade and other receivables, if any and cash and bank balances based on the two-step approach as follows:

i 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Company measures the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

ii Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group reverts the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Group applies the simplified approach in accordance with MFRS 9: Financial Instruments and measures the allowance for impairment loss based on a 12-months expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(t) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial period end.

(u) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and measurement basis of segment information.

(v) Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Carzo Holdings Berhad

(Incorporated in Malaysia)

3. Material accounting policy information (continued)

(w) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(x) Related parties

Parties are considered to be related to the Group or to the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly.

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4. Adoption of new and revised Malaysian Financial Reporting Standards ("MFRS") and interpretations ("MFRSs")

(a) MFRSs that have been issued and effective

The following new and revised MFRSs issued by Malaysian Accounting Standards Board ("MASB"), have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	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

(b) MFRSs that have been issued but only effective for financial year beginning on 1 January 2024 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title	Effective Date
Amendments to MFRS 7: Financial Instruments: Disclosures	1 January 2024
Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2024
Amendments to MFRS 107: Statement of Cash Flows	1 January 2024
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 7: Financial Instruments Disclosures	1 January 2026
Amendments to MFRS 9: Financial Instruments	1 January 2026
Amendments to MFRS 10: Consolidated Financial Statements	1 January 2026
Amendments to MFRS 107: Statement of Cash Flows	1 January 2026
Amendments to MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10: Consolidated Financial Statements	Deferred
Amendments to MFRS 128: Investments in Associates and Joint Ventures	Deferred

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5. Significant accounting judgement and estimates

Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of plant and equipment

The Group depreciates the plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method. The estimated useful lives applied by the Group as disclosed in Note 3(c) reflect the Directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of plant and equipment

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Impairment of investment in subsidiaries

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The Company carries out the impairment test based on a variety of estimations including value-in-use of the CGUs to which the investment in subsidiaries are allocated to. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

(d) Write-down of inventories

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

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5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(e) Loss allowances for financial assets

The Group recognises impairment losses for receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial position and result.

(f) Income tax

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(h) Provisions

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. The Group has a warranty obligation to replace certain products to customers should the distributor's warranty lapsed.

The Directors are of the opinion that provision is not required in respect of the above instance as it is not probable that a future sacrifice of economic benefits will be required.

(i) Contingent liabilities

A contingent liability is not recognised but is disclosed in the notes to the financial statements and when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision. If the outflow is not probable, the item is treated as a contingent liability.

The Director is of the opinion that a contingent liability is not disclosed in the notes to the financial statements as the possibility of an outflow of economic resources is remote.

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5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(j) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

(k) Determination of lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. As disclosed in Note 7, the Group has lease contracts that include extension and termination option. The Group apply judgement in evaluating whether they are reasonably certain to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for them to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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6. Plant and equipment

Group	Air conditioner RM	Computers and software RM	Furniture and fittings RM	Kitchen equipment/ machineries RM	Motor vehicles RM	Office/ outlets equipment and signage RM	Renovations RM	Total RM
Cost								
At 1 July 2023	143,973	638,661	371,023	524,128	1,064,979	551,885	1,504,578	4,799,227
Additions	-	8,200	-	-	-	3,850	624,784	636,834
Disposals	(4,531)	(12,750)	(95,480)	(208,085)	(132,000)	(378,100)	-	(830,946)
Write-offs	-	-	-	-	-	-	(196,955)	(196,955)
At 30 June 2024	139,442	634,111	275,543	316,043	932,979	177,635	1,932,407	4,408,160
Accumulated depreciation								
At 1 July 2023	(48,565)	(131,734)	(75,984)	(357,245)	(782,319)	(130,984)	(685,293)	(2,212,124)
Depreciation charged	(8,780)	(103,955)	(21,515)	(34,147)	(102,580)	(28,599)	(305,035)	(604,611)
Disposals	739	3,929	28,944	150,329	132,000	79,859	-	395,800
Write-offs	-	-	-	-	-	-	74,367	74,367
At 30 June 2024	(56,606)	(231,760)	(68,555)	(241,063)	(752,899)	(79,724)	(915,961)	(2,346,568)
Accumulated impairment losses								
At 1 July 2023	(53,826)	(70,876)	(187,579)	(45,640)	-	(240,564)	(125,664)	(724,149)
Impairment loss	(22,932)	(291,478)	-	-	-	-	-	(314,410)
Reversal of impairment loss	-	-	8,950	-	-	153,927	-	162,877
At 30 June 2024	(76,758)	(362,354)	(178,629)	(45,640)	-	(86,637)	(125,664)	(875,682)
Carrying amount								
At 30 June 2024	6,078	39,997	28,359	29,340	180,080	11,274	890,782	1,185,910

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6. Plant and equipment (continued)

Group (continued)	Air conditioner RM	Computers and software RM	Furniture and fittings RM	Kitchen equipment/ machineries RM	Motor vehicles RM	Office/ outlets equipment and signage RM	Renovations RM	Total RM
Cost								
At 1 January 2022	51,776	85,706	23,433	646,161	1,537,997	67,060	1,309,198	3,721,331
Additions	92,197	728,155	347,590	-	223,000	484,825	482,484	2,358,251
Disposals	-	-	-	(122,033)	(696,018)	-	-	(818,051)
Write-offs	-	(175,200)	-	-	-	-	(287,104)	(462,304)
At 30 June 2023	143,973	638,661	371,023	524,128	1,064,979	551,885	1,504,578	4,799,227
Accumulated depreciation								
At 1 January 2022	(33,677)	(37,586)	(22,026)	(299,256)	(961,242)	(53,935)	(327,822)	(1,735,544)
Depreciation charged	(14,888)	(123,348)	(53,958)	(100,621)	(264,167)	(77,049)	(398,030)	(1,032,061)
Disposals	-	-	-	42,632	443,090	-	-	485,722
Write-offs	-	29,200	-	-	-	-	40,559	69,759
At 30 June 2023	(48,565)	(131,734)	(75,984)	(357,245)	(782,319)	(130,984)	(685,293)	(2,212,124)
Accumulated impairment losses								
At 1 January 2022	-	-	-	(45,640)	-	-	(125,664)	(171,304)
Impairment loss	(53,826)	(70,876)	(187,579)	-	-	(240,564)	-	(552,845)
At 30 June 2023	(53,826)	(70,876)	(187,579)	(45,640)	-	(240,564)	(125,664)	(724,149)
Carrying amount								
At 30 June 2023	41,582	436,051	107,460	121,243	282,660	180,337	693,621	1,862,954

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6. Plant and equipment (continued)

- (a) The carrying amount of right-of-use assets included in plant and equipment held under hire purchase arrangements as at the financial year/period end, as disclosed in Note 16 is as follows:

	Group	
	2024	2023
	RM	RM
Motor vehicles	126,367	169,033
Renovations	61,832	115,540
	188,199	284,573

- (b) The cost of plant and equipment acquired during the year/period under hire purchase arrangements is as follow:

	Group	
	2024	2023
	RM	RM
Motor vehicles	-	223,000

- (c) During the financial year/period, the Group acquired plant and equipment which were satisfied as follows:

	Group	
	2024	2023
	RM	RM
Cash payments	636,834	2,198,251
Hire purchase arrangements	-	160,000
	636,834	2,358,251

- (d) Impairment loss on plant and equipment

Included in the Group's plant and equipment amounting to RM151,533 (2023: RM552,845) were costs of outlets' plant and equipment. As at the reporting date, the plant and equipment were impaired by the management, as these plant and equipment may not be fit for its intended use. As a result, an impairment loss of RM151,533 (2023: RM552,845) is recognised in operating and administrative expenses in the statements of comprehensive income during the financial year.

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7. Right-of-use assets

	Group Buildings	
	2024	2023
	RM	RM
Carrying amount		
At beginning of the year	1,342,094	340,284
Additions	-	1,837,572
Remeasurement/modification	(2,269)	-
Derecognition due to lease termination	(639,606)	(152,797)
Depreciation charges	(427,918)	(682,965)
At end of the year	<u>272,301</u>	<u>1,342,094</u>

- (a) The Group has lease contracts for outlets and office used in its operations. Their lease terms range from 1 to 6 years (2023: 1 to 6 years).
- (b) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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8. Investment in subsidiaries

	Company	
	2024	2023
	RM	RM
Unquoted shares		
Cost		
At beginning of the year/period	3,877,706	3,677,706
Additions	-	200,000
At end of the year/period	3,877,706	3,877,706
Less: Accumulated impairment loss		
At beginning of the year/period	(3,877,706)	(264,042)
Additions	-	(3,613,664)
At end of the year/period	(3,877,706)	(3,877,706)
Carrying amount	-	-

The details of subsidiaries are as follows:

Name of companies	Equity interest		Principal activities
	2024	2023	
Carzo Sdn. Bhd. ("CSB")	100%	100%	(i) Distributing, wholesale and trading in all types of fruits, vegetables and related products; and (ii) Manufacturing and processing all types of fruits, vegetables, nuts and food products.
Carzo Fruits (M) Sdn. Bhd. ("CFSB")	100%	100%	(i) Distributing, wholesale and trading in all types of fruits, vegetables and related products; and (ii) Manufacturing and processing all types of fruits, vegetables, nuts and food products.
Carzo Import (M) Sdn. Bhd. ("CISB")	100%	100%	Trading in all types of fruits, vegetables and related products.
Carzo Cold Chain Sdn. Bhd. ("CCCSB")	100%	100%	Provision of cold chain lorry transport, logistics and provision of warehouse storage for frozen products.
Carzo Digital Media Sdn. Bhd. ("CDMSB")	100%	100%	(i) Retail, distribution and wholesale of groceries and related business; and (ii) Advertising and promotional activities. CDMSB ceased its business operations during the year under review.

All of the above subsidiaries were incorporated in Malaysia and audited by Nexia SSY PLT, a member of Nexia International.

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9. Inventories

	Group	
	2024	2023
	RM	RM
At lower of cost or net realisable value:		
Fresh fruits, groceries and others	546,130	1,796,450

10. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Trade				
Third parties	11,710,982	13,233,827	-	-
Less: Accumulated impairment loss	(10,094,458)	(10,185,434)	-	-
	1,616,524	3,048,393	-	-
Non-trade				
Amount due from subsidiaries	-	-	8,707,874	8,022,774
Less: Accumulated impairment loss	-	-	(8,707,874)	(8,022,774)
	-	-	-	-
Deposits	72,707	167,764	-	-
Other receivables	82,227	166,490	-	-
Prepayments	59,996	408,298	41,122	40,000
Amount due from a Director	-	100,000	-	-
	214,930	842,552	41,122	40,000
Less: Allowance for doubtful debts	(3,472)	-	-	-
	211,458	842,552	41,122	40,000
Total trade and other receivables	1,827,982	3,890,945	41,122	40,000
Less: Prepayments	(59,996)	(408,298)	(41,122)	(40,000)
Total financial assets carried at amortised costs	1,767,986	3,482,647	-	-

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10. Trade and other receivables (continued)

The amount due from subsidiaries is as follows:

	Company	
	2024	2023
	RM	RM
Non-trade		
Carzo Digital Media Sdn. Bhd.	5,700,000	5,220,000
Carzo Sdn. Bhd.	2,653,519	2,330,319
Carzo Import (M) Sdn. Bhd.	71,900	190,000
Carzo Cold Chain Sdn. Bhd.	282,455	282,455
	<u>8,707,874</u>	<u>8,022,774</u>

The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand. The amount due from a Director in previous period is netted off with the amount due to a Director during the financial year ended.

11. Fixed deposits with licensed banks, cash and bank balances

As at the financial year/period end, the fixed deposits with licensed banks, cash and bank balances, together with the presentation of cash and cash equivalents are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Fixed deposits with licensed banks	1,848,931	1,753,535	-	-
Cash and bank balances	196,723	2,624,202	4,621	500,460
	<u>2,045,654</u>	<u>4,377,737</u>	<u>4,621</u>	<u>500,460</u>
Less:				
Bank overdrafts (Note 15)	(759,380)	(502,013)	-	-
Fixed deposits pledged to licensed banks	(1,848,931)	(1,753,535)	-	-
	<u>(2,608,311)</u>	<u>(2,255,548)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>(562,657)</u>	<u>2,122,189</u>	<u>4,621</u>	<u>500,460</u>

Fixed deposits with licensed banks amounting to RM1,848,931 (2023: RM1,753,535) have been charged for banking facilities granted to the Group, as disclosed in Note 15.

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12. Share capital

	Group and Company			
	2024 Unit	2023 Unit	2024 RM	2023 RM
Issued and paid-up ordinary shares				
At beginning of the year/period	95,412,700	88,270,000	13,476,309	9,476,397
Issued during the year/period	-	7,142,700	-	3,999,912
At end of the year/period	95,412,700	95,412,700	13,476,309	13,476,309

13. Merger reserve

This arose from the merger of the Company with CSB, CFSB, CISB, CCCSB and CDMSB, and is based on the difference between the amounts recorded as cost of merger, which comprised the share capitals issued by the Company and the nominal value of CSB's, CFSB's, CISB's, CCCSB's and CDMSB's share capitals that were merged under the accounting's pooling of interest method.

14. Share Issuance Scheme

The Company has established a Share Issuance Scheme ("SIS") of up to 10% of the total number of issued shares (excluding treasury shares) of the Company for a period of 5 years effective from 28 July 2022 and may be extended for a further period of up to 5 years, but will not in aggregate exceed 10 years from the Effective Date. The Company's SIS is governed by the By-Laws, which were approved by the shareholders at the Extraordinary General Meeting held on 27 June 2022.

There was no SIS option granted during the financial year ended 30 June 2024.

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14. Share Issuance Scheme (continued)

The salient features of the SIS are as follows:

- (a) The maximum number of new SIS shares to be allotted and issued pursuant to the exercise of the SIS Options which may be granted under the SIS Shares shall not in aggregate exceed 10% of the total number of issued shares (excluding treasury shares, if any) at any point in time during the tenure of the SIS.
- (b) The SIS will be administered by a committee to be duly appointed and authorised by the Board ("SIS Committee"). The SIS Committee may from time to time at its discretion determine the allocation and granting of the SIS Options to the Eligible Person based on one single offer, staggered granting or several tranches over the duration of the SIS.
- (c) Subject to the discretion of the SIS Committee, only Eligible Persons who meet the following conditions as at the date on which an offer is made by the SIS Committee in writing to participate in the SIS ("Date of Offer") shall be eligible:
 - (i) Shall have attained the age of eighteen (18) years on the Date of Offer and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) Such employee is employed on a full-time basis and is on the payroll of any company within the Group (excluding dormant subsidiaries, if any) and his/her employment has been confirmed or such employee is serving in a specific designation under an employment contract for a fixed duration of not less than 1 year and has not been served with a notice of resignation or received a notice of termination by the relevant company within the Group;
 - (iii) Such director has been appointed as a director of the Group, which is not dormant;
 - (iv) The Eligible Person has not participated in any other share issuance scheme implemented by any company in the Group which is in force for the time being; and
 - (v) The Eligible Person has fulfilled any other eligibility criteria and/or falls within such grade/category as may be determined by the SIS Committee at its sole discretion from time to time.
- (d) Subject to any adjustments made under the By-Laws, the exercise price for the exercise of the SIS Options shall be based on the five (5)-day volume weighted average market price or the last closing price of the ordinary shares, where applicable, immediately preceding the Date of Offer, with a discount of not more than ten percent (10%), as determined by the Board upon recommendation of the SIS Committee.
- (e) The SIS Options shall not carry any right to vote at any general meeting of the Company and the Grantee shall not be entitled to any dividend, rights and/or any other distributions on his/her unexercised SIS Options.

The new SIS Shares to be allotted and issued upon the exercise of the SIS Options will be subject to all the provisions of the constitution of the Company relating to transfer, transmission or otherwise of the ordinary shares, and will, upon allotment and issuance, rank equally in all respects with the existing ordinary shares, save and except that such new SIS Shares will not be entitled to any dividend, rights, allotments or any other distributions, which may be declared, made or paid to the shareholders, where the entitlement date precedes the relevant date of allotment and issuance of such new SIS Shares.

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15. Borrowings

	Group	
	2024	2023
	RM	RM
Current		
Bank overdrafts (secured)	759,380	502,013
Bills payable (secured)	7,857,338	6,904,647
Term loans (partially secured)	762,432	717,121
	9,379,150	8,123,781
Non-current		
Term loans (partially secured)	1,841,280	2,580,932
	11,220,430	10,704,713
Total borrowings		
Bank overdrafts (secured)	759,380	502,013
Bills payable (secured)	7,857,338	6,904,647
Term loans (partially secured)	2,603,712	3,298,053
	11,220,430	10,704,713
Term loans		
Repayment terms		
- not later than 1 year	762,432	717,121
- later than 1 year and not later than 5 years	1,841,280	2,580,932
	2,603,712	3,298,053

(a) The bank overdrafts and bills payable are secured by the following:

- (i) Master facilities agreement;
- (ii) Asset sale agreement over Shariah compliant commodities determined by the Bank as per e-certificate or such other evidence of ownership maintained by the Bank for this facility;
- (iii) Guarantee by Syarikat Jaminan Pembiayaan Berhad;
- (iv) Letter of subordination of advances from Directors of the Company;
- (v) Joint and several guarantees by certain Directors of the Company;
- (vi) Memorandum of deposits;
- (vii) Fixed deposits placed with licensed banks, as disclosed in Note 11; and
- (viii) Corporate guarantee by the Company.

The bank overdrafts bear interest rates range of 1.42% to 3.80% (2023: 1.25%) per annum above the Banks' base lending rate ("BLR") with daily rests.

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15. Borrowings (continued)

- (b) The term loans are not secured, except for an amount of RM2,443,024 (2023: RM3,034,029) which is secured by the following:
- (i) Master facilities agreement;
 - (ii) Asset sale agreement over Shariah compliant commodities determined by the bank as per e-certificate or such other evidence of ownership maintained by the Bank for this facility;
 - (iii) Credit Guarantee Corporation (M) Berhad Guarantee under Flexi Guarantee Scheme and Portfolio Guarantee;
 - (iv) Guarantee by Syarikat Jaminan Pembiayaan Berhad under PEMULIH Government Guarantee Scheme (PGGS);
 - (v) Joint and several guarantees by certain Directors of the Company;
 - (vi) Fixed deposits placed with licensed banks, as disclosed in Note 11; and
 - (vii) Corporate guarantee by the Company.

Term loans are repayable within 84 and 60 monthly instalments commencing on the first month from the date of first drawdown. Term loans bear interest rates between 2.25% and 5.45% (2023: 2.25% and 5.45%) per annum above the Banks' BLR.

- (c) One of the company's wholly-owned subsidiary, CSB did not meet certain financial covenants for some borrowings as at 30 June 2024.

Due to the breach of the covenant clauses, the banks have rights to demand immediate repayment of the outstanding borrowings of RM6,638,075 (2023: RM6,121,039) presented as current liabilities as at 30 June 2024. Details of the breaches of the financial covenants are as follows:

Bankers' acceptances and bank overdraft

CSB breached the financial covenants in the facilities agreements to maintain positive tangible net worth at all times.

- (d) The effective interest rates charged during the financial year/period for borrowings were as follows:

	Group 2024 Per annum	2023 Per annum
Bank overdrafts (secured)	8.07% - 10.45%	6.65% - 7.90%
Bills payable (secured)	3.39% - 3.93%	2.06% - 3.81%
Term loans (partially secured)	5.89% - 12.45%	4.86% - 12.45%

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16. Lease liabilities

	Group	
	2024	2023
	RM	RM
Analysed by:		
Current	347,194	673,581
Non-current	135,611	1,079,997
	482,805	1,753,578

The repayment terms of lease liabilities is as follows:

	Group	
	2024	2023
	RM	RM
Minimum lease payments:		
- not later than 1 year	372,915	762,603
- later than 1 year and not later than 5 years	135,835	1,163,583
- more than 5 years	-	4,840
Total minimum lease payments	508,750	1,931,026
Less: Future finance charges on lease liabilities	(25,945)	(177,448)
Present value of lease liabilities	482,805	1,753,578
Present value of lease liabilities		
- not later than 1 year	347,194	673,581
- later than 1 year and not later than 5 years	135,611	1,075,182
- later than 5 years	-	4,815
	482,805	1,753,578

The movement of lease liabilities during the financial year/period is as follows:

	Group	
	2024	2023
	RM	RM
At beginning of the year/period	1,753,578	912,850
Additions	-	1,997,572
Interest expense recognised in the statements of comprehensive income:		
- Lease liabilities interest under hire purchase arrangements	16,331	52,685
- Lease liabilities interest	59,647	118,541
Lease modification	1,202	-
Termination of lease	(681,255)	(155,697)
Repayment of principal	(590,720)	(1,001,147)
Payment of interest expense	(75,978)	(171,226)
At end of the year/period	482,805	1,753,578

Included in lease liabilities is an amount of RM79,114 (2023: RM189,171) which is secured against the motor vehicles and certain equipment classified as renovations are under hire purchase arrangements, as disclosed in Note 6(a) and bear effective interest rates ranging from 5.10% to 9.97% (2023: 5.10% to 9.97%) per annum.

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17. Deferred tax liabilities

	Group	
	2024	2023
	RM	RM
At beginning of the year/period	15,858	-
Recognised in the statements of comprehensive income (Note 23)	(4,587)	15,858
At end of the year/period	11,271	15,858
Presented after appropriate offsetting as follows:		
Deferred tax assets	(13,312)	(52,586)
Deferred tax liabilities	24,583	68,444
	11,271	15,858

The components and movements of deferred tax liabilities during the financial year/period prior to offsetting are as follows:

	Excess of capital allowances over depreciation	
	Group	
	2024	2023
	RM	RM
Deferred tax liabilities		
At beginning of the year/period	68,444	36,385
Recognised in the statements of comprehensive income:		
- current year	(354)	38,379
- overprovision in prior years	(43,507)	(6,320)
At end of the year/period	24,583	68,444

The components and movements of deferred tax assets during the financial year/period prior to offsetting are as follows:

	Unabsorbed tax losses, unutilised capital allowances and provisions	
	Group	
	2024	2023
	RM	RM
Deferred tax assets		
At beginning of the year/period	(52,586)	(36,385)
Recognised in the statements of comprehensive income:		
- current year	(13,312)	(22,521)
- overprovision in prior years	52,586	6,320
At end of the year/period	(13,312)	(52,586)

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18. Trade and other payables

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade				
Third parties	6,420,554	6,491,799	-	-
	6,420,554	6,491,799	-	-
Non-trade				
Accruals	433,866	671,957	16,800	42,750
Other payables	369,913	354,002	57,283	59,284
Deferred revenue	13,930	14,378	-	-
Amount due to a Director	418,664	-	373,330	-
	1,236,373	1,040,337	447,413	102,034
Total trade and other payables	7,656,927	7,532,136	447,413	102,034
Less: Deferred revenue	(13,930)	(14,378)	-	-
Total financial liabilities carried at amortised costs	7,642,997	7,517,758	447,413	102,034

The normal trade credit terms granted to the Group ranged from 30 to 90 (2023: 7 to 90) days.

Amount due to a Director is unsecured, interest free and is repayable on demand.

The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
RM	4,055,594	3,364,313	447,413	102,034
USD	3,354,137	3,828,616	-	-
AUD	144,822	219,921	-	-
EUR	9,639	9,557	-	-
CNY	34,410	59,614	-	-
SGD	58,325	50,115	-	-
	7,656,927	7,532,136	447,413	102,034

19. Revenue

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Sale of goods	27,966,985	70,350,756	-	-

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20. Finance costs

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Bank overdraft interest	50,661	62,546	-	-
Bills payable interest	321,785	289,401	-	-
Lease liabilities interest	59,647	118,541	-	-
Lease liabilities interest under hire purchase arrangements	16,331	52,685	-	-
Term loan interest	274,848	248,746	-	-
	723,272	771,919	-	-

21. Loss before taxation

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Loss before taxation is arrived at after charging:				
Auditors' remuneration	120,000	200,000	21,000	36,000
Deposits and other receivables written-off	131,001	94,356	-	-
Depreciation of plant and equipment	604,611	1,032,061	-	-
Depreciation of right-of-use assets	427,918	682,965	-	-
Impairment loss on investment in subsidiaries	-	-	-	3,613,664
Impairment loss on plant and equipment	151,533	552,845	-	-
Inventories expensed	26,391,498	64,130,057	-	-
Inventories written down	-	36,194	-	-
Loss on disposal of plant and equipment - net	295,976	26,474	-	-
Allowance for impairment losses on financial assets:				
- trade receivables	-	9,429,556	-	-
- other receivables	3,472	-	-	-
- amount due from subsidiaries	-	-	685,100	8,022,774

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21. Loss before taxation (continued)

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024	Financial period from 1.1.2022 to 30.6.2023	Financial year from 1.7.2023 to 30.6.2024	Financial period from 1.1.2022 to 30.6.2023
	RM	RM	RM	RM
Loss before taxation is arrived at after charging (continued):				
Plant and equipment written-off	122,588	392,545	-	-
Realised foreign exchange loss - net	158,648	454,997	-	-
Rental of premises:				
- short-term lease	15,050	247,526	-	-
- lease of low value assets	3,200	36,500	-	-
Staff costs (Note 22)	3,088,898	6,334,572	-	-
Unrealised foreign exchange loss - net	-	241,553	-	-
Inventories written down	14,335	-	-	-
Wages	687,337	960,233	-	-
and crediting:				
Gain on termination of leases	-	2,900	-	-
Interest income	48,068	49,415	-	12,631
Unrealised foreign exchange gain - net	83,368	-	-	-
Gain on adjustments for lease modifications	38,178	-	-	-
Reversal of impairment on financial assets				
- trade receivables	90,976	-	-	-

22. Staff costs

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024	Financial period from 1.1.2022 to 30.6.2023	Financial year from 1.7.2023 to 30.6.2024	Financial period from 1.1.2022 to 30.6.2023
	RM	RM	RM	RM
Salaries, allowance, overtime and bonus	2,748,580	5,608,713	-	-
Employees Provident Fund ("EPF")	308,283	653,093	-	-
Social security contributions ("SOCSO")	28,984	65,680	-	-
Employment Insurance Scheme ("EIS")	3,051	7,086	-	-
Total staff cost	3,088,898	6,334,572	-	-

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22. Staff costs (continued)

Included in staff costs are the remuneration of the Directors and key management personnel as follows:

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Directors				
Salaries, allowance, overtime and bonus	909,403	1,163,800	-	-
EPF	103,625	141,491	-	-
SOCSO	3,013	4,909	-	-
EIS	107	285	-	-
	1,016,148	1,310,485	-	-
Key management personnel				
Salaries, allowance, overtime and bonus	101,000	817,010	-	-
EPF	11,520	94,017	-	-
SOCSO	1,040	7,330	-	-
EIS	119	868	-	-
	113,679	919,225	-	-

23. Taxation

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
<u>Malaysian income tax</u>				
- current year/period	205,176	263,602	-	-
- underprovision in prior years	64,010	55,398	-	-
	269,186	319,000	-	-
<u>Deferred tax (Note 17)</u>				
- Relating to origination and reversal of temporary differences	(13,666)	15,858	-	-
- Underprovision in prior years	9,079	-	-	-
	264,599	334,858	-	-

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23. Taxation (continued)

Reconciliations of income tax expense applicable to the results of the Group and of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Loss before taxation	<u>(6,282,586)</u>	<u>(18,556,036)</u>	<u>(840,096)</u>	<u>(12,031,695)</u>
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	(1,507,821)	(4,453,449)	(201,623)	(2,887,607)
Tax effects of:				
- expenses not deductible for tax purposes	350,079	318,660	201,623	2,887,607
- income not subject to income tax	(54,971)	(48,414)	-	-
- utilisation of deferred tax assets arising from unabsorbed tax losses and timing differences not recognised previously	-	(7,984)	-	-
- deferred tax assets arising from tax losses and temporary difference not recognised	1,404,222	4,470,647	-	-
Underprovision of income tax in prior years	64,010	55,398	-	-
Underprovision of deferred tax in prior years	9,079	-	-	-
Tax expense for the year/period	<u>264,598</u>	<u>334,858</u>	<u>-</u>	<u>-</u>

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23. Taxation (continued)

Subject to the agreement with the Inland Revenue Board, the Group has deferred tax assets for set off against future chargeable income with details as follows:

	Group	
	2024	2023
	RM	RM
Plant and equipment	235,459	(65,679)
Unabsorbed tax losses	15,230,940	10,181,291
Unutilised capital allowance	1,805,351	1,262,901
Other deductible temporary differences	39,537	81,850
	<u>17,311,287</u>	<u>11,460,363</u>

Deferred tax assets amounting to RM4,154,709 (2023: RM2,750,487) have not been recognised in the financial statements as it is not probable that future taxable profit will be available against which the Group can recover all or part of these assets.

The unabsorbed tax losses are available for offset against future taxable profits of the Group which will expire in the following year of assessment:

	Group	
	2024	2023
	RM	RM
2031	78,435	78,435
2032	4,648,079	4,648,079
2033	5,454,777	5,454,777
2034	5,049,649	-
	<u>15,230,940</u>	<u>10,181,291</u>

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24. Losses per share

Basic losses per share is calculated by dividing the loss for the financial year/period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	Group	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Consolidated loss for the year/period attributable to the owners of the parent	<u>(6,547,185)</u>	<u>(18,890,894)</u>
	Unit	Unit
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at beginning of the year/period	95,412,700	88,270,000
Effect of new issuance of shares during the year/period	<u>-</u>	<u>3,348,958</u>
Weighted average number of ordinary shares at the end of the year/period	<u>95,412,700</u>	<u>91,618,958</u>
Basic losses per share (sen)	<u>(6.86)</u>	<u>(20.62)</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial year/period.

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25. Significant related party transactions

(a) Compensation of Directors and key management personnel

The total remuneration of Directors and key management personnel during the financial year/period are as follows:

	Group	
	Financial	Financial
	year from	period from
	1.7.2023 to	1.1.2022 to
	30.6.2024	30.6.2023
	RM	RM
Salaries, allowance, overtime and bonus	1,010,403	1,980,810
EPF	115,145	235,508
SOCSO	4,053	12,239
EIS	226	1,153
	<u>1,129,827</u>	<u>2,229,710</u>

Included in total remuneration of key management personnel and Directors are the Directors' remuneration of the Group amounting to RM1,016,148 (2023: RM1,310,485).

The detailed remuneration of each named Director at Group level during the current financial year was as follows:

	Salaries, allowance, overtime and bonus RM	EPF RM	SOCSO RM	EIS RM	Total RM
Group					
Dato' Sri Delon					
Lee Kean Yip	830,000	96,004	2,080	-	928,084
Cheong Wai Keh	77,403	7,621	933	107	86,064
Dato' Sri Chow					
Kok Leong	2,000	-	-	-	2,000
	<u>909,403</u>	<u>103,625</u>	<u>3,013</u>	<u>107</u>	<u>1,016,148</u>

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26. Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets except for fixed deposits in bank where the interest is insignificant, the Group's income in operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Interest rate sensitivity analysis

i Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate financial liabilities at FVTPL and do not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

ii Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's results would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The Group's floating rate borrowings in RM are exposed to variability in future interest payments. If the Bank's BLR was to increase/decrease by 1%, it would impact the Group's loss after taxation by approximately RM72,370 (2023: RM70,353).

The fixed deposits with licensed banks as at 30 June 2024 have maturity periods ranging from 1 to 12 months (2023: 1 to 12 months), and bear interest at rates ranging from 2.55% to 3.05% (2023: 2.45% to 2.95%) per annum.

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26. Financial risk management policies (continued)

(b) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily USD, AUD, EUR, CNY and SGD.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The following table shows the accumulated amount of financial liabilities in foreign currency:

	Note	USD RM	AUD RM	EUR RM	CNY RM	SGD RM	Total RM
Group							
2024							
Financial liabilities							
Trade and other payables	18	<u>3,354,137</u>	<u>144,822</u>	<u>9,639</u>	<u>34,410</u>	<u>58,325</u>	<u>3,601,333</u>
2023							
Financial liabilities							
Trade and other payables	18	<u>3,828,616</u>	<u>219,921</u>	<u>9,557</u>	<u>59,614</u>	<u>50,115</u>	<u>4,167,823</u>

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26. Financial risk management policies (continued)

(b) Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's total equity and profit after tax to a reasonable possible change in the exchange rates against respective functional currencies of the Group entities, with all other variables held constant.

	(Increase)/decrease in the Group's results	
	Financial year from 1.7.2023 to 30.6.2024 RM	Financial period from 1.1.2022 to 30.6.2023 RM
Effects on loss after taxation:		
USD		
- strengthened by 5% (2023: 5%)	(127,457)	(145,487)
- weakened by 5% (2023: 5%)	127,457	145,487
AUD		
- strengthened by 5% (2023: 5%)	(5,503)	(8,357)
- weakened by 5% (2023: 5%)	5,503	8,357
EUR		
- strengthened by 5% (2023: 5%)	(366)	(363)
- weakened by 5% (2023: 5%)	366	363
CNY		
- strengthened by 5% (2023: 5%)	(1,308)	(2,265)
- weakened by 5% (2023: 5%)	1,308	2,265
SGD		
- strengthened by 5% (2023: 5%)	(2,216)	(1,904)
- weakened by 5% (2023: 5%)	2,216	1,904

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk primarily from their trade receivables, other receivables which are financial assets, fixed deposits, short term funds and cash and bank balances.

As at the current and previous financial year/period ends, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

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26. Financial risk management policies (continued)

(c) Credit risk (continued)

For fixed deposits with licensed banks, cash and bank balances, the Group minimises credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Group closely monitors the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the Executive Director. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Fixed deposits with licensed banks, cash and bank balances

The Group's and the Company's cash and bank balances at the financial year/period end are as follows:

	Note	Total RM
Group		
2024		
Fixed deposits with licensed banks	11	1,848,931
Cash and bank balances	11	196,723
		<u>2,045,654</u>
2023		
Fixed deposits with licensed banks	11	1,753,535
Cash and bank balances	11	2,624,202
		<u>4,377,737</u>
Company		
2024		
Fixed deposits with licensed banks	11	-
Cash and bank balances	11	4,621
		<u>4,621</u>
2023		
Fixed deposits with licensed banks	11	-
Cash and bank balances	11	500,460
		<u>500,460</u>

No expected credit loss on the Group's and the Company's balances were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

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26. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables

The ageing analysis of the Group's gross receivables and after credit impaired (but before deducting allowance for impairment loss) are as follows:

	Note	Total RM	Credit impaired RM	Not past due RM	Not credit impaired					Total past due RM
					Past due					
					1-30 days RM	31-60 days RM	61-90 days RM	91-120 days RM	>120 days RM	
Group 2024										
Trade receivables	10	11,710,982	9,985,356	1,129,000	557,837	22,109	9,107	-	7,573	596,626
Other receivables which are financial assets	10	154,934	3,472	72,707	-	-	-	-	78,755	78,755
		11,865,916	9,988,828	1,201,707	557,837	22,109	9,107	-	86,328	675,381
2023										
Trade receivables	10	13,233,827	10,076,332	2,315,997	658,292	17,029	44,321	5,297	116,559	841,498
Other receivables which are financial assets	10	434,254	-	434,254	-	-	-	-	-	-
		13,668,081	10,076,332	2,750,251	658,292	17,029	44,321	5,297	116,559	841,498

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26. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables (continued)

	Note	Total RM	Credit impaired RM	Not credit impaired						Total past due RM
				Not past due RM	1-30 days RM	31-60 days RM	Past due			
					61-90 days RM	91-120 days RM	>120 days RM			
Company										
2024										
Other receivables which are financial assets	10	8,707,874	8,707,874	-	-	-	-	-	-	-
2023										
Other receivables which are financial assets	10	8,022,774	8,022,774	-	-	-	-	-	-	-

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26. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables (continued)

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Group. The Group's trade receivables credit terms ranges from 7 to 90 days (2023: 7 to 90 days). Certain receivables' credit terms are assessed and approved on a case by case basis.

Other receivables which are financial assets include deposits, sundry receivables and amount due from subsidiaries.

None of the Group's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial year/period. Receivables are not secured by any collaterals or credit enhancements.

The Group's concentration of credit risk relates to the amounts owing by Nil (2023: two) major customers which constituted Nil% (2023: 25%) of its trade receivables at the end of the reporting year/period.

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26. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables (continued)

Impairment on receivables

The Group applies the simplified approach whereby allowance for impairment are measured at 12-months ECL. The movement of the allowance for impairment loss on receivables is as follows:

	Trade receivables			Other receivables which are financial assets		
	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM
Group						
As at 1 July 2023	10,076,332	109,102	10,185,434	-	-	-
Charge/(reversal) for the period (Note ii)	(90,976)	-	(90,976)	3,472	-	3,472
As at 30 June 2024	9,985,356	109,102	10,094,458	3,472	-	3,472
As at 1 January 2022	597,922	157,956	755,878	-	-	-
Charge/(reversal) for the period (Note ii)	9,478,410	(48,854)	9,429,556	-	-	-
As at 30 June 2023	10,076,332	109,102	10,185,434	-	-	-

- i Receivables that are individually determined to be credit impaired at the financial year/period end relate to debtors who are in significant financial difficulties and have defaulted on payments.
- ii The Group's allowance for impairment loss on trade and other receivables during the current financial year decreased by RM87,504 mainly due to the reversal of impaired trade and other receivables. In the previous financial period, the Group's allowance for impairment loss on trade and other receivables increased by RM9,429,556 mainly due to the provision for higher impaired trade and other receivables.

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26. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables (continued)

Impairment on receivables (continued)

The Company applies the simplified approach whereby allowance for impairment are measured at 12-months ECL. The movement of the allowance for impairment loss on receivables is as follows:

	Other receivables which are financial assets		
	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM
Company			
As at 1 July 2023	8,022,774	-	8,022,774
Charge for the period (Note ii)	685,100	-	685,100
As at 30 June 2024	8,707,874	-	8,707,874
As at 1 January 2022	-	-	-
Charge for the period (Note ii)	8,022,774	-	8,022,774
As at 30 June 2023	8,022,774	-	8,022,774

- i Receivables that are individually determined to be credit impaired at the financial year/period end relate to debtors who are in significant financial difficulties and have defaulted on payments.
- ii The Company's allowance for impairment loss on other receivables which are financial assets during the current financial year increased by RM685,100 is mainly due to the provision for higher impaired other receivables which are financial assets. In the previous financial period end, the allowance for impairment loss on other receivables which are financial assets increased by RM8,022,774 is mainly due to the provision for higher impaired other receivables which are financial assets.

Financial guarantees

The Company provides corporate guarantees which are financial guarantee contracts, to licensed banks in respect of banking facilities granted to the subsidiaries.

The maximum exposure to credit risk amounts to RM5,828,337 (2023: RM5,558,376) representing the outstanding banking facilities of the subsidiaries as at end of the reporting year/period.

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

Carzo Holdings Berhad

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26. Financial risk management policies (continued)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

	Note	Carrying amount RM	Contractual undiscounted cash flow RM	Maturity		
				Less than 1 year RM	Between 1 and 5 years RM	More than 5 years RM
Group 2024						
Trade and other payables	18	7,656,927	7,656,927	7,656,927	-	-
Borrowings	15	11,220,430	11,809,002	9,576,976	2,232,026	-
Lease liabilities	16	482,805	508,750	372,915	135,835	-
		19,360,162	19,974,679	17,606,818	2,367,861	-
2023						
Trade and other payables	18	7,517,758	7,517,758	7,517,758	-	-
Borrowings	15	10,704,713	11,559,179	8,393,850	2,390,557	774,772
Lease liabilities	16	1,753,578	1,931,026	762,603	1,163,583	4,840
		19,976,049	21,007,963	16,674,211	3,554,140	779,612

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26. Financial risk management policies (continued)

(d) Liquidity risk (continued)

	Note	Carrying amount RM	Contractual undiscounted cash flow RM	Maturity		
				Less than 1 year RM	Between 1 and 5 years RM	More than 5 years RM
Company						
2024						
Trade and other payables	18	447,413	447,413	447,413	-	-
Financial guarantee contracts*		-	5,828,337	5,828,337	-	-
		447,413	6,275,750	6,275,750	-	-
2023						
Trade and other payables	18	102,034	102,034	102,034	-	-
Financial guarantee contracts*		-	5,558,376	5,558,376	-	-
		102,034	5,660,410	5,660,410	-	-

* Being corporate guarantees granted for banking facilities of the subsidiaries, which will only be encashed in the event of the default by the subsidiaries. The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting year. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

Included in other payables are sundry payables and accruals, as disclosed in Note 18.

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26. Financial risk management policies (continued)**(e) Capital management**

The Group and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratios at the end of reporting year/period is as follows:

	Note	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
Borrowings	15	11,220,430	10,704,713	-	-
Lease liabilities	16	482,805	1,753,578	-	-
		11,703,235	12,458,291	-	-
Less:					
Fixed deposits with licensed banks, cash and bank balances (not pledged)	11	(196,723)	(2,624,202)	(4,621)	(500,460)
Net debt/(cash)		11,506,512	9,834,089	(4,621)	(500,460)
(Capital deficiency)/ total equity		(12,081,496)	(5,534,311)	(80,670)	438,426
Debt-to-equity ratio		N/A	N/A	N/A	N/A

N/A – Not applicable.

27. Segment reporting

For management purposes, the Group is organised into the following operating divisions, all of which are conducted predominantly in Malaysia:

- (i) Distribution and retail
- (ii) Retail chain stores
- (iii) Convenience stores
- (iv) E-commerce
- (v) Groceries
- (vi) Others

The Group presents its segment information based on local market segments, which is the basis of presenting its monthly management reports. For each of the market segments, the Chief Executive Officer reviews internal management reports on a regular basis for performance and resource allocation decisions.

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27. Segment reporting (continued)

For the financial year ended 30 June 2024, the Group's financial information is analysed by operating segments as follows:

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E- commerce RM	Groceries RM	Others RM	Total RM	Consolidation adjustments and elimination RM	Consolidation RM
Financial year from 1.7.2023 to 30.6.2024									
Revenue									
Local	26,584,486	21,593,963	-	-	432,833	26,422	48,637,704	(20,670,719)	27,966,985
Results									
Segment results	(2,278,742)	(8,320,764)	-	-	(2,144,661)	(10,181)	(12,754,348)	7,195,034	(5,559,314)
Finance costs	(148,505)	(542,261)	-	-	(31,843)	(663)	(723,272)	-	(723,272)
Loss before taxation	(2,427,247)	(8,863,025)	-	-	(2,176,504)	(10,844)	(13,477,620)	7,195,034	(6,282,586)
Taxation	(56,831)	(207,515)	-	-	-	(253)	(264,599)	-	(264,599)
Loss after taxation	(2,484,078)	(9,070,540)	-	-	(2,176,504)	(11,097)	(13,742,219)	7,195,034	(6,547,185)
Other information									
Deposit and other receivables written-off	18,450	67,369	-	-	45,100	82	131,001	-	131,001
Depreciation of plant and equipment	100,582	367,273	-	-	177,506	450	645,811	(41,200)	604,611

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27. Segment reporting (continued)

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E- commerce RM	Groceries RM	Others RM	Total RM	Consolidation adjustments and elimination RM	Consolidation RM
Financial year from 1.7.2023 to 30.6.2024 (continued)									
Other information (continued)									
Depreciation of right-of-use assets	53,331	194,738	-	-	179,611	238	427,918	-	427,918
Loss on disposal of plant and equipment - net	5,398	19,712	-	-	270,841	25	295,976	-	295,976
Gain on termination of leases	746	2,722	-	-	(41,649)	3	(38,178)	-	(38,178)
Impairment loss on plant and equipment	-	1	-	-	151,532	-	151,533	-	151,533
Reversal of impairment loss on trade receivables - net	(19,540)	(71,349)	-	-	-	(87)	(90,976)	-	(90,976)

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27. Segment reporting (continued)

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E- commerce RM	Groceries RM	Others RM	Total RM	Consolidation adjustments and elimination RM	Consolidation RM
Financial year from 1.7.2023 to 30.6.2024 (continued)									
Other information (continued)									
Impairment loss on other receivables - net	1,388,338	5,069,479	-	-	34,351	6,203	6,498,371	(6,494,899)	3,472
Plant and equipment written-off	-	(2)	-	-	122,590	-	122,588	-	122,588
Unrealised foreign exchange loss - net	(17,906)	(65,382)	-	-	-	(80)	(83,368)	-	(83,368)
Inventories written down	3,079	11,242	-	-	-	14	14,335	-	14,335
2024									
Segment assets	1,965,596	7,177,323	-	-	11,953	8,782	9,163,654	(1,873,717)	7,289,937
Segment liabilities	(7,459,190)	(27,237,036)	-	-	(5,853,003)	(33,327)	(40,582,556)	21,211,123	(19,371,433)
	(5,493,594)	(20,059,713)	-	-	(5,841,050)	(24,545)	(31,418,902)	19,337,406	(12,081,496)

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27. Segment reporting (continued)

For the financial period ended 30 June 2023, the Group's financial information is analysed by operating segments as follows:

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E- commerce RM	Groceries RM	Others RM	Total RM	Consolidation adjustments and elimination RM	Consolidation RM
Financial period from 1.1.2022 to 30.6.2023									
Revenue									
Local	83,401,469	28,522,260	49,730	204,778	2,296,484	421,262	114,895,983	(44,545,227)	70,350,756
Results									
Segment results	(17,062,162)	(12,524,407)	(21,837)	(89,920)	(3,583,863)	(184,980)	(33,467,169)	15,683,052	(17,784,117)
Finance costs	(402,410)	(295,388)	(515)	(2,121)	(67,122)	(4,363)	(771,919)	-	(771,919)
(Loss)/profit before taxation	(17,464,572)	(12,819,795)	(22,352)	(92,041)	(3,650,985)	(189,343)	(34,239,088)	15,683,052	(18,556,036)
Taxation	(191,189)	(140,343)	(245)	(1,008)	-	(2,073)	(334,858)	-	(334,858)
(Loss)/profit after taxation	(17,655,761)	(12,960,138)	(22,597)	(93,049)	(3,650,985)	(191,416)	(34,573,946)	15,683,052	(18,890,894)

Carzo Holdings Berhad

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27. Segment reporting (continued)

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E- commerce RM	Groceries RM	Others RM	Total RM	Consolidation adjustments and elimination RM	Consolidation RM
Financial period from 1.1.2022 to 30.6.2023 (continued)									
Other information									
Deposit written-of	35,831	26,302	46	189	31,600	388	94,356	-	94,356
Depreciation of plant and equipment	419,252	307,750	537	2,210	312,334	4,545	1,046,628	(14,567)	1,032,061
Depreciation of right-of-use assets	212,107	155,696	271	1,118	311,473	2,300	682,965	-	682,965
(Gain)/loss on disposal of plant and equipment - net	(127,091)	(93,291)	(163)	(670)	-	(1,378)	(222,593)	249,067	26,474
Gain on termination of leases	-	-	-	-	(2,900)	-	(2,900)	-	(2,900)

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27. Segment reporting (continued)

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E- commerce RM	Groceries RM	Others RM	Total RM	Consolidation adjustments and elimination RM	Consolidation RM
Financial period from 1.1.2022 to 30.6.2023 (continued) Other information (continued)									
Impairment loss on plant and equipment	-	-	-	-	552,845	-	552,845	-	552,845
Impairment loss on trade receivable - net	6,599,633	4,844,432	8,447	34,781	-	71,550	11,558,843	(2,129,287)	9,429,556
Plant and equipment written-off	-	-	-	-	392,545	-	392,545	-	392,545
Unrealised foreign exchange loss- net	137,917	101,237	177	727	-	1,495	241,553	-	241,553
Realised foreign exchange gain - net	259,777	190,687	332	1,369	16	2,816	454,997	-	454,997

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27. Segment reporting (continued)

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E- commerce RM	Groceries RM	Others RM	Total RM	Consolidation adjustments and elimination RM	Consolidation RM
Financial period from 1.1.2022 to 30.6.2023 (continued)									
Other information (continued)									
2023									
Segment assets	10,962,928	8,047,291	14,031	57,776	2,796,157	118,855	21,997,038	(7,525,064)	14,471,974
Segment liabilities	(18,963,294)	(13,919,925)	(24,270)	(99,939)	(6,460,703)	(205,592)	(39,673,723)	19,667,438	(20,006,285)
	(8,000,366)	(5,872,634)	(10,239)	(42,163)	(3,664,546)	(86,737)	(17,676,685)	12,142,374	(5,534,311)

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27. Segment reporting (continued)

Information about major customers

There are no customers whose transactions arising from sales in the distribution and retail and retail chain stores related product segments representing more than 10% of the Group's revenue in current and previous financial year/period.

28. Fair values

(a) Financial instruments that are measured at fair value

The Group and Company do not have any financial instruments measured at fair value in the current and previous financial year/period.

(b) Financial instruments that are not measured at fair value

The carrying amount of the financial instruments measured at amortised cost are reasonable approximation of their fair values due to their short term nature.

	Note
Trade and other receivables	10
Fixed deposits with licensed banks	11
Cash and bank balances	11
Borrowings - current	15
Lease liabilities - current	16
Trade and other payables	18

29. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) FVTPL

Group	Carrying amount RM	AC RM	FVTPL RM
2024			
Non-derivative financial assets			
Trade and other receivables	1,827,982	1,827,982	-
Fixed deposits with licensed banks	1,848,931	1,848,931	-
Cash and bank balances	196,723	196,723	-
	<u>3,873,636</u>	<u>3,873,636</u>	<u>-</u>
Non-derivative financial liabilities			
Trade and other payables	7,656,927	7,656,927	-
Borrowings	11,220,430	11,220,430	-
Lease liabilities	482,805	482,805	-
	<u>19,360,162</u>	<u>19,360,162</u>	<u>-</u>

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29. Categories of financial instruments (continued)

	Carrying amount RM	AC RM	FVTPL RM
Group (continued)			
2023			
Non-derivative financial assets			
Trade and other receivables	3,482,647	3,482,647	-
Fixed deposits with licensed banks	1,753,535	1,753,535	-
Cash and bank balances	2,624,202	2,624,202	-
	<u>7,860,384</u>	<u>7,860,384</u>	<u>-</u>
Non-derivative financial liabilities			
Trade and other payables	7,517,758	7,517,758	-
Borrowings	10,704,713	10,704,713	-
Lease liabilities	1,753,578	1,753,578	-
	<u>19,976,049</u>	<u>19,976,049</u>	<u>-</u>
Company			
2024			
Non-derivative financial assets			
Cash and bank balances	<u>4,621</u>	<u>4,621</u>	<u>-</u>
Non-derivative financial liabilities			
Trade and other payables	<u>447,413</u>	<u>447,413</u>	<u>-</u>
Company			
2023			
Non-derivative financial assets			
Cash and bank balances	<u>500,460</u>	<u>500,460</u>	<u>-</u>
Non-derivative financial liabilities			
Trade and other payables	<u>102,034</u>	<u>102,034</u>	<u>-</u>

30. Significant and subsequent events

- (a) On 24 October 2023, one of the Company's wholly-owned subsidiary, CSB had filed Writ of Summons and Statement of Claim against its major receivables, RTZ Fruits Distribution Sdn. Bhd. and EL Fruits Export Sdn. Bhd. at the High Court of Malaya in Kuala Lumpur. The total outstanding debts of RM7,696,963 has been impaired during the previous financial period. During the year, the Company has obtained Judgement in Default of Appearance against the defendant.

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30. Significant and subsequent events (continued)

- (b) On 6 September 2024, the Company's wholly owned subsidiary, CISB ("Plaintiff") had been served with a Writ of Summons and Statement of Claim by Dimuto Pte. Ltd. ("Defendant") for amount to RM125,798. Further, on 2 October 2024 during the case management by e-review by the Session Court, the Session Court had issued directions to both Plaintiff and Defendant as follows:-
- (i) that the Defendant to file its Statement of Defence on and/or before 4 October 2024;
 - (ii) that the Plaintiff to file its Reply to the Statement of Defence on and/or 18 October 2024;
and
 - (iii) that the next case management is fixed on 30 October 2024 for the parties to update the status on the filling of all the pleadings.

31. Comparative figure

In the previous financial period, the Company changed its financial year end from 31 December 2022 to 30 June 2023. Accordingly, the previous financial period's comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the related notes are for eighteen months from 1 January 2022 to 30 June 2023, and are therefore not comparable to the current year's twelve months from 1 July 2023 to 30 June 2024.

Carzo Holdings Berhad

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Statement by Directors Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Sri Delon Lee Kean Yip and Cheong Wai Keh, being two of the Directors of Carzo Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 6 to 79 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 October 2024.

Dato' Sri Delon Lee Kean Yip
Director

Cheong Wai Keh
Director

Statutory Declaration Pursuant to Section 251(1) of the Companies Act 2016

I, Dato' Sri Delon Lee Kean Yip, being the Director primarily responsible for the financial management of Carzo Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 6 to 79 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Dato' Sri Delon Lee Kean Yip
at Petaling Jaya in the state of Selangor
on 28 October 2024.

Dato' Sri Delon Lee Kean Yip
Director

Before me,

Independent Auditors' Report to the Members of Carzo Holdings Berhad

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

Report on the Audit of the Financial Statement

Disclaimer of Opinion

We were engaged to audit the financial statements of Carzo Holdings Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 79.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Going concern

- i. As disclosed in Note 2 to the financial statements, during the financial year ended 30 June 2024 the Group and the Company incurred net loss of RM6,547,185 and RM840,096 respectively. As of that date, the Group's and the Company's current liabilities exceeded their current assets by RM11,551,545 and RM401,670 and recorded a capital deficiency of RM12,081,496 and RM401,670 respectively.
- ii. As at 30 June 2024, the Group did not meet financial covenants for certain borrowings as disclosed in Note 15. As a result, the banks are contractually entitled to request for immediate repayment of the Group's outstanding borrowings amount of RM6,638,075.
- iii. As at the date of this report, the Directors does not have any clear future plan to regularise the Group's operations to achieve sustainable and viable operations and generate adequate cash flows to continue as going concerns.

The aforementioned events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

At the date of our report, the Group did not manage to secure financial support or provide any evidence that the Group would be able to meet its liabilities and as when they fall due within the next twelve months. Notwithstanding, the Directors have assessed that the going concern basis is appropriate in preparing the financial statements. Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

We were unable to obtain sufficient appropriate audit evidence to support the validity of the assumptions adopted by the Directors in preparing the financial statements on a going concern basis.

Independent Auditors' Report to the Members of Carzo Holdings Berhad (continued)

Registration No: 202001026908 (1383228-K)
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Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

- (a) in our opinion, the accounting and other records for the matters as described in the *Basis for Disclaimer of Opinion* section have not been properly kept by the Group and by the Company in accordance with the provisions of the Act; and
- (b) in our opinion, we have not obtained all the information and explanations that we required due to the reasons explained above in the *Basis for Disclaimer of Opinion*.

Independent Auditors' Report to the Members of Carzo Holdings Berhad (continued)

Registration No: 202001026908 (1383228-K)
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Other Matters

This report is made solely to the Members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Nexia SSY PLT
201906000679 (LLP0019490-LCA) & AF 002009
Chartered Accountants

Bavany a/p Chellappan
No. 03138/09/2025 J
Chartered Accountant

Shah Alam
28 October 2024