Carzo Holdings Berhad

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

Reports and financial statements for the financial period ended 30 June 2023

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(Incorporated in Malaysia)

Reports and financial statements for the financial period ended 30 June 2023

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Carzo Holdings Berhad
(Incorporated in Malaysia)

Directors' Report
for the financial period ended 30 June 2023

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2023.

Change of financial year end

During the current financial period, the Company changed its financial year end from 31 December to 30 June. The Group and the Company hereby presents their eighteen (18) month financial statements from 1 January 2022 to 30 June 2023.

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 period, except as disclosed in the financial statements.

Financial results

	Group RM	Company RM
Loss for the period	(18,890,894)	(12,031,695)

Dividends

No dividends were proposed, declared or paid since the end of the previous financial year. The Directors do not recommend any final dividend for the financial period ended 30 June 2023.

Reserves and provisions

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

Issue of shares and debentures

During the financial period, the Company increased its issued and paid-up share capital from RM9,476,397 to RM13,476,309, by way of an issuance of 7,142,700 new ordinary shares through private placement exercise at an issue price of RM0.56 per ordinary share.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issue of debentures by the Company during the financial period.

Options granted over unissued shares

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

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 period ended 30 June 2023.

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

Directors

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

Dato' Sri Delon Lee Kean Yip
Cheong Wai Keh
Dato' Mohd Ibrahim Bin Mohd Nor
Datin Sri Peh Chai Hoon
Dato' Sri Chiang Fong Yee (Resigned on 30.11.2022)

The names of the directors of the Company's subsidiaries in office during the financial period and during the period from end of the financial period 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 period of the Directors who held office at the end of the financial period are as follows:

	Number of ordinary shares in the Company			
	At 1.1.2022	**Additions**	**Disposals**	**At 30.6.2023**
Shareholdings in the name of the Directors:				
Dato' Sri Delon Lee Kean Yip	56,096,500	-	-	56,096,500
Cheong Wai Keh	1,900,000	-	-	1,900,000
Datin Sri Peh Chai Hoon	5,561,000	-	-	5,561,000

Directors' interests (continued)

	Number of ordinary shares in the Company			
	At 1.1.2022	**Additions**	**Disposals**	**At 30.6.2023**
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	-	-	56,096,500

* 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 period end to the extent the Company has an interest.

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

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 year, 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 period 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 period 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 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 period 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 period 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 period 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 period 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 31 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 30 October 2023.

Dato' Sri Delon Lee Kean Yip
Director

Cheong Wai Keh
Director

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Statements of Financial Position as at 30 June 2023

		Group		Company	
	Note	**30.6.2023**	31.12.2021	**30.6.2023**	31.12.2021
		RM	RM	**RM**	RM
ASSETS					
Non-current assets					
Plant and equipment	6	**1,862,954**	1,814,483	**-**	-
Right-of-use assets	7	**1,342,094**	340,284	**-**	-
Investment in subsidiaries	8	**-**	-	**-**	3,413,664
		3,205,048	2,154,767	**-**	3,413,664
Current assets					
Inventories	9	**1,796,450**	1,486,143	**-**	-
Trade and other receivables	10	**3,890,945**	22,707,360	**40,000**	2,288,903
Tax recoverable		**1,201,794**	117,796	**-**	-
Fixed deposits with licensed banks	11	**1,753,535**	3,528,669	**-**	2,769,480
Cash and bank balances	11	**2,624,202**	358,421	**500,460**	28,519
		11,266,926	28,198,389	**540,460**	5,086,902
TOTAL ASSETS		**14,471,974**	30,353,156	**540,460**	8,500,566

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

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Statements of Financial Position as at 30 June 2023 (continued)

	Note	Group		Company	
		30.6.2023	31.12.2021	**30.6.2023**	31.12.2021
		RM	RM	**RM**	RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	12	**13,476,309**	9,476,397	**13,476,309**	9,476,397
Merger reserve	13	**(1,857,406)**	(1,857,406)	**-**	-
(Accumulated losses)/ retained earnings		**(17,153,214)**	1,737,680	**(13,037,883)**	(1,006,188)
(CAPITAL DEFICIENCY)/ TOTAL EQUITY		**(5,534,311)**	9,356,671	**438,426**	8,470,209
Non-current liabilities					
Borrowings	15	**2,580,932**	1,515,902	**-**	-
Lease liabilities	16	**1,079,997**	531,805	**-**	-
Deferred tax liabilities	17	**15,858**	-	**-**	-
		3,676,787	2,047,707	**-**	-
Current liabilities					
Trade and other payables	18	**7,532,136**	14,169,621	**102,034**	30,357
Borrowings	15	**8,123,781**	4,398,112	**-**	-
Lease liabilities	16	**673,581**	381,045	**-**	-
		16,329,498	18,948,778	**102,034**	30,357
TOTAL LIABILITIES		**20,006,285**	20,996,485	**102,034**	30,357
TOTAL EQUITY AND LIABILITIES		**14,471,974**	30,353,156	**540,460**	8,500,566

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

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Statements of Comprehensive Income for the financial period ended 30 June 2023

		Group		Company	
	Note	**Financial period from 1.1.2022 to 30.6.2023 RM**	Restated Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Financial year from 1.1.2021 to 31.12.2021 RM
Revenue	19	**70,350,756**	90,295,659	**-**	-
Cost of sales		**(64,130,057)**	(81,166,216)	**-**	-
Gross profit		**6,220,699**	9,129,443	**-**	-
Other income		**313,421**	495,073	**12,631**	620,027
Operating and administrative expenses		**(14,888,681)**	(7,762,150)	**(4,021,552)**	(738,999)
Net impairment losses on financial assets		**(9,429,556)**	(150,327)	**(8,022,774)**	-
(Loss)/profit from operations		**(17,784,117)**	1,712,039	**(12,031,695)**	(118,972)
Finance costs	20	**(771,919)**	(407,282)	**-**	-
(Loss)/profit before taxation	21	**(18,556,036)**	1,304,757	**(12,031,695)**	(118,972)
Taxation	23	**(334,858)**	(980,206)	**-**	-
(Loss)/profit for the period/year		**(18,890,894)**	324,551	**(12,031,695)**	(118,972)
Attributable to:					
Owners of the Company		**(18,890,894)**	324,551	**(12,031,695)**	(118,972)
Non-controlling interest		**-**	-	**-**	-
		(18,890,894)	324,551	**(12,031,695)**	(118,972)
(Losses)/earnings per share attributable to equity holders of the Company (sen)					
- Basic	24	**(20.62)**	0.38		
- Diluted	24	**(20.62)**	0.38		

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

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Statements of Changes in Equity for the financial period ended 30 June 2023

	Note	Share capital RM	Merger reserve RM	(Accumulated losses)/retained earnings RM	Total RM
Group					
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)**
At 1 January 2021		3,177,730	(1,857,406)	1,413,129	2,733,453
Issuance of shares	12	6,516,444	-	-	6,516,444
Share issuance expenses	12	(217,777)	-	-	(217,777)
Profit for the year		-	-	324,551	324,551
At 31 December 2021		9,476,397	(1,857,406)	1,737,680	9,356,671
Company					
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**
At 1 January 2021		3,177,730	-	(887,216)	2,290,514
Issuance of shares	12	6,516,444	-	-	6,516,444
Share issuance expenses	12	(217,777)	-	-	(217,777)
Loss for the year		-	-	(118,972)	(118,972)
At 31 December 2021		9,476,397	-	(1,006,188)	8,470,209

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

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Statements of Cash Flows
for the financial period ended 30 June 2023

	Note	Group Financial period from 1.1.2022 to 30.6.2023 RM	Group Restated Financial year from 1.1.2021 to 31.12.2021 RM	Company Financial period from 1.1.2022 to 30.6.2023 RM	Company Restated Financial year from 1.1.2021 to 31.12.2021 RM
Cash flows from operating activities					
(Loss)/profit before taxation		**(18,556,036)**	1,304,757	**(12,031,695)**	(118,972)
Adjustments for:					
Deposits written-off		**94,356**	14,150	**-**	-
Depreciation of plant and equipment	6	**1,032,061**	528,316	**-**	-
Depreciation of right-of-use assets	7	**682,965**	212,164	**-**	-
Finance costs	20	**771,919**	407,282	**-**	-
Gain on termination of leases		**(2,900)**	-	**-**	-
Impairment loss/(reversal of impairment loss) on investment in subsidiaries		**-**	-	**3,613,664**	(598,732)
Impairment loss on plant and equipment	6	**552,845**	125,664	**-**	-
Interest income		**(49,415)**	(28,095)	**(12,631)**	(21,295)
Inventories written down		**36,194**	-	**-**	-
Loss on disposal of plant and equipment - net		**26,474**	-	**-**	-
Net impairment losses on financial assets:					
- trade receivables		**9,429,556**	150,327	**-**	-
- amount due from subsidiaries		**-**	-	**8,022,774**	-
Plant and equipment written-off		**392,545**	-	**-**	-
Unrealised foreign exchange loss - net		**241,553**	146,105	**-**	-
Waiver of lease payments		**-**	(37,500)	**-**	-
Operating (loss)/profit before working capital changes		**(5,347,883)**	2,823,170	**(407,888)**	(738,999)

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

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Statements of Cash Flows
for the financial period ended 30 June 2023 (continued)

		Group		Company	
	Note	**Financial period from 1.1.2022 to 30.6.2023 RM**	Restated Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Restated Financial year from 1.1.2021 to 31.12.2021 RM
Cash flows from operating activities (continued)					
Increase in inventories		**(346,501)**	(534,780)	**-**	-
Decrease/(increase) in trade and other receivables		**9,282,154**	(7,744,737)	**2,506**	42,294
Increase in bills payable		**3,430,122**	1,647,188	**-**	-
(Decrease)/increase in trade and other payables		**(6,868,689)**	2,908,142	**71,677**	(79,885)
Cash generated from/ (used in) operations		**149,203**	(901,017)	**(333,705)**	(776,590)
Interest paid		**(351,947)**	(131,620)	**-**	-
Interest received		**49,415**	28,095	**12,631**	21,295
Income tax paid		**(1,402,998)**	(1,574,273)	**-**	-
Net cash used in operating activities		**(1,556,327)**	(2,578,815)	**(321,074)**	(755,295)
Cash flows from investing activities					
Purchase of plant and equipment	6(c)	**(2,198,251)**	(767,664)	**-**	-
Proceeds from disposal of plant and equipment		**305,855**	-	**-**	-
Net cash used in investing activities		**(1,892,396)**	(767,664)	**-**	-

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

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Statements of Cash Flows for the financial period ended 30 June 2023 (continued)

		Group		Company	
	Note	**Financial period from 1.1.2022 to 30.6.2023 RM**	Restated Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Restated Financial year from 1.1.2021 to 31.12.2021 RM
Cash flows from financing activities					
Proceeds from issuance of shares	12	**3,999,912**	6,516,444	**3,999,912**	6,516,444
Share issuance expenses	12	**-**	(217,777)	**-**	(217,777)
Increase in fixed deposits pledged		**(994,346)**	(388,453)	**-**	-
Advances to subsidiaries		**-**	-	**(5,976,377)**	(2,746,397)
Drawdown of term loan		**2,000,000**	-	**-**	-
Repayment of lease liabilities	16	**(1,001,147)**	(424,528)		-
Repayment of term loan		**(662,832)**	(408,770)	**-**	-
Lease liabilities interest paid	16	**(171,226)**	(71,716)	**-**	-
Term loan interest paid		**(248,746)**	(203,946)	**-**	-
Net cash generated from/ (used in) financing activities		**2,921,615**	4,801,254	**(1,976,465)**	3,552,270
Net (decrease)/ increase in cash and cash equivalents		**(527,108)**	1,454,775	**(2,297,539)**	2,796,975
Cash and cash equivalents at beginning of the period/year		**2,649,297**	1,194,522	**2,797,999**	1,024
Cash and cash equivalents at end of the period/year	11	**2,122,189**	2,649,297	**500,460**	2,797,999

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

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Notes to the Financial Statements for the financial period ended 30 June 2023

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 30 October 2023.

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 summary of significant accounting policies (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 RM18,890,894 and RM12,031,695 respectively and incurred negative cash flow in operating activities of RM1,556,327 and RM321,074 respectively for the financial period ended 30 June 2023. As of that date, the Group's current liabilities exceeded their current assets by RM5,062,572 and recorded a capital deficiency of RM5,534,311.

ii. As at 30 June 2023, 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 RM6,121,039. 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 are in the midst of finalising plans to regularise the Group's operations to achieve sustainable and viable operations and generate adequate cash flows to continue as going concerns. Financial support from a Director who is also a substantial shareholder has been obtained.

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.

In assessing the adoption of the going concern basis of accounting in the preparation of the financial statements, the Directors have reviewed the Group's forecasts for the period from 1 July 2023 to 30 June 2028, reviewed the forecast working capital requirements against existing funding facilities and considered achievability of the assumptions.

The financial statements do not include any adjustments that might be required if the Group is unable to continue as a going concern.

The Board of Directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate given the following measures:

i. Managing cost of operations of the Group;
ii. Recoverability from trade receivables which are under legal cases;
iii. Increasing sales volume and continue to look for new customers; and
iv. Banks had not requested early repayment of the borrowings and the Group did not default on any repayment obligations as of the date when these financial statements were approved by the Board of Directors.

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

3. Significant accounting policies

All significant accounting policies set out below are consistent with these applied in the previous financial year.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial period end. The financial statements of the subsidiaries used in the preparation of consolidated financial statements are prepared for the same financial period 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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

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.

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 period.

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 period.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

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.

(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%

3. Significant accounting policies (continued)

(c) Plant and equipment and depreciation (continued)

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.

(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.

3. Significant accounting policies (continued)

(g) Equity instruments (continued)

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.

(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.

3. Significant accounting policies (continued)

(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.

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.

3. Significant accounting policies (continued)

(j) Leases (continued)

As Lessee (continued)

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.

(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.

3. Significant accounting policies (continued)

(k) Income tax (continued)

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.

(l) 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.

3. Significant accounting policies (continued)

(l) Employee benefits (continued)

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 failing due more than twelve months after the financial period end are discounted to present value.

(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 straightline 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) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

3. Significant accounting policies (continued)

(o) 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.

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.

3. Significant accounting policies (continued)

(o) Revenue recognition (continued)

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.

(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.

3. Significant accounting policies (continued)

(p) Foreign currencies transactions (continued)

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:

	30.6.2023	31.12.2021
	RM	RM
1 United States Dollar ("USD")	**4.6650**	4.1650
1 Australian Dollar ("AUD")	**3.0871**	3.0265
1 Euro ("EUR")	**5.0564**	4.7142
1 Chinese Yuan ("CNY")	**0.6420**	Not applicable
1 Signapore Dollar ("SGD")	**3.4379**	Not applicable

(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.

3. Significant accounting policies (continued)

(q) Impairment of non-financial assets (continued)

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.

(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.

3. Significant accounting policies (continued)

(r) Financial instruments (continued)

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.

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).

3. Significant accounting policies (continued)

(r) Financial instruments (continued)

Financial assets (continued)

ii Financial assets measured subsequently at fair value (continued)

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.

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.

3. Significant accounting policies (continued)

(r) Financial instruments (continued)

Financial liabilities (continued)

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.

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.

3. Significant accounting policies (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.

3. Significant accounting policies (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.

3. Significant accounting policies (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 these 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.

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**
Amendments to MFRS 16:	Leases	1 April 2021
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3:	Business Combinations	1 January 2022
Amendments to MFRS 9:	Financial Instruments	1 January 2022
Amendments to MFRS 116:	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137:	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141:	Agriculture	1 January 2022

(b) MFRSs that have been issued but only effective for financial year beginning on 1 January 2023 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**
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
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 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

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.

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.

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 determine 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 a lease contract 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 consider all relevant factors that create an economic incentive for them to exercise the renewal or termination. After the commencement date, the Group reassess 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.

(l) Going concern

The Group applies judgement and assumptions in determining its ability to continue as a going concern of a least 12 months from the end of the financial year which is subject to material uncertainty. The Group considers the facts and circumstances and makes assumptions about the future, including its plan to realise its assets and discharge its liabilities in the nornal course of business. The Directors are confident that the plan would be implemented successfully without any material modifications and within the anticipated time frame.

The details of material uncertainty related to going concern are disclosed in Note 2.

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 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**

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 2021	50,496	51,898	21,944	585,191	1,065,047	56,612	584,574	2,415,762
Additions	1,280	33,808	1,489	60,970	472,950	10,448	724,624	1,305,569
At 31 December 2021	51,776	85,706	23,433	646,161	1,537,997	67,060	1,309,198	3,721,331
Accumulated depreciation								
At 1 January 2021	(28,542)	(28,031)	(21,440)	(229,588)	(709,324)	(50,734)	(139,569)	(1,207,228)
Depreciation charged	(5,135)	(9,555)	(586)	(69,668)	(251,918)	(3,201)	(188,253)	(528,316)
At 31 December 2021	(33,677)	(37,586)	(22,026)	(299,256)	(961,242)	(53,935)	(327,822)	(1,735,544)
Accumulated impairment losses								
At January 2021	-	-	-	(45,640)	-	-	-	(45,640)
Impairment loss	-	-	-	-	-	-	(125,664)	(125,664)
At 31 December 2021	-	-	-	(45,640)	-	-	(125,664)	(171,304)
Carrying amount								
At 31 December 2021	18,099	48,120	1,407	301,265	576,755	13,125	855,712	1,814,483

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 period/year end, as disclosed in Note 16 is as follows:

	Group	
	30.6.2023	31.12.2021
	RM	RM
Motor vehicles	**169,033**	397,490
Renovations	**115,540**	172,691
	284,573	570,181

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

	Group	
	30.6.2023	31.12.2021
	RM	RM
Motor vehicles	**223,000**	332,419
Renovations	**-**	347,380
	223,000	679,799

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

	Group	
	30.6.2023	31.12.2021
	RM	RM
Cash payments	**2,198,251**	767,664
Hire purchase arrangements	**160,000**	537,905
	2,358,251	1,305,569

(d) Impairment loss on plant and equipment

Included in the Group's plant and equipment amounting to 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 RM552,845 is recognised in operating and adminstrative expenses in the statements of comprehensive income during the financial period.

7. Right-of-use assets

Group	Buildings RM	Total RM
Cost		
At 1 January 2022	**767,089**	**767,089**
Additions	**1,837,572**	**1,837,572**
Derecognition due to lease termination	**(582,108)**	**(582,108)**
At 30 June 2023	**2,022,553**	**2,022,553**
At 1 January 2021	643,246	643,246
Additions	123,843	123,843
At 31 December 2021	767,089	767,089
Accumulated depreciation		
At 1 January 2022	**(426,805)**	**(426,805)**
Depreciation charged	**(682,965)**	**(682,965)**
Derecognition due to lease termination	**429,311**	**429,311**
At 30 June 2023	**(680,459)**	**(680,459)**
At 1 January 2021	(214,641)	(214,641)
Depreciation charged	(212,164)	(212,164)
At 31 December 2021	(426,805)	(426,805)
Carrying amount		
At 30 June 2023	**1,342,094**	**1,342,094**
At 31 December 2021	340,284	340,284

(a) The Group has lease contracts for outlets and office used in its operations. Their lease terms range from 1 to 6 years (31.12.2021: 3 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

8. Investment in subsidiaries

	Company	
	30.6.2023	31.12.2021
Unquoted shares	**RM**	RM
Cost		
At beginning of the period/year	**3,677,706**	3,177,706
Additions	**200,000**	500,000
At end of the period/year	**3,877,706**	3,677,706
Less: Accumulated impairment loss		
At beginning of the period/year	**(264,042)**	(862,774)
Additions	**(3,613,664)**	(145,176)
Reversals	**-**	743,908
At end of the period/year	**(3,877,706)**	(264,042)
Carrying amount	**-**	3,413,664

The details of subsidiaries are as follows:

Name of companies	**Equity interest** **30.6.2023**	31.12.2021	**Principal activities**
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. The Company commenced business operations during the period under review.

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

8. Investment in subsidiaries (continued)

On 27 June 2022, the Company has subscribed for a further 200,000 ordinary shares of CISB at RM1 for each share by way of capitalisation of amount due from CISB of RM200,000.

Impairment assessment of investment in subsidiaries

During the financial period, an impairment loss of RM3,613,664 was recognised in profit or loss in view of the carrying amount of the investment is more than the recoverable amount.

9. Inventories

	Group	
	30.6.2023	31.12.2021
	RM	RM
At lower of cost or net realisable value:		
Fresh fruits, groceries and others	**1,796,450**	1,486,143

10. Trade and other receivables

	Group		Company	
	30.6.2023	31.12.2021	**30.6.2023**	31.12.2021
	RM	RM	**RM**	RM
Trade				
Third parties	**13,233,827**	22,547,137	**-**	-
Less: Accumulated impairment loss	**(10,185,434)**	(755,878)	**-**	-
	3,048,393	21,791,259	**-**	-
Non-trade				
Amount due from subsidiaries	**-**	-	**8,022,774**	2,246,397
Less: Accumulated impairment loss	**-**	-	**(8,022,774)**	-
	-	-	**-**	2,246,397
Deposits	**167,764**	193,404	**-**	-
Other receivables	**166,490**	9,272	**-**	-
Prepayments	**408,298**	713,425	**40,000**	42,506
Amount due from a Director	**100,000**	-	**-**	-
	842,552	916,101	**40,000**	2,288,903
Total trade and other receivables	**3,890,945**	22,707,360	**40,000**	2,288,903
Less: Prepayments	**(408,298)**	(713,425)	**(40,000)**	(42,506)
Total financial assets carried at amortised costs	**3,482,647**	21,993,935	**-**	2,246,397

10. Trade and other receivables (continued)

The amount due from subsidiaries is as follows:

	Company	
	30.6.2023	31.12.2021
	RM	RM
Non-trade		
Carzo Digital Media Sdn. Bhd.	**5,220,000**	-
Carzo Sdn. Bhd.	**2,330,319**	1,323,942
Carzo Import (M) Sdn. Bhd.	**190,000**	890,000
Carzo Cold Chain Sdn. Bhd.	**282,455**	32,455
	8,022,774	2,246,397

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

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

As at the financial period/year 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	
	30.6.2023	31.12.2021	**30.6.2023**	31.12.2021
	RM	RM	**RM**	RM
Fixed deposits with licensed banks	**1,753,535**	3,528,669	**-**	2,769,480
Cash and bank balances	**2,624,202**	358,421	**500,460**	28,519
	4,377,737	3,887,090	**500,460**	2,797,999
Less:				
Bank overdrafts (Note 15)	**(502,013)**	(478,604)	**-**	-
Fixed deposits pledged to licensed banks	**(1,753,535)**	(759,189)	**-**	-
	(2,255,548)	(1,237,793)	**-**	-
Cash and cash equivalents	**2,122,189**	2,649,297	**500,460**	2,797,999

Fixed deposits with licensed banks amounting to RM1,753,535 (31.12.2021: RM759,189) have been charged for banking facilities granted to the Group, as disclosed in Note 15.

12. Share capital

	Group and Company			
	30.6.2023	31.12.2021	**30.6.2023**	31.12.2021
	Unit	Unit	**RM**	RM
Issued and paid-up ordinary shares				
At beginning of the period/year	**88,270,000**	63,554,400	**9,476,397**	3,177,730
Issued during the period/year	**7,142,700**	24,715,600	**3,999,912**	6,516,444
Share issuance expenses	**-**	-	**-**	(217,777)
At end of the period/year	**95,412,700**	88,270,000	**13,476,309**	9,476,397

During the financial period, the Company increased its issued and paid-up share capital from RM9,476,397 to RM13,476,309, by way of an issuance of 7,142,700 new ordinary shares through private placement exercise at an issue price of RM0.56 per ordinary share.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

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

Share options reserve represents the equity-settled share options granted to the Directors and employees. The reserve is made up of the cumulative value of services received from the Directors and employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

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 period ended 30 June 2023.

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 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 alloted 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 otherwaise 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.

15. Borrowings

	Group	
	30.6.2023	31.12.2021
	RM	RM
Current		
Bank overdrafts (secured)	**502,013**	478,604
Bills payable (secured)	**6,904,647**	3,474,525
Term loans (partially secured)	**717,121**	444,983
	8,123,781	4,398,112
Non-current		
Term loans (partially secured)	**2,580,932**	1,515,902
	2,580,932	1,515,902
	10,704,713	5,914,014
Total borrowings		
Bank overdrafts (secured)	**502,013**	478,604
Bills payable (secured)	**6,904,647**	3,474,525
Term loans (partially secured)	**3,298,053**	1,960,885
	10,704,713	5,914,014
Term loans		
Repayment terms		
- not later than 1 year	**717,121**	444,983
- later than 1 year and not later than 5 years	**2,580,932**	1,451,824
- later than 5 years	**-**	64,078
	3,298,053	1,960,885

(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 between 1.25% (31.12.2021: 1.25% and 4.00%) per annum above the Banks' base lending rate ("BLR") with daily rests.

15. Borrowings (continued)

(b) The term loans are not secured, except for an amount of RM3,034,029 (31.12.2021: RM1,558,800) 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% (31.12.2021: 5.00% and 9.00%) per annum above the Banks' BLR.

(c) One of the wholly-owned subsidiary, Carzo Sdn. Bhd. ("CSB") did not meet certain financial covenants for some borrowings as at 30 June 2023.

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

<u>Bankers' acceptances and bank overdraft</u>

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

CSB did not default on any repayment obligations as of the date when these financial statements were approved by the Board of Directors.

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

	Group	
	30.6.2023	31.12.2021
	Per annum	Per annum
Bank overdrafts (secured)	**6.65% - 7.90%**	6.65% - 9.40%
Bills payable (secured)	**2.06% - 3.81%**	2.06% - 3.75%
Term loans (partially secured)	**4.86% - 12.45%**	5.50% - 12.20%

16. Lease liabilities

	Group	
	30.6.2023	31.12.2021
	RM	RM
Analysed by:		
Current	**673,581**	381,045
Non-current	**1,079,997**	531,805
	1,753,578	912,850

The repayment terms of lease liabilities is as follows:

	Group	
	30.6.2023	31.12.2021
	RM	RM
Minimum lease payments:		
- not later than 1 year	**762,603**	424,653
- later than 1 year and not later than 5 years	**1,163,583**	567,580
- more than 5 years	**4,840**	4,300
Total minimum lease payments	**1,931,026**	996,533
Less: Future finance charges on lease liabilities	**(177,448)**	(83,683)
Present value of lease liabilities	**1,753,578**	912,850
Present value of lease liabilities		
- not later than 1 year	**673,581**	381,045
- later than 1 year and not later than 5 years	**1,075,182**	527,539
- later than 5 years	**4,815**	4,266
	1,753,578	912,850

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

	Group	
	30.6.2023	31.12.2021
	RM	RM
At beginning of the period/year	**912,850**	731,872
Additions	**1,997,572**	661,748
Interest expense recognised in the statements of comprehensive income:		
- Lease liabilities interest under hire purchase arrangements	**52,685**	43,906
- Lease liabilities interest	**118,541**	27,810
Reversal from prepayments	**-**	(18,742)
Termination of lease	**(155,697)**	-
Repayment of principal	**(1,001,147)**	(424,528)
Payment of interest expense	**(171,226)**	(71,716)
Waiver of lease payments	**-**	(37,500)
At end of the period/year	**1,753,578**	912,850

Included in lease liabilities is an amount of RM189,171 (31.12.2021: RM558,031) 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% (31.12.2021: 5.01% to 9.97%) per annum.

17. Deferred tax liabilities

	Group	
	30.6.2023	31.12.2021
	RM	RM
At beginning of the period/year	**-**	-
Recognised in the statements of comprehensive income (Note 23)	**15,858**	-
At end of the period/year	**15,858**	-
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(52,586)**	(36,385)
Deferred tax liabilities	**68,444**	36,385
	15,858	-

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

	Excess of capital allowances over depreciation Group	
	30.6.2023	31.12.2021
	RM	RM
Deferred tax liabilities		
At beginning of the period/year	**36,385**	-
Recognised in the statements of comprehensive income:		
- current year	**38,379**	36,385
- overprovision in prior years	**(6,320)**	-
At end of the period/year	**68,444**	36,385

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

	Unabsorbed tax losses, unutilised capital allowances and provisions Group	
	30.6.2023	31.12.2021
	RM	RM
Deferred tax assets		
At beginning of the period/year	**(36,385)**	-
Recognised in the statements of comprehensive income:		
- current year	**(22,521)**	(36,385)
- overprovision in prior years	**6,320**	-
At end of the period/year	**(52,586)**	(36,385)

18. Trade and other payables

	Group		Company	
	30.6.2023	31.12.2021	**30.6.2023**	31.12.2021
	RM	RM	**RM**	RM
Trade				
Third parties	**6,491,799**	13,298,555	**-**	-
	6,491,799	13,298,555	**-**	-
Non-trade				
Accruals	**671,957**	418,331	**42,750**	20,000
Other payables	**354,002**	452,735	**59,284**	10,357
Deferred revenue	**14,378**	-	**-**	-
	1,040,337	871,066	**102,034**	30,357
Total trade and other payables	**7,532,136**	14,169,621	**102,034**	30,357
Less: Deferred revenue	**(14,378)**	-	**-**	-
Total financial liabilities carried at amortised costs	**7,517,758**	14,169,621	**102,034**	30,357

The normal trade credit terms granted to the Group ranged from 7 to 90 (31.12.2021: 7 to 90) days.

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

	Group		Company	
	30.6.2023	31.12.2021	**30.6.2023**	31.12.2021
	RM	RM	**RM**	RM
RM	**3,364,313**	10,312,219	**102,034**	30,357
USD	**3,828,616**	3,621,378	**-**	-
AUD	**219,921**	226,385	**-**	-
EUR	**9,557**	9,639	**-**	-
CNY	**59,614**	-	**-**	-
SGD	**50,115**	-	**-**	-
	7,532,136	14,169,621	**102,034**	30,357

19. Revenue

	Group		Company	
	Financial period from 1.1.2022 to 30.6.2023	Financial year from 1.1.2021 to 31.12.2021	**Financial period from 1.1.2022 to 30.6.2023**	Financial year from 1.1.2021 to 31.12.2021
	RM	RM	**RM**	RM
Sale of goods	**70,350,756**	90,295,659	**-**	-

20. Finance costs

	Group		Company	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Financial year from 1.1.2021 to 31.12.2021 RM
Bank overdraft interest	**62,546**	20,402	**-**	-
Bills payable interest	**289,401**	111,218	**-**	-
Lease liabilities interest	**118,541**	27,811	**-**	-
Lease liabilities interest under hire purchase arrangements	**52,685**	43,905	**-**	-
Term loan interest	**248,746**	203,946	**-**	-
	771,919	407,282	**-**	-

21. (Loss)/profit before taxation

	Group		Company	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Financial year from 1.1.2021 to 31.12.2021 RM
(Loss)/profit before taxation is arrived at after charging:				
Auditors' remuneration	**200,000**	100,000	**36,000**	20,000
Deposits written-off	**94,356**	14,150	**-**	-
Depreciation of plant and equipment	**1,032,061**	528,316	**-**	-
Depreciation of right-of-use assets	**682,965**	212,164	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**3,613,664**	-
Impairment loss on plant and equipment	**552,845**	125,664	**-**	-
Inventories expensed	**64,130,057**	81,166,216	**-**	-
Inventories written down	**36,194**	-	**-**	-
Loss on disposal of plant and equipment - net	**26,474**	-	**-**	-
Net impairment losses on financial assets:				
- trade receivables	**9,429,556**	150,327	**-**	-
- amount due from subsidiaries	**-**	-	**8,022,774**	-
Plant and equipment written-off	**392,545**	-	**-**	-

21. (Loss)/profit before taxation (continued)

	Group		Company	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Financial year from 1.1.2021 to 31.12.2021 RM
(Loss)/profit before taxation is arrived at after charging (continued):				
Realised foreign exchange loss - net	**454,997**	-	**-**	-
Rental of premises:				
- short-term lease	**247,526**	108,337	**-**	-
- lease of low value assets	**36,500**	94,053	**-**	-
Staff costs (Note 22)	**6,334,572**	3,132,104	**-**	-
Unrealised foreign exchange loss - net	**241,553**	146,105	**-**	-
Wages	**960,233**	759,982	**-**	-
and crediting:				
Gain on termination of leases	**2,900**	-	**-**	-
Interest income	**49,415**	28,095	**12,631**	21,295
Realised foreign exchange gain - net	**-**	146,223	**-**	-
Reversal of impairment loss on investment in subsidiaries	**-**	-	**-**	598,732
Waiver of lease payments	**-**	37,500	**-**	-

22. Staff costs

	Group		Company	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Financial year from 1.1.2021 to 31.12.2021 RM
Salaries, allowance, overtime and bonus	**5,608,713**	2,760,432	**-**	-
Employees Provident Fund ("EPF")	**653,093**	338,021	**-**	-
Social security contributions ("SOCSO")	**65,680**	30,453	**-**	-
Employment Insurance Scheme ("EIS")	**7,086**	3,198	**-**	-
Total staff cost	**6,334,572**	3,132,104	**-**	-

22. Staff costs (continued)

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

	Group		Company	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Financial year from 1.1.2021 to 31.12.2021 RM
Directors				
Salaries, allowance, overtime and bonus	**1,163,800**	862,700	**-**	-
EPF	**141,491**	112,151	**-**	-
SOCSO	**4,909**	3,316	**-**	-
EIS	**285**	190	**-**	-
	1,310,485	978,357	**-**	-
Key management personnel				
Salaries, allowance, overtime and bonus	**817,010**	377,528	**-**	-
EPF	**94,017**	46,089	**-**	-
SOCSO	**7,330**	4,145	**-**	-
EIS	**868**	475	**-**	-
	919,225	428,237	**-**	-

23. Taxation

	Group		Company	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM	**Financial period from 1.1.2022 to 30.6.2023 RM**	Financial year from 1.1.2021 to 31.12.2021 RM
Malaysian income tax				
- current period/year	**263,602**	701,658	**-**	-
- underprovision in prior years	**55,398**	278,548	**-**	-
	319,000	980,206	**-**	-
Deferred tax (Note 17)				
- Relating to origination and reversal of temporary differences	**15,858**	-	**-**	-
	334,858	980,206	**-**	-

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 period from 1.1.2022 to 30.6.2023	Financial year from 1.1.2021 to 31.12.2021	**Financial period from 1.1.2022 to 30.6.2023**	Financial year from 1.1.2021 to 31.12.2021
	RM	RM	**RM**	RM
(Loss)/profit before taxation	**(18,556,036)**	1,304,757	**(12,031,695)**	(118,972)
Taxation at Malaysian statutory tax rate of 24% (31.12.2021: 24%)	**(4,453,449)**	313,142	**(2,887,607)**	(28,553)
Tax effects of:				
- expenses not deductible for tax purposes	**318,660**	326,420	**2,887,607**	177,359
- income not subject to income tax	**(48,414)**	-	**-**	(148,806)
- 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	**4,470,647**	62,096	**-**	-
Underprovision of income tax in prior years	**55,398**	278,548	**-**	-
Tax expense for the period/year	**334,858**	980,206	**-**	-

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	
	30.6.2023	31.12.2021
	RM	RM
Plant and equipment	**405,015**	38,724
Impairment of receivables	**10,185,435**	755,878
Unabsorbed tax losses	**7,664,396**	81,744
Unutilised capital allowance	**1,357,723**	115,278
Other deductible temporary differences	**81,857**	14,535
	19,694,426	1,006,159
Deferred tax assets arising in respect of the above items	**4,726,662**	241,478
Deferred tax assets recognised	**(52,586)**	(30,065)
Deferred tax assets not recognised due to uncertainties of realisation of profit	**4,674,076**	211,413

Deferred tax assets amounting to RM4,674,076 (31.12.2021: RM211,413) 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	
	30.6.2023	31.12.2021
	RM	RM
2031	**78,435**	81,744
2032	**3,792,981**	-
2033	**3,792,980**	-
	7,664,396	81,744

24. (Losses)/earnings per share

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

	Group	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM
Consolidated (loss)/profit for the period/year attributable to the owners of the parent	**(18,890,894)**	324,551
	Unit	Unit
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at beginning of the period/year	**88,270,000**	63,554,400
Effect of new issuance of shares during the period/year	**3,348,958**	20,841,393
Weighted average number of ordinary shares at the end of the period/year	**91,618,958**	84,395,793
Basic (losses)/earnings per share (sen)	**(20.62)**	0.38

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

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 period/year are as follows:

	Group	
	Financial period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM
Salaries, allowance, overtime and bonus	**1,980,810**	1,240,228
EPF	**235,508**	158,240
SOCSO	**12,239**	7,461
EIS	**1,153**	665
	2,229,710	1,406,594

Included in total remuneration of key management personnel and Directors are the Directors' remuneration of the Group amounting to RM1,310,485 (31.12.2021: RM978,357).

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

	Salaries, allowance, overtime and bonus RM	**EPF RM**	**SOCSO RM**	**EIS RM**	**Total RM**
Group					
Dato' Sri Delon Lee Kean Yip	**806,000**	**97,380**	**2,418**	**-**	**905,798**
Datin Sri Peh Chai Hoon	**176,000**	**21,320**	**1,419**	**162**	**198,901**
Cheong Wai Keh	**181,800**	**22,791**	**1,072**	**123**	**205,786**
	1,163,800	**141,491**	**4,909**	**285**	**1,310,485**

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 period 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.

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 profit after taxation by approximately RM70,353 (31.12.2021: RM59,200).

The fixed deposits with licensed banks as at 30 June 2023 have maturity periods ranging from 1 to 12 months (31.12.2021: 12 months), and bear interest at rates ranging from 2.45% to 2.95% (31.12.2021: 1.50% to 1.85%) per annum.

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							
30.6.2023							
Financial liabilities							
Trade and other payables	18	**3,828,616**	**219,921**	**9,557**	**59,614**	**50,115**	**4,167,823**
31.12.2021							
Financial liabilities							
Trade and other payables	18	3,621,378	226,385	9,639	-	-	3,857,402

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 period from 1.1.2022 to 30.6.2023 RM	Financial year from 1.1.2021 to 31.12.2021 RM
Effects on profit after taxation:		
USD		
- strengthened by 5% (31.12.2021: 5%)	**(145,487)**	(137,612)
- weakened by 5% (31.12.2021: 5%)	**145,487**	137,612
AUD		
- strengthened by 5% (31.12.2021: 5%)	**(8,357)**	(8,603)
- weakened by 5% (31.12.2021: 5%)	**8,357**	8,603
EUR		
- strengthened by 5% (31.12.2021: 5%)	**(363)**	(366)
- weakened by 5% (31.12.2021: 5%)	**363**	366
CNY		
- strengthened by 5% (31.12.2021: 5%)	**(2,265)**	-
- weakened by 5% (31.12.2021: 5%)	**2,265**	-
SGD		
- strengthened by 5% (31.12.2021: 5%)	**(1,904)**	-
- weakened by 5% (31.12.2021: 5%)	**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 period/year 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.

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 Chief Executive Officer. 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 period/year end are as follows:

	Note	Total RM
Group		
30.6.2023		
Fixed deposits with licensed banks	11	**1,753,535**
Cash and bank balances	11	**2,624,202**
		4,377,737
31.12.2021		
Fixed deposits with licensed banks	11	3,528,669
Cash and bank balances	11	358,421
		3,887,090
Company		
30.6.2023		
Fixed deposits with licensed banks	11	**-**
Cash and bank balances	11	**500,460**
		500,460
31.12.2021		
Fixed deposits with licensed banks	11	2,769,480
Cash and bank balances	11	28,519
		2,797,999

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.

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:

				Not credit impaired						
					Past due					
	Note	**Total RM**	**Credit impaired RM**	**Not past due RM**	**1-30 days RM**	**31-60 days RM**	**61-90 days RM**	**91-120 days RM**	**>120 days RM**	**Total past due RM**
Group										
30.6.2023										
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**
31.12.2021										
Trade receivables	10	22,547,137	597,922	12,819,290	4,537,281	3,100,653	1,117,663	66,025	308,303	9,129,925
Other receivables which are financial assets	10	202,676	-	202,676	-	-	-	-	-	-
		22,749,813	597,922	13,021,966	4,537,281	3,100,653	1,117,663	66,025	308,303	9,129,925

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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: Not past due RM	Past due: 1-30 days RM	31-60 days RM	61-90 days RM	91-120 days RM	>120 days RM	Total past due RM
Company										
30.6.2023										
Other receivables which are financial assets	10	**8,022,774**	**8,022,774**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31.12.2021										
Other receivables which are financial assets	10	2,246,397	-	2,246,397	-	-	-	-	-	-

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 (31.12.2021: 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 period/year. Receivables are not secured by any collaterals or credit enhancements.

The Group's concentration of credit risk relates to the amounts owing by two (31.12.2021: three) major customers which constituted 25% (31.12.2021: 63%) of its trade receivables at the end of the reporting period/year.

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 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**	**-**	**-**	**-**
As at 1 January 2021	533,222	72,329	605,551	-	-	-
Charge for the year (Note ii)	64,700	85,627	150,327	-	-	-
As at 31 December 2021	597,922	157,956	755,878	-	-	-

i Receivables that are individually determined to be credit impaired at the financial period/year 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 period increased by RM9,429,556 mainly due to the provision for higher impaired trade and other receivables. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables increased by RM150,327 mainly due to the provision for lower impaired trade and other receivables.

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 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**
As at 1 January 2021	-	-	-
Charge for the year	-	-	-
As at 31 December 2021	-	-	-

i Receivables that are individually determined to be credit impaired at the financial period/year 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 period 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 RM5,558,376 (31.12.2021: RM2,804,120) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period/year.

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.

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 period/year end based on contractual undiscounted repayment obligations.

				Maturity		
Group	**Note**	**Carrying amount RM**	**Contractual undiscounted cash flow RM**	**Less than 1 year RM**	**Between 1 and 5 years RM**	**More than 5 years RM**
30.6.2023						
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**
31.12.2021						
Trade and other payables	18	14,169,621	14,169,621	14,169,621	-	-
Borrowings	15	5,914,014	6,310,253	4,560,843	1,683,315	66,095
Lease liabilities	16	912,850	996,533	424,653	567,580	4,300
		20,996,485	21,476,407	19,155,117	2,250,895	70,395

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						
30.6.2023						
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**	**-**	**-**
31.12.2021						
Trade and other payables	18	30,357	30,357	30,357	-	-
Financial guarantee contracts*		-	2,804,120	2,804,120	-	-
		30,357	2,834,477	2,834,477	-	-

* 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 period/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.

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 period/year is as follows:

		Group		Company	
	Note	**30.6.2023**	31.12.2021	**30.6.2023**	31.12.2021
		RM	RM	**RM**	RM
Borrowings	15	**10,704,713**	5,914,014	**-**	-
Lease liabilities	16	**1,753,578**	912,850	**-**	-
		12,458,291	6,826,864	**-**	-
Less:					
Fixed deposits with licensed banks, cash and bank balances (not pledged)	11	**(2,624,202)**	(3,127,901)	**(500,460)**	(2,797,999)
Net debt/(cash)		**9,834,089**	3,698,963	**(500,460)**	(2,797,999)
(Capital deficiency)/ total equity		**(5,534,311)**	9,356,671	**438,426**	8,470,209
Debt-to-equity ratio		**N/A**	0.40	**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.

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)**
Other information									
Deposit written-off	**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**

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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)									
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)**
Impairment loss on plant and equipment	**-**	**-**	**-**	**-**	**552,845**	**-**	**552,845**	**-**	**552,845**
Impairment loss on trade receivables - net	**6,599,633**	**4,844,432**	**8,447**	**34,781**	**-**	**71,550**	**11,558,843**	**(2,129,287)**	**9,429,556**

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)									
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**
30.6.2023									
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)**

27. Segment reporting (continued)

For the financial year ended 31 December 2021, 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 1.1.2021 to 31.12.2021									
Revenue									
Local	102,733,805	21,862,433	532,293	541,798	-	824,659	126,494,988	(36,199,329)	90,295,659
Results									
Segment results	(513,425)	2,565,608	212,379	(4,044)	-	50,253	2,310,771	(598,732)	1,712,039
Finance costs	(300,106)	(98,612)	(2,401)	(2,443)	-	(3,720)	(407,282)	-	(407,282)
(Loss)/profit before taxation	(813,531)	2,466,996	209,978	(6,487)	-	46,533	1,903,489	(598,732)	1,304,757
Taxation	(722,266)	(237,328)	(5,778)	(5,882)	-	(8,952)	(980,206)	-	(980,206)
(Loss)/profit after taxation	(1,535,797)	2,229,668	204,200	(12,369)	-	37,581	923,283	(598,732)	324,551

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 1.1.2021 to 31.12.2021 (continued)									
Other information									
Deposit written-off	11,492	2,446	60	61	-	91	14,150	-	14,150
Depreciation of plant and equipment	389,290	127,916	3,114	3,170	-	4,826	528,316	-	528,316
Depreciation of right-of-use assets	156,333	51,369	1,251	1,273	-	1,938	212,164	-	212,164
Impairment loss on plant and equipment	102,059	21,719	529	538	-	819	125,664	-	125,664
Realised foreign exchange gain - net	(107,745)	(35,404)	(862)	(877)	-	(1,335)	(146,223)	-	(146,223)

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 1.1.2021 to 31.12.2021 (continued)									
Other information (continued)									
Impairment loss on trade receivables - net	(51,379)	30,044	80,069	(1,117)	-	92,710	150,327	-	150,327
Unrealised foreign exchange loss	107,658	35,375	861	877	-	1,334	146,105	-	146,105
31.12.2021									
Segment assets	33,475,353	10,999,601	267,811	272,594	-	414,909	45,430,268	(15,077,112)	30,353,156
Segment liabilities	(24,119,295)	(7,925,312)	(192,961)	(196,406)	-	(298,945)	(32,732,919)	11,736,434	(20,996,485)
	9,356,058	3,074,289	74,850	76,188	-	115,964	12,697,349	(3,340,678)	9,356,671

27. Segment reporting (continued)

Information about major customers

There are Nil (31.12.2021: two) customers whose transactions arising from sales in the distribution and retail and retail chain stores related product segments amounting to RMNil (31.12.2021: RM12,856,383) representing more than 10% of the Group's revenue.

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 periods/years.

(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**
30.6.2023			
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**	**-**
	7,860,384	**7,860,384**	**-**
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**	**-**
	19,976,049	**19,976,049**	**-**

29. Categories of financial instruments (continued)

	Carrying amount RM	AC RM	FVTPL RM
Group (continued)			
31.12.2021			
Non-derivative financial assets			
Trade and other receivables	21,993,935	21,993,935	-
Fixed deposits with licensed banks	3,528,669	3,528,669	-
Cash and bank balances	358,421	358,421	-
	25,881,025	25,881,025	-
Non-derivative financial liabilities			
Trade and other payables	14,169,621	14,169,621	-
Borrowings	5,914,014	5,914,014	-
Lease liabilities	912,850	912,850	-
	20,996,485	20,996,485	-
Company			
30.6.2023			
Non-derivative financial assets			
Cash and bank balances	**500,460**	**500,460**	**-**
Non-derivative financial liabilities			
Trade and other payables	**102,034**	**102,034**	**-**
Company			
31.12.2021			
Non-derivative financial assets			
Trade and other receivables	2,246,397	2,246,397	-
Fixed deposits with licensed banks	2,769,480	2,769,480	-
Cash and bank balances	28,519	28,519	-
	5,044,396	5,044,396	-
Non-derivative financial liabilities			
Trade and other payables	30,357	30,357	-

30. Capital commitments

	Group	
	30.6.2023	31.12.2021
	RM	RM
Approved and contracted for:		
Plant and equipment	**-**	240,483

31. Significant and subsequent events

(a) During the financial period, the Group diversified its existing business to include retail, distribution, and wholesale of groceries and related businesses.

(b) On 24 October 2023, one of the wholly-owned subsidiary, Carzo Sdn. Bhd. ("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 financial period.

32. Comparative figures

(a) The following comparative figures have been reclassified to conform to current period's presentation:

	As previously stated RM	Reclassification RM	As restated RM
Group			
Statements of Comprehensive Income			
Other income	715,111	(220,038)	495,073
Operating and administrative expenses	(8,132,515)	370,365	(7,762,150)
Net impairment losses on financial assets	-	(150,327)	(150,327)
Statements of Cash Flows			
Cash flows from operating activities			
Increase in bills payable	-	1,647,188	1,647,188
(Decrease)/increase in trade and other payables	4,555,330	(1,647,188)	2,908,142
Company			
Statements of Cash Flows			
Cash flows from operating activities			
Decrease/(increase) in trade and other receivables	(2,704,103)	2,746,397	42,294
Cash flows from financing activities			
Advances to subsidiaries	-	(2,746,397)	(2,746,397)

(b) During the financial period, the Company changed its financial year end from 31 December 2022 to 30 June 2023. Accordingly, the comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are for twelve months from 1 January 2021 to 31 December 2021 and are therefore not comparable.

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 78 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 2023 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 October 2023.

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 78 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 Puchong in the state of Selangor
on 30 October 2023.

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 Statements

Opinion

We have audited the financial statements of Carzo Holdings Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 78.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Group and the Company incurred a net loss of RM18,890,894 and RM12,031,695 respectively and incurred negative operating cash flows of RM1,556,327 and RM321,074 respectively during the financial period ended 30 June 2023. As of that date, the Group's current liabilities exceeded its current assets by RM5,062,572 and recorded a capital deficiency of RM5,534,311.

As at 30 June 2023, the Group did not meet certain financial covenants for certain borrowings, as disclosed in Note 15 to the financial statements. As a result, the said banks have the rights to recall/rescind the Group's outstanding borrowings of RM6,121,039. The Directors have not commenced any renegotiation of the lending terms with the banks, including revised facility limits and covenants.

Material Uncertainty Related to Going Concern (continued)

In assessing the adoption of the going concern basis of accounting in the preparation of the financial statements, the Directors have reviewed the Group's forecasts for the period from 1 July 2023 to 30 June 2028, reviewed the forecast working capital requirements against existing funding facilities and considered achievability of the assumptions.

As at the date of this report, the Directors are in the midst of finalising plans to regularise the Group's operations to achieve sustainable and viable operations and generate adequate cash flows to continue as going concern. Financial support from a Director who is also a substantial shareholder has been obtained.

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

Should the going concern basis for the preparation of the financial statement be no longer appropriate, adjustments would have to be made in the financial statements relating to the amounts and classification of the assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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 objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

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
30 October 2023

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

ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

(APPENDIX 6A, PART B OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES").

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

This Additional Information is dated 31 October 2023

PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

1. ANALYSIS OF FINANCIAL INFORMATION

(i) Revenue

The summary of the revenue of Carzo and its subsidiaries (collectively, the "**Group**") based on its activities for the financial period ended ("**FPE**") 30 June 2023 and financial year ended ("**FYE**") 31 December 2021 is presented as follows:

(1) By business segment

	Audited			
	FPE 30.6.2023		**FYE 31.12.2021**	
	RM	**%**	**RM**	**%**
Distribution and retail	38,856,243	55.23	66,534,476	73.69
Retail chain stores	28,522,259	40.54	21,862,433	24.21
Convenience stores	49,730	0.07	532,293	0.59
E-commerce	204,778	0.29	541,798	0.60
Others*	421,262	0.60	824,659	0.91
Groceries**	2,296,484	3.26	-	0.00
Total	70,350,756	100.00	90,295,659	100.00

Notes:

* *Comprising hotels, hospitals, airline food provider and consumers who purchased through vending machines and at the Group's display store.*

** *Sales from grocery outlets which commenced during the FPE 30 June 2023.*

PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

1. ANALYSIS OF FINANCIAL INFORMATION *(CONT'D)*

(i) Revenue *(Cont'd)*

(2) By product group

	Audited			
	FPE 30.6.2023		FYE 31.12.2021	
	RM	%	RM	%
Fresh fruits	67,845,864	96.44	89,763,557	99.41
Fruit products [(1)]	197,882	0.28	488,153	0.54
Other food products [(2)]	10,526	0.01	43,979	0.05
Groceries [(3)]	2,296,484	3.26	-	0.00
Total	**70,350,756**	**100.00**	**90,295,689**	**100.00**

Notes:

(1) Comprising fruit juices, plant based drinks, pickled fruits, dried fruits, cut fruits, frozen fruits and ready-to-eat fruit products.

(2) Comprising frozen meat and seafood, nuts, vegetables, ready-to-eat food (e.g. soup, canned food, pre-mix sauces and pastes) and convenience food (e.g. instant noodles and snacks).

(3) Comprising groceries sold at the grocery outlets (Jii-Mart).

The Group's revenue was mainly derived from the distribution and retail of fresh Fruits as well as retail of fruit products during the FPE 30 June 2023.

The Group recorded a total revenue of RM70.35 million for the FPE 30 June 2023, representing a decrease of RM19.95 million or 22.09% as compared to the FYE 31 December 2021 (FYE 31 December 2021: RM90.30 million) mainly due to lower sales of fresh fruits from all segments as follows:

(a) decrease in sales from the distribution and retail segment, especially durian, to the Group's customers as the Group had discontinued sales to certain major distributors which are slow in collections;

(b) significant decline in sales from convenience stores, e-commerce and others segments were mainly due to decrease in demand along with slow collections from certain Group customers;

(c) decrease in sales to convenience stores was mainly due to absence of sales to myNEWS following the termination of the supply agreement;

PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

1. ANALYSIS OF FINANCIAL INFORMATION (CONT'D)

(i) Revenue *(Cont'd)*

(d) demand was especially low for e-commerce post Movement Control Order ("**MCO**") as customers were more willing to purchase directly from fruit stalls as opposed to ordering online; and

(e) no sales of fresh fruits to hotels and airline food providers during the first half of FPE 30 June 2023 which lead to the Group cutting off unprofitable business.

In line with decrease in revenue, the Group recorded a lower gross profit ("**GP**") of RM6.22 million for the FPE 30 June 2023, representing a decrease of RM2.91 million or 31.87% (FYE 31 December 2021: RM9.13 million). The decrease in GP is also affected by lower market demand and sales of non-fresh fruits at a lower margin to clear off stocks on hand.

(ii) Loss before taxation ("LBT") / Profit before taxation ("PBT")

The Group recorded a LBT of RM18.56 million for the FPE 30 June 2023 as compared to a PBT of RM1.30 million in the FYE 31 December 2021, representing a decrease of RM19.86 million. The decrease in PBT was mainly due to:

(a) significant increase in allowance for impairment losses of RM9.28 million due to slow collection from major customers;

(b) higher administrative expenses incurred such as increase of depreciation of fixed assets and rights-of-use assets due to opening of groceries stores (Jii-Mart) during the financial period;

(c) increase in realised loss on foreign exchange due to strengthening in United States Dollars ("**USD**"); and

(d) lower profit margin as mentioned above.

2. PROSPECTS

The Group is undergoing restructuring of its existing business models for the fruits business wherein it will prioritise on expanding its core fruits business on retail chain store segment in financial year ending 30 June 2024.

PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

2. PROSPECTS (CONT'D)

Primary focus will be on the retail chain store segment as the Group's customers in this segment have better collections record compared to those from the distribution and retail segment. The Group's focus right now is to expand its sales network with good repayment customers.

Further, following the suppression of fruit selling prices during the FPE 30 June 2023 which resulted in a profit margin squeeze during the financial period, the Group is looking to reduce its variety of fruit offerings to focus on high margin products in order to improve the profitability of the Group and ensure sustainability of the business. Nevertheless, the Group still intends to maintain its other sales channels to increase source of revenue.

The Group's grocery business commenced on 3 June 2022 following the opening of the Group's first store in Seremban, Negeri Sembilan on the same day. As at the date of this report, the Group operates a total of 4 grocery stores throughout Negeri Sembilan. The Group is also assessing the viability and the continuation of its grocery business in certain locations such as closing non-performing grocery stores and will continue to evaluate the feasibility of setting up new grocery stores and fruits grocer in Klang Valley.

3. STATUS OF CORPORATE PROPOSALS

(a) On 12 May 2022, the Company had announced the Share Issuance Scheme ("**SIS**") and had been approved by the Company's shareholders at the extraordinary general meeting held on 27 June 2022. On 28 July 2022, the Company announced that the effective date for the implementation of the SIS is on 28 July 2022. The Company has not granted any options under the SIS ("**SIS Options**") and there are no outstanding SIS Options which have been granted but unexercised as at the date of this report.

(b) On 8 August 2022, the Company announced that it proposed to undertake the proposed private placement of up to 20% of the total number of issued shares of the Company ("**Carzo Shares**") (excluding treasury shares, if any) ("**Private Placement**").

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

PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

3. STATUS OF CORPORATE PROPOSALS (CONT'D)

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

On 22 August 2023, the Company announced that the deadline for the Company to implement the Private Placement has lapsed on 22 August 2023. The Company does not wish to seek any further extension of time for the implementation of the Private Placement.

Save for the above, there were no other corporate proposals announced but pending completion as at the date of this report.

4. UTILISATION OF PROCEEDS

The Group had fully utilised the proceeds of approximately RM4 million raised from the issuance of the Placement Shares pursuant to the Private Placement as at the date of this report as follows:

Utilisation purposes	Revised allocation after the variation RM'000	Actual utilisation of proceeds RM'000
Capital expenditure for the grocery business	775	650[(1)]
Working capital requirements	3,100	3,289[(1)]
Estimated expenses for the Private Placement	125	61
Total	**4,000**	**4,000**

Note:

(1) The Group had varied and utilised an additional RM0.13 million allocated for the capital expenditure for the grocery business for the working capital requirements of the Group as additional working capital was required for its business operation at the time of utilisation.

5. DIVIDENDS

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend for the FPE 30 June 2023.

6. MATERIAL LITIGATION

The Group has filed a court case against 2 of its major customers namely, RTZ Fruits Distribution Sdn Bhd and EL Fruits Export Sdn Bhd on 24 October 2023. Both RTZ Fruits Distribution Sdn Bhd and EL Fruits Export Sdn Bhd have a long outstanding debts of RM5.48 million and RM2.22 million respectively. The total outstanding debts of RM7.70 million has been impaired during the FPE 30 June 2023. However, if the Group successfully recovered these outstanding debts, the impairment loss will be reversed once the amount is recovered.

7. EARNINGS PER SHARE

	Audited	
	FPE 30.6.2023 RM	FYE 31.12.2021 RM
(Loss)/Profit attributable to the owners of the Company	(18,890,894)	324,551
Weighted average number of ordinary shares in issue	91,618,958	84,395,793
(Loss)/ Earnings per share (sen)	(20.62)	0.38