



CARZO HOLDINGS BERHAD

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

**FIRST HALF YEARLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

**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 Half Yearly Report is dated 29 February 2024



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023⁽¹⁾

	Unaudited as at 31.12.2023 RM	Audited as at 30.06.2023 RM
ASSETS		
Non-Current Assets		
Plant and equipment	1,997,564	1,862,954
Right-of-use assets	1,077,240	1,342,094
	<u>3,074,804</u>	<u>3,205,048</u>
Current Assets		
Inventories	1,416,897	1,796,450
Trade and other receivables	3,733,936	3,790,945
Amount due from Directors	-	100,000
Fixed deposits with licensed banks	2,004,650	1,753,535
Tax recoverable	1,275,014	1,201,794
Cash and bank balances	388,212	2,624,202
	<u>8,818,709</u>	<u>11,266,926</u>
Total Assets	<u>11,893,513</u>	<u>14,471,974</u>
EQUITY		
Share capital	13,476,309	13,476,309
Merger reserve	(1,857,406)	(1,857,406)
Accumulated losses	(19,610,251)	(17,153,214)
Total Equity	<u>(7,991,348)</u>	<u>(5,534,311)</u>
LIABILITIES		
Non-Current Liabilities		
Borrowings	2,125,109	2,580,932
Lease liabilities	868,001	1,079,997
Deferred tax liabilities	15,858	15,858
	<u>3,008,968</u>	<u>3,676,787</u>
Current Liabilities		
Trade and other payables	8,598,815	7,532,136
Borrowings	7,722,669	8,123,781
Lease liabilities	554,409	673,581
	<u>16,875,893</u>	<u>16,329,498</u>
Total Liabilities	<u>19,884,861</u>	<u>20,006,285</u>
Total Equity and Liabilities	<u>11,893,513</u>	<u>14,471,974</u>
Net liabilities per share	<u>(0.08)</u>	<u>(0.06)</u>

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of financial position is disclosed in Note A1 and should be read in conjunction with the audited financial statements of Carzo and its subsidiaries (“**Group**”) for the financial period ended (“**FPE**”) 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME FOR THE FIRST HALF-YEAR ENDED
 31 DECEMBER 2023⁽¹⁾**

	Individual 6-month ended		Cumulative 6-month ended	
	Unaudited		Unaudited	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Revenue	15,859,290	23,375,288	15,859,290	23,375,288
Cost of sales	(14,386,159)	(21,999,940)	(14,386,159)	(21,999,940)
Gross profit	1,473,131	1,375,348	1,473,131	1,375,348
Other operating income	259,583	300,852	259,583	300,852
Operating and administrative expenses	(3,626,479)	(8,537,970)	(3,626,479)	(8,537,970)
Loss from operations	(1,893,765)	(6,861,770)	(1,893,765)	(6,861,770)
Finance costs	(377,390)	(266,128)	(377,390)	(266,128)
Loss before taxation	(2,271,155)	(7,127,898)	(2,271,155)	(7,127,898)
Taxation	(185,882)	(161,835)	(185,882)	(161,835)
Loss after taxation	(2,457,037)	(7,289,733)	(2,457,037)	(7,289,733)
Loss after taxation attributable to:-				
Owners of the Company:	<u>(2,457,037)</u>	<u>(7,289,733)</u>	<u>(2,457,037)</u>	<u>(7,289,733)</u>
Total comprehensive loss attributable to:-				
Owners of the Company:	<u>(2,457,037)</u>	<u>(7,289,733)</u>	<u>(2,457,037)</u>	<u>(7,289,733)</u>
Loss per share (sen)				
- Basic	<u>(2.58)</u>	<u>(7.81)</u>	<u>(2.58)</u>	<u>(7.81)</u>

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of profit or loss and other comprehensive income is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FPE 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 31 DECEMBER 2023⁽¹⁾

	Share capital RM	Merger reserve RM	Retained earnings RM	Total RM
At 1 January 2022	9,476,397	(1,857,406)	1,737,680	9,356,671
Issuance of shares	3,999,912	-	-	3,999,912
Loss for the financial period	-	-	(18,890,894)	(18,890,894)
At 30 June 2023	<u>13,476,309</u>	<u>(1,857,406)</u>	<u>(17,153,214)</u>	<u>(5,534,311)</u>
At 1 July 2023	13,476,309	(1,857,406)	(17,153,214)	(5,534,311)
Loss for the financial period	-	-	(2,457,037)	(2,457,037)
At 31 December 2023	<u>13,476,309</u>	<u>(1,857,406)</u>	<u>(19,610,251)</u>	<u>(7,991,348)</u>

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of changes in equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FPE 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FPE 31 DECEMBER 2023⁽¹⁾

	Unaudited 6-month ended 31.12.2023 RM	Unaudited 6-month ended 31.12.2022 RM
Cash Flows From Operating Activities		
Loss before taxation	(2,271,155)	(7,127,898)
Adjustments for:		
Depreciation of plant and equipment	325,030	371,151
Depreciation of right-of-use assets	264,854	254,361
Deposit written off	-	23,000
Loss on disposal of plant and equipment	63,078	48,061
Impairment loss on trade receivables	-	3,690,539
Interest income	(7,244)	(9,731)
Interest expense	377,390	266,128
Reversal of allowance for impairment loss	(47,492)	(4,131)
Unrealised foreign exchange loss	(199,418)	(200,038)
Operating loss before working capital changes	(1,494,957)	(2,688,558)
Changes in working capital		
Inventories	379,595	1,449,534
Trade and other receivables	3,353,752	4,324,892
Trade and other payables	(1,930,688)	(4,484,509)
Bills payable	(447,195)	-
	1,355,464	1,289,917
Cash used in operations	(139,493)	(1,398,641)
Interest paid	(169,216)	(107,536)
Interest received	7,244	9,731
Tax refunded	50,000	-
Income tax paid	(309,102)	(278,382)
	(421,074)	(376,187)
Net cash used in operating activities	(560,567)	(1,774,828)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FPE 31 DECEMBER 2023⁽¹⁾ (CONT'D)

	Unaudited 6-month ended 31.12.2023 RM	Unaudited 6-month ended 31.12.2022 RM
Cash Flows From Investing Activities		
Proceeds from disposal of plant and equipment	30,170	31,300
Purchase of plant and equipment	(505,396)	(1,597,604)
Net cash used in investing activities	<u>(475,226)</u>	<u>(1,566,304)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	3,999,912
Repayment of term loans	(470,457)	(226,489)
Repayment of lease liabilities	(331,168)	(385,774)
Lease interest paid	(62,102)	(79,918)
Term loans interests paid	(181,934)	(78,674)
Increase in fixed deposits pledged	(251,115)	(205,411)
Net cash (used in)/generated from financing activities	<u>(1,296,776)</u>	<u>3,023,646</u>
Net decrease in cash and cash equivalents	(2,332,569)	(317,486)
Cash and cash equivalents at the beginning of the financial period	2,122,189	2,780,812
Cash and cash equivalents at the end of the financial period	<u>(210,380)</u>	<u>2,463,326</u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	388,212	3,105,533
Bank overdrafts	(598,592)	(642,207)
Fixed deposits with licensed banks	2,004,650	1,478,221
	<u>1,794,270</u>	<u>3,941,547</u>
Less: Fixed deposits pledged with licensed banks	(2,004,650)	(1,478,221)
	<u>(210,380)</u>	<u>2,463,326</u>

Note:

- (1) The basis of preparation of the unaudited condensed consolidated statement of cash flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FPE 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-YEAR ENDED 31 DECEMBER 2023

A1. BASIS OF PREPARATION

- 1.1 The unaudited interim financial report of the Group has been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134 – Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“**MASB**”) and is in compliance with Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”). The unaudited interim financial report should be read in conjunction with the audited financial statements for the FPE 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.
- 1.2 The accounting standards and/or interpretations adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the FPE 30 June 2023.
- 1.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial period:-

<u>Amendments/Improvements to MFRSs</u>		Effective dates for financial periods beginning on or after
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 10	Consolidated Financial Statement	Deferred
Amendments to MFRS 128	Investments in Associates and Joint Ventures	Deferred



PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The Company's External Auditors had expressed a material uncertainty related to going concern on the Group and on the Company in the Independent Auditors' Report for the Group's most recent annual audited financial statements for the FPE 30 June 2023.

A3. SEASONAL OR CYCLICAL FACTORS

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

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

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

A5. CHANGES IN MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

A6. DIVIDENDS PAID

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

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)

A7. SEGMENTAL INFORMATION

7.1 Analysis of revenue by business segments

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

Revenue by business segments	Individual 6-month ended				Cumulative 6-month ended			
	31.12.2023		31.12.2022		31.12.2023		31.12.2022	
	RM	%	RM	%	RM	%	RM	%
<u>Fruits business</u>								
Distribution and retail	3,406,792	21.48	11,468,037	49.06	3,406,792	21.48	11,468,037	49.06
Retail chain stores	12,003,268	75.69	10,637,753	45.51	12,003,268	75.69	10,637,753	45.51
Convenience stores ⁽¹⁾	-	-	(87,645)	(0.37)	-	-	(87,645)	(0.37)
E-commerce	-	-	78,647	0.34	-	-	78,647	0.34
Others	26,422 ⁽²⁾	0.17	115,687 ⁽³⁾	0.49	26,422 ⁽²⁾	0.17	115,687 ⁽³⁾	0.49
	15,436,482	97.34	22,212,479	95.03	15,436,482	97.34	22,212,479	95.03
<u>Grocery business</u>								
Groceries ⁽⁴⁾	422,808	2.66	1,162,809	4.97	422,808	2.66	1,162,809	4.97
Total	15,859,290	100.00	23,375,288	100.00	15,859,290	100.00	23,375,288	100.00

Notes:

- (1) The negative figure arises from credit note issued to customer.
- (2) Comprising hotels and airline food providers.
- (3) Comprising hotels, hospitals, airline food providers and consumers who purchased through vending machines and at the Group's display store which was closed during FYE 31 December 2021.
- (4) This being sales from grocery outlets (Jii-Mart).

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)

A7. SEGMENTAL INFORMATION (CONT'D)

7.2 Analysis of revenue by product groups

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

Revenue by product group	Individual 6-month ended				Cumulative 6-month ended			
	31.12.2023		31.12.2022		31.12.2023		31.12.2022	
	RM	%	RM	%	RM	%	RM	%
Fresh fruits	15,436,482	97.33	22,184,220	94.91	15,436,482	97.33	22,184,220	94.91
Fruit products ⁽¹⁾	-	-	16,610	0.07	-	-	16,610	0.07
Other food products ⁽²⁾	-	-	11,649	0.05	-	-	11,649	0.05
Groceries ⁽³⁾	422,808	2.67	1,162,809	4.97	422,808	2.67	1,162,809	4.97
Total	15,859,290	100.00	23,375,288	100.00	15,859,290	100.00	23,375,288	100.00

Notes:

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

A8. TAXATION

	Individual 6-month ended		Cumulative 6-month ended	
	Unaudited		Unaudited	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Malaysian statutory tax:				
- Current period tax provision	185,882	106,437	185,882	106,437
- Under provision in prior years	-	55,398	-	55,398
	<u>185,882</u>	<u>161,835</u>	<u>185,882</u>	<u>161,835</u>

Meanwhile, the Group are taxed at the statutory rate of 24% on their chargeable income for the FPE 31 December 2023 and FPE 31 December 2022.



**PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR
THE FIRST HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

A9. ACQUISITION AND DISPOSAL OF PLANT AND EQUIPMENT

There are renovation costs incurred of RM490,586 to reconstruct coldroom which was relocated from No. 36, Jalan Gangsa SD5/3C, Bandar Sri Damansara to office building at No. 6, Jalan Persiaran Industri SD5, Bandar Sri Damansara during the financial period under review.

The Group has sold 16 units of vending machines with a carrying amount of RM174,865 for sales proceeds of RM16,900.

The groceries outlets in Negeri Sembilan (Jii-mart) has sold part of furniture and fittings as well as outlet equipment with a carrying amount of RM24,794 and RM29,820 respectively for sales proceeds of RM11,000.

A10. OTHER INVESTMENTS

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

A11. DEBT AND EQUITY SECURITIES

There was no issuance of debt and equity securities of the Company during the current financial period under review.

A12. CAPITAL COMMITMENTS

Save as disclosed below, there were no other material capital commitments as at 31 December 2023:

	31.12.2023	31.12.2022
	RM	RM
Authorised and contracted for:		
Purchase of plant and equipment	<u>505,396</u>	<u>20,000</u>



PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)

A13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets and contingent liabilities as at 31 December 2023.

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

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

A15. CHANGES IN COMPOSITION OF THE GROUP

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

A16. RELATED PARTY TRANSACTIONS

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



PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

FPE 31 December 2023 vs FPE 31 December 2022

The Group's revenue decreased by approximately RM7.52 million or 32.16% to RM15.86 million during the FPE 31 December 2023 (FPE 31 December 2022: RM23.38 million) mainly due to decreased in sales of fresh fruits to the Group's customers from the distribution and retail segment. The Group has changed its focus from distribution and retail to retail chain store segment as the retail chain store segment have better collections record compared to those from the distribution and retail segment.

The gross profit of the Group increased by RM0.09 million or 6.52% to RM1.47 million in the FPE 31 December 2023 (FPE 31 December 2022: RM1.38 million) due to higher margin in sales of fresh fruits to the Group's customers.

The Group recorded a loss after taxation of RM2.46 million decreased by RM4.83 million or 66.26% in the FPE 31 December 2023 (FPE 31 December 2022: RM7.29 million) mainly due to lower operating and administrative expenses by RM4.91 million or 57.49% to RM3.63 million in the FPE 31 December 2023 (FPE 31 December 2022: RM8.54 million) as a result of absence of allowance of impairment loss incurred in the FPE 31 December 2023.

B2. PROSPECTS

The Group is undergoing the restructuring of its existing business models for the fruits business whereby the Group will focus on the retail chain store segment as the customers in this segment have better collections record compared to those from the distribution and retail segment. Hence, the Group's focus right now is to expand its sales network in the retail chain store segment.

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

After assessing the viability of its grocery business in various grocery stores in Negeri Sembilan which is loss making, the Group has decided to close all of the remaining stores in the state on 23 December 2023. Nonetheless, the Group will continue to evaluate the feasibility of setting up new grocery stores and fruits grocer in Klang Valley.



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

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

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

B4. BASIC LOSS PER SHARE

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

	Individual 6-month ended Unaudited		Cumulative 6-month ended Unaudited	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Loss attributable to owners of the Company	<u>(2,457,037)</u>	<u>(7,289,733)</u>	<u>(2,457,037)</u>	<u>(7,289,733)</u>
Weighted average number of ordinary shares in issue	<u>95,412,700</u>	<u>93,355,292</u>	<u>95,412,700</u>	<u>93,355,292</u>
Loss per share (sen)	<u>(2.58)</u>	<u>(7.81)</u>	<u>(2.58)</u>	<u>(7.81)</u>

Diluted loss per share is the same as the basic loss per share as there were no potential dilutive instruments as of the financial period under review.



PART C: OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

Save for the private placement of up to 20% of the number of issued shares of the Company (excluding treasury shares, if any) (“**Private Placement**”) which was first announced by the Company on 8 August 2022 and had been lapsed on 22 August 2023 (as the Company does not wish to seek any further extension of time for the implementation of the Private Placement), there were no other corporate proposals announced / implemented during the current financial period under review.

C2. BOROWINGS AND DEBT SECURITIES

The Group’s borrowings as at 31 December 2023 and 31 December 2022 are as follows:

	31.12.2023	31.12.2022
	RM	RM
Current		
Secured		
Term loans	698,705	397,805
Bank overdraft	598,592	642,207
Banker's acceptances	6,311,658	3,864,543
	<u>7,608,955</u>	<u>4,904,555</u>
Unsecured		
Term loan	113,714	109,753
	<u>7,722,669</u>	<u>5,014,308</u>
Non-current		
Secured		
Term loans	2,024,046	801,520
Unsecured		
Term loan	101,063	202,814
	<u>2,125,109</u>	<u>1,004,334</u>
	<u>9,847,778</u>	<u>6,018,642</u>
	Unaudited	Unaudited
	31.12.2023	31.12.2022
	RM	RM
Total bank borrowings	9,847,778	6,018,642
Less: Deposits, bank and cash balances	(2,392,862)	(4,583,754)
	<u>7,454,916</u>	<u>1,434,888</u>



PART C: OTHER INFORMATION (CONT'D)

C3. MATERIAL LITIGATION

A wholly-owned subsidiary of the Group, Carzo Sdn Bhd had filed a court case at the High Court of Malaya in Kuala Lumpur 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.

On 29 November 2023, the Court had issued an Order to order these 2 customers to settle the outstanding debts to Carzo Sdn Bhd. As at the date of this report, the Group has not received any payment from these 2 customers.

Save as disclosed above, there are no other material litigation involving the Group as at the date of this report.