

12. ACCOUNTANTS' REPORT



CAS MALAYSIA PLT
CHARTERED ACCOUNTANTS
201606003206 (LLP0009918-LCA) & AF 1476

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Date: **04 MAR. 2024**

The Board of Directors

Topmix Berhad

No.8 & 10, Jalan Bistari 11,

Taman Industri Jaya,

81300 Skudai, Johor.

Dear Sirs,

Reporting Accountants' opinion on the Financial Statements contained in the Accountants' Report of Topmix Berhad ("Topmix" or "Company")

Opinion

We have audited the accompanying financial statements of Topmix Berhad, Topmix Resources Sdn. Bhd., Topmix Products Sdn. Bhd., Dekoracio Top Sdn. Bhd. and Topmix Panels (Malaysia) Sdn. Bhd. (collectively referred to as "the Group"), which comprise of:

1. The combined statements of financial position as at 31 December 2022, 31 December 2021 and 31 December 2020, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended;
2. The consolidated statements of financial position as at 30 September 2023 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial period then ended; and
3. Notes to the financial statements, including a summary of material accounting policies, as sets out on pages 6 to 153.

These historical consolidated and combined financial statements have been prepared for inclusion in the prospectus of the Company, in connection with the proposed listing of and quotation for its entire issued and paid-up share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying the Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines and for no other purposes.

In our opinion, the accompanying consolidated and combined financial statements contained in the Accountants' Report of the Company gives a true and fair view of the consolidated and combined financial position of the Group as at 30 September 2023, 31 December 2022, 31 December 2021 and 31 December 2020, and its consolidated and combined financial performance and its consolidated and combined cash flows for the financial period/years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

12. ACCOUNTANTS' REPORT (Cont'd)



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 *Reporting Accountants' Responsibilities for the Audit of the Consolidated and Combined 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 audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Responsibilities of the Directors for the Consolidated and Combined Financial Statements

The directors of the Group are responsible for the preparation of consolidated and combined financial statements contained in the Accountants' Report, so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and combined financial statements of the Group, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

The directors of the Group are responsible for overseeing the Group's financial reporting process.

12. ACCOUNTANTS' REPORT (Cont'd)**Reporting Accountants' Responsibilities for the Audit of the Consolidated and Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' 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 combined 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:

- (a) Identify and assess the risks of material misstatement of the consolidated and combined financial statements of the Group, 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.
- (b) 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 internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountant's report to the related disclosures in the consolidated and combined financial statements of the Group 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 Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

12. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Responsibilities for the Audit of the Consolidated and Combined Financial Statements (continued)

- (e) Evaluate the overall presentation, structure and content of the consolidated and combined financial statements of the Group, including the disclosures, and whether the consolidated and combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and combined 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.

Other Matter

This report is made solely to the board of directors of the Group and has been prepared solely to comply with the Prospectus Guidelines-Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Group in connection with the listing of and quotation for its entire issued and paid-up share capital of the Company on the ACE Market of Bursa Securities and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink that reads "CAS Malaysia".

CAS MALAYSIA PLT
[201606003206 (LLP0009918-LCA) & AF 1476]
Chartered Accountants

A handwritten signature in black ink that appears to read "Chen Voon Hann".

CHEN VOON HANN
[No. 02453/07/2025(J)]
Chartered Accountant

Date: **04 MAR 2024**

Puchong

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, TEO QUEK SIANG and TAN LEE HONG (f), being two of the directors of TOPMIX BERHAD, do hereby state that, in the opinion of the directors, the accompanying consolidated and combined financial statements as set out on pages 6 to 153 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the consolidated and combined financial position of the Group as at 30 September 2023, 31 December 2022, 31 December 2021 and 31 December 2020 and of their consolidated and combined financial performance and consolidated and combined cash flows for the financial period/years ended 30 September 2023, 31 December 2022, 31 December 2021 and 31 December 2020.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated **04 MAR 2024**



TEO QUEK SIANG
Director
Puchong



TAN LEE HONG (f)
Director

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION

		Audited	Unaudited	<.....Audited.....>		
	Note	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
		RM	RM	RM	RM	RM
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	5	9,301,429	9,963,591	9,784,472	9,177,139	1,476,763
Right-of-use assets	6	18,496,118	16,700,280	16,650,352	16,850,067	11,687,035
Investment properties	7	2,372,186	2,412,741	2,402,602	2,443,157	2,483,712
Investment in associate	8	-	-	-	-	-
Other investments	9	19,000	26,898	31,900	49,050	214,400
Deferred tax assets	10	203,512	177,488	133,632	88,295	80,616
		<u>30,392,245</u>	<u>29,280,998</u>	<u>29,002,958</u>	<u>28,607,708</u>	<u>15,942,526</u>
CURRENT ASSETS						
Inventories	11	19,218,976	16,038,436	11,955,000	8,971,185	9,144,088
Trade receivables	12	11,429,948	12,977,949	12,529,943	11,576,010	7,913,829
Other receivables	13	1,832,157	811,152	767,509	1,429,309	377,474
Amount due from an associate	14	-	-	-	-	75,000
Amount due from a director	15	-	-	-	-	135,355
Current tax assets		-	-	-	158	-
Fixed deposits with licensed banks	16	483,313	472,148	472,148	456,968	356,968
Cash and bank balances	17	5,097,341	962,746	5,556,187	1,073,209	1,827,629
		<u>38,061,735</u>	<u>31,262,431</u>	<u>31,280,787</u>	<u>23,506,839</u>	<u>19,830,343</u>
TOTAL ASSETS		<u><u>68,453,980</u></u>	<u><u>60,543,429</u></u>	<u><u>60,283,745</u></u>	<u><u>52,114,547</u></u>	<u><u>35,772,869</u></u>

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (continued)

		Audited	Unaudited	<.....Audited.....>		
	Note	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
		RM	RM	RM	RM	RM
EQUITY AND LIABILITIES						
EQUITY						
Share capital	18	31,114,700	20	20	-	-
Invested equity	19	-	700,100	700,100	700,100	700,100
Merger reserves	20	(30,414,580)	-	-	-	-
Retained earnings	21	34,251,008	26,531,396	29,395,819	20,868,991	16,980,894
Total equity attributable to owners of the Company		34,951,128	27,231,516	30,095,939	21,569,091	17,680,994
NON-CURRENT LIABILITIES						
Loan and borrowings	22	19,710,952	20,947,049	20,645,140	21,202,576	12,248,868
Lease liabilities	6	293,257	-	-	-	-
Deferred tax liabilities	10	56,279	26,969	29,090	77,213	90,367
		20,060,488	20,974,018	20,674,230	21,279,789	12,339,235
CURRENT LIABILITIES						
Trade payables	23	3,481,140	2,458,246	1,993,010	1,205,228	1,837,128
Other payables	23	3,274,462	1,892,916	2,062,333	1,279,129	930,124
Amount due to directors	15	-	-	-	100,000	203,597
Loan and borrowings	22	5,947,474	6,912,032	4,384,148	6,037,622	2,548,631
Lease liabilities	6	74,409	-	-	-	97,048
Current tax liabilities		664,879	1,074,701	1,074,085	643,688	136,112
		13,442,364	12,337,895	9,513,576	9,265,667	5,752,640
TOTAL LIABILITIES		33,502,852	33,311,913	30,187,806	30,545,456	18,091,875
TOTAL EQUITY AND LIABILITIES		68,453,980	60,543,429	60,283,745	52,114,547	35,772,869

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Audited		Unaudited <.....Audited.....>		
		FPE 30 SEPTEMBER		FYE 31 DECEMBER		
		2023	2022	2022	2021	2020
		RM	RM	RM	RM	RM
Revenue	24	51,036,964	46,362,658	65,789,770	38,594,558	27,521,175
Cost of sales		(32,640,522)	(29,826,787)	(42,306,185)	(24,819,993)	(18,030,014)
Gross profit		18,396,442	16,535,871	23,483,585	13,774,565	9,491,161
Other income		206,064	496,836	553,087	583,456	425,779
Selling and distribution expenses		(1,744,858)	(1,701,621)	(2,331,662)	(1,528,483)	(1,200,045)
Administrative expenses		(6,953,656)	(5,674,227)	(7,702,669)	(4,843,569)	(3,989,885)
Other operating expenses		(942,421)	(972,340)	(1,137,873)	(1,321,782)	(977,206)
Profit from operations		8,961,571	8,684,519	12,864,468	6,664,187	3,749,804
Share of associate's losses	8	-	-	-	-	(30,742)
Finance costs	25	(926,675)	(918,318)	(1,239,608)	(795,035)	(473,195)
Profit before taxation	26	8,034,896	7,766,201	11,624,860	5,869,152	3,245,867
Tax expense	28	(2,479,707)	(2,103,796)	(3,098,032)	(1,451,055)	(884,092)
Profit for the financial periods/years, representing total comprehensive income for the financial periods/years		5,555,189	5,662,405	8,526,828	4,418,097	2,361,775
Profit for the financial periods/years attributable to:						
Owners of the Company		5,555,189	5,662,405	8,526,828	4,418,097	2,361,775
Non-controlling interests		-	-	-	-	-
		5,555,189	5,662,405	8,526,828	4,418,097	2,361,775
Total comprehensive income for the financial periods/years attributable to:						
Owners of the Company		5,555,189	5,662,405	8,526,828	4,418,097	2,361,775
Non-controlling interests		-	-	-	-	-
		5,555,189	5,662,405	8,526,828	4,418,097	2,361,775

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

		Audited	Unaudited	<.....Audited.....>		
		FPE 30 SEPTEMBER		FYE 31 DECEMBER		
Note	2023	2022	2022	2021	2020	
	RM	RM	RM	RM	RM	
Earnings per share						
Basic earnings per ordinary share attributable to owners of the Company (RM)						
29	0.02	8.09	12.17	6.31	3.37	
Diluted earnings per ordinary share attributable to owners of the Company (RM)						
29	0.02	8.09	12.17	6.31	3.37	

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Group			
		Non-distributable		Distributable	Total
		Share capital	Invested equity	Retained earnings	
Audited		RM	RM	RM	RM
As at 1 January 2020		-	700,100	14,619,119	15,319,219
Profit for the financial year/ total comprehensive income for the financial year		-	-	2,361,775	2,361,775
As at 31 December 2020		-	700,100	16,980,894	17,680,994
Profit for the financial year/ total comprehensive income for the financial year		-	-	4,418,097	4,418,097
<u>Transaction with owners</u>					
Dividend paid, representing total Transaction with owners	31	-	-	(530,000)	(530,000)
As at 31 December 2021		-	700,100	20,868,991	21,569,091

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (continued)

	Note	Attributable to owners of the Group					
		Non-distributable			Distributable		Total
		Share capital	Invested equity	Merger reserves	Retained earnings		
	RM	RM	RM	RM	RM		
Audited							
As at 1 January 2022		-	700,100	-	20,868,991	21,569,091	
Profit for the financial year/ total comprehensive income for the financial year		-	-	-	8,526,828	8,526,828	
<u>Transaction with owners</u>							
Issue of share capital	18	20	-	-	-	20	
As at 31 December 2022		20	700,100	-	29,395,819	30,095,939	
Profit for the financial period/ total comprehensive income for the financial period		-	-	-	5,555,189	5,555,189	
<u>Transaction with owners</u>							
Issuance of shares pursuant to acquisition of subsidiaries	18,19,20	31,114,680	(700,100)	(30,414,580)	-	-	
Dividend paid	31	-	-	-	(700,000)	(700,000)	
As at 30 September 2023		31,114,700	-	(30,414,580)	34,251,008	34,951,128	

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (continued)

	Note	Attributable to owners of the Group			
		Non-distributable		Distributable	
		Share capital	Invested equity	Retained earnings	Total
<u>Unaudited</u>		RM	RM	RM	RM
As at 1 January 2022		-	700,100	20,868,991	21,569,091
Profit for the financial period/ total comprehensive income for the financial period		-	-	5,662,405	5,662,405
<u>Transaction with owners</u>					
Issue of share capital	18	20	-	-	20
As at 30 September 2022		20	700,100	26,531,396	27,231,516

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

	Note	Audited	Unaudited	<.....Audited.....>		
		FPE 30 SEPTEMBER		FYE 31 DECEMBER		
		2023	2022	2022	2021	2020
		RM	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation		8,034,896	7,766,201	11,624,860	5,869,152	3,245,867
Adjustments for:						
<u>Impairment losses on:</u>						
Trade receivables	12	42,998	102,256	48,962	99,635	-
Right-of-use assets	6	-	-	-	280,130	-
Bad debts written off	26	-	-	5,714	26,918	4,926
Bad debts recovered	26	-	(14,722)	(14,722)	-	-
Dividend income	26	-	-	(900)	(5,845)	(5,590)
<u>Depreciation on:</u>						
Property, plant and equipment	5	616,919	577,429	792,742	571,067	656,847
Right-of-use assets	6	194,757	149,787	199,715	204,670	245,207
Investment properties	7	30,416	30,416	40,555	40,555	40,555
Reversal of impairment losses on trade receivables	12	(48,962)	(99,635)	(99,635)	(240,572)	(25,761)
Share of associate's losses	8	-	-	-	-	30,742
Gain on termination of lease	26	-	-	-	(3,359)	-
Fair value (gain)/loss on other investments	9	(4,500)	22,152	17,150	27,050	(6,600)
<u>Finance costs</u>						
Interest on bank overdrafts	25	15,683	123,740	153,740	165,737	47,658
Interest on bankers' acceptances	25	125,540	93,286	121,585	39,403	5,932
Interest on hire purchases	25	37,170	37,981	51,556	43,072	53,392
Interest on lease liabilities	25	10,611	-	-	1,505	5,940
Interest on term loans	25	737,671	663,311	912,727	545,318	360,273

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (continued)

	Note	Audited	Unaudited	<.....Audited.....>		
		FPE 30 SEPTEMBER 2023 RM	2022 RM	FYE 31 DECEMBER 2022 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)						
Interest income	26	(42,788)	(16,834)	(20,014)	(1,750)	(21,659)
Gain on disposal of other investments	9	(8,100)	-	-	(15,600)	(50,650)
Gain on disposal of an associate	8	-	-	-	(55,000)	-
Gain on disposal of property, plant and equipment	26	-	(148,000)	(148,000)	-	-
Unrealised loss/(gain) on foreign exchange	26	9,125	16,017	(8,952)	203	(10,168)
Loss on disposal of property, plant and equipment	26	-	-	-	276	-
Property, plant and equipment written off	26	-	-	-	30,449	2,231
Slow-moving and obsolete inventories written down	11	45,301	1,834	26,825	48,772	-
Operating profit before working capital changes		9,796,737	9,305,219	13,703,908	7,671,786	4,579,142
Working capital changes:						
Decrease/(Increase) in receivables		41,311	(771,681)	(232,452)	(4,599,997)	45,988
(Increase)/Decrease in inventories		(7,309,277)	(7,069,085)	(3,010,640)	124,131	(4,400,413)
Increase/(Decrease) in payables		1,819,380	1,850,788	1,579,938	(283,098)	1,174,197
Cash generated from operations		4,348,151	3,315,241	12,040,754	2,912,822	1,398,914

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (continued)

	Note	Audited		Unaudited		<.....Audited.....>	
		FPE 30 SEPTEMBER		FYE 31 DECEMBER			
		2023	2022	2022	2021	2020	
		RM	RM	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)							
Interest paid	25	(926,675)	(918,318)	(1,239,608)	(795,035)	(473,195)	
Income tax paid		(2,931,604)	(1,812,062)	(2,760,937)	(964,470)	(1,150,190)	
Net cash generated from/ (used in) from operating activities		<u>489,872</u>	<u>584,861</u>	<u>8,040,209</u>	<u>1,153,317</u>	<u>(224,471)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Dividend income	26	-	-	900	5,845	5,590	
Interest received	26	42,788	16,834	20,014	1,750	21,659	
Movement on fixed deposit pledged to bank		(11,165)	(15,180)	(15,180)	(100,000)	(10,745)	
Proceed from disposal of investment in an associate	8	-	-	-	55,000	-	
Proceed from disposal of other investments	9	25,500	-	-	177,000	487,500	
Proceed from disposal of property, plant and equipment		-	148,000	148,000	40,000	-	
Purchase of property, plant and equipment	5	(33,876)	(599,181)	(635,375)	(2,449,268)	(503,824)	
Purchase of right-of-use assets	6	(627,046)	-	-	(1,009,026)	(751,860)	
Purchase of other investments	9	-	-	-	(23,100)	(644,650)	
Net cash used in investing activities		<u>(603,799)</u>	<u>(449,527)</u>	<u>(481,641)</u>	<u>(3,301,799)</u>	<u>(1,396,330)</u>	

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (continued)

	Note	Audited		<.....Audited.....>		
		FPE 30 SEPTEMBER		FYE 31 DECEMBER		
		2023 RM	2022 RM	2022 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend paid	31	(700,000)	-	-	(530,000)	-
Proceed from Issuance of share capital	18	-	20	20	-	-
Repayment of lease liabilities	6	(30,639)	-	-	(52,495)	(93,060)
Drawdown of term loans		-	1,467,265	1,500,000	-	1,000,000
Repayment of term loans		(768,749)	(2,252,239)	(2,496,750)	(760,761)	(448,412)
Repayment of hire purchases		(221,803)	(307,667)	(377,338)	(316,477)	(230,840)
Drawdown of bankers' acceptance		9,894,000	7,818,000	9,721,000	9,211,000	2,091,000
Repayment of bankers' acceptance		(8,390,000)	(5,941,000)	(8,379,000)	(8,753,000)	(1,375,000)
Repayment from an associate (Repayment to)/Advances from directors		-	-	-	75,000	-
		-	(100,000)	(100,000)	31,758	(202,441)
Net cash (used in)/generated from financing activities		(217,191)	684,379	(132,068)	(1,094,975)	741,247
Net (decrease)/increase in cash and cash equivalents		(331,118)	819,713	7,426,500	(3,243,457)	(879,554)
Cash and cash equivalents as at beginning of the financial period/years		5,428,459	(1,998,041)	(1,998,041)	1,245,416	2,124,970
Cash and cash equivalents as at end of the financial periods/years		5,097,341	(1,178,328)	5,428,459	(1,998,041)	1,245,416

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (continued)

	Note	Audited	Unaudited	<.....Audited.....>		
		FPE 30 SEPTEMBER		FYE 31 DECEMBER		
		2023 RM	2022 RM	2022 RM	2021 RM	2020 RM
Cash and cash equivalents comprise of:						
Fixed deposits with licensed banks	16	483,313	472,148	472,148	456,968	356,968
Cash and bank balances		5,097,341	962,746	5,556,187	1,073,209	1,827,629
Bank overdrafts	22	-	(2,141,074)	(127,728)	(3,071,250)	(582,213)
		5,580,654	(706,180)	5,900,607	(1,541,073)	1,602,384
Pledged fixed deposits with maturity of more than 3 months	16	(483,313)	(472,148)	(472,148)	(456,968)	(356,968)
		5,097,341	(1,178,328)	5,428,459	(1,998,041)	1,245,416

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2022 RM	Repayment RM	Drawdown RM	At 31 December 2022 RM	Repayment RM	Drawdown RM	At 30 September 2023 RM
Lease liabilities	-	-	-	-	(30,639)	398,305	367,666
Term loans	21,883,777	(2,496,750)	1,500,000	20,887,027	(768,749)	143,418	20,261,696
Hire purchase liabilities	686,171	(377,338)	764,700	1,073,533	(221,803)	100,000	951,730
Bankers' acceptances	1,599,000	(8,379,000)	9,721,000	2,941,000	(8,390,000)	9,894,000	4,445,000
Total liabilities from financing activities	<u>24,168,948</u>	<u>(11,253,088)</u>	<u>11,985,700</u>	<u>24,901,560</u>	<u>(9,411,191)</u>	<u>10,535,723</u>	<u>26,026,092</u>

	At 1 January 2022 RM	Repayment RM	Drawdown RM	At 30 September 2022 RM
Term loans	21,883,777	(2,252,239)	1,467,265	21,098,803
Hire purchase liabilities	686,171	(307,667)	764,700	1,143,204
Bankers' acceptances	1,599,000	(5,941,000)	7,818,000	3,476,000
Total liabilities from financing activities	<u>24,168,948</u>	<u>(8,500,906)</u>	<u>10,049,965</u>	<u>25,718,007</u>

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

	At 1 January 2020 RM	Repayment RM	Drawdown RM	At 31 December 2020/ 1 January 2021 RM	Repayment RM	Drawdown RM	Other changes RM	At 31 December 2021 RM
Term loans	7,205,050	(448,412)	5,400,000	12,156,638	(760,761)	10,487,900	-	21,883,777
Hire purchase liabilities	966,488	(230,840)	182,000	917,648	(316,477)	85,000	-	686,171
Lease liabilities	190,108	(93,060)	-	97,048	(52,495)	-	(44,553)	-
Bankers' acceptances	425,000	(1,375,000)	2,091,000	1,141,000	(8,753,000)	9,211,000	-	1,599,000
Total liabilities from financing activities	8,786,646	(2,147,312)	7,673,000	14,312,334	(9,882,733)	19,783,900	(44,553)	24,168,948

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Topmix Sdn. Bhd. ("the Company") was incorporated on 31 March 2022 under Companies Act 2016, as a private limited liability company, and is domiciled in Malaysia. Subsequently, on 29 May 2023, it was converted into a public limited company and since then, assumed its present name of Topmix Berhad.

The Company's registered office is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200Kuala Lumpur.

The principal place of business of the Company is located at No. 8 & 10, Jalan Bistari 11, Taman Industri Jaya, 81300 Skudai, Johor.

The principal activity of the Company is investment holding. The details of the operating entities are as follows:

Name of company	Principal place of business/ country of incorporation	Principal activities
Topmix Resources Sdn. Bhd.	Malaysia	Design, marketing and sales of high-pressure laminate products, compact panels and wall panels; and Marketing and sales of decorative boards.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. GENERAL INFORMATION (continued)**

The principal activity of the Company is investment holding. The details of the operating entities are as follows: (continued)

Name of Company	Principal place of business/ country of incorporation	Principal activities
Topmix Products Sdn. Bhd.	Malaysia	Marketing and sales of high-pressure laminate products, polyvinyl chloride edging, wall panels, decorative boards, polyvinyl chloride plywood products, kitchen and wardrobe accessories; and Marketing, sales and provision of installation services for compact panels.
Dekoracio Top Sdn. Bhd.	Malaysia	Marketing, sales and provision of installation services for compact panels; Marketing and sales of wall panels, decorative boards, polyvinyl chloride edging, kitchen and wardrobe accessories; and Design, marketing and sales of decorative boards
Topmix Panels (Malaysia) Sdn. Bhd.*	Malaysia	Marketing and sales of polyvinyl chloride plywood products

* Being wholly owned subsidiary of Topmix Resources Sdn. Bhd.

There have been no significant changes in the nature of these principal activities during the financial periods/years.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. GENERAL INFORMATION (continued)**

The consolidated and combined financial statements of the Company and the operating entities (collectively referred to as "the Group") have been prepared solely in connection with the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and for no other purposes.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on

04 MAR 2024**2. BASIS OF PREPARATION**

The consolidated and combined financial statements of the Group for financial period ended ("FPE") 30 September 2023 and for the financial years ended ("FYE") 31 December 2022, 31 December 2021 and 31 December 2020 consist of the financial statements of the following entities under common control of Teo Quek Siang and Tan Lee Hong for each of the financial period/year.

Entities Under Common Control	FPE 30 September		FYE 31 December		
	2023	2022	2022	2021	2020
Topmix Berhad	%	^	@	&	&
Topmix Resources Sdn. Bhd.	%	^	@	@	#
Topmix Products Sdn. Bhd.	%	^	@	@	#
Dekoracio Top Sdn. Bhd.	%	^	@	@	#
Topmix Panels (Malaysia) Sdn. Bhd.	%	^	@	@	*

& No financial statements were available as the Company was incorporated in 2022.

The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were specially audited by CAS Malaysia PLT for the purpose of inclusion into the combined financial statements of the Group. The audited financial statements which were lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than CAS Malaysia PLT.

@ The combined financial statements of the Group for the financial years have been prepared based on the audited financial statements which were audited by CAS Malaysia PLT.

* No financial statements were available as the Company was incorporated in 2021.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)**

% The consolidated financial statements of the Group for the financial period have been prepared based on the audited financial statements which were audited by CAS Malaysia PLT.

^ The combined statement of financial position, combined statement of profit or loss and other comprehensive income, combined statement of changes in equity, combined statement of cash flows and notes to the combined financial statements of the Group include the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements of these operating entities prepared in accordance with the MFRSs and IFRSs for these respective financial periods/years. The combined statement of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows, and notes to the combined financial statements for the financial period ended 30 September 2022 have not been audited.

The audited financial statements of Topmix Berhad, Topmix Resources Sdn. Bhd., Topmix Products Sdn. Bhd., Dekoracio Top Sdn. Bhd. and Topmix Panels (Malaysia) Sdn. Bhd. for the relevant financial period/years reported above were not subject to any qualification.

Combined financial statements of the Group for FYE 31 December 2022, 31 December 2021 and 31 December 2020

The combined financial statements of the Group for the relevant years were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of the entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)**Combined financial statements of the Group for FYE 31 December 2022, 31 December 2021 and 31 December 2020 (continued)

The financial information presented in the combined financial statements may not correspond to those in the combined financial statements of the Group had the relevant proposed transactions to legally constitute a group been incorporated in the consolidated financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of material accounting policies.

Consolidated financial statements of the Group for FPE 30 September 2023

The consolidated financial statements of the Group for FPE 30 September 2023 were prepared based on the audited consolidated financial statements of the Company for FPE 30 September 2023.

The consolidated financial statements are prepared under the historical cost convention except otherwise indicated in the summary of material accounting policies.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)**

The accounting policies applied by the Group are consistently applied for all the financial periods/years presented in these financial statements.

2.1 Statement of compliance

The consolidated financial statements of the Group for financial period ended 30 September 2023 and combined financial statements of the Group for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants.

2.2 Adoption of Amendments to MFRSs and Annual Improvements

As the Group has applied paragraph D16 (a) of MFRS 1, the Group adopted the followings new, relevant and amended MFRSs, interpretations and annual improvements that became effective during the periods presented (1 January 2020 – 30 September 2023).

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)****2.2 Adoption of Amendments to MFRSs and Annual Improvements (continued)**

Description	Effective for annual periods beginning on or after
Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
Definition of a Business (Amendments to MFRS 3)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Conceptual Framework: Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Covid-19-Related Rent Concessions (Amendments to MFRS 16 Leases)	1 June 2020
Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to MFRS 16 Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018–2020 Cycle	1 January 2022
Reference to the Conceptual framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment–Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts–Cost of Fulfiling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.2 Adoption of Amendments to MFRSs and Annual Improvements (continued)

Description	Effective for annual periods beginning on or after
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023

The adoption of the above new and amended IFRSs, interpretations and annual improvements did not have any significant effect on the consolidated and combined financial statements of the Group except those as disclosed below:

(a) Disclosure of Accounting Policies

The amendments to MFRS 101 Making Materiality Judgements provide guidance and examples to help the Group apply materiality judgements to accounting policy disclosures. The amendments aim to help the Group provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies as shown in Note 3 and Note 4, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.2 Adoption of Amendments to MFRSs and Annual Improvements (continued)

(b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the Deferred Tax related to Assets and Liabilities from a Single Transaction (Amendments to MFRS 112) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences arising from certain transactions such as the recognition of a lease.

Previously, the Group had recognised any resulting deferred tax asset or liability in respect of leases on a net basis. In view of the said amendment, the Group has recognised the deferred tax asset in respect of lease liabilities and deferred tax liabilities in respect of the Right-of-Use Assets separately. There was, however, no impact on the Statement of Financial Position as the balances of the deferred tax asset and deferred tax liabilities qualify for offset under MFRS 112 Para 74. There was also no impact on the opening retained earnings as at 1 January 2022. The key impact for the Group is on the disclosure of the deferred tax assets and liabilities as shown in Note 10.

12. ACCOUNTANTS' REPORT (*Cont'd*)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 7	Financial Instruments: Disclosures - <i>Supplier Financing Arrangements</i>
Amendments to MFRS 16	Leases - <i>Lease liability in a Sale and Leaseback</i>
Amendments to MFRS 101	Presentation of Financial Statements - <i>Non-current Liabilities with Covenants and Classification of Liabilities as Current and Non-Current</i>
Amendments to MFRS 107	Statement of Cash Flows - <i>Supplier Financing Arrangements</i>

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - <i>Lack of Exchangeability</i>
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Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statement and Investments in Associates and Joint Ventures - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
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The Group will adopt the abovementioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The directors do not expect any material impact to the financial statements of the upon adoption above pronouncements.

2.4 Basis of measurement

The consolidated and combined financial statements of the Group have been prepared on the historical cost basis except as disclosed in the financial statements.

2.5 Functional and presentation currency

These consolidated and combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency. All financial information are presented in RM, unless otherwise stated.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial period/years presented in the financial statements of the Group.

3.1 Basis of preparation for the general purpose consolidated and combined financial statements**3.1.1 Business combination**

The consolidated and combined financial statements comprise the financial statements of the Company and the operating entities as at the reporting dates. The financial statements of the Company and the operating entities used in the preparation of the consolidated and combined financial statements are prepared for the same reporting date, using consistent accounting policies to like transactions and events in similar circumstances.

The Group applies the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the operating entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, 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 method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. 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. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.1 Basis of preparation for the general purpose consolidated and combined financial statements (continued)****3.1.1 Business combination (continued)**

The consolidated financial statements comprise the financial statements of the Group as at 30 September 2023 and Topmix Resources Sdn. Bhd. ("TRSB") and its subsidiary as at 31 December 2022 and 31 December 2021 as disclosed in Note 1.

The financial statements of each of the subsidiary are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In TRSB's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

Subsidiary of TRSB are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.1 Basis of preparation for the general purpose consolidated and combined financial statements (continued)

3.1.1 Business combination (continued)

(a) Subsidiaries and business combination (continued)

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets at the acquisition date. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss or OCI.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.1 Basis of preparation for the general purpose consolidated and combined financial statements (continued)****3.1.1 Business combination (continued)****(a) Subsidiaries and business combination (continued)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.1 Basis of preparation for the general purpose consolidated and combined financial statements (continued)****3.1.1 Business combination (continued)****(a) Subsidiaries and business combination (continued)**

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded inequity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with others.

All of the above will be accounted for from the date when control is lost.

3.1.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.1 Basis of preparation for the general purpose consolidated and combined financial statements (continued)****3.1.3 Investment in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.1 Basis of preparation for the general purpose consolidated and combined financial statements (continued)****3.1.3 Investment in associates (continued)**

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.2 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period/year in which they are incurred.

Depreciation on the property, plant and equipment is calculated so as to write off the cost or valuation of the assets to their residual values on a straight-line basis over the expected useful lives of the assets, summarised as follows:

Machinery and equipment	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Computer equipment	20%
Renovation	20%

Depreciation of an asset begins when it is ready for its intended use.

Freehold land is not depreciated as it has an infinite life.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.2 Property, plant and equipment (continued)**

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.4 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

3.3 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 3.2.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the investment properties, summarised as follows:

Buildings	2%
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Freehold land is not depreciated as it has an infinite life.

The useful lives and residual value of the investment properties are reassessed annually.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.3 Investment properties (continued)**

An investment property is derecognised when either it has been disposed of or when the investment properties is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied properties to investment properties, the properties are accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

3.4 Impairment of non-financial assets

The Group assesses at each reporting date 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, property, plant and equipment and right-of-use assets that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.4 Impairment of non-financial assets (continued)**

In assessing value-in-use, the estimated future cash flows expected to be generated by the assets 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 assets. 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 are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date 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 is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had 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.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined on the first-in- first-out basis.

Cost consists of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group in management of their short-term funding requirements. This also include bank overdrafts that form an integral part of the Group's cash management.

3.7 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.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.7 Financial assets (continued)****3.7.1 Financial assets at amortised cost**

Financial assets shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, cash and bank balances, fixed deposits with licensed banks, amount due from an associate and amount due from a director.

3.7.2 Financial assets at FVOCI*Debt instruments*

Debt instruments are measured at FVOCI if both of the following conditions are met:

- (a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.7 Financial assets (continued)****3.7.2 Financial assets at FVOCI (continued)***Debt instruments*

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group did not hold any debt instruments at FVOCI in the current and previous financial periods/years.

Equity instruments

This category comprises investment in equity that is not held for trading, and the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group did not hold any equity instruments at FVOCI in the current and previous financial periods/years.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.7 Financial assets (continued)****3.7.3 Financial assets at FVTPL**

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets categorised as fair value through profit or loss are measured in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- (a) the economic characteristics and risks are not closely related to the host;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) hybrid contract is not measured at fair value through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.7 Financial assets (continued)****3.7.3 Financial assets at FVTPL (continued)**

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group's financial assets at FVTPL includes investment in quoted shares.

Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to other party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.8 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.8 Impairment of financial assets (continued)**

The Group measures loss allowance at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. For trade receivables, loss allowance are measured based on lifetime expected credit losses at each reporting date. The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while the 12-month expected credit losses are the portion of the expected credit losses that result from default events that are possible within the 12 months after the reporting date.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

At each reporting date, the Group assesses whether the financial assets carried at amortised cost and debt securities carried at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.8 Impairment of financial assets (continued)**(a) Simplified approach for trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward- looking information such as:

- internal credit rating/assessment;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor (where available);
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.8 Impairment of financial assets (continued)****(a) Simplified approach for trade receivables (continued)****Significant increase in credit risk (continued)**

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

Grouping of instruments for ECL measured on collective basis**Collective assessment**

To measure ECL, trade receivables are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. The Group considers the expected loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Note 12 sets out the measurement details of ECL.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.8 Impairment of financial assets (continued)**

- (b) General 3-stages approach for other receivables, amount due from an associate and amount due from a director

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Note 13, 14 and 15 sets out the measurement details of ECL.

3.9 Financial liabilities

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

The categories of financial liabilities at an initial recognition are as follows:

3.9.1 Financial liabilities at FVTPL

On initial recognition, the Group may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.9 Financial liabilities (continued)****3.9.1 Financial liabilities at FVTPL (continued)**

On initial recognition, the Group may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost at fair value through profit or loss:

- (c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as FVTPL are subsequently measured at fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the Group recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group did not have any financial liabilities at FVTPL in the current and previous financial periods/years.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.9 Financial liabilities (continued)****3.9.2 Amortised cost**

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

3.9.3 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (c) the amount of the loss allowance; and
- (d) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.9 Financial liabilities (continued)****Derecognition**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.10 Share capital

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

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.11 Leases**3.11.1 Leases in which the Group is a lessee**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.11 Leases (continued)

3.11.1 Leases in which the Group is a lessee (continued)

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses and, if applicable adjusted for any remeasurement of the lease liability. The cost of the right-of-use assets comprises of the amount of lease liabilities adjusted for the lease payments that are paid at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to them by the end of the lease term, the right-of-use assets are depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Depreciation on the right-of-use assets are calculated using straight-line basis over the earlier of the estimated useful lives of the right-of-use assets of the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	Over the remaining leasehold periods
Leasehold building	2%
Factory building	35 months – 5 years

Building under construction for leasehold building are not depreciated as these assets are not yet available for use.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.11 Leases (continued)****3.11.1 Leases in which the Group is a lessee (continued)****(b) Lease liabilities**

The Group recognises lease liability, which is measured at the present value of the lease payments to be made over the lease term, at the commencement date. The lease payments include fixed payments including in-substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, less lease incentives receivable. The lease payments also include the exercise price of purchase option if the Group is reasonably certain to exercise, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The lease payments are discounted using incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The carrying amount of lease liabilities is remeasured in order to reflect any reassessment or lease modifications.

(c) Short-term leases and leases of low-value assets

The Group elected to apply exemption to those short-term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.11 Leases (continued)****3.11.1 Leases in which the Group is a lessee (continued)****(d) Lease term**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Under some of the leases, the Group is offered with the option to extend the lease term for additional one to two years. The Group applies judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or not to terminate.

3.11.2 Leases in which the Group is a lessor

Lease in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.12 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of leasehold building under right-of-use asset are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 Income tax

3.13.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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.

3.13.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised 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, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.13 Income tax (continued)****3.13.2 Deferred tax (continued)**

The carrying amount of deferred tax assets are reviewed at each financial period/year end and reduced to the extent that it is no longer 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/year 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 assets and liabilities are measured at the tax rates that are expected to apply to the period/year 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 periods/years end.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14 Provisions

Provisions are recognised when the Group has 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.

Provisions are reviewed at each financial period/year end 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 a finance cost.

3.15 Revenue recognition and other income

The Group recognises revenue from contracts with customers for goods or services based on the five-step model as set out in this standard:-

- (i) Identify contracts with a customer.
- (ii) Identify performance obligations in the contract.
- (iii) Determine the transaction price.
- (iv) Allocate the transaction price to the performance obligation in the contract.
- (v) Recognise revenue when the Group satisfies a performance obligation.

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

- (i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.15 Revenue recognition and other income (continued)**

For performance obligations where any one of the above conditions not met, revenue is recognised at a 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 on asset for 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 fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:-

3.15.1 Sale of goods

Revenue from sales of goods is recognised at the point in time when the customer obtains control of goods, which is generally at the time of delivery. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

3.15.2 Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis using effective interest method in profit or loss.

3.15.3 Rental income

Rental income is recognised on a straight-line basis over the term of the tenancy agreement subject to revision of rental rate.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.16 Employee benefits****3.16.1 Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expense in the financial periods/years 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.16.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial periods. The contributions are charged as an expense in the financial period in which the employees render their services. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

3.17 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.17 Earnings per share (continued)**

Diluted earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period/year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from convertible securities.

During the financial period/year, the Group does not have any convertible securities, therefore, no diluted earnings per share is calculated.

3.18 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services and the geographical locations 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 Group, who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.19 Contingencies**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group in the current and previous financial periods/years end.

3.20 Foreign currency**3.20.1 Functional and presentation currency**

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

3.20.2 Foreign currency transactions

Transactions in currencies other than the Group's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. 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 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.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.21 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- | | |
|----------|--|
| Level 1: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. |
| Level 2: | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3: | Unobservable inputs for the asset or liability. |

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/year end.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****3.22 Related parties**

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's financial statements within the next financial year are disclosed as follows:

4.1 Depreciation of property, plant and equipment, right-of-use assets and investment properties

The costs of property, plant and equipment, right-of-use assets and investment properties are depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment and right-of-use assets within a range of 2 to 50 years. The estimation useful lives of investment properties are over the lease periods. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amounts of the Group's property, plant and equipment, right-of-use assets and investment properties at the reporting date are disclosed in Note 5, Note 6 and Note 7 to the financial statements.

4.2 Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate on the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**
(continued)**4.3 Write down for obsolete or slow-moving inventories**

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Reviews are made periodically by management to evaluate the adequacy of the write down for obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories. The carrying amounts of the Group's inventories are disclosed in Note 11.

4.4 Provision for expected credit losses ("ECL") of trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 12 and Note 13 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**
(continued)**4.5 Income taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.6 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group are disclosed in Note 10 to the combined financial statements.

4.7 Listing expenses incurred for Initial Public Offering ("IPO")

The listing expenses incurred for the IPO as disclosed in Note 13. The listing expenses are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

The listing expenses will be accounted for as a deduction from equity upon the completion of the IPO.

The determination of whether the expenses incurred are directly attributable to the equity transaction under the IPO and the basis used by management on allocation of common cost involved a significant degree of judgements and assumptions.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(continued)

4.8 Determining the lease term of contracts with renewal options – the Group as lessee

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

4.9 Leases - Estimating the incremental borrowing rate

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective lease. The Group first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value, or economic environment of the respective leases.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT

Audited	Freehold land RM	Machinery and equipment RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Computer equipment RM	Renovation RM	Total RM
30 September 2023							
At cost							
Balance as at 1 January 2023	7,216,355	523,765	2,426,699	1,185,477	263,971	1,618,704	13,234,971
Additions	-	9,500	105,000	13,427	5,949	-	133,876
Written off	-	-	-	(1,300)	-	-	(1,300)
Balance as at 30 September 2023	<u>7,216,355</u>	<u>533,265</u>	<u>2,531,699</u>	<u>1,197,604</u>	<u>269,920</u>	<u>1,618,704</u>	<u>13,367,547</u>
Less: Accumulated depreciation							
Balance as at 1 January 2023	-	168,386	1,450,334	702,026	156,564	973,189	3,450,499
Charge for the financial period	-	51,389	271,837	104,414	26,767	162,512	616,919
Written off	-	-	-	(1,300)	-	-	(1,300)
Balance as at 30 September 2023	<u>-</u>	<u>219,775</u>	<u>1,722,171</u>	<u>805,140</u>	<u>183,331</u>	<u>1,135,701</u>	<u>4,066,118</u>
Net carrying amount							
Balance as at 30 September 2023	<u>7,216,355</u>	<u>313,490</u>	<u>809,528</u>	<u>392,464</u>	<u>86,589</u>	<u>483,003</u>	<u>9,301,429</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Unaudited	Freehold land RM	Machinery and equipment RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Computer equipment RM	Renovation RM	Total RM
30 September 2022							
At cost							
Balance as at 1 January 2022	7,216,355	245,905	1,943,556	1,137,156	213,965	1,466,959	12,223,896
Additions	-	277,860	872,143	33,794	28,339	151,745	1,363,881
Disposal	-	-	(389,000)	-	-	-	(389,000)
Balance as at 30 September 2022	<u>7,216,355</u>	<u>523,765</u>	<u>2,426,699</u>	<u>1,170,950</u>	<u>242,304</u>	<u>1,618,704</u>	<u>13,198,777</u>
Less: Accumulated depreciation							
Balance as at 1 January 2022	-	109,816	1,511,283	552,193	121,122	752,343	3,046,757
Charge for the financial year	-	39,522	237,772	111,900	25,143	163,092	577,429
Disposal	-	-	(389,000)	-	-	-	(389,000)
Balance as at 30 September 2022	<u>-</u>	<u>149,338</u>	<u>1,360,055</u>	<u>664,093</u>	<u>146,265</u>	<u>915,435</u>	<u>3,235,186</u>
Net carrying amount							
Balance as at 30 September 2022	<u>7,216,355</u>	<u>374,427</u>	<u>1,066,644</u>	<u>506,857</u>	<u>96,039</u>	<u>703,269</u>	<u>9,963,591</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2022	Freehold land RM	Machinery and equipment RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Computer equipment RM	Renovation RM	Total RM
At cost							
Balance as at 1 January 2022	7,216,355	245,905	1,943,556	1,137,156	213,965	1,466,959	12,223,896
Additions	-	277,860	872,143	48,321	50,006	151,745	1,400,075
Disposal	-	-	(389,000)	-	-	-	(389,000)
Balance as at 31 December 2022	<u>7,216,355</u>	<u>523,765</u>	<u>2,426,699</u>	<u>1,185,477</u>	<u>263,971</u>	<u>1,618,704</u>	<u>13,234,971</u>
Less: Accumulated depreciation							
Balance as at 1 January 2022	-	109,816	1,511,283	552,193	121,122	752,343	3,046,757
Charge for the financial year	-	58,570	328,051	149,833	35,442	220,846	792,742
Disposal	-	-	(389,000)	-	-	-	(389,000)
Balance as at 31 December 2022	<u>-</u>	<u>168,386</u>	<u>1,450,334</u>	<u>702,026</u>	<u>156,564</u>	<u>973,189</u>	<u>3,450,499</u>
Net carrying amount							
Balance as at 31 December 2022	<u>7,216,355</u>	<u>355,379</u>	<u>976,365</u>	<u>483,451</u>	<u>107,407</u>	<u>645,515</u>	<u>9,784,472</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2021	Freehold land RM	Machinery and equipment RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Computer equipment RM	Renovation RM	Total RM
At cost							
Balance as at 1 January 2021	-	228,230	1,925,683	882,304	157,642	907,237	4,101,096
Additions	7,216,355	76,505	85,000	287,419	56,323	620,566	8,342,168
Disposal/Written off	-	(58,830)	(67,127)	(32,567)	-	(60,844)	(219,368)
Balance as at 31 December 2021	<u>7,216,355</u>	<u>245,905</u>	<u>1,943,556</u>	<u>1,137,156</u>	<u>213,965</u>	<u>1,466,959</u>	<u>12,223,896</u>
Less: Accumulated depreciation							
Balance as at 1 January 2021	-	121,371	1,330,778	464,757	95,425	612,002	2,624,333
Charge for the financial year	-	35,509	207,356	113,489	25,697	189,016	571,067
Disposal/Written off	-	(47,064)	(26,851)	(26,053)	-	(48,675)	(148,643)
Balance as at 31 December 2021	<u>-</u>	<u>109,816</u>	<u>1,511,283</u>	<u>552,193</u>	<u>121,122</u>	<u>752,343</u>	<u>3,046,757</u>
Net carrying amount							
Balance as at 31 December 2021	<u>7,216,355</u>	<u>136,089</u>	<u>432,273</u>	<u>584,963</u>	<u>92,843</u>	<u>714,616</u>	<u>9,177,139</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2020	Freehold land RM	Machinery and equipment RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Computer equipment RM	Renovation RM	Total RM
At cost							
Balance as at 1 January 2020	-	211,599	1,726,198	735,063	125,555	629,365	3,427,780
Additions	-	23,186	199,485	153,194	32,087	277,872	685,824
Disposal/Written off	-	(6,555)	-	(5,953)	-	-	(12,508)
Balance as at 31 December 2020	-	228,230	1,925,683	882,304	157,642	907,237	4,101,096
Less: Accumulated depreciation							
Balance as at 1 January 2020	-	92,232	1,034,797	352,381	67,799	430,554	1,977,763
Charge for the financial year	-	35,694	295,981	116,098	27,626	181,448	656,847
Disposal/Written off	-	(6,555)	-	(3,722)	-	-	(10,277)
Balance as at 31 December 2020	-	121,371	1,330,778	464,757	95,425	612,002	2,624,333
Net carrying amount							
Balance as at 31 December 2020	-	106,859	594,905	417,547	62,217	295,235	1,476,763

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) The cost of fully depreciated property, plant and equipment that are still in used are as follows:

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....>		
			31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Machinery and equipment	81,323	38,306	38,306	38,306	37,126
Motor vehicles	637,313	558,118	558,118	947,118	906,778
Office equipment, furniture and fittings	278,168	200,176	200,176	200,176	199,176
Computer equipment	91,166	57,986	57,986	57,986	44,777
	<u>1,087,970</u>	<u>854,586</u>	<u>854,586</u>	<u>1,243,586</u>	<u>1,187,857</u>

(ii) Purchase of property, plant and equipment

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....>		
			31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Cost of property, plant and equipment purchased	133,876	1,363,881	1,400,075	8,342,168	685,824
Less: Amount financed through term loan	-	-	-	(5,807,900)	-
Less: Amount financed through hire purchase	(100,000)	(764,700)	(764,700)	(85,000)	(182,000)
Cash disbursed for purchase of property, plant and equipment	<u>33,876</u>	<u>599,181</u>	<u>635,375</u>	<u>2,449,268</u>	<u>503,824</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(iii) The freehold land are charged to banks for banking facilities as disclosed in Note 22 to the financial statements.

(iv) The net carrying amount of assets acquired under hire purchase included under property, plant and equipment of the Group as follows:

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Motor vehicles	809,528	1,066,644	976,365	432,273	594,905

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)
6. Leases
The Group as lessee
Right-of-use assets
Audited

	Leasehold land RM	Leasehold buildings RM	Factory building RM	Building Under Construction RM	Total RM
As at 30 September 2023					
At cost					
Balance as at 1 January 2023	9,999,517	7,683,126	-	-	17,682,643
Addition	-	-	398,305	1,642,218	2,040,523
Balance as at 30 September 2023	9,999,517	7,683,126	398,305	1,642,218	19,723,166
Less: Accumulated depreciation					
Balance as at 1 January 2023	143,079	609,082	-	-	752,161
Charge for the financial period	34,540	115,247	44,970	-	194,757
Balance as at 30 September 2023	177,619	724,329	44,970	-	946,918
Less: Accumulated impairment losses					
Balance as at 1 January 2023	-	280,130	-	-	280,130
Balance as at 30 September 2023	-	280,130	-	-	280,130
Net carrying amount					
Balance as at 30 September 2023	9,821,898	6,678,667	353,335	1,642,218	18,496,118

Unaudited

	Leasehold land RM	Leasehold buildings RM	Total RM
30 September 2022			
At cost			
Balance as at 1 January 2022	9,999,517	7,683,126	17,682,643
Balance as at 30 September 2022	9,999,517	7,683,126	17,682,643
Less: Accumulated depreciation			
Balance as at 1 January 2022	97,025	455,421	552,446
Charge for the financial period	34,540	115,247	149,787
Balance as at 30 September 2022	131,565	570,668	702,233
Less: Accumulated impairment losses			
Balance as at 1 January 2022	-	280,130	280,130
Balance as at 30 September 2022	-	280,130	280,130
Net carrying amount			
Balance as at 30 September 2022	9,867,952	6,832,328	16,700,280

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Audited	Leasehold land RM	Leasehold buildings RM	Total RM
2022			
At cost			
Balance as at 1 January 2022	9,999,517	7,683,126	17,682,643
Balance as at 31 December 2022	<u>9,999,517</u>	<u>7,683,126</u>	<u>17,682,643</u>
Less: Accumulated depreciation			
Balance as at 1 January 2022	97,025	455,421	552,446
Charge for the financial year	46,054	153,661	199,715
Balance as at 31 December 2022	<u>143,079</u>	<u>609,082</u>	<u>752,161</u>
Less: Accumulated impairment losses			
Balance as at 1 January 2022	-	280,130	280,130
Balance as at 31 December 2022	<u>-</u>	<u>280,130</u>	<u>280,130</u>
Net carrying amount			
Balance as at 31 December 2022	<u>9,856,438</u>	<u>6,793,914</u>	<u>16,650,352</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Audited	Leasehold land RM	Leasehold buildings RM	Factory building RM	Total RM
2021				
At cost				
Balance as at 1 January 2021	6,799,517	5,194,100	288,362	12,281,979
Additions	3,200,000	2,489,026	-	5,689,026
Derecognition	-	-	(288,362)	(288,362)
Balance as at 31 December 2021	<u>9,999,517</u>	<u>7,683,126</u>	<u>-</u>	<u>17,682,643</u>
Less: Accumulated depreciation				
Balance as at 1 January 2021	53,968	343,242	197,734	594,944
Charge for the financial year	43,057	112,179	49,434	204,670
Derecognition	-	-	(247,168)	(247,168)
Balance as at 31 December 2021	<u>97,025</u>	<u>455,421</u>	<u>-</u>	<u>552,446</u>
Less: Accumulated impairment losses				
Balance as at 1 January 2021	-	-	-	-
Charge for the financial year	-	280,130	-	280,130
Balance as at 31 December 2021	<u>-</u>	<u>280,130</u>	<u>-</u>	<u>280,130</u>
Net carrying amount				
Balance as at 31 December 2021	<u>9,902,492</u>	<u>6,947,575</u>	<u>-</u>	<u>16,850,067</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**6. Leases (continued)**

The Group as lessee (continued)

Right-of-use assets (continued)

Audited	Leasehold land RM	Leasehold buildings RM	Factory building RM	Total RM
2020				
At cost				
Balance as at 1 January 2020	3,224,757	3,617,000	288,362	7,130,119
Additions	3,574,760	1,577,100	-	5,151,860
Balance as at 31 December 2020	<u>6,799,517</u>	<u>5,194,100</u>	<u>288,362</u>	<u>12,281,979</u>
Less: Accumulated depreciation				
Balance as at 1 January 2020	11,510	239,360	98,867	349,737
Charge for the financial year	42,458	103,882	98,867	245,207
Balance as at 31 December 2020	<u>53,968</u>	<u>343,242</u>	<u>197,734</u>	<u>594,944</u>
Net carrying amount				
Balance as at 31 December 2020	<u>6,745,549</u>	<u>4,850,858</u>	<u>90,628</u>	<u>11,687,035</u>

(a) Leasehold land and buildings

The Group leases a number of land and buildings that run between 99 years to 991 years.

The leasehold land and leasehold buildings are charged to banks for banking facilities as disclosed in Note 22.

(b) Leasehold land and buildings

The Group leases factory building that run for a period of two (2) years, with an option to renew the lease for another three (3) years after that date. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(c) Building under construction

Building under construction is an extension of leasehold building located at No.28, Jalan Hang Lekir 12, Taman Industri Jaya, 81300 Skudai, Johor. Depreciation is not applied to the building during its construction phase. It becomes eligible for depreciation only upon completion, when it is ready for use.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Purchase of right-of-use assets

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Cost of right-of-use asset purchased	2,040,523	-	-	5,689,026	5,151,860
Less: Amount financed through Lease liabilities	(398,305)	-	-	-	-
Less: Amount financed through term loan	(143,418)	-	-	(4,680,000)	(4,400,000)
Less: Accrual of construction cost (Note 23)	(871,754)	-	-	-	-
Cash disbursed for purchase of right-of-use assets	<u>627,046</u>	<u>-</u>	<u>-</u>	<u>1,009,026</u>	<u>751,860</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

The Group as lessee (continued)

Lease liabilities

The Group as lessee

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Factory building					
Carrying amount					
Balance as at beginning of the financial periods/years	-	-	-	97,048	190,108
Addition	398,305	-	-	-	-
Termination of lease during the financial periods/years	-	-	-	(44,553)	-
Lease payment	(41,250)	-	-	(54,000)	(99,000)
Interest expense	10,611	-	-	1,505	5,940
Balance as at end of the financial periods/years	<u>367,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,048</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

Lease liabilities (continued)

The Group as lessee (continued)

Represented by:

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<..... Audited> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Current liability					
Lease liability - unsecured	74,409	-	-	-	97,048
Non-current liability					
Lease liability - unsecured	293,257	-	-	-	-
Balance as at end of the financial periods/years	<u>367,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,048</u>
Rate of interest charged per annum:					
Lease liabilities owing to non-financial institutions	<u>4.67%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4.00%</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

Lease liabilities (continued)

The Group as lessee (continued)

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....>		
			31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Minimum lease payment					
- Not later than one year	90,000	-	-	-	99,000
- Later than one year and not later than five years	318,750	-	-	-	-
	408,750	-	-	-	99,000
Future finance charges on lease liabilities	(41,084)	-	-	-	(1,952)
Present value of lease liabilities	367,666	-	-	-	97,048
Present value of lease liabilities is analysed as follows:					
Current liability					
- Not later than one year	74,409	-	-	-	97,048
Non-current liability					
- Later than one year and not later than five years	293,257	-	-	-	-
	367,666	-	-	-	97,048

(a) The Group has certain low value assets and short-term leases of equipment and software with amount of RM20,000 and below. The Group applies the "lease of low-value assets" and short-term leases exemptions for these leases.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

Lease liabilities (continued)

The Group as lessee (continued)

(b) The following are the amounts recognised in profit or loss:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023	2022	2022	2021	2020
	RM	RM	RM	RM	RM
Depreciation of right-of-use assets (included in other operating expenses)	194,757	149,787	199,715	204,670	245,207
Interest on lease liability (included in finance costs)	10,611	-	-	1,505	5,940
Expense related to short-term leases and low value assets (included in administrative expenses)	20,570	3,600	6,760	1,750	1,430
Gain on termination of lease	-	-	-	(3,359)	-
	<u>225,938</u>	<u>153,387</u>	<u>206,475</u>	<u>204,566</u>	<u>252,577</u>

(c) At the end of the financial periods/years, the Group had total cash outflow for leases as follows:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023	2022	2022	2021	2020
	RM	RM	RM	RM	RM
Lease liability	41,250	-	-	54,000	99,000
Expenses paid for short-term leases and low value assets	20,570	3,600	6,760	1,750	1,430
	<u>61,820</u>	<u>3,600</u>	<u>6,760</u>	<u>55,750</u>	<u>100,430</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Leases (continued)

Lease liabilities (continued)

The Group as lessor

The Group has entered into operating leases on its investment properties portfolio consisting freehold land and buildings. These leases have terms of between one and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessees are not required to provide any residual value guarantee on the properties. Lease income recognised by the Group during the years are disclosed in Note 7 of the financial statements.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023	2022	2022	2021	2020
	RM	RM	RM	RM	RM
Not later than one year	138,000	92,800	105,100	79,500	79,500
Later than one year but not later than five years	277,100	148,500	132,000	132,000	192,000
	<u>415,100</u>	<u>241,300</u>	<u>237,100</u>	<u>211,500</u>	<u>271,500</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....>		
			31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Freehold land and building					
At cost					
Balance as at beginning of the financial periods/years	2,646,082	2,646,082	2,646,082	2,646,082	2,646,082
Balance as at end of the financial periods/years	2,646,082	2,646,082	2,646,082	2,646,082	2,646,082
Less: Accumulated depreciation					
Balance as at beginning of the financial years	243,480	202,925	202,925	162,370	121,815
Charge for the financial periods/years	30,416	30,416	40,555	40,555	40,555
Balance as at end of the financial periods/years	273,896	233,341	243,480	202,925	162,370
Net carrying amount					
Balance as at end of the financial periods/years	2,372,186	2,412,741	2,402,602	2,443,157	2,483,712
Represented by:-					
Freehold land	618,344	618,344	618,344	618,344	618,344
Freehold buildings	1,753,842	1,794,397	1,784,258	1,824,813	1,865,368
	2,372,186	2,412,741	2,402,602	2,443,157	2,483,712

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)

Fair value information

The Group's investment properties and fair value hierarchy are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<u>30 September 2023</u>				
Freehold land and buildings	-	3,400,000	-	3,400,000
<u>30 September 2022</u>				
Freehold land and buildings	-	3,400,000	-	3,400,000
<u>31 December 2022</u>				
Freehold land and buildings	-	3,400,000	-	3,400,000
<u>31 December 2021</u>				
Freehold land and buildings	-	3,400,000	-	3,400,000
<u>31 December 2020</u>				
Freehold land and buildings	-	3,400,000	-	3,400,000

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)

Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 2 fair value of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)

Fair value information (continued)

Fair Value as at 30 September 2022 and as at 30 September 2023

The Directors estimate the fair value of the Group's investment properties without the involvement of independent valuers based on current period/year prices in an active market for the respective properties within each vicinity. In estimating the fair values, adjustments have been made to these listing prices to reflect differences in land or floor sizes, designs, location, and other features between the Group's properties and the comparable properties. The fair value represents 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. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair Value as at 31 December 2022, 31 December 2021 and 31 December 2020

The fair value of the investment properties was determined by an external independent property valuer, having appropriate recognised professional qualification and recent experience in the location and categories of property being valued.

The fair values for the freehold land and buildings are estimated by taking into account sales price of comparable properties in close proximity adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties which was derived from limited market activity for comparable properties as at the reporting date.

All investment properties valued using comparison method are categories as Level 2 in the fair value hierarchy.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)

Fair value information (continued)

The following are recognised in profit or loss in respect of investment properties:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023	2022	2022	2021	2020
	RM	RM	RM	RM	RM
Lease income	93,500	80,700	103,900	103,290	105,630
<u>Direct operating expenses</u>					
Insurance	(2,199)	(2,492)	(2,994)	(7,511)	(7,369)
Quit rent and assessments	(14,981)	(14,771)	(14,771)	(13,931)	(14,981)
	<u>76,320</u>	<u>63,437</u>	<u>86,135</u>	<u>81,848</u>	<u>83,280</u>

The freehold land and buildings are charged to bank for banking facilities as disclosed in Note 22 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN AN ASSOCIATE

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Unquoted shares, at cost					
Unquoted shares	-	-	-	55,000	55,000
Less: Disposal	-	-	-	(55,000)	-
	-	-	-	-	55,000
Share of post-acquisition losses:					
Balance b/f	-	-	-	(55,000)	(24,258)
Share of current year losses	-	-	-	-	(30,742)
Disposal	-	-	-	55,000	-
Balance c/f	-	-	-	-	(55,000)
Balance as at end of the financial years	-	-	-	-	-

The details of the associate are as follows:-

Name of associate	Principal place of business / country of incorporation	Principal activity
U Floor Sdn. Bhd. #	Malaysia	Trading of carpets, other floor materials and related products.

Not audited by CAS Malaysia PLT.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN AN ASSOCIATE (continued)

The effective equity interest in the associate company are as follows:

		Audited	Unaudited	<.....Audited.....>		
	Note	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
U floor Sdn. Bhd	(ii)	-	-	-	-	25%

(i) Summarised financial information of associate

The summarised financial information of the Company's associate are as follows:

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Assets and liabilities:					
Non-current assets	-	-	-	1,848,090	1,925,620
Current-assets	-	-	-	1,426,732	1,359,605
Non-current liabilities	-	-	-	(1,802,558)	(1,909,543)
Current liabilities	-	-	-	(1,370,995)	(1,156,657)
Net assets	-	-	-	101,269	219,025

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN AN ASSOCIATE (continued)

(i) Summarised financial information of associate (continued)

The summarised financial information of the Company's associate are as follows: (continued)

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Results:					
Revenue	-	-	-	1,752,472	1,729,514
Loss for the financial year	-	-	-	(117,756)	(205,739)
Group's share of loss for the financial year #	-	-	-	(29,439)	(51,435)
Share of associate's loss analysed by:					
Recognised	-	-	-	-	(30,742)
Unrecognised	-	-	-	(29,439)	(20,693)
	-	-	-	(29,439)	(51,435)
				#	#

The Group has not recognised losses relating to U Floor Sdn. Bhd. where its share of losses exceeds the Group's interest in this associate. The Group cumulative shares of unrecognised losses at the reporting date was RM50,132 in FYE 2021 and RM20,693 in FYE 2020 of which RM29,439 and RM20,693 was the share of the associate's losses during the financial year 2021 and 2020 respectively. The Group has no obligation in respect of these losses.

(ii) Disposal of associate company

On 22 December 2021, Topmix Resources Sdn. Bhd. had transferred 55,000 ordinary shares to a former key management personnel of the Group, representing 25% of equity interest for a total cash consideration of RM55,000.

The disposal of an associate has resulted in gain on disposal of associate amounting to RM55,000.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. OTHER INVESTMENTS

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Quoted shares in Malaysia, at fair value:-					
Balance as at beginning of the financial periods/years	31,900	49,050	49,050	214,400	-
Addition	-	-	-	23,100	644,650
Disposal	(25,500)	-	-	(177,000)	(487,500)
Gain on disposal	8,100	-	-	15,600	50,650
Fair value gain/(loss)	4,500	(22,152)	(17,150)	(27,050)	6,600
Balance as at end of the financial periods/years	<u>19,000</u>	<u>26,898</u>	<u>31,900</u>	<u>49,050</u>	<u>214,400</u>

- (i) Investment in quoted shares of the Group are designated as fair value through profit or loss. Fair value of these equity shares are determined by reference to published price quotations in an active market.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Deferred tax assets, net	203,512	177,488	133,632	88,295	80,616
Deferred tax liabilities, net	(56,279)	(26,969)	(29,090)	(77,213)	(90,367)
	<u>147,233</u>	<u>150,519</u>	<u>104,542</u>	<u>11,082</u>	<u>(9,751)</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Movement of temporary difference during the financial periods/years

Deferred tax assets

	Other temporary difference				
	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Balance as at beginning of the financial periods/years	146,622	92,412	92,412	40,166	49,546
Recognised in profit or loss	73,302	92,468	54,210	52,246	(9,380)
Balance as at end of the financial periods/years	<u>219,924</u>	<u>184,880</u>	<u>146,622</u>	<u>92,412</u>	<u>40,166</u>

Deferred tax liabilities

	Property, plant and equipment				
	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Balance as at beginning of the financial periods/years	42,080	81,330	81,330	49,917	1,217
Recognised in profit or loss	30,611	(46,969)	(39,250)	31,413	48,700
Balance as at end of the financial periods/years	<u>72,691</u>	<u>34,361</u>	<u>42,080</u>	<u>81,330</u>	<u>49,917</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Movement of temporary difference during the financial periods/years (continued)

Net movement

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Balance as at beginning of the financial periods/years	104,542	11,082	11,082	(9,751)	48,329
Recognised in profit or loss (Note 28)	42,691	139,437	93,460	20,833	(58,080)
Balance as at end of the financial periods/years	<u>147,233</u>	<u>150,519</u>	<u>104,542</u>	<u>11,082</u>	<u>(9,751)</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Plant and equipment	(30,376)	(83,436)	(44,562)	25,389	4,698
Unabsorbed capital allowances	47,738	139,260	40,584	-	-
Unutilised tax losses	381,166	234,753	220,315	-	-
Other temporary differences	86,885	21,801	36,859	25,686	-
	<u>485,413</u>	<u>312,378</u>	<u>253,196</u>	<u>51,075</u>	<u>4,698</u>
Unrecognised deferred tax assets at 15%-17% (2020 - 2022: 17%)	<u>74,279</u>	<u>53,104</u>	<u>43,044</u>	<u>8,683</u>	<u>799</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Unrecognised deferred tax assets

The unabsorbed capital allowances can be carried forward indefinitely, and unutilised tax losses can be carried forward up for a maximum period of seven (7) consecutive Years of Assessment ("YA") effective from year 2019 and it can only be utilised against income from the same business source. Pursuant to Section 8 of the Finance Act 2021, the unutilised tax losses is allowed to be carried forward for a period of maximum of ten (10) consecutive years of assessment. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The availability of unabsorbed capital allowances and unutilised tax losses for the offsetting against future taxable profits of the Group is subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Utilisation period					
Indefinite	104,247	77,625	32,881	51,075	4,698
Expired by YA 2032	220,315	234,753	220,315	-	-
Expired by YA 2033	160,851	-	-	-	-
	485,413	312,378	253,196	51,075	4,698

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVENTORIES

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
At cost					
Raw materials	217,244	311,364	209,843	-	-
Finished goods	19,001,732	15,727,072	11,745,157	8,971,185	9,144,088
	<u>19,218,976</u>	<u>16,038,436</u>	<u>11,955,000</u>	<u>8,971,185</u>	<u>9,144,088</u>
Recognised in profit or loss					
Inventories recognised as cost of sales	32,552,641	29,769,622	42,175,031	22,933,350	16,395,482
Slow-moving and obsolete inventories written down	45,301	1,834	26,825	48,772	-
	<u>45,301</u>	<u>1,834</u>	<u>26,825</u>	<u>48,772</u>	<u>-</u>

Slow-moving and obsolete inventories written down are included in cost of sales.

12. TRADE RECEIVABLES

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Trade receivables - gross	11,472,946	13,080,205	12,578,905	11,656,193	8,150,242
Related party	-	-	-	19,452	4,159
Less: Allowance for impairment losses	(42,998)	(102,256)	(48,962)	(99,635)	(240,572)
Trade receivables - net	<u>11,429,948</u>	<u>12,977,949</u>	<u>12,529,943</u>	<u>11,576,010</u>	<u>7,913,829</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE RECEIVABLES (continued)

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other operating expenses' in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The movement in the allowance for impairment losses of trade receivables during the financial period/year are as follows:

Audited

30.09.2023	Lifetime ECL	Credit impaired	Total
	RM	RM	RM
Balance as at beginning of the financial period	48,962	-	48,962
Allowance for impairment losses	42,998	-	42,998
Reversal of allowance for impairment losses*	(48,962)	-	(48,962)
Balance as at end of the financial period	<u>42,998</u>	<u>-</u>	<u>42,998</u>

Unaudited

30.09.2022	Lifetime ECL	Credit impaired	Total
	RM	RM	RM
Balance as at beginning of the financial year	99,635	-	99,635
Allowance for impairment losses	102,256	-	102,256
Reversal of allowance for impairment losses*	(99,635)	-	(99,635)
Balance as at end of the financial year	<u>102,256</u>	<u>-</u>	<u>102,256</u>

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

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NOTES TO THE FINANCIAL STATEMENTS (continued)**12. TRADE RECEIVABLES (continued)**Movement in the allowance for impairment losses (continued)**Audited**

31.12.2022	Lifetime ECL RM	Credit impaired RM	Total RM
Balance as at beginning of the financial year	99,635	-	99,635
Allowance for impairment losses	48,962	-	48,962
Reversal of allowance for impairment losses*	(99,635)	-	(99,635)
Balance as at end of the financial year	48,962	-	48,962

Audited

31.12.2021	Lifetime ECL RM	Credit impaired RM	Total RM
Balance as at beginning of the financial year	240,572	-	240,572
Allowance for impairment losses	99,635	-	99,635
Reversal of allowance for impairment losses*	(240,572)	-	(240,572)
Balance as at end of the financial year	99,635	-	99,635

Audited

31.12.2020	Lifetime ECL RM	Credit impaired RM	Total RM
Balance as at beginning of the financial year	266,333	-	266,333
Reversal of allowance for impairment losses*	(25,761)	-	(25,761)
Balance as at end of the financial year	240,572	-	240,572

* During the current and previous financial periods/years, the Group managed to collect from some of the trade receivables which have been impaired in previous financial years. As a result, the allowance for impairment losses on trade receivables had been reversed during the financial period/year.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE RECEIVABLES (continued)

Movement in the allowance for impairment losses (continued)

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

Based on the Group's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

The ageing of the receivables and allowance for impairment losses provided for above are as follows:

30 September 2023 - Audited

	Gross carrying amount RM	ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
Neither past due	9,346,430	-	-	9,346,430
Past due 1 - 30 days	1,397,861	-	-	1,397,861
Past due 31 - 60 days	603,693	(31,724)	-	571,969
Past due 61 - 90 days	20,922	(2,117)	-	18,805
More than 90 days past due	104,040	(9,157)	-	94,883
	<u>11,472,946</u>	<u>(42,998)</u>	<u>-</u>	<u>11,429,948</u>
Credit Impaired				
More than 90 days past due	-	-	-	-
	<u>11,472,946</u>	<u>(42,998)</u>	<u>-</u>	<u>11,429,948</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE RECEIVABLES (continued)

30 September 2022 - Unaudited

	Gross carrying amount RM	Allowance for impairment losses		Net balance RM
		ECL (Collectively assessed) RM	ECL (Individually assessed) RM	
Neither past due	8,228,103	-	-	8,228,103
Past due 1 - 30 days	3,296,868	-	-	3,296,868
Past due 31 - 60 days	1,228,170	(54,540)	-	1,173,630
Past due 61 - 90 days	192,305	(40,648)	-	151,657
More than 90 days past due	134,759	(7,068)	-	127,691
	<u>13,080,205</u>	<u>(102,256)</u>	<u>-</u>	<u>12,977,949</u>
Credit Impaired				
More than 90 days past due	-	-	-	-
	<u>13,080,205</u>	<u>(102,256)</u>	<u>-</u>	<u>12,977,949</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE RECEIVABLES (continued)

31 December 2022 - Audited

	Gross carrying amount RM	Allowance for impairment losses		Net balance RM
		ECL (Collectively assessed) RM	ECL (Individually assessed) RM	
Neither past due	8,278,162	-	-	8,278,162
Past due 1 - 30 days	3,102,080	-	-	3,102,080
Past due 31 - 60 days	1,000,163	(36,661)	-	963,502
Past due 61 - 90 days	34,473	(5,567)	-	28,906
More than 90 days past due	164,027	(6,734)	-	157,293
	12,578,905	(48,962)	-	12,529,943
Credit Impaired				
More than 90 days past due	-	-	-	-
	12,578,905	(48,962)	-	12,529,943

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE RECEIVABLES (continued)

31 December 2021 - Audited

	Gross carrying amount RM	Allowance for impairment losses		Net balance RM
		ECL (Collectively assessed) RM	ECL (Individually assessed) RM	
Neither past due	6,745,392	-	-	6,745,392
Past due 1 - 30 days	3,449,395	-	-	3,449,395
Past due 31 - 60 days	1,107,283	(50,138)	-	1,057,145
Past due 61 - 90 days	200,027	(32,724)	-	167,303
More than 90 days past due	173,548	(16,773)	-	156,775
	11,675,645	(99,635)	-	11,576,010
Credit Impaired				
More than 90 days past due	-	-	-	-
	11,675,645	(99,635)	-	11,576,010

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE RECEIVABLES (continued)

31 December 2020 - Audited

	Gross carrying amount RM	Allowance for impairment losses		Net balance RM
		ECL (Collectively assessed) RM	ECL (Individually assessed) RM	
Neither past due	5,006,769	(18,611)	-	4,988,158
Past due 1 - 30 days	1,983,629	(6,277)	-	1,977,352
Past due 31 - 60 days	639,094	(1,352)	-	637,742
Past due 61 - 90 days	213,099	(33)	-	213,066
More than 90 days past due	311,810	(214,299)	-	97,511
	<u>8,154,401</u>	<u>(240,572)</u>	<u>-</u>	<u>7,913,829</u>
Credit Impaired				
More than 90 days past due	-	-	-	-
	<u>8,154,401</u>	<u>(240,572)</u>	<u>-</u>	<u>7,913,829</u>

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security.

The Group's normal trade credit term ranges from 30 to 60 days (30.09.2022: 30 to 60 days, 31.12.2022: 30 to 60 days, 31.12.2021: 30 to 60 days and 31.12.2020: 30 to 60days). Other credit terms are assessed and approved on a case-by-case basis.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)**13. OTHER RECEIVABLES**

	Note	Audited	Unaudited	<.....Audited.....>		
		30.09.2023 RM	30.09.2022 RM	31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Other receivables		2,090	3,354	-	46,085	3,970
Deposits	(a)	949,709	535,926	525,601	464,810	339,599
Prepayments	(b)	880,358	271,872	241,908	918,414	33,905
		<u>1,832,157</u>	<u>811,152</u>	<u>767,509</u>	<u>1,429,309</u>	<u>377,474</u>

Other receivables represented non-trade transactions which are unsecured, interest-free and repayable on demand.

Management has performed an assessment on other receivables as at the reporting date and noted that there was no impairment loss to be recognised for the financial periods/years.

(a) Deposit

Included in the deposits was an amount of RM500,146 (30.09.2022, 31.12.2022, and 31.12.2021: RM148,120, 31.12.2020: Nil) being partial deposits paid for the acquisition of plant and machinery which yet to be delivered as at financial period/year end. The remaining outstanding contractual payment has disclosed in Note 32 of the financial statements.

(b) Prepayment

Included in the prepayment was an amount paid relating to listing expenses incurred for the IPO purpose amounting to RM210,523 (30.09.2022, 31.12.2022, 31.12.2021, 31.12.2020: Nil). The transaction cost will be accounted for as a deduction from equity upon the completion of the IPO.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

14. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate represented non-trade transactions which were unsecured, interest-free and repayable on demand.

15. AMOUNT DUE FROM/(TO) DIRECTORS

The amount due from/(to) directors represented non-trade transactions which were unsecured, interest-free and repayable on demand.

16. FIXED DEPOSITS WITH LICENSED BANKS

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Fixed deposits					
With maturity of more than 3 months	483,313	472,148	472,148	456,968	356,968
	<u>483,313</u>	<u>472,148</u>	<u>472,148</u>	<u>456,968</u>	<u>356,968</u>

The fixed deposits with licensed banks of RM483,313 (30.09.2022: RM472,148, 31.12.2022: RM472,148, 31.12.2021: RM456,968 and 31.12.2020: RM356,968) have been pledged to the licensed banks as security credit facilities granted to the Group as disclosed in Note 22 to the financial statements.

The effective interest rates and maturity period of the fixed deposits with a licensed bank at the reporting date are as follows:

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....> 31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Effective interest rates (%)	2.30 - 2.60	1.85	1.85	1.85	3.10
Maturity period	12 months	12 months	12 months	12 months	12 months

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. CASH AND BANK BALANCES

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Cash in hand	10,153	11,409	21,294	13,396	26,631
Cash at bank	5,087,188	951,337	5,534,893	1,059,813	1,800,998
	<u>5,097,341</u>	<u>962,746</u>	<u>5,556,187</u>	<u>1,073,209</u>	<u>1,827,629</u>

18. SHARE CAPITAL

	Audited	Unaudited	<.....Audited.....>		
Note	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	Number of ordinary shares (units)				
Issued and fully paid:					
Balance as at beginning of the financial periods/years	200	-	-	-	-
Issuance of ordinary shares (a)	311,146,800	200	200	-	-
Balance as at end of the financial periods/years	<u>311,147,000</u>	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
	RM	RM	RM	RM	RM
Issued and fully paid:					
Balance as at beginning of the financial periods/years	20	-	-	-	-
Issuance of ordinary shares	31,114,680	20	20	-	-
Balance as at end of the financial periods/years	<u>31,114,700</u>	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

18. SHARE CAPITAL (continued)

- (a) During the financial period ended 30 September 2023, the Company increased its share capital from RM20 to RM31,114,700 through issuance of 311,146,800 new ordinary shares of RM0.10 each for acquisition of subsidiaries as disclosed in Note 36.3.

The new ordinary shares issued during the financial period/year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Group. All ordinary shares rank equally with regards to the Group's residual assets.

19. INVESTED EQUITY

		Audited 30.09.2023	Unaudited 30.09.2022	<.....Audited.....> 31.12.202	31.12.2021	31.12.2020
		Number of ordinary shares (units)				
Issued and fully paid:	Note					
Balance as at beginning of the financial periods/years		700,100	700,100	700,100	700,100	700,100
Adjustment pursuant to restructuring exercise	36.3	(700,100)	-	-	-	-
Balance as at end of the financial periods/years		<u>-</u>	<u>700,100</u>	<u>700,100</u>	<u>700,100</u>	<u>700,100</u>
		RM	RM	RM	RM	RM
Issued and fully paid:						
Balance as at beginning of the financial periods/years		700,100	700,100	700,100	700,100	700,100
Adjustment pursuant to restructuring exercise	36.3	(700,100)	-	-	-	-
Balance as at end of the financial periods/years		<u>-</u>	<u>700,100</u>	<u>700,100</u>	<u>700,100</u>	<u>700,100</u>

For the purpose of the report, the total number of shares as at 30 September 2022, 31 December 2022, 31 December 2021 and 31 December 2020 represent the aggregate number of issued ordinary shares of all entities within the Group.

12. ACCOUNTANTS' REPORT *(Cont'd)*

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

20. MERGER RESERVES

The merger reserves arise from the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Group's subsidiaries upon consolidation under the merger accounting principle.

21. RETAINED EARNINGS

The entire retained earnings of the Group as at 30 September 2023, 30 September 2022, 31 December 2022, 31 December 2021 and 31 December 2020 may be distributed as dividends under the single tier system.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

22. LOANS AND BORROWINGS

	Note	Audited	Unaudited	<.....Audited.....>		
		30.09.2023 RM	30.09.2022 RM	31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Current liabilities						
<u>Secured</u>						
Bank overdrafts		-	2,141,074	127,728	3,071,250	582,213
Bankers' acceptance		4,445,000	3,476,000	2,941,000	1,599,000	1,141,000
Term loans		1,192,359	1,024,430	1,039,187	1,121,354	580,703
Hire purchases		310,115	270,528	276,233	246,018	244,715
		<u>5,947,474</u>	<u>6,912,032</u>	<u>4,384,148</u>	<u>6,037,622</u>	<u>2,548,631</u>
Non-current liabilities						
<u>Secured</u>						
Term loans		19,069,337	20,074,373	19,847,840	20,762,423	11,575,935
Hire purchases		641,615	872,676	797,300	440,153	672,933
		<u>19,710,952</u>	<u>20,947,049</u>	<u>20,645,140</u>	<u>21,202,576</u>	<u>12,248,868</u>
Total borrowings						
<u>Secured</u>						
Bank overdrafts	(a)	-	2,141,074	127,728	3,071,250	582,213
Bankers' acceptance	(a)	4,445,000	3,476,000	2,941,000	1,599,000	1,141,000
Term loans	(b)	20,261,696	21,098,803	20,887,027	21,883,777	12,156,638
Hire purchases	(c)	951,730	1,143,204	1,073,533	686,171	917,648
		<u>25,658,426</u>	<u>27,859,081</u>	<u>25,029,288</u>	<u>27,240,198</u>	<u>14,797,499</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

22. LOANS AND BORROWINGS (continued)

The following are the rates of interest charged per annum:

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	%	%	%	%	%
Bank overdrafts	7.92 - 8.20	7.17- 7.45	7.17- 7.45	6.70 - 6.92	6.92
Bankers' acceptance	3.70 - 4.70	3.51- 4.85	3.51- 4.85	3.43 - 3.51	3.33 - 3.48
Term loans	3.05 - 7.92	3.05- 7.67	3.05- 7.67	3.17 - 6.67	3.33 - 6.92
Hire purchases	3.73 - 6.70	3.73- 6.70	3.73- 6.70	3.60 - 6.96	3.60 - 6.96

(a) Bank overdraft and bankers' acceptance

The bank overdrafts and bankers' acceptances are secured by way of:-

- (i) pledged fixed deposits as disclosed in Note 16 to the financial statements.
- (ii) secured by charged over the properties of the Group as disclosed in Note 5, Note 6 and Note 7 to the financial statements.
- (iii) Joint and several guarantee by all the directors and shareholders.
- (iv) Corporate guarantee by combining entity.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)**22. LOANS AND BORROWINGS (continued)****(b) Term loans**

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
<u>Current</u>					
- Not later than one year	1,192,359	1,024,430	1,039,187	1,121,354	580,703
<u>Non-current</u>					
- later than one year but not later than five years	4,165,254	4,459,188	4,199,920	4,748,196	2,377,364
- later than five years	14,904,083	15,615,185	15,647,920	16,014,227	9,198,571
	<u>19,069,337</u>	<u>20,074,373</u>	<u>19,847,840</u>	<u>20,762,423</u>	<u>11,575,935</u>
Total term loans	<u>20,261,696</u>	<u>21,098,803</u>	<u>20,887,027</u>	<u>21,883,777</u>	<u>12,156,638</u>

The term loans are secured by way of the first legal charge over the Group's property, plant and equipment, right-of-use assets and investment properties as disclosed in Note 5, Note 6 and Note 7 to the financial statements respectively to the financial statements and are joint and several guarantee by all the directors and shareholders.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. LOANS AND BORROWINGS (continued)

(c) Hire purchases

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Minimum lease payment					
- Not later than one year	353,335	319,575	321,816	275,830	287,197
- Later than one year and not later than five years	692,832	832,907	854,330	469,298	699,717
- More than five years	-	130,261	23,357	3,736	39,971
	<u>1,046,167</u>	<u>1,282,743</u>	<u>1,199,503</u>	<u>748,864</u>	<u>1,026,885</u>
Future finance charges on hire purchases	<u>(94,437)</u>	<u>(139,539)</u>	<u>(125,970)</u>	<u>(62,693)</u>	<u>(109,237)</u>
Present value of hire purchases	<u>951,730</u>	<u>1,143,204</u>	<u>1,073,533</u>	<u>686,171</u>	<u>917,648</u>
Present value of hire purchases are analysed as follows:					
Current liabilities					
- Not later than one year	310,115	270,528	276,233	246,018	244,715
Non-current liabilities					
- Later than one year and not later than five years	641,615	745,612	774,854	436,443	634,100
- More than five years	-	127,064	22,446	3,710	38,833
	<u>951,730</u>	<u>1,143,204</u>	<u>1,073,533</u>	<u>686,171</u>	<u>917,648</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

23. TRADE AND OTHER PAYABLES

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Trade payables	3,481,140	2,458,246	1,993,010	1,196,233	1,835,889
Trade payables - related party (a)	-	-	-	8,995	1,239
	<u>3,481,140</u>	<u>2,458,246</u>	<u>1,993,010</u>	<u>1,205,228</u>	<u>1,837,128</u>
Add:					
Other payables	710,639	413,069	558,689	394,287	356,123
Other payable - retention sums	77,046	-	-	-	-
Accruals (b)	2,463,777	1,453,147	1,467,444	858,142	546,374
Deposits received	23,000	26,700	36,200	26,700	27,627
	<u>3,274,462</u>	<u>1,892,916</u>	<u>2,062,333</u>	<u>1,279,129</u>	<u>930,124</u>
Total trade and other payables	<u>6,755,602</u>	<u>4,351,162</u>	<u>4,055,343</u>	<u>2,484,357</u>	<u>2,767,252</u>

(a) The trade payables are non-interest bearing and the normal trade credit terms received by the Group ranges from 30 to 60 days (30.09.2022, 31.12.2022, 31.12.2021, 31.12.2020: 30 to 60 days).

(b) Included in the accruals is an amount of RM871,754 relating to the accrual of cost for building under construction as disclosed in Note 6 which the work done has been completed as at year end, but pending invoice from contractor.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

24. REVENUE

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023 RM	2022 RM	2022 RM	2021 RM	2020 RM
Trading of goods	51,036,964	46,362,658	65,789,770	38,594,558	27,521,175
Timing of revenue recognition:					
- At point in time	51,036,964	46,362,658	65,789,770	38,594,558	27,521,175

Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns and refunds	Warranty
Sales of high-pressure laminate products and a range of other related products	Revenue are recognised when control of the products have been transferred, being when the products are delivered to the customer, and the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.	No significant element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice.	Sales rebates incentive are given to certain customers when the customer meets the agreed monthly sales target at the end of every month. Revenue from these sales is recognised based on the price specified in the contract, net of the sales rebates.	Not applicable	Not applicable

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. FINANCE COSTS

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023 RM	2022 RM	2022 RM	2021 RM	2020 RM
Interest on bank overdrafts	15,683	123,740	153,740	165,737	47,658
Interest on bankers' acceptances	125,540	93,286	121,585	39,403	5,932
Interest on hire purchases	37,170	37,981	51,556	43,072	53,392
Interest on lease liabilities	10,611	-	-	1,505	5,940
Interest on term loans	737,671	663,311	912,727	545,318	360,273
	<u>926,675</u>	<u>918,318</u>	<u>1,239,608</u>	<u>795,035</u>	<u>473,195</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROFIT BEFORE TAXATION

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023 RM	2022 RM	2022 RM	2021 RM	2020 RM
Auditors' remuneration:					
- Statutory audit	75,000	55,350	73,800	52,500	35,180
- Special audit	54,000	42,037	94,000	-	-
- Overprovision in previous financial year	-	-	(600)	-	(800)
Bad debt written off	-	-	5,714	26,918	4,926
Depreciation on:					
- Property, plant and equipment (Note 5)	616,919	577,429	792,742	571,067	656,847
- Right-of-use assets (Note 6)	194,757	149,787	199,715	204,670	245,207
- Investment properties (Note 7)	30,416	30,416	40,555	40,555	40,555
Expense related to short-term leases and lease low-value assets (Note 6)	20,570	3,600	6,760	1,750	1,430
Fair value (gain)/loss on other investments (Note 9)	(4,500)	22,152	17,150	27,050	(6,600)
Finance costs (Note 25)	926,675	918,318	1,239,608	795,035	473,195
Impairment losses on:					
- Trade receivables (Note 12)	42,998	102,256	48,962	99,635	-
- Right-of-use assets (Note 6)	-	-	-	280,130	-
Key management personnel remuneration (Note 27)	1,591,424	1,098,942	1,451,512	1,114,428	1,225,261
Listing expenses	514,161	372,710	619,105	-	-
Loss on foreign exchange - realised	48,205	74,283	32,887	40,829	25,440
Loss on disposal of property, plant and equipment	-	-	-	276	-

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROFIT BEFORE TAXATION (continued)

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023 RM	2022 RM	2022 RM	2021 RM	2020 RM
Property, plant and equipment written off	-	-	-	30,449	2,231
Slow-moving and obsolete inventories written down (Note 11)	45,301	1,834	26,825	48,772	-
Share of associate's losses (Note 8)	-	-	-	-	30,742
Staff cost:					
- Salaries, allowances and bonus	2,983,459	2,717,213	3,383,440	2,377,975	1,675,695
- Defined contribution plans	272,132	248,684	422,914	274,993	206,843
- Other benefits	67,813	62,346	74,018	35,145	27,595
Bad debt recovered	-	(14,722)	(14,722)	-	-
Dividend income	-	-	(900)	(5,845)	(5,590)
Gain on disposal of other investments (Note 9)	(8,100)	-	-	(15,600)	(50,650)
Gain on disposal of an associate (Note 8)	-	-	-	(55,000)	-
Gain on disposal of property, plant and equipment	-	(148,000)	(148,000)	-	-
Loss/(Gain) on foreign exchange - unrealised	9,125	16,017	(8,952)	203	(10,168)
Gain on termination of lease (Note 6)	-	-	-	(3,359)	-
Government wages subsidy	-	(135,380)	(154,580)	(158,040)	(189,000)
Interest income	(42,788)	(16,834)	(20,014)	(1,750)	(21,659)
Lease income (Note 7)	(93,500)	(80,700)	(103,900)	(103,290)	(105,630)
Reversal of impairment losses on trade receivables (Note 12)	(48,962)	(99,635)	(99,635)	(240,572)	(25,761)

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. KEY MANAGEMENT PERSONNEL REMUNERATION

The aggregate amounts of emoluments received and receivable by key management personnel of the Group during the financial periods/years are as follows:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023	2022	2022	2021	2020
	RM	RM	RM	RM	RM
Non-executive directors:					
- Fee	85,000	-	-	-	-
- Allowance	2,000	-	-	-	-
	87,000	-	-	-	-
Executive directors:					
- Salaries	900,000	630,000	840,000	628,845	600,000
- Fee	-	-	-	-	100,000
- Defined contribution plans	108,000	76,500	102,000	75,462	72,000
- Social security contributions	3,476	2,848	4,008	1,847	1,847
	1,011,476	709,348	946,008	706,154	773,847
Other key management personnel:					
- Salaries	439,620	346,106	448,906	362,052	400,575
- Defined contribution plans	50,721	41,352	53,592	43,452	48,069
- Social security contributions	2,607	2,136	3,006	2,770	2,770
	492,948	389,594	505,504	408,274	451,414
Total key management personnel remuneration	1,591,424	1,098,942	1,451,512	1,114,428	1,225,261

The estimated money value of benefit-in-kind not included in the above received by directors of the Group was RM47,291 (30.09.2022: RM46,621, 31.12.2022: RM62,380, 31.12.2021: RM59,000 and 31.12.2020: RM59,000)

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

28. TAX EXPENSE

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023 RM	2022 RM	2022 RM	2021 RM	2020 RM
<u>Current</u>					
Provision for current financial periods/years	2,378,879	2,167,075	3,115,334	1,472,557	840,362
Under/(over) provision in previous financial periods/years	143,519	76,158	76,158	(669)	(14,350)
	<u>2,522,398</u>	<u>2,243,233</u>	<u>3,191,492</u>	<u>1,471,888</u>	<u>826,012</u>
<u>Deferred taxation (Note 10)</u>					
Recognised in the income statement	(84,058)	(70,284)	(24,307)	8,276	67,709
Under/(over) provision in previous financial periods/years	41,367	(69,153)	(69,153)	(29,109)	(9,629)
	<u>(42,691)</u>	<u>(139,437)</u>	<u>(93,460)</u>	<u>(20,833)</u>	<u>58,080</u>
Tax expenses for current financial periods/years	<u>2,479,707</u>	<u>2,103,796</u>	<u>3,098,032</u>	<u>1,451,055</u>	<u>884,092</u>

The domestic statutory tax rate will be 15% (30.09.2022: 17%, 31.12.2022: 17%, 31.12.2021: 17% and 31.12.2020: 17%) on first RM150,000 (30.09.2022: RM600,000 , 31.12.2022: RM600,000, 31.12.2021: RM600,000 and 31.12.2020: RM600,000), 17% on the subsequent RM450,000 chargeable income (30.09.2022, 31.12.2022, 31.12.2021 and 31.12.2020: Nil) and 24% on remaining chargeable income.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

28. TAX EXPENSE (continued)

The reconciliation of income tax expenses applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023	2022	2022	2021	2020
	RM	RM	RM	RM	RM
Profit before taxation	8,034,896	7,766,201	11,624,860	5,869,152	3,245,867
Taxation expense at statutory tax rate of 15%	(80,465)	-	-	-	-
Taxation expense at statutory tax rate of 17%	153,000	115,832	73,861	201,871	156,218
Taxation expense at statutory tax 24% for remaining balance	1,842,043	1,700,360	2,685,692	1,123,602	558,466
Differential in tax rate	4,184	-	-	-	-
Non-deductible expenses	347,848	268,135	321,074	275,616	245,192
Non-taxable income	(3,024)	(32,155)	(39,506)	(128,140)	(52,604)
Deferred tax assets not recognised during the financial periods/years	31,235	44,619	49,906	7,884	799
Under/(over)provision of taxation in previous financial periods/years	143,519	76,158	76,158	(669)	(14,350)
Under/(over) provision of deferred taxation in previous financial periods/years	41,367	(69,153)	(69,153)	(29,109)	(9,629)
Tax expenses for current financial periods/years	2,479,707	2,103,796	3,098,032	1,451,055	884,092

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

29. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the earnings attributable to owners of the Group and divided by weighted average number of ordinary shares outstanding, calculated as follows:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	2023	2022	2022	2021	2020
	RM	RM	RM	RM	RM
Profit attributable to owners of the Company (RM)	5,555,189	5,662,405	8,526,828	4,418,097	2,361,775
Weighted average number of ordinary shares (units)	311,147,000	700,300	700,300	700,100	700,100
Basic earnings per ordinary share Attributable to owners of the Company (sen)	0.02	8.09	12.17	6.31	3.37

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share of the Group is similar to the basic earnings per ordinary share as the Group has no potential dilutive ordinary shares for the current and previous financial periods/years. The Group does not have outstanding warrant and option which may dilute its basis earnings per ordinary share.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

The outstanding balances arising from related parties transactions as at the reporting date are disclosed in Note 12, Note 14, Note 15 and Note 23.

- (b) In addition to the information detailed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the financial period/year:

	Audited	Unaudited	<.....Audited.....>		
	FPE 30 SEPTEMBER		FYE 31 DECEMBER		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
<u>Related parties</u>					
Transfer of shares in an associate to a former key management personnel (Note 8)	-	-	-	55,000	-
Sales to an associate company	-	-	-	19,351	22,692
Sales to companies in which directors have substantial interest	-	-	-	13,042	3,902
Sales to company in which a key management personnel have substantial interest	-	-	-	-	669
Transaction with directors purchase of trademark	-	-	(5,000)	-	-
Purchases from an associate company	-	-	-	(6,024)	(10,995)
Purchase from company in which directors have substantial interest	-	-	-	(244,744)	(68,000)
	-	-	-	(244,744)	(68,000)

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

- (c) The key management personnel of the Group comprises persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly, whose remuneration during the periods/years are disclosed in Note 27 to the financial statements.

The directors of the Group is of the opinion that the related parties transactions have been entered into the normal course of business on an arm's length basis and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31. DIVIDENDS

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
A first interim single tier dividend of RM0.40 per ordinary share on 500,000 shares was declared on 17 March 2021 and paid on 31 March 2021.	-	-	-	200,000	-
Final single tier dividend of RM0.26 per ordinary share on 500,000 shares declared on 17 December 2021 and paid on 31 December 2021.	-	-	-	130,000	-
Final single tier dividend of RM2 per ordinary share on 100,000 shares declared on 17 December 2021 and paid on 31 December 2021.	-	-	-	200,000	-
		126			
		384			

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31. DIVIDENDS (continued)

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Final single tier dividend of RM3.40 per ordinary share on 700,000 shares declared on 10 January 2023 and paid on 12 January 2023.	700,000	-	-	-	-
	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>530,000</u>	<u>-</u>

Since the end of the previous financial year, an interim dividend (single-tier) in respect of the financial year ended 31 December 2022, of RM0.90 on 500,000 ordinary shares, amounting to a dividend of RM450,000 and RM2.50 on 100,000 ordinary shares, amounting to a dividend of RM250,000 have been approved and declared by the directors on 10 January 2023 and has been paid on 12 January 2023. The financial statements for the FPE 30 September 2023 has reflected this dividend and has accounted for in equity as an appropriation of retained earnings in the FPE 30 September 2023.

Since the end of the previous financial year, an interim dividend (single-tier) in respect of the financial period ended 30 September 2023, of 0.096 sens on 311,147,000 ordinary shares, amounting to a dividend of RM300,000 has been approved and declared by the directors on 26 February 2024 and has been paid on 29 February 2024. The financial statements for the current period do not reflect this dividend and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The Directors do not recommend the payment of any final dividend in respect of the current financial period.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

32. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
<u>Approved and contracted for:</u>					
Property, plant and equipment	1,246,713	1,670,760	1,580,400	-	-
Right-of-use assets	653,625	-	-	-	-
	<u>1,900,338</u>	<u>1,670,760</u>	<u>1,580,400</u>	<u>-</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (continued)**33. SEGMENT INFORMATION**

The Board of Directors is the Group's chief operating decision maker. For management purposes, the segment information is presented in respect of the Group's business segments. The primary format, businesssegment, is based on the Group's management and internal reporting structure.

Segment revenues, expenses and results included transfers between segments. The prices charged on intersegment transactions are at arm's length and not materially different for similar goods to parties outside of the economic entity. These transfers are eliminated on combination.

Segment assets and liabilities include items directly attribute to a segment as well as those that can be allocated on a reasonable basis.

(a) Geographical segments

No segmental reporting by geographical regions has been prepared as the Group's assets and revenue are located in Malaysia.

(b) Business segments

The Group comprises the following main business segments:

- | | |
|---------|---|
| Trading | - Wholesale and trading of high pressure laminated sheets and merchandise of all kinds. |
| Others | - Investment holding company. |

12. ACCOUNTANTS' REPORT (Cont'd)
TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)
33. SEGMENT INFORMATION (continued)
(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows:

Audited	Trading	Others	Total	Elimination	Total
FPE 30 September	RM	RM	operations	RM	RM
2023			RM		
<u>Revenue</u>					
External revenue	51,036,964	-	51,036,964	-	51,036,964
Inter-segment revenue	15,164,178	-	15,164,178	(15,164,178)	-
Total revenue	<u>66,201,142</u>	<u>-</u>	<u>66,201,142</u>	<u>(15,164,178)</u>	<u>51,036,964</u>
<u>Results</u>					
Segment profit/(loss)	11,056,158	(764,405)	10,291,753	(530,878)	9,760,875
Depreciation:					
- Property, plant and equipment (Note 5)	(621,177)	-	(621,177)	4,258	(616,919)
- Right-of-use assets (Note 6)	(281,299)	-	(281,299)	86,542	(194,757)
- Investment properties (Note 7)	(123,247)	-	(123,247)	92,831	(30,416)
Finance income (Note 26)	95,380	-	95,380	(52,592)	42,788
Finance costs (Note 25)	(984,112)	-	(984,112)	57,437	(926,675)
Profit/(loss) before taxation	9,141,703	(764,405)	8,377,298	(342,402)	8,034,896
Tax expense	(2,550,331)	-	(2,550,331)	70,624	(2,479,707)
Profit/(loss) after taxation	<u>6,591,372</u>	<u>(764,405)</u>	<u>5,826,967</u>	<u>(271,778)</u>	<u>5,555,189</u>
<u>Assets</u>					
Segment assets	75,886,836	210,543	76,097,379	(9,817,798)	66,279,581
Addition property, plant and equipment (Note 5)	133,876	-	133,876	-	133,876
Addition right-of-use assets (Note 6)	398,305	-	398,305	1,642,218	2,040,523
Addition investment properties (Note 7)	1,642,218	-	1,642,218	(1,642,218)	-
Total assets	<u>78,061,235</u>	<u>210,543</u>	<u>78,271,778</u>	<u>(9,817,798)</u>	<u>68,453,980</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. SEGMENT INFORMATION (continued)

(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows:
(continued)

Audited	Trading	Others	Total	Elimination	Total
FPE 30 September	RM	RM	operations	RM	RM
2023			RM		
<u>Liabilities</u>					
Segment liabilities	41,005,985	1,684,526	42,690,511	(9,187,659)	33,502,852
<u>Other information</u>					
Fair value gain on other investments (Note 9)	(4,500)	-	(4,500)	-	(4,500)
Impairment losses on:					
- Trade receivables (Note 12)	42,998	-	42,998	-	42,998
Loss on foreign exchange - realised (Note 26)	48,205	-	48,205	-	48,205
Loss on foreign exchange - unrealised (Note 26)	9,125	-	9,125	-	9,125
Slow-moving and obsolete inventories written down (Note 11)	45,301	-	45,301	-	45,301
Gain on disposal of property, plant and equipment (Note 26)	(8,100)	-	(8,100)	-	(8,100)
Gain on termination of lease	(427)	-	(427)	(427)	-
Reversal of impairment losses on trade receivables (Note 12)	(48,962)	-	(48,962)	-	(48,962)

12. ACCOUNTANTS' REPORT (Cont'd)
TOPMIX BERHAD

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NOTES TO THE FINANCIAL STATEMENTS (continued)
33. SEGMENT INFORMATION (continued)
(b) Business segments (continued)

 Segment revenue, profit/(loss) before taxation and the assets employed are as follows:
 (continued)

Unaudited	Trading	Others	Total	Elimination	Total
FPE 30 September	RM	RM	operations	RM	RM
2022			RM		RM
<u>Revenue</u>					
External revenue	46,362,658	-	46,362,658	-	46,362,658
Inter-segment revenue	12,685,867	-	12,685,867	(12,685,867)	-
Total revenue	<u>59,048,525</u>	<u>-</u>	<u>59,048,525</u>	<u>(12,685,867)</u>	<u>46,362,658</u>
<u>Results</u>					
Segment profit/(loss)	10,336,817	(394,279)	9,942,538	(517,221)	9,425,317
Depreciation:					
- Property, plant and equipment (Note 5)	(581,687)	-	(581,687)	4,258	(577,429)
- Right-of-use assets (Note 6)	(242,099)	-	(242,099)	92,312	(149,787)
- Investment properties (Note 7)	(123,247)	-	(123,247)	92,831	(30,416)
Finance income (Note 26)	16,834	-	16,834	-	16,834
Finance costs (Note 25)	(942,162)	-	(942,162)	23,844	(918,318)
Profit/(loss) before taxation	8,464,456	(394,279)	8,070,177	(303,976)	7,766,201
Tax expense	(2,200,225)	-	(2,200,225)	96,429	(2,103,796)
Profit/(loss) after taxation	<u>6,264,231</u>	<u>(394,279)</u>	<u>5,869,952</u>	<u>(207,547)</u>	<u>5,662,405</u>
<u>Assets</u>					
Segment assets	67,929,645	20	67,929,665	(8,750,117)	59,179,548
Addition property, plant and equipment (Note 5)	1,364,371	-	1,364,371	(490)	1,363,881
Addition right-of-use assets (Note 6)	33,871	-	33,871	(33,871)	-
Total assets	<u>69,327,887</u>	<u>20</u>	<u>69,327,907</u>	<u>(8,784,478)</u>	<u>60,543,429</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. SEGMENT INFORMATION (continued)

(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows:
(continued)

Unaudited	Trading	Others	Total	Elimination	Total
FPE 30	RM	RM	operations	RM	RM
September 2022			RM		
<u>Liabilities</u>					
Segment liabilities	41,271,337	394,279	41,665,616	(8,353,703)	33,311,913
<u>Other information</u>					
Bad debt recovered (Note 26)	(14,722)	-	(14,722)	-	(14,722)
Fair value loss on other investments (Note 9)	22,152	-	22,152	-	22,152
Impairment losses on:					
- Trade receivables (Note 12)	102,256	-	102,256	-	102,256
Loss on foreign exchange - realised (Note 26)	74,283	-	74,283	-	74,283
Loss on foreign exchange - unrealised (Note 26)	16,017	-	16,017	-	16,017
Slow-moving and obsolete inventories written down (Note 11)	1,834	-	1,834	-	1,834
Gain on disposal of property, plant and equipment (Note 26)	(148,000)	-	(148,000)	-	(148,000)
Reversal of impairment losses on trade receivables (Note 12)	(99,635)	-	(99,635)	-	(99,635)

12. ACCOUNTANTS' REPORT (Cont'd)
TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)
33. SEGMENT INFORMATION (continued)
(b) Business segments (continued)

 Segment revenue, profit/(loss) before taxation and the assets employed are as follows:
 (continued)

Audited	Trading	Others	Total	Elimination	Total
FYE 31 December	RM	RM	operations	RM	RM
2022			RM		
<u>Revenue</u>					
External revenue	65,789,770	-	65,789,770	-	65,789,770
Inter-segment revenue	17,643,676	-	17,643,676	(17,643,676)	-
Total revenue	<u>83,433,446</u>	<u>-</u>	<u>83,433,446</u>	<u>(17,643,676)</u>	<u>65,789,770</u>
<u>Results</u>					
Segment profit/(loss)	15,000,829	(709,598)	14,291,231	(413,765)	13,877,466
Depreciation:					
- Property, plant and equipment (Note 5)	(798,419)	-	(798,419)	5,677	(792,742)
- Right-of-use assets (Note 6)	(322,758)	-	(322,758)	123,043	(199,715)
- Investment properties (Note 7)	(164,328)	-	(164,328)	123,773	(40,555)
Finance income (Note 26)	47,057	-	47,057	(27,043)	20,014
Finance costs (Note 25)	(1,283,702)	-	(1,283,702)	44,094	(1,239,608)
Profit/(loss) before taxation	12,478,679	(709,598)	11,769,081	(144,221)	11,624,860
Tax expense	(3,156,120)	-	(3,156,120)	58,088	(3,098,032)
Profit/(loss) after taxation	<u>9,322,559</u>	<u>(709,598)</u>	<u>8,612,961</u>	<u>(86,133)</u>	<u>8,526,828</u>
<u>Assets</u>					
Segment assets	66,818,868	20	66,818,888	(7,935,218)	58,883,670
Addition property, Plant and equipment (Note 5)	1,400,565	-	1,400,565	(490)	1,400,075
Addition right-of-use assets (Note 6)	33,871	-	33,871	(33,871)	-
Total assets	<u>68,253,304</u>	<u>20</u>	<u>68,253,324</u>	<u>(7,969,579)</u>	<u>60,283,745</u>

12. ACCOUNTANTS' REPORT (Cont'd)
TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)
33. SEGMENT INFORMATION (continued)
(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows (continued):

Audited	Trading	Others	Total	Elimination	Total
FYE 31 December	RM	RM	operations	RM	RM
2022			RM		
<u>Liabilities</u>					
Segment liabilities	37,138,428	709,598	37,848,026	(7,660,220)	30,187,806
<u>Other information</u>					
Bad debt recovered (Note 26)	5,714	-	5,714	-	5,714
Fair value loss on other investments (Note 9)	17,150	-	17,150	-	17,150
Impairment losses on:					
- Trade receivables (Note 12)	48,962	-	48,962	-	48,962
Loss on foreign exchange - realised (Note 26)	32,887	-	32,887	-	32,887
Gain on foreign exchange - unrealised (Note 26)	(8,952)	-	(8,952)	-	(8,952)
Slow-moving and obsolete inventories written down (Note 11)	26,825	-	26,825	-	26,825
Gain on disposal of property, plant and equipment (Note 26)	(148,000)	-	(148,000)	-	(148,000)
Reversal of impairment losses on trade receivables (Note 12)	(99,635)	-	(99,635)	-	(99,635)
Dividend income (Note 26)	(900)	-	(900)	-	(900)

12. ACCOUNTANTS' REPORT (Cont'd)
TOPMIX BERHAD

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NOTES TO THE FINANCIAL STATEMENTS (continued)
33. SEGMENT INFORMATION (continued)
(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows (continued):

Audited	Trading	Others	Total	Elimination	Total
FYE 31 December	RM	RM	operations	RM	RM
2021			RM		
<u>Revenue</u>					
External revenue	38,594,558	-	38,594,558	-	38,594,558
Inter-segment revenue	8,218,067	-	8,218,067	(8,218,067)	-
Total revenue	<u>46,812,625</u>	<u>-</u>	<u>46,812,625</u>	<u>(8,218,067)</u>	<u>38,594,558</u>
<u>Results</u>					
Segment profit	7,824,166	-	7,824,166	(345,437)	7,478,729
Depreciation:					
- Property, plant and equipment (Note 5)	(576,646)	-	(576,646)	5,579	(571,067)
- Right-of-use assets (Note 6)	(319,670)	-	(319,670)	115,000	(204,670)
- Investment properties (Note 7)	(119,849)	-	(119,849)	79,294	(40,555)
Finance income (Note 26)	1,750	-	1,750	-	1,750
Finance costs (Note 25)	(815,553)	-	(815,553)	20,518	(795,035)
Profit before taxation	5,994,198	-	5,994,198	(125,046)	5,869,152
Tax expense	(1,481,066)	-	(1,481,066)	30,011	(1,451,055)
Profit after taxation	<u>4,513,132</u>	<u>-</u>	<u>4,513,132</u>	<u>(95,035)</u>	<u>4,418,097</u>
<u>Assets</u>					
Segment assets	42,896,735	-	42,896,735	(4,813,382)	38,083,353
Addition property, plant and equipment (Note 5)	8,370,067	-	8,370,067	(27,899)	8,342,168
Addition right-of-use assets (Note 6)	634,547	-	634,547	5,054,479	5,689,026
Addition investment Properties (Note 7)	5,689,026	-	5,689,026	(5,689,026)	-
Total assets	<u>57,590,375</u>	<u>-</u>	<u>57,590,375</u>	<u>(5,475,828)</u>	<u>52,114,547</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. SEGMENT INFORMATION (continued)

(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows (continued):

Audited	Trading	Others	Total	Elimination	Total
FYE 31 December	RM	RM	operations	RM	RM
2021			RM		
<u>Liabilities</u>					
Segment liabilities	35,798,056	-	35,798,056	(5,252,600)	30,545,456
<u>Other information</u>					
Bad debt					
written off (Note 26)	26,918	-	26,918	-	26,918
Fair value loss on					
other investments					
(Note 9)	27,050	-	27,050	-	27,050
Impairment losses on:					
- Trade receivables					
(Note 12)	99,635	-	99,635	-	99,635
- Right-of-use assets					
(Note 6)	-	-	-	280,130	280,130
- Investment					
properties					
(Note 7)	280,130	-	280,130	(280,130)	-
Loss on foreign					
exchange - realised					
(Note 26)	40,829	-	40,829	-	40,829
Loss on foreign					
exchange					
- unrealised					
(Note 26)	203	-	203	-	203
Loss on disposal of					
property,					
plant and equipment					
(Note 26)	276	-	276	-	276
Property, plant and					
equipment written					
off (Note 26)	30,449	-	30,449	-	30,449
Slow-moving and					
obsolete					
inventories written					
down (Note 11)	48,772	-	48,772	-	48,772

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. SEGMENT INFORMATION (continued)

(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows (continued):

Audited	Trading	Others	Total	Elimination	Total
FYE 31 December	RM	RM	operations	RM	RM
2021 (continued)			RM		
Dividend income (Note 26)	(5,845)	-	(5,845)	-	(5,845)
Gain on disposal of Other investments (Note 9)	(15,600)	-	(15,600)	-	(15,600)
Gain on disposal of investment in an associate (Note 8)	(55,000)	-	(55,000)	-	(55,000)
Gain on termination of lease (Note 6)	(3,359)	-	(3,359)	-	(3,359)
Reversal of impairment losses on trade receivables (Note 12)	(326,502)	-	(326,502)	85,930	(240,572)

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**33. SEGMENT INFORMATION (continued)****(b) Business segments (continued)**

Segment revenue, profit/(loss) before taxation and the assets employed are as follows (continued):

Audited	Trading	Others	Total	Elimination	Total
FYE 31 December	RM	RM	operations	RM	RM
2020			RM		
<u>Revenue</u>					
External revenue	27,521,175	-	27,521,175	-	27,521,175
Inter-segment revenue	5,124,277	-	5,124,277	(5,124,277)	-
Total revenue	<u>32,645,452</u>	<u>-</u>	<u>32,645,452</u>	<u>(5,124,277)</u>	<u>27,521,175</u>
<u>Results</u>					
Segment profit	4,631,674	-	4,631,674	39,080	4,670,754
Depreciation:					
- Property, plant and equipment (Note 5)	(656,847)	-	(656,847)	-	(656,847)
- Right-of-use assets (Note 6)	(174,809)	-	(174,809)	(70,398)	(245,207)
- Investment properties (Note 7)	(110,953)	-	(110,953)	70,398	(40,555)
Share of associate's losses (Note 8)	(30,742)	-	(30,742)	-	(30,742)
Finance income (Note 26)	21,659	-	21,659	-	21,659
Finance costs (Note 25)	(473,195)	-	(473,195)	-	(473,195)
Profit before taxation	<u>3,206,787</u>	<u>-</u>	<u>3,206,787</u>	<u>39,080</u>	<u>3,245,867</u>
Tax expense	<u>(874,712)</u>	<u>-</u>	<u>(874,712)</u>	<u>(9,380)</u>	<u>(884,092)</u>
Profit after taxation	<u>2,332,075</u>	<u>-</u>	<u>2,332,075</u>	<u>29,700</u>	<u>2,361,775</u>
<u>Assets</u>					
Segment assets	32,162,344	-	32,162,344	(2,227,159)	29,935,185
Addition property, plant and equipment (Note 5)	685,824	-	685,824	-	685,824
Addition right-of-use assets (Note 6)	-	-	-	5,151,860	5,151,860
Addition investment properties (Note 7)	5,151,860	-	5,151,860	(5,151,860)	-
Total assets	<u>38,000,028</u>	<u>-</u>	<u>38,000,028</u>	<u>(2,227,159)</u>	<u>35,772,869</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. SEGMENT INFORMATION (continued)

(b) Business segments (continued)

Segment revenue, profit/(loss) before taxation and the assets employed are as follows
(continued):

Audited					
FYE 31 December 2020	Trading RM	Others RM	Total operations RM	Elimination RM	Total RM
<u>Liabilities</u>					
Segment liabilities	20,191,841	-	20,191,841	(2,099,966)	18,091,875
<u>Other information</u>					
Bad debt					
written off (Note 26)	4,926	-	4,926	-	4,926
Fair value gain on other investments (Note 9)	(6,600)	-	(6,600)	-	(6,600)
Loss on foreign exchange - realised (Note 26)	25,440	-	25,440	-	25,440
Property, plant and equipment written off (Note 26)	2,231	-	2,231	-	2,231
Dividend income (Note 26)	(5,590)	-	(5,590)	-	(5,590)
Gain on disposal of other investments (Note 9)	(50,650)	-	(50,650)	-	(50,650)
Gain on foreign exchange - unrealised (Note 26)	(10,168)	-	(10,168)	-	(10,168)
Reversal of impairment losses on trade receivables (Note 12)	(31,035)	-	(31,035)	5,274	(25,761)

(c) Major customer

During the current and previous financial periods/years, the Group does not have any customer with revenue equal to or more than 10% of total Group's revenue.

12. ACCOUNTANTS' REPORT (Cont'd)**TOPMIX BERHAD**

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NOTES TO THE FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND 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 main areas of the financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

34.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of the changes in market interest rates. The Group's exposures to interest rate risk relates to interest-bearing financial assets and liabilities. Interest-bearing financial assets includes fixed deposits with licensed banks. Interest-bearing liabilities includes lease liabilities, hire purchases, bankers' acceptances, overdrafts and term loans.

The bank overdraft, bankers' acceptance and term loan at floating rates expose the Group to cash flows interest rate risk whilst lease liabilities and hire purchase at fixed rates expose the Group to fair value interest rate risk.

The interest rates per annum on the hire purchases, banker's acceptances, overdrafts and term loans are disclosed in Note 22 while the interest rates per annum on the lease liabilities are disclosed in Note 6 to the financial statements.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest rate risk. The Group also reviews its debt portfolio to ensure favourable rates are obtained.

Sensitivity analysis for interest rate risk

If the interest rate had been 100 basis point higher/lower and all other variables held constant, the Group's profit before taxation would change by approximately RM247,067 (30.9.2022: RM267,159, 31.12.2022: RM239,558, 31.12.2021: RM265,540 and 31.12.2020: RM138,799) as a result of exposure to floating rate borrowings.

If the interest rate had been 100 basis point higher/lower and all other variables held constant, the Group's equity would change by approximately RM187,771 (30.9.2022: RM203,041, 31.12.2022: RM182,064, 31.12.2021: RM201,810 and 31.12.2020: RM105,487) as a result of exposure to floating rate borrowings.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****34.2 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's exposure to credit risk mainly arises from its receivables below. For bank balances, the Group minimises credit risk by dealing exclusively with reputable financial institution.

(a) Trade receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis through the review of receivables ageing.

The Group does not have any major concentration of credit risks related to any individual customer and counterparty. The maximum exposure to credit risk is disclosed in Note 12 to the financial statements, representing the carrying amount of the trade receivables recognised on the statements of financial position.

(b) Other receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. The maximum exposure to credit risk is disclosed in Note 13 to the financial statements, representing the carrying amount of the other receivables recognised on the statements of financial position.

(c) Cash and cash equivalent

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.3 Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and China Renminbi ("CNY").

The Group may use forward exchange contracts to hedge its foreign currency risk where necessary. Most of the forward exchange contracts have maturity of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

The net unhedged financial assets of the Group at period/year-end that are not denominated in Ringgit Malaysia are as follows:

	USD RM	CNY RM	Other RM	Total RM
30.09.2023				
Cash and bank balances	10,101	24	30,310	40,435
Trade payables	(158,734)	(2,063,143)	-	(2,221,877)
	<u>(148,633)</u>	<u>(2,063,119)</u>	<u>30,310</u>	<u>(2,181,442)</u>
30.09.2022				
Cash and bank balances	445	99	4,053	4,597
Trade payables	(511,179)	-	-	(511,179)
	<u>(510,734)</u>	<u>99</u>	<u>4,053</u>	<u>(506,582)</u>
31.12.2022				
Cash and bank balances	8,063	100	15	8,178
Trade payables	(18,002)	(708,435)	-	(726,437)
	<u>(9,939)</u>	<u>(708,335)</u>	<u>15</u>	<u>(718,259)</u>
31.12.2021				
Cash and bank balances	400	100	15	515
Trade payables	(45,674)	-	-	(45,674)
	<u>(45,274)</u>	<u>100</u>	<u>15</u>	<u>(45,159)</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****34.3 Foreign currency risk (continued)**

31.12.2020	USD RM	CNY RM	Other RM	Total RM
Cash and bank balances	813,823	98	15	813,936
Trade payables	(373,265)	-	-	(373,265)
	<u>440,558</u>	<u>98</u>	<u>15</u>	<u>440,671</u>

Sensitivity analysis for foreign currency risk

If the above foreign currencies had strengthened/weakened by 10 percent and all other variables held constant, the Group's profit before taxation would change by approximately RM218,144 (30.09.2022: RM50,658, 31.12.2022: RM71,826, 31.12.2021: RM4,516 and 31.12.2020: RM44,067).

If the above foreign currencies had strengthened/weakened by 10 percent and all other variables held constant, the Group's equity would change by approximately RM164,819 (30.09.2022: RM38,390, 31.12.2022: RM54,391, 31.12.2021: RM3,420 and 31.12.2020: RM53,025).

34.4 Liquidity and cash flow risk

Liquidity risk is the risk that the Group will encounters difficulty in meeting financial obligations due to shortage of funds. The Group's exposures to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group manages liquidity risk by maintaining sufficient cash. In addition, the Group maintains bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.4 Liquidity and cash flow risk (continued)

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period/year based on undiscounted contractual cash flows.

	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not more than 5 years RM	More than 5 years RM
30.09.2023						
Trade and other payables	6,755,602	-	6,755,602	6,755,602	-	-
Lease liabilities	367,666	4.67	408,750	90,000	318,750	-
Hire purchases	951,730	3.73- 6.70	1,046,167	353,335	692,832	-
Bankers' acceptance	4,445,000	3.70- 4.70	4,445,000	4,445,000	-	-
Term loans	20,261,696	3.05- 7.92	20,261,696	1,192,359	4,165,254	14,904,083
	<u>32,781,694</u>		<u>32,917,215</u>	<u>12,836,296</u>	<u>5,176,836</u>	<u>14,904,083</u>
30.09.2022						
Trade and other payables	4,351,162	-	4,351,162	4,351,162	-	-
Hire purchases	1,143,204	3.73- 6.70	1,282,743	319,575	832,907	130,261
Bank overdrafts	2,141,074	7.17- 7.45	2,141,074	2,141,074	-	-
Bankers' acceptance	3,476,000	3.51- 4.85	3,476,000	3,476,000	-	-
Term loans	21,098,803	3.05- 7.67	21,098,803	1,024,430	4,459,188	15,615,185
	<u>32,210,243</u>		<u>32,349,782</u>	<u>11,312,241</u>	<u>5,292,095</u>	<u>15,745,446</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.4 Liquidity and cash flow risk (continued)

	Carrying amount	Contractual interest rate	Contractual cash flow	Not later than 1 year	Later than 1 year but not more than 5 years	More than 5 years
31.12.2022	RM	%	RM	RM	RM	RM
Trade and other payables	4,055,343	-	4,055,343	4,055,343	-	-
Hire purchases	1,073,533	3.73- 6.70	1,199,503	321,816	854,330	23,357
Bank overdrafts	127,728	7.17- 7.45	127,728	127,728	-	-
Bankers' acceptance	2,941,000	3.51- 4.85	2,941,000	2,941,000	-	-
Term loans	20,887,027	3.05- 7.67	20,887,027	1,039,187	4,199,920	15,647,920
	<u>29,084,631</u>		<u>29,210,601</u>	<u>8,485,074</u>	<u>5,054,250</u>	<u>15,671,277</u>
31.12.2021						
Trade and other payables	2,484,357	-	2,484,357	2,484,357	-	-
Hire purchases	686,171	3.60 - 6.96	748,864	275,830	469,298	3,736
Bank overdrafts	3,071,250	6.70 - 6.92	3,071,250	3,071,250	-	-
Bankers' acceptance	1,599,000	3.43 - 3.51	1,599,000	1,599,000	-	-
Term loans	21,883,777	3.17 - 6.67	21,883,777	1,121,354	4,748,196	16,014,227
Amount due to directors	100,000	-	100,000	100,000	-	-
	<u>29,824,555</u>		<u>29,887,248</u>	<u>8,651,791</u>	<u>5,217,494</u>	<u>16,017,963</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.4 Liquidity and cash flow risk (continued)

	Carrying amount	Contractual interest rate	Contractual cash flow	Not later than 1 year	Later than 1 year but not more than 5 years	More than 5 years
31.12.2020	RM	%	RM	RM	RM	RM
Trade and other payables	2,767,252	-	2,767,252	2,767,252	-	-
Hire purchases	917,648	3.60 - 6.96	1,026,885	287,197	699,717	39,971
Bank overdrafts	582,213	6.92	582,213	582,213	-	-
Bankers' acceptance	1,141,000	3.33 - 3.48	1,141,000	1,141,000	-	-
Term loans	12,156,638	3.33 - 6.92	12,156,638	580,703	2,377,364	9,198,571
Lease liability	97,048	4.00	99,000	99,000	-	-
Amount due to directors	203,597	-	203,597	203,597	-	-
	<u>17,865,396</u>		<u>17,976,585</u>	<u>5,660,962</u>	<u>3,077,081</u>	<u>9,238,542</u>

34.5 Classification of financial instruments

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

- (i) Financial assets measured at fair value through profit or loss
- (ii) Financial assets measured at amortised cost
- (iii) Financial liabilities measured at amortised cost

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.5 Classification of financial instruments (continued)

	Audited 30.09.2023 RM	Unaudited 30.09.2022 RM	<.....Audited.....>		
			31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Financial assets					
<u>At fair value through profit or loss</u>					
Other investments	19,000	26,898	31,900	49,050	214,400
<u>Amortised cost</u>					
Trade receivables	11,429,948	12,977,949	12,529,943	11,576,010	7,913,829
Other receivables	951,799	539,280	525,601	510,895	343,569
Amount due from an associate	-	-	-	-	75,000
Amount due from a director	-	-	-	-	135,355
Fixed deposits with licensed banks	483,313	472,148	472,148	456,968	356,968
Cash and bank balances	5,097,341	962,746	5,556,187	1,073,209	1,827,629
	<u>17,962,401</u>	<u>14,952,123</u>	<u>19,083,879</u>	<u>13,617,082</u>	<u>10,652,350</u>
Financial liabilities					
<u>Amortised cost</u>					
Trade payables	3,481,140	2,458,246	1,993,010	1,205,228	1,837,128
Other payables	3,274,462	1,892,916	2,062,333	1,279,129	930,124
Loan and borrowings	25,658,426	27,859,081	25,029,288	27,240,198	14,797,499
Amount due to directors	-	-	-	100,000	203,597
Lease liabilities	367,666	-	-	-	97,048
	<u>32,781,694</u>	<u>32,210,243</u>	<u>29,084,631</u>	<u>29,824,555</u>	<u>17,865,396</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****34.6 Fair value of financial instruments**

The carrying amounts of cash and cash equivalents, short term receivables, payables, amount due from an associate and amount due from/(to) directors approximate fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments that are carried at fair value and those not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Financial instruments that are carried at fair value

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial asset				
30.09.2023				
Other investments	19,000	-	-	19,000
30.09.2022				
Other investments	26,898	-	-	26,898
31.12.2022				
Other investments	31,900	-	-	31,900
31.12.2021				
Other investments	49,050	-	-	49,050
31.12.2020				
Other investments	214,400	-	-	214,400

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

34.6 Fair value of financial instruments (continued)

The table below analyses financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (continued).

	Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial liabilities				
30.09.2023				
Loan and borrowings	-	-	25,658,426	25,658,426
Lease liabilities	-	-	367,666	367,666
	<u>-</u>	<u>-</u>	<u>26,026,092</u>	<u>26,026,092</u>
30.09.2022				
Loan and borrowings	<u>-</u>	<u>-</u>	<u>27,859,081</u>	<u>27,859,081</u>
31.12.2022				
Loan and borrowings	<u>-</u>	<u>-</u>	<u>25,029,288</u>	<u>25,029,288</u>
31.12.2021				
Loan and borrowings	<u>-</u>	<u>-</u>	<u>27,240,198</u>	<u>27,240,198</u>
31.12.2020				
Loan and borrowings	-	-	14,797,499	14,797,499
Lease liabilities	-	-	97,048	97,048
	<u>-</u>	<u>-</u>	<u>14,894,547</u>	<u>14,894,547</u>

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****34.6 Fair value financial instruments (continued)**Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period (30.09.2022, 31.12.2022, 31.12.2021 and 31.12.2020: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

Loan and borrowings and lease liabilities

The fair value of these financial instruments which is determined for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The responsibility for managing the above risks is vested in the directors.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial periods/years ended 30 September 2023, 30 September 2022, 31 December 2022, 31 December 2021 and 31 December 2020.

The Group monitors capital using a debt-to-equity ratio, which is net debts divided by total equity. The Group's net debts include total loan and borrowings and lease liability less cash and bank balances. Total equity comprises share capital and reserves attributable to equity holders of the Group.

The debt-to-equity ratio of the Group as at the end of the financial period/year were as follow:

	Audited	Unaudited	<.....Audited.....>		
	30.09.2023	30.09.2022	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM	RM
Total loan and borrowings (Note22)	25,658,426	27,859,081	25,029,288	27,240,198	14,797,499
Lease liability	367,666	-	-	-	97,048
Total debts	<u>26,026,092</u>	<u>27,859,081</u>	<u>25,029,288</u>	<u>27,240,198</u>	<u>14,894,547</u>
Less: Cash and bank balances	<u>(5,097,341)</u>	<u>(962,746)</u>	<u>(5,556,187)</u>	<u>(1,073,209)</u>	<u>(1,827,629)</u>
Net debts	<u>20,928,751</u>	<u>26,896,335</u>	<u>19,473,101</u>	<u>26,166,989</u>	<u>13,066,918</u>
Total equity	34,951,128	27,231,516	30,095,939	21,569,091	17,680,994
Debt-to-equity ratio	<u>0.60</u>	<u>0.99</u>	<u>0.65</u>	<u>1.21</u>	<u>0.74</u>

There were no changes in the Group's approach to capital management during the financial period/years under review.

12. ACCOUNTANTS' REPORT (Cont'd)

TOPMIX BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)**36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD/YEAR****36.1 Impact from COVID-19 Pandemic during and subsequent to the financial period/year**

Since the beginning of the financial period/year, the Malaysia government has introduced a four-phase National Recovery Plan ("NRP") to help the country emerge from the COVID-19 pandemic and its economic fallout. As a consequence, the Group is allowed to carry out business operation without restrictions.

As at the date of this report, the Group has not been adversely affected by the outbreak of COVID-19. The Group shall continue to monitor developments of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group for the financial year ending 31 December 2024. This includes continuous special attention to be given towards ensuring all standard operating procedures set by the government are complied with to minimise the risk of COVID-19 occurrence.

36.2 Incorporation of 100% equity interest in Topmix Panels (Malaysia) Sdn. Bhd. during the financial year ended 31 December 2021

On 02 November 2021, the Group incorporated a wholly owned subsidiary, Topmix Panels (Malaysia) Sdn. Bhd. for a total consideration of RM1,000.

36.3 Acquisition of subsidiary companies during the financial period 30 September 2023

On 17 May 2023, the Company entered into a share sale agreement with the Teo Quek Siang, Tan Lee Hong and J And T Resources Sdn. Bhd. ("Vendors") to acquire the entire equity interest in Topmix Resources Sdn. Bhd., Topmix Products Sdn. Bhd. and Dekoracio Top Sdn. Bhd. from Teo Quek Siang and Tan Lee Hong for a total purchase consideration RM31,114,680.

The total purchase consideration of RM31,114,680 for the Acquisition of Subsidiaries was arrived after taking into consideration the combined audited net assets of Subsidiaries as at 31 December 2022 amounting to RM31,114,790 and shall be satisfied by the issuance of 311,146,800 new Shares to the Vendors at an issue price of RM0.10 per share.

The Acquisition of Subsidiaries was completed on 17 May 2023.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION



CAS MALAYSIA PLT
CHARTERED ACCOUNTANTS
201606003206 (LLP0009918-LCA) & AF 1476

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Date: **04 MAR 2024**

The Board of Directors
Topmix Berhad
No. 8 & 10, Jalan Bistari 11,
Taman Industri Jaya,
81300 Skudai, Johor.

Dear Sirs,

Topmix Berhad ("Topmix" or "Company") and its subsidiaries ("Topmix Group" or "Group")

Report on the compilation of Pro Forma Consolidated Statements of Financial Position as at 30 September 2023 included in a Prospectus

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of Topmix and its subsidiaries, namely Topmix Resources Sdn. Bhd. ("TRSB"), Topmix Products Sdn. Bhd. ("TPSB"), Dekoracio Top Sdn. Bhd. ("DTSB") and Topmix Panels (Malaysia) Sdn. Bhd. ("TPMSB") for which the Directors of the Company are solely responsible. The Pro Forma Consolidated Statement of Financial Position consist of the Pro Forma Consolidated Statement of Financial Position as at 30 September 2023 together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Directors of the Company for inclusion in the prospectus of the Company ("the Prospectus") in connection with the admission to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Directors of the Company has compiled the Pro Forma Consolidated Statement of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statement of Financial Position and are specified in Rule 3.12B(1) of the ACE Market listing requirements of Bursa Malaysia Securities Berhad and Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position as at 30 September 2023 have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the events and transactions as set out in the notes thereon on the Consolidated Statements of Financial Position as at 30 September 2023 presented had the Proposed Listing been effected on 30 September 2023. As part of this process, information about the Group Pro Forma Consolidated Financial Position has been extracted by the Directors of the Company from the Accountants' Report of the Group and the audited financial statements of the Group for the financial period ended ("FPE") 30 September 2023, of which are audited by us to the Directors of the Company without any modification.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



TOPMIX BERHAD

Report on the compilation of Pro Forma
Consolidated Statements of Financial Position
as at 30 September 2023 included in a Prospectus

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position based on the basis as described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Reporting Accountants' Quality Management and Independence

The firm applies International Standard on Quality Management 1 ("ISQM 1"), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, maintains a comprehensive system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the *International Code of Ethics for Professional Accountants (including International Independence Standards)(IESBA Code)* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Directors of the Company on the basis described in the Notes to the Pro Forma Consolidated Statement of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)



TOPMIX BERHAD

Report on the compilation of Pro Forma
Consolidated Statements of Financial Position
as at 30 September 2023 included in a Prospectus

Reporting Accountants' Responsibilities (continued)

The purpose for inclusion of the Pro Forma Consolidated Statement of Financial Position in the Prospectus is solely to illustrate the impact of a significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of the Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustment give appropriate effect to those criteria; and
- (b) The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events and transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group as at 30 September 2023 has been compiled, in all material respects, on the basis as described in notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)



TOPMIX BERHAD

Report on the compilation of Pro Forma Consolidated Statements of Financial Position as at 30 September 2023 included in a Prospectus

Other Matters

On report on the Pro Forma Consolidated Statements of Financial Position has been prepared for inclusion in the Prospectus in connection with the Listing. As such, this letter should not be used for any other purpose without prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink that reads "CAS Malaysia".

CAS MALAYSIA PLT
[201606003206 (LLP009918-LCA) & AF 1476]
Chartered Accountants

A handwritten signature in black ink that appears to read "Chen Voon Hann".

CHEN VOON HANN
[No. 02453/07/2025(J)]
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

The Pro Forma Consolidated Statements of Financial Position of the Group as set out below, for which the directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of the Group as at 30 September 2023, had the Material Subsequent Event as described in Note 3, the Public Issue as described in Note 4.2 and the utilisation of proceeds as described in Note 5.3 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

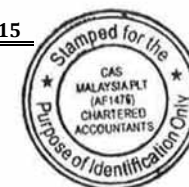
		Audited 30 September 2023 RM	Adjustment for Material Subsequent Event RM	Pro Forma I RM	Adjustment for Public Issue RM	Pro Forma II RM	Adjustment for Utilisation of Proceeds RM	Pro Forma III RM
	Note							
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment	6.1	9,301,429	-	9,301,429	-	9,301,429	1,746,859	11,048,288
Right-of-use assets	6.2	18,496,118	-	18,496,118	-	18,496,118	347,782	18,843,900
Investment properties		2,372,186	-	2,372,186	-	2,372,186	-	2,372,186
Other investments		19,000	-	19,000	-	19,000	-	19,000
Deferred tax assets		203,512	-	203,512	-	203,512	-	203,512
		<u>30,392,245</u>	-	<u>30,392,245</u>	-	<u>30,392,245</u>	-	<u>32,486,886</u>
CURRENT ASSETS								
Inventories		19,218,976	-	19,218,976	-	19,218,976	-	19,218,976
Trade receivables		11,429,948	-	11,429,948	-	11,429,948	-	11,429,948
Other receivables	6.3	1,832,157	-	1,832,157	-	1,832,157	(710,669)	1,121,488
Fixed deposits with licensed banks		483,313	-	483,313	-	483,313	-	483,313
Cash and bank balances	6.4	5,097,341	(300,000)	4,797,341	25,639,790	30,437,131	(4,992,127)	25,445,004
		<u>38,061,735</u>		<u>37,761,735</u>		<u>63,401,525</u>		<u>57,698,729</u>
TOTAL ASSETS		<u>68,453,980</u>		<u>68,153,980</u>		<u>93,793,770</u>		<u>90,185,615</u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

**TOPMIX BERHAD AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Note	Audited 30 September 2023 RM	Adjustment for Material Subsequent Event RM	Pro Forma I RM	Adjustment for Public Issue RM	Pro Forma II RM	Adjustment for Utilisation of Proceeds RM	Pro Forma III RM
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6.5	31,114,700	-	31,114,700	25,639,790	56,754,490	(1,161,632)	55,592,858
Merger reserve		(30,414,580)	-	(30,414,580)	-	(30,414,580)	-	(30,414,580)
Retained earnings	6.6	34,251,008	(300,000)	33,951,008	-	33,951,008	(1,116,542)	32,834,466
Total equity attributable to Owner of the Company		<u>34,951,128</u>		<u>34,651,128</u>		<u>60,290,918</u>		<u>58,012,744</u>
NON-CURRENT LIABILITIES								
Loan and borrowings		19,710,952	-	19,710,952	-	19,710,952	-	19,710,952
Lease liabilities		293,257	-	293,257	-	293,257	-	293,257
Deferred tax liabilities		56,279	-	56,279	-	56,279	-	56,279
		<u>20,060,488</u>		<u>20,060,488</u>		<u>20,060,488</u>		<u>20,060,488</u>
CURRENT LIABILITIES								
Trade payables		3,481,140	-	3,481,140	-	3,481,140	-	3,481,140
Other payables	6.7	3,274,462	-	3,274,462	-	3,274,462	(1,186,563)	2,087,899
Loan and borrowings	6.8	5,947,474	-	5,947,474	-	5,947,474	(143,418)	5,804,056
Lease liabilities		74,409	-	74,409	-	74,409	-	74,409
Current tax liabilities		664,879	-	664,879	-	664,879	-	664,879
		<u>13,442,364</u>		<u>13,442,364</u>		<u>13,442,364</u>		<u>12,112,383</u>
TOTAL LIABILITIES		<u>33,502,852</u>		<u>33,502,852</u>		<u>33,502,852</u>		<u>32,172,871</u>
TOTAL EQUITY AND LIABILITIES		<u>68,453,980</u>		<u>68,153,980</u>		<u>93,793,770</u>		<u>90,185,615</u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

**TOPMIX BERHAD AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Audited 30 September 2023	Adjustment for Material Subsequent Event	Pro Forma I	Adjustment for Public Issue	Pro Forma II	Adjustment for Utilisation of Proceeds	Pro Forma III
Number of ordinary shares assumed to be in issue	311,147,000	-	311,147,000	82,709,000	393,856,000	-	393,856,000
Net assets ("NA")^ attributable to Owner of the Company (RM)	34,951,128	(300,000)	34,651,128	25,639,790	60,290,918	(2,278,174)	58,012,744
NA per ordinary share (RM)	0.11		0.11		0.15		0.15



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

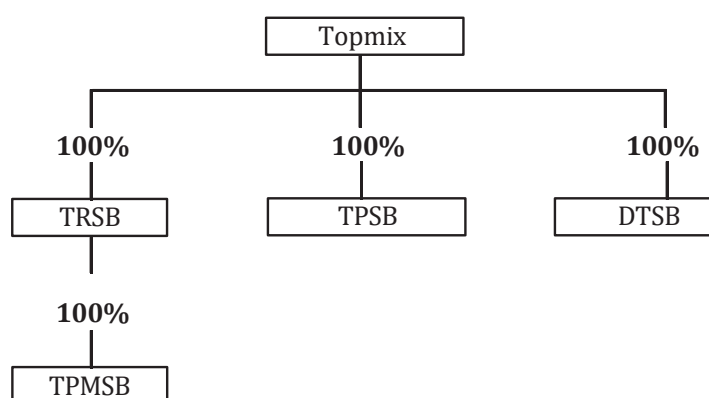
1. INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of Topmix Berhad ("Topmix" or "Company") and its subsidiaries (collectively referred to as "Topmix Group" or "Group") has been compiled by the Directors of the Company, for illustrative purposes only, for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of Topmix on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities")("Listing").

2. BASIS OF PREPARATION

2.1 Group Structure

The corporate structure of Topmix Group is presented as follows:-



2.2 Accountants' Report

The Pro Forma Consolidated Statements of Financial Position is prepared based on the Accountants' Report of Topmix for the financial period ended 30 September 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of financial statements and accounting policies of the Group.

2.3 Merger method of accounting

The Pro Forma Consolidated Statement of Financial Position are consolidated using merger method as these companies are under the common control by the same party both before and after the acquisition of the Group. When the merger method is used, the difference between the cost of investment recorded by the Company and the share capital of the subsidiaries are accounted for as merger deficit in the Pro Forma Consolidated Statements of Financial Position.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

2. BASIS OF PREPARATION (continued)

2.3 Merger method of accounting (continued)

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise.

The Pro Forma Consolidated Statements of Financial Position as at 30 September 2023 are adjusted for the impact of the listing scheme as set out in Note 4 of this Pro Forma Consolidated Financial Position.

2.4 Application Criteria

- (a) The Pro Forma Consolidated Statements of Financial Position of Topmix Group as at 30 September 2023, together with the accompanying notes thereon, has been prepared solely to illustrate the effect on the financial position of the Topmix Group as at 30 September 2023 had the events and transactions as set out in Note 4.
- (b) The Pro Forma Consolidated Statements of Financial Position of Topmix Group has been prepared for illustration purposes using the Accountants' Report and audited financial statements as set out in Note 2.2 above which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and are not subject to any qualification, modification or disclaimer of opinion.
- (c) Material and appropriate adjustments have been made in the preparation of Pro Forma Consolidated Statements of Financial Position of Topmix Group.

The Pro Forma Consolidated Statements of Financial Position as at 30 September 2023 are not necessarily indicative of the financial position that would have been attained had the Initial Public Offering ("IPO") actually occurred at the respective dates. The Pro Forma Consolidated Statements of Financial Position has been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual financial position of the Group.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3. MATERIAL SUBSEQUENT EVENT OCCURRING AFTER 30 SEPTEMBER 2023

Dividend Declared

On 26 February 2024, the Board of Directors declared an interim dividend of 0.096 sen per ordinary share amounting to RM300,000 for the financial period ending 30 September 2023 and paid on 29 February 2024.

4. LISTING SCHEME

In conjunction with, and as an integral part of the Listing, Topmix undertook the following :-

4.1 Acquisition of Subsidiaries

On 17 May 2023, Topmix entered into a share sale agreement with the Teo Quek Siang, Tan Lee Hong and J And T Resources Sdn. Bhd. ("Vendors") to acquire the entire equity interest in TRSB, TPSB and DTSB from Teo Quek Siang and Tan Lee Hong for a total purchase consideration RM31,114,680.

The total purchase consideration of RM31,114,680 for the Acquisition of Subsidiaries was arrived after taking into consideration the combined audited net assets of Subsidiaries as at 31 December 2022 amounting to RM31,114,790 and shall be satisfied by the issuance of 311,146,800 new Shares at an issue price of RM0.10 per share.

Pursuant to the SSA, Teo Quek Siang and Tan Lee Hong nominated J And T Resources Sdn. Bhd., an investment holding company owned by Teo Quek Siang (60.00% equity interest) and Tan Lee Hong (40.00% equity interest), to accept 216,620,800 new Shares to be issued to them pursuant to the Acquisition of Subsidiaries in the following manner:

<u>Vendors</u>	<u>Shares allotted from Acquisition of Subsidiaries</u>	<u>Shares nominated</u>	<u>After nomination of shares</u>	<u>%</u>
Teo Quek Siang	183,272,200	(127,594,400)	55,677,800	17.89
Tan Lee Hong	127,874,600	(89,026,400)	38,848,200	12.49
J And T Resources	-	216,620,800	216,620,800	69.62
	<u>311,146,800</u>		<u>311,146,800</u>	<u>100</u>

The Acquisition of Subsidiaries was completed on 17 May 2023.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

4. LISTING SCHEME (continued)

In conjunction with, and as an integral part of the Listing, Topmix intends to undertake the following:-

4.2 Public Issue

The Public Issue of 82,709,000 new Shares, representing approximately 21% of the enlarged issued share capital, at an indicative issue price of RM0.31 per new Share to be allocated and allotted in the following manner:

(i) Malaysian Public

19,693,000 Issue Shares, representing 5% of the enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (a) 9,846,500 Issue Shares made available to public investors; and
- (b) 9,846,500 Issue Shares made available to Bumiputera public investors.

(ii) The eligible Directors and employees as well as persons who have contributed to the success of the Group

7,877,000 Issue Shares, representing 2% of the enlarged share capital, will be reserved for the Company eligible Directors and employees as well as persons who have contributed to the success of the Group under the Pink Form Allocations.

(iii) Private placement to selected Bumiputera investors approved by Ministry of Investment, Trade and Industry ("MITI") and selected investors

55,139,000 Issue Shares, representing 14% of the enlarged share capital, have been reserved for private placement in the following manner:

- (a) 49,232,000 Issue Shares made available for selected Bumiputera investors approved by MITI; and
- (b) 5,907,000 Issue Shares made available for selected investors

4.3 Offer for Sale

A total of 19,693,000 Offer Shares, representing 5% of the enlarged share capital, are offered by Teo Quek Siang and Tan Lee Hong to selected investors by way of private placement at an indicative offer price of RM0.31 per share.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

4. LISTING SCHEME (continued)

4.4 Listing

Admission to the official list and the listing of and quotation for the entire enlarged issued share capital of Topmix of RM56,754,490 comprising 393,856,000 Shares on the ACE Market of Bursa Securities.

5. Pro forma adjustment to the Pro Forma Consolidated Statements of Financial Position

5.1 Pro Forma I

Pro Forma I incorporates the effects of the Material Subsequent Event as set out in Note 3 above.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue set out in Note 4.2 to the Pro Forma Consolidated Statements of Financial Position.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and utilisation of proceeds from Public Issue. The proceeds from the Public Issue will be utilised as follows:-

Utilisation of proceeds	RM	%	Estimated timeframe for utilisation
Expansion into assembly of melamine faced chipboard (MFC) products (a)	5,318,000	20.74	60 months
Business expansion, marketing and sales #	5,978,000	23.32	24 months
General working capital #	11,344,000	44.24	24 months
Estimated listing expenses (b) (c)	3,000,000	11.70	1 month
	25,640,000	100.00	



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

5. Pro forma adjustment to the Pro Forma Consolidated Statements of Financial Position (continued)

5.3 Pro Forma III (continued)

- (a) The Group intends to utilise the proceeds from the Public Issue in the following manner:-

	RM
<u>Reflected:-</u>	
Repayment of bank borrowings drawn for construction of Skudai Factory - Building 2*	1,440,000
Purchase of machinery @	1,285,000
	<u>2,725,000</u>
<u>Not reflected:- #</u>	
Purchase of enterprise resource planning (ERP) software	2,000,000
Purchase of motor vehicles	593,000
	<u>2,593,000</u>
	<u><u>5,318,000</u></u>

- (b) As at 30 September 2023, out of RM3,000,000 listing expenses, RM1,230,319 has already been incurred. Out of the RM1,230,319, the Company has charged RM1,019,796 to Retained Earnings Account and RM210,523 was recognised as prepayment, in which RM915,510 has been deducted from cash and bank balances and the balance of RM314,809 has been recognised as other payables. Out of the remaining estimated listing expenses to be incurred amounting to RM1,769,681, in which an estimated amount of RM818,572 will be charged to Retained Earnings Account and an the remaining of RM951,109 will be recognised in Share Capital Account as there are directly attributable expenses relating to the new issuance of shares.
- (c) If the actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for the general working capital requirements. Conversely, if the actual listing expenses are lower than the amount budgeted, the excess will be utilised for the general working capital requirements.
- # As at the latest practicable date, the Company has yet to enter into any contractual binding agreement or issue any purchase order in relation to the proceeds earmarked for these purposes. Accordingly, the utilisation of proceeds earmarked for these purposes are not reflected in the Pro Forma Consolidated Statements of Financial Position.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

5. Pro forma adjustment to the Pro Forma Consolidated Statements of Financial Position (continued)

5.3 Pro Forma III (continued)

- * The total construction cost of Building 2 is estimated at RM2,500,000, which comprise of Building cost of RM1,990,000 and other expenses relating to the construction of the Building of RM510,000. Out of which RM1,440,000 of the total construction cost will be funded via bank borrowings to be drawn and the remaining RM1,060,000 will be funded via internally generated funds. As at 30 September 2023, the Group has drawn RM143,418, paid RM839,076 by cash and accrued RM871,754 in other payables. As at 30 September 2023, out of RM2,500,000 of total construction cost, RM1,854,248 has already been incurred. Out of the RM1,854,248, the Company has charged RM212,030 to Retained Earnings Account and RM1,642,218 was capitalised as building under construction as Right-of-use asset.

- @ The total cost for purchase of machinery is estimated at RM1,746,859, out of which RM1,285,000 of the total machinery cost will be funded via bank borrowings to be drawn and the remaining RM461,859 will be funded via internally generated funds. As at 30 September 2023, the Group has yet to drawdown any loan facilities and has paid RM500,146 by cash and recognised as deposit paid in other receivables.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

6. Effects on the Pro Forma Consolidated Statements of Financial Position

6.1 Property, plant and equipment

	RM
As at 30 September 2023/As per Pro Forma I and II	9,301,429
Add: Purchase of machinery	1,746,859
As per Pro Forma III	<u><u>11,048,288</u></u>

6.2 Right-of-use assets

	RM
As at 30 September 2023/As per Pro Forma I and II	18,496,118
Add: Construction of the Skudai Factory - Building 2	347,782
As per Pro Forma III	<u><u>18,843,900</u></u>

6.3 Other receivables

	RM
As at 30 September 2023/As per Pro Forma I and II	1,832,157
Less: Deposit paid for purchase of machinery	(500,146)
Less: Prepayment for listing expenses	(210,523)
As per Pro Forma III	<u><u>1,121,488</u></u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

6. Effects on the Pro Forma Consolidated Statements of Financial Position

6.4 Cash and bank balances

	RM
As at 30 September 2023	5,097,341
Less: Dividend declared and paid	(300,000)
As per Pro Forma I	<u>4,797,341</u>
Add: Proceeds from Public Issue	25,639,790
As per Pro Forma II	<u>30,437,131</u>
Less: Construction of the Skudai Factory - Building 2	
-Financed by cash	(220,924)
-Repayment of loan and borrowings	(1,440,000)
(Less)/Add: Purchase of machinery	
-Repayment of loan and borrowings	(1,285,000)
-Repayment for deposit paid on purchase of machinery	38,287
Less: Estimated listing expenses	(2,084,490)
As per Pro Forma III	<u><u>25,445,004</u></u>

6.5 Share capital

	Number of Ordinary Shares (units)	Amount of Share Capital RM
As at 30 September 2023/As per Pro Forma I	311,147,000	31,114,700
Add: Public Issue	82,709,000	25,639,790
As per Pro Forma II	<u>393,856,000</u>	<u>56,754,490</u>
Less: Estimated listing expense	-	(1,161,632)
As per Pro Forma III	<u><u>393,856,000</u></u>	<u><u>55,592,858</u></u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

6. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)

6.6 Retained earnings

	RM
As at 30 September 2023	34,251,008
Less: Dividend declared and paid	(300,000)
As per Pro Forma I and II	<u>33,951,008</u>
Less: Cost incurred for purchase of machinery	(297,970)
Less: Estimated listing expenses	(818,572)
As per Pro Forma III	<u><u>32,834,466</u></u>

6.7 Other payables

	RM
As at 30 September 2023/As per Pro Forma I and II	3,274,462
Less: Accrual of construction cost	(871,754)
Less: Estimated listing expenses	(314,809)
As per Pro Forma III	<u><u>2,087,899</u></u>

6.8 Loan and borrowings

	RM
As at 30 September 2023/As per Pro Forma I and II	25,658,426
Add: Loan financing for construction of Skudai Factory - Building 2	1,296,582
Less: Repayment of loan and borrowings	(1,440,000)
Add: Purchase of machinery	1,285,000
Less: Repayment of loan and borrowings	(1,285,000)
As per Pro Forma III	<u><u>25,515,008</u></u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

TOPMIX BERHAD AND ITS SUBSIDIARIES

APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statement of Financial Position as at 30 September 2023 has been approved and adopted by the Board of Directors of the Company in accordance with a resolution dated

04 MAR 2024

Signed on behalf of the Board of Directors



TEO QUEK SIANG
Director



TAN LEE HONG (f)
Director



14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) Save for 7,877,000 Shares under the Pink Form Allocations as disclosed in Section 4.4.1(ii),
 - (a) no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (iii) Save as disclosed below, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus:
 - (a) Issuance of new Shares pursuant to the Acquisition of Subsidiaries as disclosed in Section 6.2.1; and
 - (b) New Shares to be issued under the Public Issue as disclosed in Section 4.4.1.
- (iv) Other than our Public Issue as disclosed in Section 4.4.1, there is no intention on the part of our Directors to further issue any Shares.
- (v) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

14.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution and are qualified in its entirety by the remainder of the provisions of our Constitution and the applicable law. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

14.2.1 Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Clause	Details	Subject
105.	The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine (or failing agreement, equally). PROVIDED ALWAYS that: <ul style="list-style-type: none"> (a) Fee payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover. 	Remuneration of Directors

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause	Details	Subject
	(b) Salaries payable to Directors who hold executive office in the Company may not include a commission on or percentage of turnover.	
	(c) Fees and any benefits payable to Directors shall be subject to annual shareholder approval at a general meeting.	
	(d) Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.	
106.	(1) The Directors shall be entitled to be reimbursed for all their travelling and other reasonable expenses as may be incurred in attending meetings of the Directors or any committee of the Directors of the Company, in or about the business of the Company in the course of the performance of their duties as Directors.	Reimbursement of expenses
	(2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board of Directors provided that in the case of Non-Executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his Share in the fee from time to time provided for the Directors.	
110.	(1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge the Company's or the subsidiaries' undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries as may be thought fit.	Scope of Directors' borrowing powers
	(2) The Directors may exercise all the powers of the Company to guarantee payment of money payable under contract obligations of any subsidiary company or companies with or without securities.	
	(3) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.	

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause	Details	Subject
	<p>(4) The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock, or Securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale; payment of premium or bonus upon redemption or repayment or upon any other terms as they may think proper.</p> <p>(5) Any debenture or other security may be issued at a discount, premium or otherwise and (with the sanction of the Company in general meeting) with any special privilege as to allotment of Shares, attending and voting at general meetings of the Company, appointment of Directors or otherwise.</p> <p>(6) Subject to the Act, if the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors, or persons so becoming liable as aforesaid, from any loss in respect of such liability.</p>	
119.	The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any of the Directors, summon a meeting of the Directors. A meeting of the Directors may consist of a conference between Directors who are not all in one place, but each is able, to directly or by telephonic or other electronic communications, communicate with each other simultaneously. Such participation shall be deemed to be presence in person. The matters resolved during such meeting shall be subject to confirmation by the signatures of the participating Directors on the minutes taken of such meeting.	Meeting of Directors
124.	Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Where at the meeting only two (2) Directors form the quorum and only such quorum is present at the meeting or at which only two (2) Directors are competent to vote on the question at issue, the Chairman shall not have a second or casting vote.	Votes by majority and Chairman's casting vote
133.	The remuneration of a Director holding an executive office pursuant to this Constitution shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.	Remuneration of Director holding executive office

14. STATUTORY AND OTHER INFORMATION (Cont'd)

14.2.2 Changes to Share Capital

Clause	Details	Subject
9.	Notwithstanding the existence of a resolution pursuant to Section 76 of the Act, but subject always to the Listing Requirements, the Company may obtain Members' approval for further issues of Shares in accordance with the provisions of Section 75 of the Act, there is still in effect a resolution approving the issue of Shares by the Company.	General mandate for issue of Securities
61.	<p>(a) The shareholders may pass ordinary resolutions to alter the Company's share capital in accordance with the Act and the Listing Requirements as follows:</p> <p>(i) to increase the share capital by such sum to be divided into Shares of such amount as the resolution shall prescribe;</p> <p>(ii) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share, shall be the same as it was in the case of the Share from which the subdivided Share is derived;</p> <p>(iii) to convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares;</p> <p>(iv) to subdivide its Shares or any of the Shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Share from which the subdivided Share is derived; or</p> <p>(v) cancel any Shares, which at the date of the passing of the resolution, which have been forfeited, and diminish the amount of its share capital by the amount of the Shares so cancelled.</p> <p>(b) If any Shares are consolidated or divided, the Directors may deal with any fractions of Shares which result or any other problem that arises. If the Directors decide to sell any Shares which represent fractions, they must sell for the best price they can reasonably obtain and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the Directors in such a manner as they deem fit at their absolute discretion and in the best interest of the Company. The Directors can sell to a person (including the Company, if the Act and Listing Requirements allow) and can authorise a person to transfer those Shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money paid is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way.</p>	Power to alter capital

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause	Details	Subject
62.	Subject to and in accordance with the provisions of the Act and such other relevant law, regulation or guideline for the time being in force, the Company is allowed and shall have power, to the fullest extent permitted, to purchase any of its own Shares and other Securities and thereafter, the Directors may resolve and shall have the fullest power to deal with such purchased Shares or other Securities in accordance with the provisions of the Act and such other relevant law, regulation or guideline.	Share Buy-Back
63.	The shareholders can pass a special resolution to reduce in any way the Company's share capital in accordance with the Act, whether with the confirmation of the Court or a solvency statement.	Power to reduce capital

14.2.3 Transfer of Securities

Clause	Details	Subject
33.	The transfer of any listed Securities or class of listed Securities of the Company which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with the Rules, notwithstanding Sections 105, 106 or 110 of the Act, but subject to section 148(2) of the Act and any exemption that may be made from compliance with section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Securities.	Transfers of Securities
34.	Subject to the provisions of the Act, the Central Depositories Act and the Rules, the transfer of all other Shares not so deposited with the Depository (not being Deposited Securities) shall be in the manner provided in the Act (including the applicable provisions of Third Schedule to the Act) to the extent that the same is not inconsistent with this Constitution. The instrument of transfer of the Share shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered into the Register as the case may be in respect thereof. Subject to the relevant law and regulations, an instrument of transfer must be in respect of only one (1) class of shares. Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of any Shares which is legally inoperative or insufficient to pass the property of such Shares to be transferred by reason of any fraud or other cause unknown to the Company or its Directors or officers.	Transferor's Right
37.	There should be no restriction on the transfer of fully paid Shares except where required by law or the relevant regulations or where the Company has a lien and no Share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.	Restriction on transfer
40.	Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any Share by the allottee thereof in favour of some other person.	Renunciation

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause	Details	Subject
47.	<p>Where:</p> <p>(a) the Securities of the Company are listed on another stock exchange; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,</p> <p>the Company shall, upon request of a holder of Securities, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of Companies in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.</p>	Transmission of Securities

14.2.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause	Details	Subject
6.	<p>(1) Without prejudice to any special rights previously conferred on the holders of any existing Shares but subject to Section 75(2) of the Act and to this Constitution, the Directors shall only upon prior approval by way of resolution by the Members, exercise any power to:</p> <p>(a) allot Shares;</p> <p>(b) grant rights to subscribe for Shares;</p> <p>(c) convert any security into Shares; or</p> <p>(d) allot Shares under an agreement or option or offer.</p> <p>PROVIDED ALWAYS THAT:</p> <p>the pricing, issuance and/or placement of Shares or convertible Securities shall be in compliance with and not in contravention of the provisions of the Listing Requirements; and</p> <p>(2) Any such Shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors may determine. Where the Company has different classes of shares, this Constitution will state:</p> <p>(a) that the Company's share capital is divided into different classes of shares;</p>	Power to issue Shares with special rights

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause	Details	Subject
	<ul style="list-style-type: none"> (b) the voting rights attached to shares in each class; (c) any other rights attached to those Shares; and (d) any other things which Section 90 of the Act requires. 	
11.	Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders in relation to receiving notices, reports and audited financial statements and attending general meetings of the Company.	Rights of preference shareholders
12.	Notwithstanding Clause 13 hereof, the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder's rights may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing representing not less than seventy-five percent (75%) of the total voting rights of the preference shareholders concerned obtained within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.	Repayment of preference capital
13.	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders representing not less than seventy-five percent (75%) of the total voting rights of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class pursuant to the provisions of Section 292 of the Act. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, except that the necessary quorum hereof shall be two (2) persons at least holding or representing by proxy one third (1/3) of the issued shares of the class and for an adjourned meeting one (1) person holding shares of such class.	Modification of class rights
14.	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects <i>pari passu</i> therewith.	Ranking of class rights

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause	Details	Subject
15.	The Company may exercise the powers of paying commission conferred by the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of ten percent (10%) of the price at which the Shares in respect whereof the same is paid are issued or an amount equal to ten percent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage as may be lawful.	Commission on subscription of Shares
46.	Where the registered holder of any Share dies or becomes bankrupt, his personal representative or the assignee or his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors on that behalf, be entitled to the same dividends and other advantages and to which he would be entitled if he were the registered holder of the Share (whether in relation to meetings of the Company or to voting or otherwise), except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it, to exercise any right conferred by membership in relation to meetings of the Company. Provided further always that the Directors may at any time give notice requiring any such person to elect, either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety (90) days, the Directors may, thereafter, withhold payment of all dividends, bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with.	Person entitled may receive dividends
151.	Subject to the Act, the Company may make a dividend distribution to its shareholders out of the available profits of the Company provided that the Company is solvent. The Company in general meeting may declare dividend, but no dividend shall exceed the amount recommended by the Directors. No dividend shall be payable otherwise than out of profits of the Company or shall bear interest against the Company unless it is in compliance with the Act.	Declaration of dividends
155.	Subject to the rights of persons, if any, entitled to Shares with special rights as to dividend and the Act, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Constitution as paid on the Share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date, that Share shall rank for dividend accordingly.	Payment of dividends

14. STATUTORY AND OTHER INFORMATION *(Cont'd)*

14.3 GENERAL INFORMATION

- (i) Save for the purchase consideration paid to the shareholders of our subsidiaries pursuant to the Acquisition of Subsidiaries as disclosed in Section 6.2.1, Directors' remuneration as disclosed in Section 5.2.4, dividends paid to our Promoters as disclosed in Section 11.13, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoters, Director or substantial shareholder.
- (ii) Save as disclosed in Section 9.1, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 15.
- (iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.4 CHANGES IN SHARE CAPITAL

As at LPD, our share capital is RM31,114,700.00 comprising 311,147,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration	Cumulative share capital
		RM	RM
31 March 2022	200	20.00	20.00
17 May 2023	311,146,800	31,114,680.00	31,114,700.00

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will be increased to RM56,754,490 comprising 393,856,000 Shares from the issuance of 82,709,000 Issue Shares.

The share capital of our subsidiaries is as follows.

14. STATUTORY AND OTHER INFORMATION (Cont'd)**14.4.1 Topmix Resources**

As at the LPD, Topmix Resources' share capital is RM500,000.00 comprising 500,000 ordinary shares.

The changes in the share capital of Topmix Resources since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative share capital
		RM	RM
21 June 2006	100	100.00	100.00
20 October 2010	49,900	49,900.00	50,000.00
27 March 2014	50,000	50,000.00	100,000.00
16 May 2016	200,000	200,000.00	300,000.00
15 June 2017	100,000	100,000.00	400,000.00
13 June 2019	100,000	100,000.00	500,000.00

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Topmix Resources. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.4.2 Topmix Products

As at the LPD, Topmix Products' share capital is RM100,000.00 comprising 100,000 ordinary shares.

The changes in the share capital of Topmix Products since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative share capital
		RM	RM
16 November 2017	100	100.00	100.00
12 December 2017	99,900	99,900.00	100,000.00

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Topmix Products. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14. STATUTORY AND OTHER INFORMATION (Cont'd)**14.4.3 Dekoracio**

As at the LPD, Dekoracio's share capital is RM100,100.00 comprising 100,100 ordinary shares.

The changes in the share capital of Dekoracio since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative share capital
		RM	RM
19 December 2016	100	100.00	100.00
22 June 2017	100,000	100,000.00	100,100.00

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Dekoracio. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.4.4 Topmix Panels

As at the LPD, Topmix Panels' share capital is RM50,000.00 comprising 50,000 ordinary shares.

The changes in the share capital of Topmix Panels since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative share capital
		RM	RM
2 November 2021	1,000	1,000.00	1,000.00
4 August 2023	49,000	49,000.00	50,000.00

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Topmix Panels. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.5 CONSENTS

- (i) The written consents of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Company Secretaries, Share Registrar and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and the reporting accountants' reports on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iii) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report titled "Outlook of the Surface Decorative Products Market in Malaysia", in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

14.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) Constitution of our Company;
- (ii) The audited financial statements of the Topmix Group for the FYEs 2020, 2021 and 2022 as well as the audited financial statements of Topmix for the FPE 2023;
- (iii) The Accountants' Report as set out in Section 12;
- (iv) The reporting accountants' reports on the Pro Forma Consolidated Statements of Financial Position as set out in Section 13;
- (v) The IMR Report as set out in Section 7;
- (vi) The material contracts as set out in Section 6.16; and
- (vii) The letters of consent as set out in Section 14.5.

14.7 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M. ON 27 MARCH 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M. ON 4 APRIL 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible Directors and employees as well as persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.2.2 Placement

Types of Application	Application Method
Applications by:	
(i) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(ii) Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) A Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) A corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) A superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
 - (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by our eligible Directors and employees as well as persons who have contributed to the success of our Group

Our eligible Directors and employees as well as persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions on the said documents and where relevant, in this Prospectus.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.31 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO 758**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) Despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in box provided at the following address:

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 4 April 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) Reject Applications which:
 - (a) Do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) Are illegible, incomplete or inaccurate; or
 - (c) Are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) Reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) Bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at <http://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or eligible Directors, employees and persons who have contributed to the success of our Group, subject the underwriting arrangements and reallocation as set out in Section 4.11.1 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.