

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION REPORT



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The Board of Directors
Mega Fortris Berhad
(formerly known as Mega Fortris (Malaysia) Sdn. Bhd.)
29 Jalan Anggerik Mokara 31/47
Kota Kemuning Seksyen 31
40460 Shah Alam
Selangor Darul Ehsan

Date: 22 March 2024

Our ref: BDO/LWH/TKY2/LJX

Dear Sirs

**Mega Fortris Berhad (formerly known as Mega Fortris (Malaysia) Sdn. Bhd.) (“Mega Fortris” or “the Company”) and its subsidiaries (“the Group”)
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2023 (“This Report”)**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of the Group as at 30 June 2023 (“Pro Forma Consolidated Statements of Financial Position”). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company (“Board of Directors”) for inclusion in the prospectus of the Group (the “Prospectus”) in connection with the listing of and quotation for the entire enlarged issued shares of the Company on the Main Market of Bursa Malaysia Securities Berhad (the “Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors, to illustrate the impact of the events or transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Group’s financial position as at 30 June 2023 as if the events have occurred or the transactions have been undertaken on 30 June 2023. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the financial statements of the Group for the financial year ended 30 June 2023, which has been audited.

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

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position 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.

Our Independence and Quality Management

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.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION REPORT

**Our Independence and Quality Management (continued)**

The Firm applies Malaysian Approved International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, the Firm is required to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement 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 comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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 Statements 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 Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of 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 as at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have 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 Board of Directors in the compilation of the Pro Forma Consolidated Statements 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:

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

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION REPORT



Reporting Accountants' Responsibility (continued)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or 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 have been compiled, in all material respects, on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This Report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this Report should not be used for any other purpose without our 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, appearing to be 'BDO PLT'.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Lee Wee Hoong'.

Lee Wee Hoong
03316/07/2025 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION REPORT

Mega Fortris Berhad (formerly known as Mega Fortris (Malaysia) Sdn. Bhd.) (199801004408 (460535 - H))
Pro Forma Consolidated Statements of Financial Position

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

The Pro Forma Consolidated Statements of Financial Position 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 June 2023 based on the assumptions that the transactions set out in Note 1.3 had been effected on that date, and should be read in conjunction with the notes thereon.

	As at 30 June 2023	Adjustment for Share Split and Share Consolidation	<u>Pro Forma I</u> After Share Split and Share Consolidation	Adjustments for Public Issue and Use of Proceeds	<u>Pro Forma II</u> After Pro Forma I and Public Issue and Use of Proceeds
ASSETS	RM	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	59,997,723	-	59,997,723	-	59,997,723
Right-of-use assets	12,815,230	-	12,815,230	-	12,815,230
Intangible assets	5,275,183	-	5,275,183	-	5,275,183
Trade and other receivables	11,705,976	-	11,705,976	-	11,705,976
Deferred tax assets	401,458	-	401,458	-	401,458
	<u>90,195,570</u>	<u>-</u>	<u>90,195,570</u>	<u>-</u>	<u>90,195,570</u>
Current assets					
Inventories	32,655,870	-	32,655,870	-	32,655,870
Trade and other receivables	42,312,102	-	42,312,102	-	42,312,102
Current tax assets	986,723	-	986,723	-	986,723
Cash and bank balances	26,591,402	-	26,591,402	[*]	[*]
	102,546,097	-	102,546,097	[*]	[*]
Assets of disposal group classified as held for sale	3,062,674	-	3,062,674	-	3,062,674
TOTAL ASSETS	<u>195,804,341</u>	<u>-</u>	<u>195,804,341</u>	<u>[*]</u>	<u>[*]</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	34,854,974	-	34,854,974	[*]	[*]
Reserves	70,468,448	-	70,468,448	[*]	[*]
	105,323,422	-	105,323,422	[*]	[*]
Non-controlling interests	3,340,631	-	3,340,631	-	3,340,631
TOTAL EQUITY	<u>108,664,053</u>	<u>-</u>	<u>108,664,053</u>	<u>[*]</u>	<u>[*]</u>



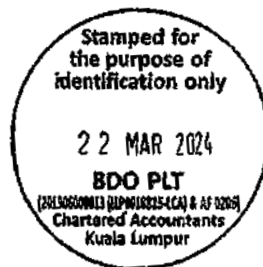
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Pro Forma Consolidated Statements of Financial Position

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023 (continued)

The Pro Forma Consolidated Statements of Financial Position 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 June 2023 based on the assumptions that the transactions set out in Note 1.3 had been effected on that date, and should be read in conjunction with the notes thereon. (continued)

	Note	As at 30 June 2023 RM	Adjustment for Share Split and Share Consolidation RM	Pro Forma I After Share Split and Share Consolidation RM	Adjustments for Public Issue and Use of Proceeds RM	Pro Forma II After Pro Forma I and Public Issue and Use of Proceeds RM
LIABILITIES						
Non-current liabilities						
Deferred tax liabilities		3,144,402	-	3,144,402	-	3,144,402
Borrowings		17,721,806	-	17,721,806	-	17,721,806
Lease liabilities		6,595,393	-	6,595,393	-	6,595,393
Other payables		705,643	-	705,643	-	705,643
		28,167,244	-	28,167,244	-	28,167,244
Current liabilities						
Trade and other payables		17,293,049	-	17,293,049	-	17,293,049
Borrowings		34,297,668	-	34,297,668	-	34,297,668
Lease liabilities		5,819,976	-	5,819,976	-	5,819,976
Contract liabilities		298,542	-	298,542	-	298,542
Current tax liabilities		914,132	-	914,132	-	914,132
		58,623,367	-	58,623,367	-	58,623,367
Liabilities of disposal group classified as held for sale		349,677	-	349,677	-	349,677
TOTAL LIABILITIES		87,140,288	-	87,140,288	-	87,140,288
TOTAL EQUITY AND LIABILITIES		195,804,341	-	195,804,341	[•]	[•]
Net assets (RM)		108,664,053	-	108,664,053	-	[•]
Number of ordinary shares in issue		34,854,974	662,244,506	697,099,480	147,873,000	844,972,480
Net assets attributable to equity holders per ordinary share (RM)		3.12		0.16		[•]



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Mega Fortris Berhad (formerly known as Mega Fortris (Malaysia) Sdn. Bhd.) (199801004408 (460535 - H))
Pro Forma Consolidated Statements of Financial Position

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Introduction

The Pro Forma Consolidated Statements of Financial Position of Mega Fortris Berhad (formerly known as Mega Fortris (Malaysia) Sdn. Bhd.) (“Mega Fortris” or the “Company”) and its subsidiaries (the “Group”) as at 30 June 2023 (“Pro Forma Consolidated SOFP”) together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued shares of the Company on the Main Market of Bursa Malaysia Securities Berhad (“Listing”).

1.2 Basis of preparation

The Pro Forma Consolidated SOFP of the Company have been prepared based on the audited combined statements of financial position of the Group as at 30 June 2023, which were prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and IFRS Accounting Standards, and in a manner consistent with the format of financial statements and accounting policies of the Group.

The audited financial statements of the Group for the financial year ended 30 June 2023 was not subject to any audit qualification.

The Pro Forma Consolidated SOFP together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 1.3 had the events occurred or the transactions been undertaken on 30 June 2023. The Pro Forma Consolidated SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the events or transactions as set out in Note 1.3 actually occurred on earlier date. Accordingly, such information, because of its nature, may not be reflective of the actual financial position of the Group and does not purport to predict the future financial position of the Group.

1.3 Listing Scheme

The Share Split and Public Issue as disclosed in Notes 1.3.1 and 1.3.2 respectively are included in the Pro Forma SOFP to show the effects of the transactions on the audited statements of financial position of the Group as at 30 June 2023 had the transactions been effected on 30 June 2023 in accordance with the Prospectus Guidelines.

1.3.1 Share Split and Share Consolidation

In conjunction with the Listing, the Company carried out a subdivision of 1 ordinary share in the Company to 30 ordinary shares in the Company (“Share Split”) on 13 October 2023. Upon completion of the Share Split, the total number of ordinary shares in the Company increased from 34,854,974 shares to 1,045,649,220 shares.

Subsequent to the Share Split, on 26 January 2024, the Company carried out an alteration of share capital where every three (3) existing ordinary shares in the capital of the Company be consolidated into two (2) ordinary shares. Consequently, the total number of ordinary shares in the Company be altered from 1,045,649,220 shares to 697,099,480 shares.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION REPORT

Mega Fortris Berhad (formerly known as Mega Fortris (Malaysia) Sdn. Bhd.) (199801004408 (460535 - H))
Pro Forma Consolidated Statements of Financial Position

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.2 Public Issue

The Public Issue of 147,873,000 new Shares, representing 17.50% of the enlarged issued share capital of 844,972,480 at an issue price of RM[•] per Share to be allocated and allotted in the following manner:

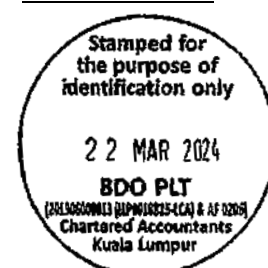
- (i) 42,250,000 new Shares made available for application by Malaysian public;
- (ii) 25,350,000 new Shares made available for application by the eligible directors of Mega Fortris Group, eligible employees and persons who have contributed to the success of the Group;
- (iii) 38,024,000 new Shares made available by way of private placement to selected Bumiputera investors approved by the Ministry of International Trade and Industry, Malaysia; and
- (iv) 42,249,000 new Shares made available by way of private placement to institutional and selected investors.

Upon completion of the Public Issue, Mega Fortris would seek the listing of and quotation for its entire enlarged issued shares comprising 844,972,480 Shares on the Main Market of Bursa Malaysia Securities Malaysia.

Use of Proceeds from Public Issue

The gross proceeds from the Public Issue of RM[•] are expected to be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM
Capital expenditures:		
- new business in providing total solution in supplying and handling of playing cards in sealed security boxes in Macao ("Macao Playing Cards Business") ⁽¹⁾	36 months	[•]
- new production facilities for security seals in United Kingdom ⁽¹⁾	36 months	[•]
Working capital requirements ⁽²⁾	6 months	[•]
Estimated listing expenses ⁽³⁾	Immediate	[•]
		[•]



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Pro Forma Consolidated Statements of Financial Position

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3.2 Public Issue (continued)

Use of Proceeds from Public Issue (continued)

Notes:

- (1) As at the latest practicable date of the prospectus, the Group has yet to enter into any contractual binding agreement or issue any purchase order in relation to the acquisitions of new machineries for the Group's Macao Playing Cards Business and the setup of new production facilities for security seals in United Kingdom. Accordingly, the Use of Proceeds earmarked for the acquisitions of new machineries for the Group's Macao Playing Cards Business and the setup of new production facilities for security seals in United Kingdom are not reflected in the Pro Forma Consolidated Statements of Financial Position.
- (2) As at the latest practicable date of the prospectus, the Group has yet to enter any definite agreements with any parties or issue any purchase orders, the proceeds earmarked for working capital purposes, have been included in cash and bank balances for purposes of illustration in the Pro Forma Consolidated Statements of Financial Position.
- (3) The estimated listing expenses totalling RM[•] comprise placement fees, brokerage commission, underwriting commission, Initial Public Offering ("IPO") consultants' fees, regulatory fees and miscellaneous fees. The IPO consultants' fees comprise fees incurred for due diligence (local and overseas), audit, independent market research, internal control review, tax advisory (local and overseas), company secretary, enterprise risk management solutions, share registrar and issuing house, principal adviser fees and success fee. The estimated listing expenses of RM[•] directly attributable to the Public Issue will be offset against the share capital of the Company and the remaining estimated listing expenses of RM[•] will be expensed off to the profit or loss.

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

2.1 PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

2.1.1 PRO FORMA I

Pro forma I incorporates the effects of Share Split and Share Consolidation as disclosed in Note 1.3.1.

2.1.2 PRO FORMA II

Pro forma II incorporates the effects Pro Forma I and Public Issue and Use of Proceeds as disclosed in Note 1.3.2



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION REPORT

Mega Fortris Berhad (formerly known as Mega Fortris (Malaysia) Sdn. Bhd.) (199801004408 (460535 - H))
Pro Forma Consolidated Statements of Financial Position

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	RM	RM
As at 30 June 2023/Pro Forma I		26,591,402
Proceeds from the public issue	[•]	
Estimated listing expenses	[•]	
	<u> </u>	<u> </u>
Pro Forma II		<u> </u> [•]

2. SHARE CAPITAL AND RESERVES

The movements in the share capital and reserves are as follows:

	Share capital RM	Reserves RM	Total RM
As at 30 June 2023/Pro Forma I	34,854,974	70,468,448	105,323,422
Public issue	[•]	-	[•]
Enlarged share capital and reserves	[•]	[•]	[•]
Estimated listing expenses attributable to Public Issue	[•]	-	[•]
Estimated other listing expenses and IPO consultants' fees	-	[•]	[•]
	<u> </u>	<u> </u>	<u> </u>
Pro Forma II	<u> </u> [•]	<u> </u> [•]	<u> </u> [•]



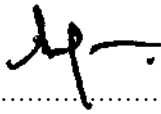
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Mega Fortris Berhad (formerly known as Mega Fortris (Malaysia) Sdn. Bhd.) (199801004408 (460535 - H))
Pro Forma Consolidated Statements of Financial Position

APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position have been approved and adopted by the Board of Directors of Mega Fortris in accordance with a resolution dated 22 March 2024.

Signed on behalf of the Board of Directors.



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Datuk Ng Meng Poh
Director



.....
Ng Weng Choi
Director