

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

Deloitte.

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**INDEPENDENT ASSURANCE REPORT
ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL
POSITION INCLUDED IN A PROSPECTUS OF MKH OIL PALM (EAST KALIMANTAN)
BERHAD**

Report on the Compilation of Pro Forma Combined Statements of Financial Position Included in a Prospectus

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of MKH Oil Palm (East Kalimantan) Berhad ("MKHOP" or "Company") and its combining entities (collectively known as "MKHOP Group" or "Group") as of September 30, 2022 and its related notes as prepared by the directors of the Company.

The pro forma combined statements of financial position of the Group as of September 30, 2022 and its related notes is as set out in the accompanying attachment and stamped by us for the purpose of identification. The pro forma combined statements of financial position has been prepared for inclusion in a Prospectus to be issued in connection with the initial public offering and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Proposal").

The applicable criteria on the basis of which the directors of the Company have compiled the pro forma combined statements of financial position are described in Note 2.0 to the pro forma combined statements of financial position and as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines").

The pro forma combined statements of financial position has been compiled by directors of the Company to illustrate the impact of the events or transactions, as set out in Note 3.0 to the pro forma combined statements of financial information on the Group's financial position as of September 30, 2022, as if the events or transactions had taken place as of September 30, 2022. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the respective combined entities' financial information for the year ended September 30, 2022, on which an auditors' report has been published.

(Forward)



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

Directors' Responsibilities

The directors of the Company are responsible for preparing the compilation of pro forma combined statements of financial position on the basis set out in the notes thereon in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

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

In accordance with International Standards on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* as adopted by the Malaysian Institute of Accountants, Deloitte PLT maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position has been properly compiled, in all material respects, by the directors of the Company on the basis set out in the note thereon.

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 as 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 directors of the Company have compiled, in all material respects, the pro forma combined statements of financial position on the basis set out in the notes thereon 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 Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or a review of the financial information used in compiling the pro forma combined statements of financial position.

(Forward)

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

The purpose of the pro forma combined statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction 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 event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been prepared, 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 combined statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma combined statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma combined statements of financial position has been prepared and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined 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 combined statements of financial position has been properly compiled, in all material respects, on the basis as set out in Note 2.0 to the pro forma combined statements of financial position and in accordance with the requirements of the Prospectus Guidelines and with the Malaysian Institute of Accountants' Guidance Note for Issuers of Pro Forma Financial Information.

(Forward)

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

Other Matters

This report has been issued for the sole purpose of inclusion in a prospectus to be issued in connection with the Proposal (in compliance with the Prospectus Guidelines). As such, this letter is not to be used, circulated, quoted or otherwise referred to, for any other purposes nor is it to be filed with, reproduced, copied, disclosed or referred, in whole or in part, in any document other than the Proposal.



DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)



ALVIN CHANG SHU-WEI
Partner - 03480/01/2024 J
Chartered Accountant

March 24, 2023

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

MKH OIL PALM (EAST KALIMANTAN) BERHAD ("MKHOP" OR "COMPANY") AND ITS COMBINING ENTITIES ("MKHOP GROUP" OR "GROUP") PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

1.0 GENERAL

1.1 Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position should be read in conjunction with the historical financial statements of the combining entities for the financial year ended September 30, 2022 ("FYE 2022").

The pro forma combined statements of financial position has been prepared for inclusion in a Prospectus of MKHOP in connection with the initial public offering and the listing of and quotation for the entire enlarged issued and share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office and principal place of business of the Company is located at G-02 & G-03, Ground Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The pro forma combined statements of financial position of the Company as of September 30, 2022, as shown in Note 3.0, has been prepared for illustrative purposes only.

1.2 Abbreviations and Formulas

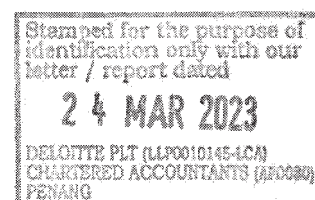
Unless the context otherwise requires, the following words, abbreviations and formulas shall apply throughout this report:

Companies within our group

MKHOP or Company	MKH Oil Palm (East Kalimantan) Berhad (Registration No. 200401023680 (662186-D))
MKHOP Group or Group	MKHOP and its subsidiaries, collectively
PT MKH	PT Maju Kalimatan Hadapan (Business Identification No. 8120014280519)
PT SPS	PT Sawit Prima Sakti (Business Identification No. 8120019071063)

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

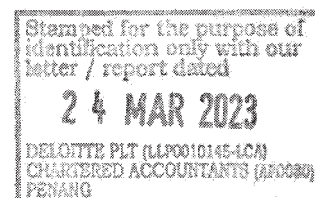
Bursa Securities	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Entitlement Date	The date to be determined and announced by the Board of Directors of MKH for the Distribution
FYE	Financial year ended or where the context otherwise requires, financial year ending 30 September
IFRS	International Financial Reporting Standards
Pre-IPO	Exercise before public issue involving significant subsequent events, share split, acquisition of PT MKH and PT SPS and Capitalisation
IPO or Public Issue	Public issue of 220,000,000 Issue Shares at IPO Price of RM[●] per share
IPO Price	The price of RM[●] per IPO Share under our IPO
IPO Share(s)	Issue Share(s) and Offer Share(s), collectively
Issue Share(s)	220,000,000 new MKHOP Share(s) to be issued under the Public Issue
Ivakijaya	Ivakijaya Sdn Bhd (Registration No. 200501015554 (692601-P))
Metro Kajang (Oversea)	Metro Kajang (Oversea) Sdn Bhd (Registration No. 199301016059 (270799-X))
MFRS	Malaysian Financial Reporting Standards
MKH Plantation	MKH Plantation Sdn Bhd (Registration No. 200601018004 (737756-U))
NA	Net assets
PT Hikmat	PT Hikmat Aliran Sukses (Business Identification No. 1266000400995)
PT NMJ	PT Nusantara Makmur Jaya (Business Identification No. 276286)
PK	Palm Kernel
Restu Mesra	Restu Mesra Sdn Bhd (Registration No. 202201000650 (1446347-D))



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

Formulas

NA per ordinary share	NA as of the date of the financial position divided by the number of MKHOP Shares
Current ratio	Total current assets divided by total current liabilities
Gearing ratio	Total indebtedness (loan and borrowings plus interest bearing advances from related company) divided by total equity



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

1.3 Basis of Preparation of Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position has been compiled based on the audited financial statements of MKHOP Group for the FYE 2022.

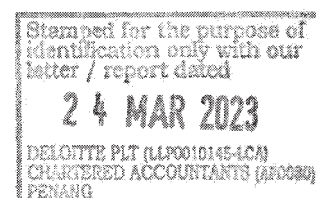
The pro forma combined statements of financial position is presented in RM.

The pro forma combined statements of financial position which should be read in conjunction with the notes thereto has been prepared for illustrative purposes only to reflect what the combined financial position of MKHOP Group as of September 30, 2022 would have been, if the Pre-IPO Exercise and IPO Exercise had been completed on that date.

The pro forma combined statements of financial position is prepared using the bases and accounting principles consistent with those adopted in the preparation of the statutory financial position of the combining entities for the FYE 2022.

The pro forma combined statements of financial position of MKH Oil Palm (East Kalimantan) Berhad and its combining entities for the FYE 2022 have been prepared in accordance with MFRS and IFRS.

For illustrative purposes, in arriving at the pro forma combined statements of financial position as of September 30, 2022, it is assumed that the Listing Scheme as mentioned in Note 2.0 below are completed on September 30, 2022. Payment for funds arising from the Listing Scheme are received/utilised on September 30, 2022.



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

2.0 LISTING SCHEME

MKHOP is undertaking the listing of and quotation for its entire enlarged issued and share capital on the Main Market of Bursa Securities. The significant subsequent events and listing scheme comprise the following:

2.1 Significant Subsequent Events

Subsequent to September 30, 2022, the following events took place:

- (i) On January 9, 2023, MKHOP has entered into a share sale agreement with Metro Kajang (Oversea), for the disposal of 50,000 ordinary shares representing 100% of the equity interest in Restu Mesra for a total cash consideration of RM50,000. The transaction has been completed on January 16, 2023 and thereafter, Restu Mesra has ceased to be a subsidiary of MKHOP; and
- (ii) On January 9, 2023, MKHOP has entered into a share sale agreement with Metro Kajang (Oversea), for the disposal of 1,199,000 ordinary shares representing 99.92% of the equity interest in PT NMJ for a total cash consideration of RM2,853,714. The transaction has been completed on January 19, 2023 and thereafter, PT NMJ has ceased to be a subsidiary of MKHOP.

The Significant Subsequent Events are known as "Pro Forma I" for the purpose of pro forma combined statements of financial position.

2.2 Share Split

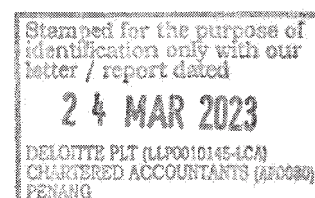
MKHOP undertook a share split which entails the subdivision of every 1 existing MKHOP Share into 6 new MKHOP Shares, resulting in increased number of MKHOP Shares from 110,468,000 Shares to 662,808,000 Shares.

The Share Split is known as "Pro Forma II" for the purpose of pro forma combined statements of financial position.

2.3 Acquisitions of PT MKH and PT SPS

In connection with the IPO, MKHOP undertook the following acquisitions prior to the Capitalisation as described in Note 2.4 by entering into the following agreements:

- (i) Conditional share sale agreement with Metro Kajang (Oversea) and PT Hikmat to acquire 5.667% of equity interest in PT MKH comprising 27,634 ordinary shares for a total purchase consideration of RM53.52 million which was satisfied by the issuance of 44,227,859 new shares at an issue price of RM1.21 each.
- (ii) Conditional share sale agreement with MKH Plantation, Ivakijaya and PT Hikmat to acquire the entire equity interest in PT SPS comprising 9,300 ordinary shares for a total purchase consideration of RM27.86 million which was satisfied by the issuance of 23,028,035 new shares at an issue price of RM1.21 each.



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

Upon completion of the acquisitions of PT MKH and PT SPS, the issued share capital of MKHOP increased from RM110.47 million comprising 662,808,000 MKHOP shares to RM191.85 million comprising 730,063,894 MKHOP Shares.

The Acquisitions of PT MKH and PT SPS are known as "Pro Forma III" for the purpose of pro forma combined statements of financial position.

2.4 Capitalisation

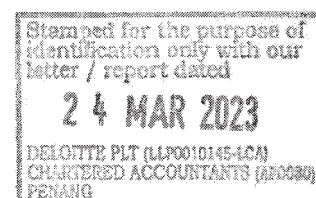
The Group also undertook the Capitalisation whereby:

- (i) PT MKH novated an amount owing to Metro Kajang (Oversea) of RM54,966,141 to MKHOP ("PT MKH Debt Novation").
- (ii) PT SPS novated an amount owing to MKH Plantation of RM55,487,000 to MKHOP ("PT SPS Debt Novation").
- (iii) MKHOP capitalised the entire amount owing by the Company to Metro Kajang (Oversea) of RM[●] as of 30 September 2022 with the issuance of 7,036,753 new shares at an issue price of RM[●] each.
- (iv) MKHOP capitalised the entire amount owing by the Company to Metro Kajang (Oversea) pursuant to the PT MKH Debt Novation, being RM[●] as of September 30, 2022 with the issuance of 45,426,562 new shares at an issue price of RM[●] each; and
- (v) MKHOP capitalised RM[●], being part of the entire amount owing by the Company to MKH Plantation, pursuant to the PT SPS Debt Novation as of September 30, 2022 with the issuance of 21,063,636 new shares at an issue price of RM[●] each.

The balance amount owing by MKHOP to MKH Plantation after the Capitalisation of RM[●] million will be repaid by MKHOP from the proceeds to be raised from the Public Issue.

Upon completion of the Capitalisation, the issued share capital of MKHOP increased from RM191.85 million comprising 730,063,894 MKHOP Shares to RM[●] million comprising 803,590,845 MKHOP Shares.

The Capitalisation is known as "Pro Forma IV" for the purpose of pro forma combined statements of financial position.



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

2.5 Distribution-In-Specie to Shareholders of MKH Berhad

Upon completion of the Pre-IPO, MKH Berhad together with Metro Kajang (Oversea) and MKH Plantation will collectively hold 758,804,663 MKHOP Shares, representing 94.4% equity interest.

MKH Berhad proposes to distribute 82,487,981 MKHOP Shares representing approximately 10.3% equity interest in MKHOP to the Entitled Shareholders on an Entitlement Date.

Upon completion of the Distribution, the total shareholdings of MKH Berhad together with Metro Kajang (Oversea) and MKH Plantation in MKHOP will reduce to approximately 84.2%.

The Distribution-In-Specie to Shareholders of MKH Berhad is known as "Pro Forma V" for the purpose of pro forma combined statements of financial position.

2.6 Public Issue

The Public Issue will involve the offering of 220,000,000 Issue Shares, representing 21.5% of MKHOP's enlarged share capital at an IPO Price of RM[●]. The Issue Shares will be allocated in the following manner:

(i) Malaysian Public

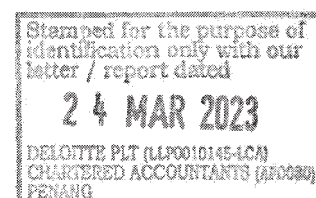
51,209,800 shares, representing approximately 5.0% of the enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process.

(ii) Private Placement to selected investors

168,790,200 shares, representing approximately 16.5% of the enlarged share capital, are reserved for private placement to selected investors.

The completion of the Public Issue will result in an enlarged issued share capital of MKHOP from RM[●] million comprising 803,590,845 MKHOP shares to RM[●] million comprising 1,023,590,845 MKHOP shares. There is no over-allotment or 'greenshoe' option that will increase the number of IPO Shares.

The Public Issue is known as "Pro Forma VI" for the purpose of pro forma combined statements of financial position.



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
2.7 Utilisation of Proceeds

The gross proceeds of RM[•] million which would accrue to MKHOP entirely from the Public Issue are intended to be utilised in the following manner:

	RM	RM
Capital expenditures		
Expansion of land banks for oil palm plantation	[•]	
Capital expenditures for existing plantation lands	[•]	
Setup of PK crushing facility	[•]	
Purchase of machinery and equipment for existing palm oil mill	[•]	
Capital expenditures for upkeep of workers/staff housing quarters	[•]	
Capital expenditures to expand coverage of electricity supply	[•]	[•]
Purchase of spare parts for machineries		[•]
Refurbishment and/or upkeep of existing palm oil mill		[•]
Repayment of intercompany balance to MKH Plantation		[•]
Estimated listing expenses		[•]
		<u>[•]</u>

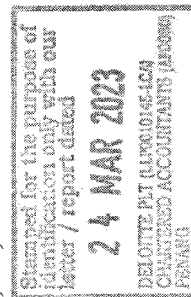
The Utilisation of Proceeds is known as "Pro Forma VII" for the purpose of pro forma combined statements of financial position.

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

3.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2022

The pro forma combined statements of financial position as of September 30, 2022 set out below have been prepared for illustration purposes only to show the effects on the audited combined statements of financial position of MKHOP Group as of September 30, 2022 on the assumption that the Listing Scheme as set out in Note 2.0 has been effected on September 30, 2022 and should be read in conjunction with the notes in this Section.

ASSETS	Audited September 30, 2022 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM	Pro Forma VII RM	
Non-Current Assets									
Property, plant and equipment (Note 3.3(i))	259,936,500	259,936,500	259,936,500	364,484,624	364,484,624	364,484,624	364,484,624	364,484,624	[●]
Prepaid lease payments (Note 3.3(ii))	19,061,198	19,061,198	19,061,198	20,678,456	20,678,456	20,678,456	20,678,456	20,678,456	
Goodwill on consolidation Investment in subsidiaries (Note 3.3(iii))	5,340,011	5,340,011	5,340,011	5,340,011	5,340,011	5,340,011	5,340,011	5,340,011	
Receivables, deposits and prepayments (Note 3.3(iv))	50,001	-	-	-	-	-	-	-	
	1,379,191	1,379,191	1,379,191	1,390,752	1,390,752	1,390,752	1,390,752	1,390,752	
Total Non-Current Assets	285,766,901	285,716,900	285,716,900	391,893,843	391,893,843	391,893,843	391,893,843	391,893,843	[●]
Current Assets									
Inventories	67,714,407	67,714,407	67,714,407	67,714,407	67,714,407	67,714,407	67,714,407	67,714,407	
Biological assets (Note 3.3(v))	5,703,344	5,703,344	5,703,344	5,917,360	5,917,360	5,917,360	5,917,360	5,917,360	
(Forward)									



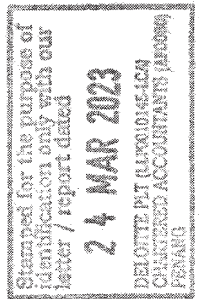
14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

	Audited September 30, 2022 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM	Pro Forma VII RM
Receivables, deposits and prepayments (Note 3.3(iv))	26,723,879	26,723,879	26,723,879	15,394,533	15,394,533	15,394,533	15,394,533	15,394,533
Current tax assets	3,909,828	3,909,828	3,909,828	3,909,828	3,909,828	3,909,828	3,909,828	3,909,828
Cash and bank balances (Note 3.3(vi))	40,179,367	43,083,081	43,083,081	44,918,185	44,918,185	44,918,185	[●]	[●]
Total Current Assets	144,230,825	147,134,539	147,134,539	137,854,313	137,854,313	137,854,313	[●]	[●]
Total Assets	429,997,726	432,851,439	432,851,439	529,748,156	529,748,156	529,748,156	[●]	[●]
EQUITY AND LIABILITIES								
Capital and Reserves								
Share capital								
(Note 3.3(vii))	110,468,000	110,468,000	110,468,000	191,847,631	[●]	[●]	[●]	[●]
Reserves								
(Note 3.3(viii))	164,463,613	167,317,326	167,317,326	129,488,347	[●]	[●]	[●]	[●]
Equity attributable to the owner of the parent	274,931,613	277,785,326	277,785,326	321,335,978	[●]	[●]	[●]	[●]
Non-controlling interests								
(Note 3.3(ix))	15,686,730	15,686,730	15,686,730	-	-	-	-	-
Total Equity (Forward)	290,618,343	293,472,056	293,472,056	321,335,978	[●]	[●]	[●]	[●]

Stamped for the purpose of
identification only with our
letter / report dated
24 MAR 2023
DELOITTE PT (117010145-ICM)
CHARTERED ACCOUNTANTS (PROMOS)
PENANG

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

	Audited September 30, 2022 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM	Pro Forma VII RM
Non-Current Liabilities								
Provisions	15,089,821	15,089,821	15,089,821	15,705,767	15,705,767	15,705,767	15,705,767	15,705,767
(Note 3.3(x))								
Payables and accruals	31,326,624	31,326,624	31,326,624	31,326,624	[●]	[●]	[●]	[●]
(Note 3.3(xi))								
Loan and borrowings	2,317,544	2,317,544	2,317,544	2,317,544	2,317,544	2,317,544	2,317,544	2,317,544
Deferred tax liabilities								
(Note 4.3(xii))	3,856,029	3,856,029	3,856,029	16,388,641	16,388,641	16,388,641	16,388,641	16,388,641
Total Non-Current Liabilities	52,590,018	52,590,018	52,590,018	65,738,576	[●]	[●]	[●]	[●]
Current Liabilities								
Payables and accruals	86,779,176	86,779,176	86,779,176	142,663,413	[●]	[●]	[●]	[●]
(Note 3.3(xi))								
Current tax liabilities	10,189	10,189	10,189	10,189	10,189	10,189	10,189	10,189
Total Current Liabilities	86,789,365	86,789,365	86,789,365	142,673,602	[●]	[●]	[●]	[●]
Total Liabilities	139,379,383	139,379,383	139,379,383	208,412,178	[●]	[●]	[●]	[●]
Total Equity and Liabilities	429,997,726	432,851,439	432,851,439	529,748,156	[●]	[●]	[●]	[●]

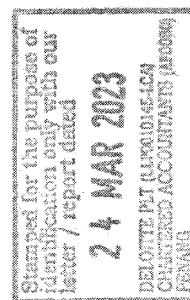


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	Audited September 30, 2022 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma IV RM	Pro Forma V RM	Pro Forma VI RM	Pro Forma VII RM
Number of ordinary shares in issue (shares)	110,468,000 ⁽¹⁾	110,468,000	662,808,000	730,063,894	803,590,845	803,590,845	1,023,590,845	1,023,590,845
NA per ordinary share (RM)	2.489	2.515	0.419	0.440	[•]	[•]	[•]	[•]
Current ratio (times)	1.662	1.695	1.695	0.966	[•]	[•]	[•]	[•]
Gearing ratio (times)	0.241	0.239	0.239	0.218	[•]	[•]	[•]	[•]

Note:

⁽¹⁾ Number of ordinary shares in issue represents the number of shares of the Company in issue as of September 30, 2022.



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

3.1 Basis of Preparation

The pro forma combined statements of financial position as of September 30, 2022 have been derived from the audited financial statements of MKHOP Group as of September 30, 2022, which were prepared in accordance with MFRS and IFRS and in a manner consistent with the format of the financial statements and accounting policies of the MKHOP Group as if the Group has been operated as a single economic entity throughout the FYE 2022. Combining entities within the MKHOP Group are under common control of the controlling shareholder.

The pro forma combined statements of financial position as of September 30, 2022 have been prepared for illustrative purposes only to show the effects on the audited statements of financial position of the combining entities as of September 30, 2022 on the assumption that the Listing Scheme as set out in Note 2.0 has been effected on September 30, 2022, and should be read in conjunction with the Notes in this Section.

The audited statements of financial position of the combining entities as of September 30, 2022 used in the preparation of the pro forma combined statements of financial position were not subject to any qualifications, modifications or disclaimers.

The pro forma combined statements of financial position are not necessarily indicative of the future financial position that would have been attained had the Listing Scheme as set out in Note 2.0 actually occurred at the respective dates. The pro forma combined statements of financial position have been prepared for illustrative purposes only, and because of the nature, may not give a true picture of the actual position of MKHOP Group.

3.2 Adjustments to the pro forma combined statements of financial position are as below:

3.2.1 Pro Forma I

Pro Forma I incorporates adjustments relating to Significant Subsequent Events for proceeds received from Metro Kajang (Oversea) on disposal of Restu Mesra and PT NMJ as set out in Note 2.1.

3.2.2 Pro Forma II

No statement of financial position impact to the pro forma combined statements of financial position derived from the Pro Forma adjustment Note 2.2.

3.2.3 Pro Forma III

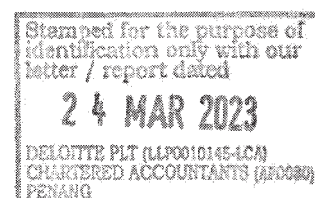
Pro Forma III incorporates adjustments relating to New Share Issuance and the completion of acquisitions for both PT MKH and PT SPS as set out in Note 2.3.

3.2.4 Pro Forma IV

Pro Forma IV incorporates adjustments relating to New Share Issuance and the Capitalisation as set out in Note 2.4.

3.2.5 Pro Forma V

No statement of financial position impact to the pro forma combined statements of financial position derived from the Pro Forma adjustment Note 2.5.



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

3.2.6 Pro Forma VI

Pro Forma VI incorporates adjustments relating to the new share issuance and proceeds from Public Issue of 220,000,000 new ordinary shares at RM[●] per ordinary share amounting to RM[●] as set out in Note 2.6.

3.2.7 Pro Forma VII

Pro Forma VII incorporates adjustments relating to the utilisation of proceeds from Public Issue of RM[●] as set out in Note 2.7.

3.3 Notes to the Pro Forma Combined Statements of Financial Position as of September 30, 2022

(i) Property, plant and equipment

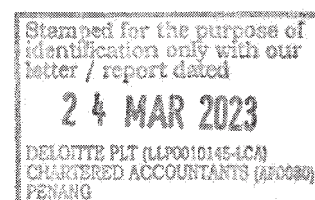
The changes in property, plant and equipment are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	259,936,500
Pursuant to Adjustment for Pro Forma III:	
Property, plant and equipment arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	104,548,124
Per Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	364,484,624
Pursuant to Adjustments for Pro Forma VII:	
Expansion of land banks for oil palm plantation	[●]
Capital expenditures for existing plantation lands	[●]
Setup of PK crushing facility	[●]
Purchase of machinery and equipment for existing palm oil mill	[●]
Capital expenditures for upkeep of workers/staff housing quarters	[●]
Capital expenditures to expand coverage of electricity supply	[●]
Total Adjustments for Pro Forma VII	[●]
Per Pro Forma VII	[●]

(ii) Prepaid lease payments

The changes in prepaid lease payments are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	19,061,198
Pursuant to Adjustment for Pro Forma III:	
Prepaid lease payments arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	1,617,258
Per Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI/ Pro Forma VII	20,678,456



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
(iii) Investment in subsidiaries

The changes in investment in subsidiaries are attributed to the following:

	RM
Per Audited as of September 30, 2022	50,001
Pursuant to Adjustment for Pro Forma I:	
Derecognition of investment in unquoted shares arising through disposal of Restu Mesra and PT NMJ to Metro Kajang (Oversea)	(50,001)
Per Pro Forma I/ Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI/ Pro Forma VII	-

(iv) Receivables, deposits and prepayments

The changes in receivables, deposits and prepayments are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	
Current	26,723,879
Non-current	1,379,191
	28,103,070
Pursuant to Adjustments for Pro Forma III:	
Plasma receivable and other receivables arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	312,705
Elimination of intercompany transactions between PT SPS and MKHOP Group	(11,630,490)
Total Adjustments for Pro Forma III	(11,317,785)
Per Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI/ Pro Forma VII	16,785,285
	RM
Analysed as:	
Current	15,394,533
Non-current	1,390,752
	16,785,285

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
(v) Biological assets

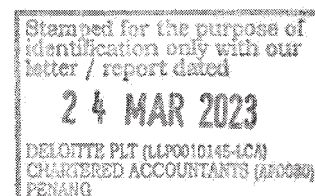
The changes in biological assets are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	5,703,344
Pursuant to Adjustment for Pro Forma III:	
Biological assets arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	214,016
Per Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI/ Pro Forma VII	5,917,360

(vi) Cash and bank balances

The changes in cash and bank balances are attributed to the following:

	RM
Per Audited as of September 30, 2022	40,179,367
Pursuant to Adjustment for Pro Forma I:	
Proceeds arising through disposal of Restu Mesra and PT NMJ to Metro Kajang (Oversea)	2,903,714
Per Pro Forma I/ Pro Forma II	43,083,081
Pursuant to Adjustment for Pro Forma III:	
Bank balances arising through acquisition of PT SPS from MKH Plantation, IvakiJaya and PT Hikmat	1,835,104
Per Pro Forma III/ Pro Forma IV/ Pro Forma V	44,918,185
Pursuant to Adjustment for Pro Forma VI:	
Proceeds from Public Issue	[•]
Per Pro Forma VI	[•]
Pursuant to Adjustments for Pro Forma VII:	
Expansion of land banks for oil palm plantation	[•]
Capital expenditures for existing plantation lands	[•]
Setup of PK crushing facility	[•]
Purchase of machinery and equipment for existing palm oil mill	[•]
Capital expenditures for upkeep of workers/staff housing quarters	[•]
Capital expenditures to expand coverage of electricity supply	[•]
Purchase of spare parts for machineries	[•]
Refurbishment and/or upkeep of existing palm oil mill	[•]
Repayment of intercompany balance to MKH Plantation	[•]
Estimated listing expenses	[•]
Total Adjustments for Pro Forma VII	[•]
Per Pro Forma VII	[•]



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
(vii) Share Capital

The changes in share capital are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	110,468,000
Pursuant to Adjustment for Pro Forma III:	
Issuance of new ordinary shares pursuant to acquisition of PT MKH and PT SPS	81,379,631
Per Pro Forma III	191,847,631
Pursuant to Adjustment for Pro Forma IV:	
Issuance of new ordinary shares pursuant to Capitalisation	[•]
Per Pro Forma IV/ Pro Forma V	[•]
Pursuant to Adjustment for Pro Forma VI:	
Public issue of new ordinary shares	[•]
Per Pro Forma VI	[•]
Pursuant to Adjustment for Pro Forma VII:	
Estimated direct issue costs of new ordinary shares	[•]
Per Pro Forma VII	[•]

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
(viii) Reserves

The changes in reserves are attributed to the following:

	RM
Per Audited as of September 30, 2022	164,463,613
Pursuant to Adjustment for Pro Forma I:	
Reversal of impairment loss arising through disposal of PT NMJ to Metro Kajang	2,853,713
Per Pro Forma I/ Pro Forma II	167,317,326
Pursuant to Adjustment for Pro Forma III:	
Acquisition of remaining equity interests in PT MKH from non-controlling interests	(37,828,979)
Per Pro Forma III	129,488,347
Pursuant to Adjustment for Pro Forma IV:	
Reversal of unrealised foreign exchange upon Capitalisation	[•]
Per Pro Forma IV/ Pro Forma V/ Pro Forma VI	[•]
Pursuant to Adjustments for Pro Forma VII:	
Refurbishment and/or upkeep of existing palm oil mill	[•]
Purchase of spare parts for machineries	[•]
Estimated listing expenses	[•]
Total Adjustments for Pro Forma VII	[•]
Per Pro Forma VII	[•]

(ix) Non-controlling interests

The changes in non-controlling interests are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	15,686,730
Pursuant to Adjustment for Pro Forma III:	
Reversal arising from acquisition of remaining equity interests in PT MKH from Metro Kajang (Oversea) and PT Hikmat	(15,686,730)
Per Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI/ Pro Forma VII	-

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**(x) Provisions**

The changes in provisions are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	15,089,821
Pursuant to Adjustment for Pro Forma III: Provisions arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	<u>615,946</u>
Per Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI/ Pro Forma VII	<u><u>15,705,767</u></u>

(xi) Payables and accruals

The changes in payables and accruals are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	
Current	86,779,176
Non-current	<u>31,326,624</u>
	<u>118,105,800</u>
Pursuant to Adjustments for Pro Forma III: Payables arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	67,514,727
Elimination of intercompany transactions between PT SPS and MKHOP Group	<u>(11,630,490)</u>
Total Adjustments for Pro Forma III	<u>55,884,237</u>
Per Pro Forma III	173,990,037
Pursuant to Adjustment for Pro Forma IV: Repayment of intercompany balances to Metro Kajang (Oversea) and MKH Plantation	<u>[•]</u>
Per Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u>[•]</u>
Pursuant to Adjustment for Pro Forma VII: Repayment of intercompany balance to MKH Plantation	<u>[•]</u>
Per Pro Forma VII	<u><u>[•]</u></u>

(Forward)

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

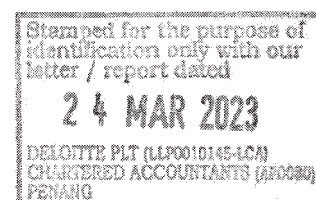
 (xi) Payables and accruals (continued)

	RM
Analysed as:	
Current	[•]
Non-current	-
	[•]

 (xii) Deferred tax liabilities

The changes in deferred tax liabilities are attributed to the following:

	RM
Per Audited as of September 30, 2022/ Pro Forma I/ Pro Forma II	3,856,029
Pursuant to Adjustment for Pro Forma III:	
Deferred tax liabilities arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	12,532,612
Per Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI/ Pro Forma VII	16,388,641



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

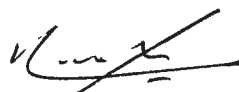
4.0 APPROVAL

The above Pro Forma Combined Statements of Financial Position is approved and adopted by the Board of Directors of MKHOP in accordance with a resolution dated **24 MAR 2023**

Signed on behalf of the Board of Directors:



CHEN WEI CHYONG
DIRECTOR
MKH OIL PALM (EAST
KALIMANTAN) BERHAD



DATO' LEE KHEE MENG
DIRECTOR
MKH OIL PALM (EAST
KALIMANTAN) BERHAD