

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

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

**(i) Sales of goods**

Revenue from sales of goods, crude palm oil ("CPO") and palm kernel is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognised by the Group at a point in time when control of the goods underlying the performance obligation is transferred to the buyers.

**(ii) Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

**(f) Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

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A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees' Provident Fund ("EPF") or other defined contributable plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(ii) Defined benefit plans**

Both foreign subsidiaries of the Group operate unfunded defined benefit schemes. The foreign subsidiaries' obligations under the schemes are determined based on external actuarial valuation in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or a credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost and past service cost);
- net interest expense or income; and
- remeasurement.

The amount recognised at the reporting date represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Plan assets resulting from this calculation are to be used only to settle the employee benefit obligations and only can be returned to the Group if the remaining assets of the fund are sufficient to meet the plan's obligation to pay the related employee benefits directly.

**(g) Borrowing costs**

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or completed.

**(h) Leases****Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the lessor has a substantive substitution right, the asset is not identified.
- the lessee has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the lessee has the right to direct the use of the asset. The lessee has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the lessee has the right to operate the asset; or the lessor designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single-lease component.

**(i) The Group as lessee****(i) Recognition and initial measurement**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**(ii) Subsequent measurement**

The right-of-use asset is subsequently measured at cost, less accumulated depreciation and accumulated impairment loss (if any) in accordance with MFRS 136 *Impairment of Assets*. The right-of-use asset is generally depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The estimated useful lives of right-of-use asset is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is adjusted for certain remeasurement of the lease liabilities.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or a rate or change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and

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- a lease contract is modified and the lease modifications is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Determination of lease term**

In determining the lease term upon the lease commencement, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group which affects whether the Group is reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

**(i) Tax expense**

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

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**(j) Property, plant and equipment**

**(i) Recognition and measurement**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, except for production buildings, are stated at cost less accumulated depreciation and impairment loss, if any. Production buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and accumulated impairment loss, if any.

The Group revalues its production buildings every five years from the last date of valuation or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

**(ii) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

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

The principal annual rates for the current and comparative financial years are as follows:

Production buildings	5% to 12.5%
Residential buildings	5% to 12.5%
Motor vehicles, plant and machinery	5% to 12.5%
Furniture, fittings and equipment	12.5%
Plantation infrastructure	12.5%
Bearer plants	20 years, or over the lease period if shorter

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants (oil palm trees) include mature plantations and immature plantations that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 20 years or over the lease period, whichever is shorter.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the end of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use. Any gains or losses on disposal of bearer plants are recognised in profit or loss in the year of disposal.

The residual values and useful lives of bearer plants are reviewed, and adjusted as appropriate, at each reporting date.

**(k) Property, plant and equipment under hire-purchase arrangement**

Property, plant and equipment acquired under hire purchase arrangement are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit and loss to give a constant periodic rate of interest on the remaining hire-purchase obligations.

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

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**(l) Prepaid lease payments**

The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments that are stated at cost less accumulated amortisation, are amortised over the lease term on a straight-line basis.

**(m) Goodwill**

Goodwill arises on the acquisition of subsidiaries is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

**(n) Biological assets**

Biological assets comprise produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the estimated market price of the produce growing on bearer plants.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the reporting date.

**(o) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost of inventories is based on the specific identification, first-in first-out and weighted average principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.



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

Crude palm oil and palm kernel includes direct labour, an appropriate share of production overheads and the fair value attributed to agriculture produce at year end in accordance with MFRS 141. The fair value of biological assets harvested from the Group's own plantation and sold during the year are recorded as part of the biological assets movement (Note 16) and as part of changes in fair value of biological assets" in determining profit.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

**(p) Impairment of non-financial assets**

The carrying amounts of assets (except for inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

**(q) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the combined statements of profit and loss and other comprehensive income. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or a loss in the combined statements of profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

**(i) Financial assets****Financial assets measured at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and 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.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

**Financial assets measured at fair value through other comprehensive income ("FVTOCI")**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and 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.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. 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.

**Financial assets measured at fair value through profit or loss ("FVTPL")**

Financial assets not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss. Fair value changes are recognised in the combined statements of profit or loss and other comprehensive income at each reporting date.

**13. ACCOUNTANTS' REPORT (Cont'd)**Impairment of financial assets

An impairment loss is recognised in profit or loss based on ECL at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from defaults event on a financial instrument that are possible within 12 months after the reporting date.

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Group applies the simplified approach to measure the impairment of trade receivables at lifetime ECL. The ECL are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

To measure the ECL, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

For other financial assets such as other receivables and amount due from intercompany, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the impairment losses for that financial instrument at an amount equal to 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without due cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward looking information.

At the end of each reporting period, the Group assesses whether the financial assets carried at amortised cost 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 the financial asset have occurred, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

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Deposits and bank balances of the Group are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Group does not expect any losses from default or non-performance by the counterparties.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On the recognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the combined statements of profit or loss.

**(ii) Financial liabilities and equity instruments**Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the combined statements of profit or loss.

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the combined statements of profit or loss and other comprehensive income.

**(r) Cash and cash equivalents**

The Group adopts the indirect method in the preparation of the combined statements of cash flows. Cash and cash equivalents are short-term and highly liquid investments and are readily convertible to cash with insignificant risk of changes in value. For the purpose of the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**(s) Provisions**

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the management's best estimate of the amount required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

At the reporting date, provisions are reviewed by the management and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

**(t) Contingencies**

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

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

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**(u) Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to chief operating decision maker who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

**(v) 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**13. ACCOUNTANTS' REPORT (Cont'd)****4. REVENUE**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Revenue from contracts with customers:</b>				
Sales of CPO and palm kernel	337,980,732	315,817,268	294,458,125	250,453,420
Sales of goods	-	-	12,152,681	31,870,089
	<u>337,980,732</u>	<u>315,817,268</u>	<u>306,610,806</u>	<u>282,323,509</u>

The Group is engaged in trading of CPO, palm kernel, building materials and household related products. The Group entered into contracts with customers to supply goods. Revenue is recognised upon delivery and issuance of sales invoice to customers. However, the Group had ceased its operations in trading of building materials and household related products in 2021.

Performance obligation is satisfied upon delivery of goods to customers and acknowledged by customers. The credit term granted to customers generally ranged from cash on delivery ("COD") to 30 days (September 30, 2022: COD to 30 days; September 30, 2021 and September 30, 2020: COD to 60 days). No allocation of transaction price required to performance obligation as each contract consists of one performance obligation only.

There is no right of return and warranty provided to the customers on the sales of CPO and palm kernel and sales of goods.

The Group's revenue excludes intra-group transactions.

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Timing of revenue recognition</b>				
Point in time	<u>337,980,732</u>	<u>315,817,268</u>	<u>306,610,806</u>	<u>282,323,509</u>

**5. COST OF SALES**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cost of sales of CPO and palm kernel	246,004,301	185,948,501	154,860,892	152,049,857
Cost of goods sold	-	-	11,376,068	30,740,792
	<u>246,004,301</u>	<u>185,948,501</u>	<u>166,236,960</u>	<u>182,790,649</u>

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

**6. PROFIT BEFORE TAX**

Profit before tax is arrived at:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Profit before tax is arrived at after charging:</b>				
Depreciation of property, plant and equipment	32,724,714	30,440,013	30,344,627	29,605,106
Employee benefit expenses:				
Contribution to Employees' Provident Fund	406,450	412,897	216,923	241,838
Provision for post-employment benefit obligations	4,415,620	3,163,357	2,064,106	3,711,395
Wages, salaries and others	11,716,272	11,622,872	10,553,965	10,527,043
Interest expenses on:				
Amount due to related company (Note 27(b))	4,610,748	4,596,524	4,667,598	5,404,304
Loans and borrowings	200,342	1,243,410	3,201,011	7,200,786
Hire purchase liabilities	20,955	-	-	-
Amortisation of prepaid lease payments	908,566	556,716	727,493	723,141
Expenses relating to short-term leases	407,899	259,184	112,598	87,385
Loss on foreign exchange - net:				
Realised	116,622	641,563	-	3,366,212
Unrealised	534,827	-	-	13,878,605
Auditors' remuneration:				
Statutory audit	307,954	281,490	257,800	158,195
Non-statutory audit	-	856,100	-	-
Property, plant and equipment written off	60,489	579,953	234,376	305,513
Impairment loss on investment in subsidiary	-	3,191,184	-	1,222,445
Changes in fair values of biological assets	-	577,142	-	913,440
Inventories written off	-	577	721	4,493
Bad debts written off	-	-	94,291	251,486



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

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>And after crediting:</b>				
Gain on disposal of subsidiary	2,853,713	-	-	-
Changes in fair values of biological assets	288,344	-	1,637,252	-
Gain on foreign exchange - net:				
Realised	-	-	3,079,358	-
Unrealised	-	4,490,904	7,785,247	-
Interest income	832,320	654,507	675,821	543,266

**7. REMUNERATION OF DIRECTORS AND KEY MANAGERMENTS**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Directors of the Company</b>				
<b>Executive Directors:</b>				
Other emoluments	767,960	421,433	200,484	-
Benefit-in-kind	40,808	7,487	4,400	-
	808,768	428,920	204,884	-
<b>Non-Executive Directors:</b>				
Fees	685,850	-	-	-
Other emoluments	26,000	-	-	-
	711,850	-	-	-
	1,520,618	428,920	204,884	-
<b>Directors of subsidiaries</b>				
Other emoluments	-	104,661	87,797	85,891
<b>Key Managements</b>				
Other emoluments	938,142	780,189	343,818	-
Post-employment benefits	112,766	93,821	41,364	-
	1,050,908	874,010	385,182	-
	2,571,526	1,407,591	677,863	85,891

Key managements comprise persons other than the directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

**13. ACCOUNTANTS' REPORT (Cont'd)**
**8. TAX EXPENSE**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Current tax</b>				
Malaysia:				
Current financial year	59,700	142,900	174,400	192,500
Under provision in prior financial year	(29,716)	112,248	1,800	1,023
Overseas:				
Current financial year	14,001,099	19,020,933	23,511,843	9,771,649
(Over)/under provision in prior financial year	(1,710,657)	-	(437,979)	372,906
	12,320,426	19,276,081	23,250,064	10,338,078
<b>Deferred tax (Note 24)</b>				
Origination and reversal of temporary differences	(3,391,487)	(2,150,258)	1,325,380	(1,422,312)
Over provision in prior financial year	1,716,257	(3,780,002)	-	-
	(2,275,230)	(5,930,260)	1,325,380	(1,422,312)
Total tax expense recognised in profit or loss	<u>10,045,196</u>	<u>13,345,821</u>	<u>24,575,444</u>	<u>8,915,766</u>
Deferred tax related to other comprehensive income (Note 24):				
Revaluation of buildings	-	-	-	448,070
Remeasurement (gains)/losses on defined benefits plans	(61,670)	512,070	958,113	(393,890)
Total tax expense recognised in other comprehensive (income)/loss	<u>(61,670)</u>	<u>512,070</u>	<u>958,113</u>	<u>54,180</u>

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

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

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Profit before tax	41,298,870	73,483,730	102,027,219	27,605,689
Tax calculated using the Malaysian tax rate of 24%	9,911,700	17,636,095	24,486,533	6,625,365
Tax effects of non-deductible expenses	1,087,316	2,109,013	3,663,773	3,119,802
Tax effects of non-taxable income	(867,486)	(143,992)	(751,737)	(119,519)
Effect of differences in overseas tax rate	(779,818)	(1,582,279)	(2,027,848)	(563,168)
Deferred tax assets not recognised	717,600	-	-	-
Realisation of deferred tax assets not recognised in previous financial years	-	(1,005,262)	(359,098)	(520,643)
(Over)/Under provision in prior financial years:				
Current tax	(1,740,373)	112,248	(436,179)	373,929
Deferred tax	1,716,257	(3,780,002)	-	-
Tax expense	10,045,196	13,345,821	24,575,444	8,915,766

As mentioned in Note 3, the tax effects of unused tax losses would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which unused tax losses can be utilised. As at September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020, the estimated amount of unused tax losses, for which the net deferred tax assets are not recognised in the combined financial statements due to uncertainty of realisation, is as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Unused tax losses	8,892,428	5,630,458	10,199,831	11,832,093

Under the Indonesian tax regulations, the unused tax losses can be utilised within 5 years after the losses were incurred.

Business loss incurred in year of assessment ("YA")	RM	Carried forward up to YA	Unutilised amount will be disregarded in YA
2018	5,630,458	2023	2024
2023	3,261,970	2028	2029

**13. ACCOUNTANTS' REPORT (Cont'd)****Tax Assessment YA 2019**

On January 7, 2021, PT Maju Kalimantan Hadapan ("PTMKH"), a subsidiary of the Company, received a Notice of Tax Overpaid Assessment from the Indonesia's Director General of Tax ("DGT") amounting to IDR29,816 million, equivalent to RM8.68 million for the year of assessment 2019.

On April 1, 2021, PTMKH filed an objection letter in reply to the above Notice of Tax Overpaid Assessment, as management are of the opinion, PTMKH should have tax refund amounting to IDR35,281 million, equivalent to RM10.27 million. DGT have restricted the claim on management fee incurred by PTMKH amounted to IDR21,855 million, equivalent to RM6.37 million which resulted in additional tax liability of IDR5,464 million, equal to RM1.59 million. On December 24, 2021, the objection letter has been rejected by tax appeal office in Balikpapan, Indonesia.

On March 18, 2022, PTMKH filed an appeal to tax court in Jakarta, Indonesia. On August 24, 2022, PTMKH received a notice of tax hearing from Jakarta's tax court to attend the said appeal on September 7, 2022. The Jakarta's tax court had requested PTMKH to provide additional analysis and summary report for the tax assessment during the tax hearing on September 7, 2022, October 5, 2022, November 9, 2022, December 7, 2022, January 25, 2023 and February 22, 2023, March 29, 2023 and May 17, 2023. As at to date, the Jakarta's tax court has yet to make a conclusion on PTMKH appeal to the abovementioned.

Based on consultation with the local tax experts, the Board of MKHOP are of the opinion that PTMKH has a valid defense against DGT's assessment. Accordingly, PTMKH has not made any adjustments in respect of the tax assessment in the combined financial statements of the Group and PTMKH.

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

**9. EARNINGS PER SHARE**

**Basic earnings per share**

The basic earnings per share is calculated by dividing the Group's profit attributable to owner of the parent by the weighted average number of ordinary shares in issue during the financial year.

Basic earnings per share are calculated as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Profit attributable to owner of the parent	30,413,315	55,547,284	72,217,410	17,797,114
Number of ordinary shares in issue at beginning of the financial year	110,474,975	110,474,975	62,674,975	62,674,975
Adjusted weighted average number of new ordinary shares	-	-	11,950,000	-
Weighted average number of ordinary shares for the purpose of basic earnings per share	110,474,975	110,474,975	74,624,975	62,674,975
Basic earnings per ordinary share (sen)	27.53	50.28	96.77	28.40

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

**Diluted earnings per share**

The diluted earnings per share has been calculated by dividing the Group's profit attributable to owner of the parent for the financial year by the weighted average number of ordinary shares that would have been in issue assuming exercise of the redeemable convertible preference shares, adjusted for the number of such ordinary shares that would have been issued at fair value:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Profit attributable to owner of the parent	30,413,315	55,547,284	72,217,410	17,797,114
Weighted average number of ordinary shares for the purpose of basic earnings per share	110,474,975	110,474,975	74,624,975	62,674,975
Weighted average number of redeemable convertible preference shares for the purpose of diluted earnings per share	-	-	35,850,000	47,800,000
	110,474,975	110,474,975	110,474,975	110,474,975
Diluted earnings per ordinary share (sen)	27.53	50.28	65.37	16.11

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

**10. PROPERTY, PLANT AND EQUIPMENT**

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>Cost/Valuation</b>								
Balance as at October 1, 2022	44,424,768	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	572,577,615
Additions	-	3,731,053	7,349,649	914,582	-	-	16,514,776	28,510,060
Write-offs	(447,079)	(299,550)	(1,220,503)	(116,473)	-	-	-	(2,083,605)
Reclassification	1,714,062	9,529	949,704	30,199	-	261,825	(2,965,319)	-
Effect of movements in exchange rate	(11,900)	(27,748)	(34,692)	(3,320)	-	(265)	(22,099)	(100,024)
Balance as at September 30, 2023	45,679,851	14,200,479	114,937,654	11,876,944	342,168,689	55,302,594	14,737,835	598,904,046
<b>Accumulated depreciation</b>								
Balance as at October 1, 2022	18,367,803	7,562,433	58,687,129	7,104,034	138,387,910	25,357,595	-	255,466,904
Charge for the financial year	3,905,584	1,131,195	7,104,160	913,162	16,991,495	2,679,118	-	32,724,714
Write-offs	(430,698)	(284,234)	(1,203,026)	(105,158)	-	-	-	(2,023,116)
Effect of movements in exchange rate	995	(23,266)	297,006	(2,682)	366,382	(1,901)	-	636,534
Balance as at September 30, 2023	21,843,684	8,386,128	64,885,269	7,909,356	155,745,787	28,034,812	-	286,805,036
<b>Net carrying amounts</b>								
As at September 30, 2023	23,836,167	5,814,351	50,052,385	3,967,588	186,422,902	27,267,782	14,737,835	312,099,010

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

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>Cost/Valuation</b>								
Balance as at October 1, 2021	43,970,499	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	539,014,580
Additions	3,023	1,598,903	8,702,059	1,864,832	-	-	3,943,159	16,111,976
Write-offs	(61,335)	(385,992)	(2,417,130)	(90,232)	-	-	-	(2,954,689)
Reclassification	(1,144,289)	-	4,378,192	63,430	14,936,383	178,038	(18,411,754)	-
Effect of movements in exchange rate	1,656,870	343,146	3,499,674	332,114	12,025,325	1,985,490	563,129	20,405,748
Balance as at September 30, 2022	44,424,768	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	572,577,615
<b>Accumulated depreciation</b>								
Balance as at October 1, 2021	16,242,363	6,696,615	50,140,353	6,210,000	117,306,965	21,707,069	-	218,303,365
Charge for the financial year	1,541,393	942,574	8,161,072	739,239	16,229,121	2,826,614	-	30,440,013
Write-offs	(61,335)	(322,749)	(1,912,935)	(77,717)	-	-	-	(2,374,736)
Effect of movements in exchange rate	645,382	245,993	2,298,639	232,512	4,851,824	823,912	-	9,098,262
Balance as at September 30, 2022	18,367,803	7,562,433	58,687,129	7,104,034	138,387,910	25,357,595	-	255,466,904
<b>Net carrying amounts</b>								
As at September 30, 2022	26,056,965	3,224,762	49,206,367	3,947,922	203,780,779	29,683,439	1,210,477	317,110,711



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

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>Cost/Valuation</b>								
Balance as at October 1, 2020	40,777,309	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	504,515,889
Additions	-	127,104	3,546,283	499,421	-	38,812	5,871,284	10,082,904
Write-offs	(108,540)	(106,263)	(826,116)	(154,555)	-	-	-	(1,195,474)
Reclassification	1,248,807	-	2,651,963	467,061	-	339,269	(4,707,100)	-
Effect of movements in exchange rate	2,052,923	440,219	4,257,447	389,748	15,304,958	2,510,713	655,253	25,611,261
Balance as at September 30, 2021	43,970,499	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	539,014,580
<b>Accumulated depreciation</b>								
Balance as at October 1, 2020	11,918,506	5,642,448	41,605,769	5,438,678	96,445,450	18,084,630	-	179,135,481
Charge for the financial year	3,809,651	840,774	6,842,197	615,901	15,538,975	2,697,129	-	30,344,627
Write-offs	(107,770)	(74,857)	(657,760)	(120,711)	-	-	-	(961,098)
Effect of movements in exchange rate	621,976	288,250	2,350,147	276,132	5,322,540	925,310	-	9,784,355
Balance as at September 30, 2021	16,242,363	6,696,615	50,140,353	6,210,000	117,306,965	21,707,069	-	218,303,365
<b>Net carrying amounts</b>								
As at September 30, 2021	27,728,136	2,534,523	43,590,348	2,671,812	197,900,016	31,170,437	15,115,943	320,711,215

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

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>Cost/Valuation</b>								
Balance as at October 1, 2019	49,599,367	9,546,838	87,421,544	7,995,453	305,642,928	51,928,734	24,172,144	536,307,008
Additions	-	-	4,219,873	333,024	-	-	4,853,483	9,406,380
Write-offs	(315,525)	(270,568)	(1,851,846)	(218,153)	-	-	-	(2,656,092)
Reclassification	3,106,393	-	(788,041)	6,964	11,605,575	915,720	(14,846,611)	-
Revaluation	(8,894,253)	-	-	-	-	-	-	(8,894,253)
Effect of movements in exchange rate	(2,718,673)	(506,192)	(4,900,406)	(437,151)	(17,346,480)	(2,855,742)	(882,510)	(29,647,154)
Balance as at September 30, 2020	40,777,309	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	504,515,889
<b>Accumulated depreciation</b>								
Balance as at October 1, 2019	26,116,004	5,319,178	34,705,778	5,196,825	86,241,440	16,431,540	-	174,010,765
Charge for the financial year	3,658,819	876,068	6,493,185	688,464	15,322,254	2,566,316	-	29,605,106
Write-offs	(289,335)	(268,210)	(1,627,000)	(166,034)	-	-	-	(2,350,579)
Revaluation	(11,732,293)	-	-	-	-	-	-	(11,732,293)
Reclassification	(4,597,302)	-	4,597,302	-	-	-	-	-
Effect of movements in exchange rate	(1,237,387)	(284,588)	(2,563,496)	(280,577)	(5,118,244)	(913,226)	-	(10,397,518)
Balance as at September 30, 2020	11,918,506	5,642,448	41,605,769	5,438,678	96,445,450	18,084,630	-	179,135,481
<b>Net carrying amounts</b>								
As at September 30, 2020	28,858,803	3,127,630	42,495,355	2,241,459	203,456,573	31,904,082	13,296,506	325,380,408

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

The buildings of the Group include production buildings and residential buildings. The production buildings are stated at valuation were revalued by the directors based on independent professional valuation on the market value basis using the cost valuation method, except for residential buildings located at oil palm plantation with carrying amounts (including additions during the financial year) totalling RM9,261,077 (September 30, 2022: RM9,820,197; September 30, 2021: RM10,012,702; September 30, 2020: RM9,145,779) were not revalued as at September 2020. The directors are of the view that it is not practicable to fair value these residential buildings as there are mainly staff quarters and amenities which were built on oil palm plantation for use by the plantation workers and there is lack of active market for the buildings.

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>September 30, 2023</b>								
<b>Analysis of cost and valuation</b>								
At valuation – September 2020	21,479,424	-	-	-	-	-	-	21,479,424
At cost	24,200,427	14,200,479	114,937,654	11,876,944	342,168,689	55,302,594	14,737,835	577,424,622
	45,679,851	14,200,479	114,937,654	11,876,944	342,168,689	55,302,594	14,737,835	598,904,046
<b>Net carrying amounts</b>								
At valuation – September 2020	14,575,090	-	-	-	-	-	-	14,575,090
At cost	9,261,077	5,814,351	50,052,385	3,967,588	186,422,902	27,267,782	14,737,835	297,523,920
	23,836,167	5,814,351	50,052,385	3,967,588	186,422,902	27,267,782	14,737,835	312,099,010

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

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>September 30, 2022</b>								
<b>Analysis of cost and valuation</b>								
At valuation – September 2020	21,479,424	-	-	-	-	-	-	21,479,424
At cost	22,945,344	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	551,098,191
	44,424,768	10,787,195	107,893,496	11,051,956	342,168,689	55,041,034	1,210,477	572,577,615
<b>Net carrying amounts</b>								
At valuation – September 2020	16,236,768	-	-	-	-	-	-	16,236,768
At cost	9,820,197	3,224,762	49,206,367	3,947,922	203,780,779	29,683,439	1,210,477	300,873,943
	26,056,965	3,224,762	49,206,367	3,947,922	203,780,779	29,683,439	1,210,477	317,110,711

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

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>September 30, 2021</b>								
<b>Analysis of cost and valuation</b>								
At valuation – September 2020	20,702,208	-	-	-	-	-	-	20,702,208
At cost	23,268,291	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	518,312,372
	43,970,499	9,231,138	93,730,701	8,881,812	315,206,981	52,877,506	15,115,943	539,014,580
<b>Net carrying amounts</b>								
At valuation – September 2020	17,715,434	-	-	-	-	-	-	17,715,434
At cost	10,012,702	2,534,523	43,590,348	2,671,812	197,900,016	31,170,437	15,115,943	302,995,781
	27,728,136	2,534,523	43,590,348	2,671,812	197,900,016	31,170,437	15,115,943	320,711,215

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

	Buildings RM	Motor vehicles RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Bearer plants RM	Plantation infrastructure RM	Under construction RM	Total RM
<b>September 30, 2020</b>								
<b>Analysis of cost and valuation</b>								
At valuation – September 2020	19,713,024	-	-	-	-	-	-	19,713,024
At cost	21,064,285	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	484,802,865
	40,777,309	8,770,078	84,101,124	7,680,137	299,902,023	49,988,712	13,296,506	504,515,889
<b>Net carrying amounts</b>								
At valuation – September 2020	19,713,024	-	-	-	-	-	-	19,713,024
At cost	9,145,779	3,127,630	42,495,355	2,241,459	203,456,573	31,904,082	13,296,506	305,667,384
	28,858,803	3,127,630	42,495,355	2,241,459	203,456,573	31,904,082	13,296,506	325,380,408

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

The buildings under property, plant and equipment were revalued by directors in September 2020 based on independent professional valuation. The fair values of these assets were within level 3 of the fair value hierarchy using significant unobservable inputs.

Fair value reconciliation of buildings under property, plant and equipment measured at level 3 were as follows:

	September 2020 RM
<b>Buildings under property, plant and equipment – At valuation 2020</b>	
At beginning of year	15,919,780
Reclassification	3,309,331
Depreciation charge for the financial year	(1,364,979)
Revaluation	2,838,040
Effect of movements in exchange rates	(989,148)
	<u>19,713,024</u>
At end of year	<u>19,713,024</u>

Description of valuation techniques used and key unobservable inputs to valuation on buildings under property, plant and equipment measured at level 3 are as follows:

Property category	Valuation technique	Significant unobservable inputs	Range
Buildings	Cost method	Construction price per square feet	RM27 – RM121

**Cost method of valuation**

In the cost method of valuation, the market value of the subject property is the sum of the market value of the building. The value of the building is assumed to have a direct relationship with its cost of construction. The cost of construction is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

**Valuation processes applied by the Group**

The fair values of buildings under property, plant and equipment are determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group revalues its buildings every five years or at shorter intervals whenever the fair values of the said assets are expected to differ substantially from the carrying amounts.

Included in the above property, plant and equipment of the Group are:

- (a) Property, plant and equipment under construction are mainly immature bearer plants, construction of buildings, plant and machinery and plantation infrastructure in oil palm plantation.

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

Included in additions to the property, plant and equipment under construction are:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Interest capitalised	-	-	34,190	167,603
Employee benefit expenses:				
Wages, salaries and others	-	477,280	414,064	573,688

The interest on borrowings for the financial year was capitalised at rates ranging at Nil (September 30, 2022: Nil; September 30, 2021: 3.30%; September 30, 2020: 3.50% to 5.05%)

- (b) Bearer plants comprise oil palm trees. Bearer plants pledged as security for credit facilities granted to certain subsidiaries as disclosed in Note 23 are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Cost</b>				
Bearer plants	276,515,891	276,515,891	315,206,981	299,902,023
<b>Net carrying amounts</b>				
Bearer plants	135,232,538	149,304,534	197,900,016	203,456,573

- (c) Motor vehicles under hire purchase agreement are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cost	716,762	-	-	-
Net carrying amount	605,170	-	-	-

**11. PREPAID LEASE PAYMENTS**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At beginning of year	19,933,403	20,341,816	20,878,248	21,821,092
Amortisation for the financial year	(908,566)	(556,716)	(727,493)	(723,141)
Effect of movements in exchange rate	(818)	148,303	191,061	(219,703)
At end of year	19,024,019	19,933,403	20,341,816	20,878,248



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

The above is leasehold land with remaining unexpired lease period ranging from 19 years to 22 years (September 30, 2022: 20 years to 23 years; September 30, 2021: 21 years to 24 years; September 30, 2020: 22 years to 25 years).

The leasehold land of RM18,190,571 (September 30, 2022: RM19,061,198; September 30, 2021: RM20,341,816; September 30, 2020: RM20,878,248) are pledged as security for credit facilities granted to the certain subsidiaries as disclosed in Note 23.

**12. GOODWILL ON CONSOLIDATION**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>At cost:</b>				
At beginning of the year	5,340,011	5,146,787	4,900,865	5,181,919
Effect of movements in exchange rate	<u>737,765</u>	<u>193,224</u>	<u>245,922</u>	<u>(281,054)</u>
At end of the year	<u><u>6,077,776</u></u>	<u><u>5,340,011</u></u>	<u><u>5,146,787</u></u>	<u><u>4,900,865</u></u>

**Impairment test for goodwill**

Goodwill is allocated to the Group's cash generating unit ("CGU") in respect of the plantation segment.

Key assumptions used in the value-in-use calculations based on 7 years (September 30, 2022: 8 years; September 30, 2021: 9 years; September 30, 2020: 10 years) cash flow projections in respect of impairment test for goodwill on the plantation segment are:

- i. discount rate of 10.0% (September 30, 2022: 10.9%; September 30, 2021: 11.8%; September 30, 2020: 9.13%;) which is pre-tax and reflected specific risks of the plantation segment in Indonesia;
- ii. oil palm trees with an average life of 25 years (September 30, 2022, September 30, 2021 and September 30, 2020: 25 years) with the first three years as immature and remaining years as mature which is average life cycle of the trees.
- iii. CPO average selling price of RM3,300 (September 30, 2022: RM3,300; September 30, 2021: RM2,675; September 30, 2020: RM2,000) per metric tonne ("MT") based on the management's estimate;
- iv. Average CPO extraction rate of 22.5% (September 30, 2022: 20.5%; September 30, 2021: 21%; September 30, 2020: 22%) based on the industry trend and past performance; and
- v. Average annual oil palm yield per hectare of 26 metric tonnes (September 30, 2022: 25 to 29 metric tonnes; September 30, 2021 and September 30, 2020: 30 to 33 metric tonnes) based on management's estimate and historic yield.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill to materially exceed its recoverable amounts.

**13. ACCOUNTANTS' REPORT (Cont'd)****13. RECEIVABLES, DEPOSITS AND PREPAYMENTS**

		September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Non-current</b>					
<b>Non-trade</b>					
Other receivable	(a)	11,561	11,560	1,087,331	1,035,376
Prepayments		<u>1,811,166</u>	<u>1,379,192</u>	<u>1,100,130</u>	<u>963,460</u>
Total non-current		<u>1,822,727</u>	<u>1,390,752</u>	<u>2,187,461</u>	<u>1,998,836</u>
<b>Current</b>					
<b>Trade</b>					
Trade receivables	(b)	<u>2,625,722</u>	<u>1,871,168</u>	<u>4,060,973</u>	<u>18,916,382</u>
<b>Non-trade</b>					
Other receivables	(c)	12,239,018	4,403,246	4,569,757	8,636,029
Amount owing from a related company	(d)	-	-	-	3,042
Amount owing from subsidiaries	(d)	-	3,169,432	5,969,588	5,705,928
Amount owing from shareholder	(d)	-	-	-	118
Deposits		4,418,184	4,132,151	6,878,099	2,578,455
Prepayments		<u>3,569,730</u>	<u>1,818,536</u>	<u>1,421,003</u>	<u>332,347</u>
		<u>20,226,932</u>	<u>13,523,365</u>	<u>18,838,447</u>	<u>17,255,919</u>
Total current		<u>22,852,654</u>	<u>15,394,533</u>	<u>22,899,420</u>	<u>36,172,301</u>

(a) Non-current other receivable of the Group of RM11,561 (September 30, 2022: RM11,560; September 30, 2021: RM1,087,331; September 30, 2020: RM1,035,376) was in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with the Indonesian Government policy, the subsidiaries, PTMKH and PTSPS assume the responsibilities to develop plantation for small land holders (known as Plasma Farmers) in addition to its own plantation. The subsidiaries are also required to train and to supervise the Plasma Farmers and to purchase the FFB from the Plasma Farmers Cooperative at prices determined by the Government. The amount is unsecured, interest-free, has no fixed term in repayment but not to be settled within one year.

(b) The Group's normal credit term is 30 days (September 30, 2022: 30 days; September 30, 2021 and September 30, 2020: 30 to 60 days).

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

The ageing analysis of the Group's trade receivables is as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Neither past due nor impaired	2,625,722	1,800,746	4,060,973	12,179,873
1 to 30 days past due but not impaired	-	70,422	-	3,547,985
31 to 60 days past due but not impaired	-	-	-	2,899,015
61 to 90 days past due but not impaired	-	-	-	207,632
91 to 120 days past but not impaired	-	-	-	-
More than 121 days past due but not impaired	-	-	-	81,877
	-	70,422	-	6,736,509
	<u>2,625,722</u>	<u>1,871,168</u>	<u>4,060,973</u>	<u>18,916,382</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise mainly debtors who are creditworthy customers with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RMNil (September 30, 2022: RM70,422; September 30, 2021: RMNil; September 30, 2020: RM6,736,509) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group has not recognised an allowance for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

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

(c) Included in other receivables of the Group are:

- i. an amount of RM8,860,961 (September 30, 2022: RM296,350; September 30, 2021: RM4,352; September 30, 2020: RM1,448,824) being indirect taxes paid in advance to tax authorities by the subsidiaries;
- ii. an amount of RM2,452,057 (September 30, 2022: RM2,322,839; September 30, 2021: RM1,966,862; September 30, 2020: RM4,748,005) being amount due from Plasma Farmers Cooperative in Indonesia; and
- iii. an amount of RMNil (September 30, 2022 and September 30, 2021: RMNil; September 30, 2020: RM663,050) being amount due from PT Agro Raya Malindo, holding company of PTSPS, in which directors of the Company are also director of the subsidiary, PTSPS and is unsecured, interest free and is repayable on demand.

(d) In the previous financial years, the amount owing from a related company, subsidiaries and shareholder arose mainly from advances by the Group which were repayable on demand and were interest free.

**14. INVESTMENT IN SUBSIDIARIES**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Unquoted shares – at cost</b>				
Ordinary shares	-	4,463,630	1,222,446	1,222,446
<b>Less: Accumulated impairment loss</b>				
At beginning of year	(4,413,629)	(1,222,445)	(1,222,445)	-
Reversal of impairment loss/(Impairment loss) for the financial year	4,413,629	(3,191,184)	-	(1,222,445)
At end of the financial year	-	(4,413,629)	(1,222,445)	(1,222,445)
Net carrying amount	-	50,001	1	1

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest and voting power held by the Group			
			2023 %	2022 %	2021 %	2020 %
PT Nusantara Makmur Jaya (“PTNMJ”)	Republic of Indonesia	Dormant	-	100	99.75	99.75
Restu Mesra Sdn. Bhd. (“Restu”)	Malaysia	Dormant	-	100	-	-

### 13. ACCOUNTANTS' REPORT (Cont'd)

On December 8, 2021, the Company subscribed for additional 800,000 new ordinary shares, representing 100% of new issuing shares in PTNMJ, a Company incorporated in Republic of Indonesia, with a total cash consideration of RM3,191,184. As a result, the Company has increased the ownership interest in PTNMJ from 99.75% to 99.92%.

On February 16, 2022, the Company acquired 1 ordinary share representing 100% of the equity interest in Restu, a company incorporated in Malaysia for a cash consideration of RM1. On August 5, 2022, the Company increased its investment in Restu by way of subscribing 49,999 new ordinary shares of Restu for a total cash consideration of RM49,999. On August 15, 2022, Restu acquired 0.08% of the equity interest in PTNMJ from Metro Kajang (Oversea) Sdn. Bhd. ("MKO"), for a cash consideration of RM3,970.

On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 50,000 ordinary shares representing 100% of the equity interest in Restu Mesra Sdn. Bhd. ("RMSB") for a total cash consideration of RM50,000. The transaction has been completed on January 16, 2023 and thereafter, RMSB has ceased to be a subsidiary of the Company and the Group.

On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 1,199,000 ordinary shares representing 99.92% of the equity interest in PT Nusantara Makmur Jaya ("PTNMJ") for a total cash consideration of RM2,853,714 with a gain of disposal of the subsidiary amounted to RM2,853,713. The transaction has been completed on January 19, 2023 and thereafter, PTNMJ has ceased to be a subsidiary of the Company and the Group.

### 15. INVENTORIES

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>At cost:</b>				
Fertiliser	6,885,858	20,804,242	12,693,641	12,948,843
Plantation consumables	17,706,581	16,813,998	14,567,268	10,543,195
CPO and palm kernel	16,225,231	30,096,167	17,713,778	6,570,205
	<u>40,817,670</u>	<u>67,714,407</u>	<u>44,974,687</u>	<u>30,062,243</u>

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM246,004,301 (September 30, 2022: RM185,948,501; September 30, 2021: RM166,236,960; September 30, 2020: RM182,790,649).

### 16. BIOLOGICAL ASSETS

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Net book value:</b>				
At beginning of year	5,917,360	6,177,026	4,233,267	5,181,734
Changes in fair value (Note 6)	288,344	(577,142)	1,637,252	(913,440)
Effect of movements in exchange rate	25,688	317,476	306,507	(35,027)
At end of year	<u>6,231,392</u>	<u>5,917,360</u>	<u>6,177,026</u>	<u>4,233,267</u>

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

The biological assets of the Group comprise FFB prior to harvest. Management has considered FFB less than 15 days before harvesting in the calculation of fair value. FFB more than 15 days before harvesting are excluded from the valuation as their fair values are considered negligible.

The fair value measurement of the biological assets is valued using present value of net cashflows expected to be generated from the sales of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell and is categorised within Level 2 of the fair value hierarchy as disclosed in Note 33.

During the financial year, the Group harvested approximately 410,230 MT of FFB (September 30, 2022: 382,752 MT; September 30, 2021: 441,016 MT; September 30, 2020: 477,157 MT).

**17. CASH AND BANK BALANCES**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Cash and bank balances	<u>73,895,739</u>	<u>42,014,471</u>	<u>57,464,522</u>	<u>36,250,247</u>

Included in cash and bank balances of the Group is an amount of RMNil (September 30, 2022: RMNil, September 30, 2021: RM10,259,714; September 30, 2020: RM12,664,674) pledged as security for the credit facilities as disclosed in Note 23.

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

**18. SHARE CAPITAL**

	September 30, 2023		September 30, 2022		September 30, 2021		September 30, 2020	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid with no par value:</b>								
<u>Ordinary shares</u>								
At beginning of the year	110,474,975	112,595,375	110,474,975	112,595,375	62,674,975	64,795,375	62,674,975	64,795,375
Issued during the year	-	-	-	-	47,800,000	47,800,000	-	-
Capital Reduction pursuant to Section 116 of the Companies Act, 2016	-	(30,000,000)	-	-	-	-	-	-
At end of the year	110,474,975	82,595,375	110,474,975	112,595,375	110,474,975	112,595,375	62,674,975	64,795,375
<u>Redeemable convertible preference shares</u>								
At beginning of the year	-	-	-	-	478,000	47,800,000	478,000	47,800,000
Redeemed and converted to fresh issue of ordinary shares	-	-	-	-	(478,000)	(47,800,000)	-	-
At end of the year	-	-	-	-	-	-	478,000	47,800,000
<b>Total</b>	110,474,975	82,595,375	110,474,975	112,595,375	110,474,975	112,595,375	63,152,975	112,595,375

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

**Ordinary shares**

On June 30, 2021, the Company has issued 47,800,000 new ordinary shares of the Company at RM1.00 each to redeem the entire 478,000 redeemable convertible preference shares ("RCPS") of RM1.00 each, registered in the name of Metro Kajang (Oversea) Sdn. Bhd., which was issued at a premium of RM99 per RCPS by converting each RCPS into 100 ordinary shares at RM1.00 each in the share capital of the Company.

On September 26, 2023, the Company has completed the capital reduction of RM30,000,000 of the issued share capital of the Company pursuant to Section 116 of the Companies Act 2016 ("Capital Reduction"). The Capital Reduction has been utilised to set-off against the accumulated losses of the Company. Accordingly, the Group's issued share capital reduced from RM112,595,375 to RM82,595,375.

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 meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**Redeemable convertible preference shares**

The rights attached to the redeemable convertible preference shares ("RCPS") were as follows:

(a) Dividend

- (i) The holder has the right to be paid, out of such profits of the Company available for distribution determined by the Directors at their discretion to be distributed in respect of each financial year or other accounting period of the Company, a dividend at rate as the Board of Directors shall determine from time to time.
- (ii) the holder of the RCPS shall not be entitled to participate in the surplus profits or assets of the Company beyond such rights as are expressly set out herein.

(b) Voting rights

The RCPS carry rights to vote at any general meeting of the Company if:

- (i) any resolution is proposed for the winding up of the Company, in which case the holder of the RCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or
- (ii) the meeting is convened for the purpose of considering the reduction of the capital of the Company; or
- (iii) the meeting is relating to any dividend or part thereof unpaid on any RCPS; or



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

(iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCPS; in which event the holder of the RCPS shall have such number of votes for each RCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCPS is entitled to, one RCPS held by the holder of RCPS shall be deemed to be equivalent to one of ordinary share of the Company. The holder of the RCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCPS of the Company.

(c) Redemption

- (i) Subject to the provisions of Section 72 the Act, the Company shall have the right to redeem all or any of the RCPS at RM100 only per RCPS at any time after the date of issuance of RCPS; and
- (ii) All of the RCPS have been redeemed on May 21, 2021 and no RCPS redeemed by the Company shall be capable of reissue.

(d) Conversion

The Company shall, at any time during the period commencing on the date of issuance of RCPS be entitled to convert all or any of the RCPS registered in the name of each holder of the RCPS. The conversion of RCPS into ordinary shares of the Company is subject to the following terms and conditions: Each RCPS shall be converted into 100 ordinary shares in the share capital of the Company. The ordinary shares issued and allotted herein shall rank pari passu in all respects with all other ordinary shares in issue at the date of conversion.

(e) Capital

The holder has the right on winding up or other return of capital (other than on the redemption of the RCPS) to receive, in priority to the holders of any other class of shares in the capital of the Company.

**19. RESERVE**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Distributable</b>				
Retained earnings	201,303,419	141,092,618	84,752,106	10,421,616
<b>Non-distributable</b>				
Translation reserve	9,131,225	7,216,767	(989,576)	(7,683,311)
Revaluation reserve	6,775,200	6,775,200	6,775,200	6,775,200
	<u>217,209,844</u>	<u>155,084,585</u>	<u>90,537,730</u>	<u>9,513,505</u>

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

**Retained earnings**

Distributable reserves are those available for distribution as dividends. The entire retained earnings of the Company are available to be distributed as single tier dividends to the shareholders of the Company. No dividend has been paid or declared by the Company for the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020.

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

**Revaluation reserve**

The revaluation reserve relates to the revaluation of buildings.

**20. NON-CONTROLLING INTERESTS**

**Non-controlling interests**

The subsidiaries that have material non-controlling interests ("NCI") are as follows:

	<b>PTMKH RM</b>	<b>PTSPS RM</b>	<b>Total RM</b>
<b>September 30, 2023</b>			
NCI percentage of ownership interests and voting interests	<u>5.6%</u>	<u>25%</u>	
Carrying amount of NCI	<u>17,644,616</u>	<u>(3,500,817)</u>	<u>14,143,799</u>
Profit/(Loss) allocated to NCI	<u>1,895,923</u>	<u>(1,055,564)</u>	<u>840,359</u>
Total comprehensive income/(loss) allocated to NCI	<u>1,957,885</u>	<u>(1,083,598)</u>	<u>874,287</u>
<b>September 30, 2022</b>			
NCI percentage of ownership interests and voting interests	<u>5.6%</u>	<u>25%</u>	
Carrying amount of NCI	<u>15,686,730</u>	<u>(2,417,218)</u>	<u>13,269,512</u>
Profit allocated to NCI	<u>3,465,049</u>	<u>1,125,576</u>	<u>4,590,625</u>
Total comprehensive income allocated to NCI	<u>4,005,031</u>	<u>1,025,103</u>	<u>5,030,134</u>

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

	PTMKH RM	PTSPS RM	Total RM
<b>September 30, 2021</b>			
NCI percentage of ownership interests and voting interests	5.6%	25%	
Carrying amount of NCI	11,681,699	(3,442,321)	8,239,378
Profit allocated to NCI	4,077,366	1,156,999	5,234,365
Total comprehensive income allocated to NCI	4,620,908	951,490	5,572,398
<b>September 30, 2020</b>			
NCI percentage of ownership interests and voting interests	5.6%	25%	
Carrying amount of NCI	7,060,791	(4,393,811)	2,666,980
Profit/(Loss) allocated to NCI	1,181,715	(288,906)	892,809
Total comprehensive income/(loss) allocated to NCI	992,446	(20,543)	971,903

The financial information of the subsidiaries, namely PTMKH and PTSPS that have material NCI before intra-group elimination are as follows:

	PTMKH			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Assets and liabilities</b>				
Non-current assets	266,939,894	268,409,720	275,418,632	282,591,768
Current assets	155,836,279	135,286,086	135,580,797	100,757,392
Non-current liabilities	(21,570,810)	(49,599,818)	(103,369,851)	(143,205,735)
Current liabilities	(86,122,934)	(74,379,163)	(99,528,374)	(114,670,566)
Net assets	315,082,429	279,716,825	208,101,204	125,472,859

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

	<b>PTMKH</b>			
	<b>September 30, 2023 RM</b>	<b>September 30, 2022 RM</b>	<b>September 30, 2021 RM</b>	<b>September 30, 2020 RM</b>
<b>Results</b>				
Revenue	337,980,732	315,817,268	294,458,125	250,453,420
Profit for the financial year	33,901,780	61,959,966	72,909,054	21,130,740
Total comprehensive income	<u>33,671,271</u>	<u>71,615,621</u>	<u>82,628,345</u>	<u>17,746,320</u>
<b>Cash flows from/(used in):</b>				
Operating activities	59,469,712	73,236,942	106,718,806	68,398,631
Investing activities	(26,416,054)	(12,277,875)	(6,999,634)	(4,402,629)
Financing activities	-	(81,918,680)	(77,115,755)	(59,339,097)
Net increase/(decrease) in cash and cash equivalent	<u>33,053,658</u>	<u>(20,959,613)</u>	<u>22,603,417</u>	<u>4,656,905</u>
	<b>PTSPS</b>			
	<b>September 30, 2023 RM</b>	<b>September 30, 2022 RM</b>	<b>September 30, 2021 RM</b>	<b>September 30, 2020 RM</b>
<b>Assets and liabilities</b>				
Non-current assets	55,521,814	58,057,977	56,448,435	53,595,022
Current assets	2,474,235	2,350,264	2,034,311	5,154,953
Non-current liabilities	(2,376,530)	(2,562,385)	(2,494,996)	(2,307,831)
Current liabilities	<u>(69,622,786)</u>	<u>(67,514,727)</u>	<u>(69,757,034)</u>	<u>(74,017,389)</u>
Capital deficiencies	<u>(14,003,267)</u>	<u>(9,668,871)</u>	<u>(13,769,284)</u>	<u>(17,575,245)</u>
<b>Results</b>				
Revenue	14,985,964	15,810,761	12,705,773	11,224,893
(Loss)/Profit for the financial year	(4,222,256)	4,502,304	4,627,996	(1,155,626)
Total comprehensive (loss)/income	<u>(4,334,392)</u>	<u>4,100,412</u>	<u>3,805,961</u>	<u>(82,173)</u>
<b>Cash flows from/(used in):</b>				
Operating activities	1,302,376	4,740,231	5,442,746	466,225
Investing activities	(1,260,601)	(2,412,011)	(2,937,108)	(4,206,284)
Financing activities	-	(2,423,583)	(5,312,529)	4,560,730
Net increase/(decrease) in cash and cash equivalent	<u>41,775</u>	<u>(95,363)</u>	<u>(2,806,891)</u>	<u>820,671</u>

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

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group except for the covenants of the bank term loans taken by PTMKH and PTSPS, subsidiaries of the Company, which restrict the ability of these subsidiaries to provide advances to other companies within the Group and to declare dividends to their shareholders until full settlement of the loans amounting to RMNil (September 30, 2022: RMNil, September 30, 2021: RM51,329,721; September 30, 2020: RM124,976,370) unless prior written consent is obtained from the lenders. The secured term loans taken by PTMKH and PTSPS have been fully settled as at September 30, 2022 and September 30, 2021 respectively. The assets to which such restrictions apply are the cash and cash equivalent of the subsidiaries included in the combined financial statements amounting to RMNil (September 30, 2022: RMNil, September 30, 2021: RM10,259,714; September 30, 2020: RM12,664,674).

**21. PROVISIONS****Post-employment benefit obligations**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At beginning of the year	15,705,767	15,210,765	16,654,766	14,561,361
Amounts recognised in profit or loss (Note 6):				
Current service costs	3,318,847	2,105,789	3,572,036	3,840,786
Interest on obligation	1,096,773	1,057,568	1,159,198	1,183,489
Past service cost	-	-	(2,667,128)	(1,312,880)
	4,415,620	3,163,357	2,064,106	3,711,395
Amounts recognised in other comprehensive income:				
Remeasurement losses/(gains)	272,040	(1,357,260)	(3,189,373)	144,860
Benefit paid	(1,833,446)	(1,978,519)	(1,514,693)	(746,241)
Effect of movements in exchange rates	224,567	667,424	1,195,959	(1,016,609)
At end of the year	<u>18,784,548</u>	<u>15,705,767</u>	<u>15,210,765</u>	<u>16,654,766</u>

Both subsidiaries of the Company in Indonesia operate unfunded defined benefit schemes, as required under the Labour Law of the Republic of Indonesia. The defined benefit schemes expose the Group to actuarial risks, such as longevity risk and interest rate risk.

The amount recognised in the combined statement of financial position is determined as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Present value of obligations	<u>18,784,548</u>	<u>15,705,767</u>	<u>15,210,765</u>	<u>16,654,766</u>

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

The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions at reporting date are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Discount rate	7.00%	7.50%	7.50%	8.00%
Future salary increase	8.00%	8.00%	8.00%	8.00%
Mortality rate	100% TMI 4	100% TMI 4	100% TMI 4	100% TMI 4
Resignation age	6% - 22% per annum until age of 18 - 38, then decrease linearly to 0% until age 57	6% - 22% per annum until age of 18 - 38, then decrease linearly to 0% until age 57	6% - 22% per annum until age of 18 -38, then decrease linearly to 0% until age 57	4% - 9% per annum until age of 30 -32, then decrease linearly to 0% until age 57
Disability	5% of mortality rate	5% of mortality rate	5% of mortality rate	5% of mortality rate
Normal retirement age (year)	57	57	57	57

**Sensitivity analysis**

The sensitivity analysis below has been determined based on reasonably possible changes in the discount rate and future salary increase occurring at the reporting date, while holding all other assumptions constant.

	Increase/(Decrease) in profit			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Discount rate increase by 1%	1,300,689	1,085,386	1,209,346	1,592,570
Discount rate decrease by 1%	(1,466,282)	(1,226,606)	(1,397,101)	(1,875,762)
Future salary increase by 1%	1,437,920	(1,238,478)	(1,407,012)	(1,881,374)
Future salary decrease by 1%	(1,367,484)	1,115,909	1,240,490	1,626,228

The sensitivity analysis presented above has been determined using deterministic method and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at September 30, 2023, the weighted-average duration of the defined benefit obligation was 12.73 to 16.11 years (September 30, 2022: 12.66 to 16 years, September 30, 2021: 15.75 to 16.36 years; September 30, 2020: 15.68 to 19.16 years).

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

The benefits, which reflect the expected future services, as appropriate are expected to be paid as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Within 1 year	2,492,657	1,819,351	1,534,518	1,112,637
Between 2 and 5 years	9,018,247	7,947,757	7,671,028	7,118,381
After 5 years	18,902,292	16,315,601	15,074,434	16,790,635
	<u>30,413,196</u>	<u>26,082,709</u>	<u>24,279,980</u>	<u>25,021,653</u>

**22. PAYABLES AND ACCRUALS**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Non-current</b>				
<b>Non-trade</b>				
Amount due to a related company	(a) <u>3,421,585</u>	<u>31,326,624</u>	<u>59,516,424</u>	<u>62,457,570</u>
<b>Current</b>				
<b>Trade</b>				
Trade payables	(b) 2,420,583	11,729,633	7,874,296	20,477,012
Amount due to a related company	(a) -	-	-	1,354,879
<b>Non-trade</b>				
Amount due to related companies	(a) 117,807,065	92,917,256	68,106,394	85,190,242
Other payables	10,056,912	16,176,896	12,024,590	10,044,054
Advances from customers	(c) 5,157,918	11,394,209	-	221,526
Accruals	<u>13,638,227</u>	<u>10,445,419</u>	<u>10,931,722</u>	<u>6,489,960</u>
	<u>149,080,705</u>	<u>142,663,413</u>	<u>98,937,002</u>	<u>123,777,673</u>

(a) Included in amount due to related companies are:

- (i) Advances of RM8,408,291 (September 30, 2022: RM8,408,291; September 30, 2021: RM4,441,949; September 30, 2020: RM2,427,901) of the Group, which bears interest at 5.76% (September 30, 2022: 5.01%; September 30, 2021 and September 30, 2020: 4.51%) per annum, is unsecured and is repayable on demand.
- (ii) Advances of RM53,109,804 (September 30, 2022: RM56,478,927; September 30, 2021: RM60,719,198; September 30, 2020: RM80,330,723) of the Group, which is unsecured, interest free and is repayable on demand.
- (iii) Advances of RM59,710,555 (September 30, 2022: 59,356,662; September 30, 2021: RM62,461,671; September 30, 2020: RM66,244,067) of the Group, which bears interest at 7.00% (September 30, 2022, September 30, 2021 and September 30, 2020: 7.00%) per annum, is unsecured and repayable by 19 quarterly instalments commencing from June 2020.

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

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Repayable within one year	56,288,970	28,030,038	2,945,247	3,786,497
Repayable after 1 year but not later than 2 years	3,421,585	27,925,319	28,049,968	2,945,053
Repayable after 2 years but not later than 3 years	-	3,401,305	28,049,968	28,048,127
Repayable after 3 years but not later than 4 years	-	-	3,416,488	28,048,127
Repayable after 4 years but not later than 5 years	-	-	-	3,416,263
	<u>59,710,555</u>	<u>59,356,662</u>	<u>62,461,671</u>	<u>66,244,067</u>

(b) The normal credit term granted to the Group ranges from 30 days to 90 days (September 30, 2022 and September 30, 2021: 30 days to 90 days; September 30, 2020: 14 days to 90 days) unless as specified in the agreements.

(c) This represents downpayment from purchasers of CPO and palm kernel.

**23. LOANS AND BORROWINGS**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Non-current:</b>				
<b>Term loans</b>				
Secured:				
United States Dollar ("USD")	-	-	8,352,013	48,207,725
Unsecured:				
USD	-	2,317,544	13,917,287	6,243,183
	-	2,317,544	22,269,300	54,450,908
<b>Current:</b>				
<b>Term loans</b>				
Secured:				
USD	-	-	11,538,054	24,742,120
Unsecured:				
USD	2,359,952	-	3,521,241	-
<b>Revolving credits</b>				
Secured:				
USD	-	-	31,439,654	52,026,525
	2,359,952	-	46,498,949	76,768,645
<b>Total</b>	<u>2,359,952</u>	<u>2,317,544</u>	<u>68,768,249</u>	<u>131,219,553</u>



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

The maturity profile of loans and borrowings of the Group is as follows:

	Carrying amount RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM
<b>September 30, 2023</b>						
<b>Floating rate instruments</b>						
Term loans						
Unsecured:						
USD	2,359,952	2,359,952	-	-	-	-
	2,359,952	2,359,952	-	-	-	-
<b>September 30, 2022</b>						
<b>Floating rate instruments</b>						
Term loans						
Unsecured:						
USD	2,317,544	-	2,317,544	-	-	-
	2,317,544	-	2,317,544	-	-	-
<b>September 30, 2021</b>						
<b>Floating rate instruments</b>						
Term loans						
Secured:						
USD	19,890,067	11,538,054	8,352,013	-	-	-
Unsecured:						
USD	17,438,528	3,521,241	7,042,483	6,874,804	-	-
Revolving credits						
Secured:						
USD	31,439,654	31,439,654	-	-	-	-
	68,768,249	46,498,949	15,394,496	6,874,804	-	-

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

	Carrying amount RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM
<b>September 30, 2020</b>						
<b>Floating rate instruments</b>						
Term loans						
Secured:						
USD	72,949,845	24,742,120	39,883,481	8,324,244	-	-
Unsecured:						
USD	6,243,183	-	6,243,183	-	-	-
Revolving credits						
Secured:						
USD	52,026,525	52,026,525	-	-	-	-
	<u>131,219,553</u>	<u>76,768,645</u>	<u>46,126,664</u>	<u>8,324,244</u>	<u>-</u>	<u>-</u>

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

The current year term loans as well as previous years term loan and revolving credit bears effective interest rates ranging from 5.20% to 7.76% (September 30, 2022: 2.54% to 5.20%; September 30, 2021: 2.52% to 2.62%; September 30, 2020: 2.30% to 5.27%).

Secured term loan I of RMNil (September 30, 2022: RMNil; September 30, 2021: RM19,890,067; September 30, 2020: RM68,038,541) is repayable in 20 quarterly principal instalments commencing 9th month from the day of first drawdown on March 2017. Secured revolving credits of RMNil (September 30, 2022: RMNil; September 30, 2021: RM31,439,654; September 30, 2020: RM52,026,525) is repayable on demand. The secured term loan and secured revolving credit are secured and supported as follows:

- (a) legal charge over the oil palm plantation land of a subsidiary in Indonesia;
- (b) pledge of shares of a subsidiary;
- (c) corporate guarantee of the Company for the financial year ended September 30, 2023 and corporate guarantee of the corporate shareholder, MKH Berhad for the financial years ended September 30, 2022, September 30, 2021 and September 30, 2020; and
- (d) charge over designated bank accounts of certain subsidiaries in Indonesia.

Secured term loan II of RMNil (September 30, 2022 and September 30, 2021: RMNil; September 30, 2020: RM4,911,304) is repayable in 12 quarterly principal instalments commencing 48th month from the day of first drawdown in December 2014. In 2020, the secured term loan is secured and is supported as follows:

- (a) facility agreement and security sharing agreement;
- (b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;
- (c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;
- (d) charge over a designated bank account of a subsidiary in Indonesia;
- (e) pledge of 95% shares of a subsidiary and substantial shareholder of a subsidiary;
- (f) assignment over all applicable insurance policies;
- (g) negative pledge over a subsidiary's assets; and
- (h) corporate guarantee of the corporate shareholder, MKH Berhad.

Unsecured term loan I of RMNil (September 30, 2022: RMNil; September 30, 2021: RM17,438,528; September 30, 2020: RM6,243,183) is repayable in 11 equal quarterly instalments commencing 15th month from the date of first drawdown in September 2020 and are supported by corporate guarantee of the corporate shareholder, MKH Berhad.

Unsecured term loan II of RM2,359,952 (September 30, 2022: RM2,317,544; September 30, 2021 and September 30, 2020: RMNil) is repayable in 16 equal quarterly instalments commencing 15 months from the date of first drawdown in September 2022 and is supported by corporate guarantee of the Company for the financial year ended September 30, 2023 and corporate guarantee of the corporate shareholder, MKH Berhad for the financial years ended September 30, 2022, September 30, 2021 and September 30, 2020.

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

The undrawn financial facilities that the Group has at its disposal to further reduce liquidity risk are RM68,438,608 (September 30, 2022: RM78,796,496; September 30, 2021: RM10,479,885 and September 30, 2020: RM14,567,427).

**24. DEFERRED TAX LIABILITIES**

The movements during the financial year relating to deferred tax are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
At beginning of year	5,802,468	9,726,487	7,234,613	8,572,173
Recognised in profit or loss (Note 8)	(2,275,230)	(5,930,260)	1,325,380	(1,422,312)
Recognised in other comprehensive (income)/loss (Note 8)	(61,670)	512,070	958,113	54,180
Effect of movements in exchange rate	20,085	1,494,171	208,381	30,572
At end of year	<u>3,485,653</u>	<u>5,802,468</u>	<u>9,726,487</u>	<u>7,234,613</u>

Deferred tax assets and deferred tax liabilities are attributable to the following:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Deferred tax liabilities</b>				
Taxable temporary differences arising from:				
Fair value adjustments on biological assets	1,370,906	1,301,819	1,358,946	931,319
Property, plant and equipment	2,044,752	2,247,079	5,986,668	5,373,629
Surplus arising from revaluation of buildings	708,849	810,269	975,550	1,295,418
Inventories	1,032,921	2,312,560	1,701,944	402,801
Fair value adjustments in respect of subsidiary acquired	<u>2,776,200</u>	<u>2,960,200</u>	<u>3,070,200</u>	<u>3,217,200</u>
	<u>7,933,628</u>	<u>9,631,927</u>	<u>13,093,308</u>	<u>11,220,367</u>
<b>Deferred tax assets</b>				
Deductible temporary differences arising from:				
Property, plant and equipment	315,374	374,191	20,453	804,524
Provisions	<u>4,132,601</u>	<u>3,455,268</u>	<u>3,346,368</u>	<u>3,181,230</u>
	<u>4,447,975</u>	<u>3,829,459</u>	<u>3,366,821</u>	<u>3,985,754</u>
<b>Net deferred tax liabilities</b>	<u>3,485,653</u>	<u>5,802,468</u>	<u>9,726,487</u>	<u>7,234,613</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**
**25. HIRE PURCHASE LIABILITIES**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Non-current	457,066	-	-	-
Current	119,870	-	-	-
	<u>576,936</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Present value of hire purchase liabilities:</b>				
Not later than 1 year	119,870	-	-	-
Later than 1 year and not later than 2 years	131,327	-	-	-
Later than 2 years and not later than 5 years	325,739	-	-	-
	<u>576,936</u>	<u>-</u>	<u>-</u>	<u>-</u>

Hire purchase liabilities are payable as follows:

	September 30, 2023		
	Future minimum hire purchase payments RM	Finance charges RM	Present value of minimum hire purchase payments RM
Less than one year	142,168	(22,298)	119,870
Between one and five years	491,501	(34,435)	457,066
	<u>633,669</u>	<u>(56,733)</u>	<u>576,936</u>

The hire purchase liabilities bear effective interest at rates ranging from 2.28% to 2.38% (September 30, 2022, September 30, 2021 and September 30, 2020: Nil) per annum.

**26. CAPITAL COMMITMENT**

As at September 30, 2023, the Group has the following commitments in respect of capital expenditure on property, plant and equipment.

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
Approved and contracted for	10,307,955	5,440,000	-	-
Approved but not contracted for	21,834,897	18,130,778	21,882,735	10,576,422
	<u>32,142,852</u>	<u>23,570,778</u>	<u>21,882,735</u>	<u>10,576,422</u>

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

**27. RELATED PARTY DISCLOSURE**

**(a) Identity of related parties**

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries, related companies and key management personnel. Related companies refer to subsidiaries of MKH Berhad.

**(b) Related party transactions and balances of the Company**

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>With related companies:</b>				
Metro Kajang (Oversea) Sdn. Bhd. Interest expense (Note 6)	4,610,748	4,596,524	4,667,598	5,404,304
MKH Resource Sdn. Bhd. Management fee paid/payable	4,127,044	6,372,134	8,525,121	8,753,260
Laju Jaya Sdn. Bhd. Expenses relating to short-term leases	303,473	125,480	-	-
MKH Building Materials Sdn. Bhd. Purchase of building materials	-	-	50,201	1,371,791
	<u>-</u>	<u>-</u>	<u>50,201</u>	<u>1,371,791</u>

Information on outstanding balances with related companies is disclosed in Note 13 and 22.

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

 (c) **Key management personnel compensation**

The key management personnel compensation is as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Directors of company</b>				
Executive Directors:				
Other emoluments	767,960	421,433	200,484	-
Estimated monetary value of benefits-in-kind	40,808	7,487	4,400	-
	808,768	428,920	204,884	-
Non-Executive Directors:				
Fees	685,850	-	-	-
Other emoluments	26,000	-	-	-
	711,850	-	-	-
	1,520,618	428,920	204,884	-
<b>Other key management personnel</b>				
Remuneration	938,142	884,850	431,615	85,891
Post-employment benefits	112,766	93,821	41,364	-
	1,050,908	978,671	472,979	85,891
	2,571,526	1,407,591	677,863	85,891

Other key management personnel comprise persons other than the directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

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

**28. SEGMENT INFORMATION**

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least on a monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

- (i) Plantation - oil palm cultivation, production and sales of CPO and PK
- (ii) Trading - trading in building materials and household related products and general trading. However, the Group had ceased its operations in trading of building materials and household related products in 2021
- (iii) Investment holding - investment holding and management services.

**Segment revenue and results**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents profit before tax of the segment. Inter-segment transactions are entered into in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

**Segment assets**

Segment assets are measured based on all assets (including goodwill) of the segment, excluding, deferred tax assets, current tax asset and tax recoverable.

**Segment liabilities**

Segment liabilities are measured based on all liabilities, excluding loans and borrowings, current tax liabilities and deferred tax liabilities.

**Segment revenue and results**

September 30, 2023	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Revenue</b>					
Total external revenue	337,980,732	-	-	-	337,980,732
Inter-segment revenue	14,985,964	-	-	(14,985,964)	-
Total segment revenue	<u>352,966,696</u>	<u>-</u>	<u>-</u>	<u>(14,985,964)</u>	<u>337,980,732</u>
<b>Results</b>					
Operating results	42,501,707	-	2,796,888	-	45,298,595
Interest expenses	(4,340,767)	-	(491,278)	-	(4,832,045)
Interest income	829,978	-	2,342	-	832,320
Segment results	38,990,918	-	2,307,952	-	41,298,870
Tax expenses	(9,998,012)	-	(47,184)	-	(10,045,196)
<b>Profit for the financial year</b>	<u>28,992,906</u>	<u>-</u>	<u>2,260,768</u>	<u>-</u>	<u>31,253,674</u>



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

September 30, 2023	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Other segment information</b>					
Depreciation of property, plant and equipment	32,401,212	-	323,502	-	32,724,714
Provision for post-employment benefit obligations	4,415,620	-	-	-	4,415,620
Amortisation of prepaid lease payments	908,566	-	-	-	908,566
Loss/(Gain) on foreign exchange:					
Realised	116,739	-	(117)	-	116,622
Unrealised	534,827	-	-	-	534,827
Property, plant and equipment written off	60,489	-	-	-	60,489
Gain on disposal of subsidiary	-	-	(2,853,713)	-	(2,853,713)
Changes in fair values of biological assets	(288,344)	-	-	-	(288,344)
<b>September 30, 2022</b>					
	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Revenue</b>					
Total external revenue	315,817,268	-	-	-	315,817,268
Inter-segment revenue	15,810,761	-	2,741,005	(18,551,766)	-
Total segment revenue	331,628,029	-	2,741,005	(18,551,766)	315,817,268
<b>Results</b>					
Operating results	83,934,750	-	(5,265,593)	-	78,669,157
Interest expenses	(5,475,300)	-	(364,634)	-	(5,839,934)
Interest income	654,507	-	-	-	654,507
Segment results	79,113,957	-	(5,630,227)	-	73,483,730
Tax expenses	(13,060,672)	-	(285,149)	-	(13,345,821)
<b>Profit/(Loss) for the financial year</b>	<b>66,053,285</b>	<b>-</b>	<b>(5,915,376)</b>	<b>-</b>	<b>60,137,909</b>

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

September 30, 2022	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Other segment information</b>					
Depreciation of property, plant and equipment	30,394,867	-	45,146	-	30,440,013
Impairment loss on investment in subsidiary	-	-	3,191,184	-	3,191,184
Provision for post-employment benefit obligations	3,163,357	-	-	-	3,163,357
Property, plant and equipment written off	579,953	-	-	-	579,953
Changes in fair values of biological assets	577,142	-	-	-	577,142
Amortisation of prepaid lease payments	556,716	-	-	-	556,716
Inventories written off	577	-	-	-	577
Loss/(Gain) on foreign exchange:					
Realised	644,378	-	(2,815)	-	641,563
Unrealised	(4,490,904)	-	-	-	(4,490,904)
September 30, 2021	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Revenue</b>					
Total external revenue	294,458,125	12,152,681	-	-	306,610,806
Inter-segment revenue	12,705,773	-	936,200	(13,641,973)	-
Total segment revenue	<u>307,163,898</u>	<u>12,152,681</u>	<u>936,200</u>	<u>(13,641,973)</u>	<u>306,610,806</u>
<b>Results</b>					
Operating results	108,455,369	677,574	87,064	-	109,220,007
Interest expenses	(7,738,813)	-	(129,796)	-	(7,868,609)
Interest income	675,821	-	-	-	675,821
Segment results	101,392,377	677,574	(42,732)	-	102,027,219
Tax expenses	(24,399,244)	(167,200)	(9,000)	-	(24,575,444)
<b>Profit/(Loss) for the financial year</b>	<u>76,993,133</u>	<u>510,374</u>	<u>(51,732)</u>	<u>-</u>	<u>77,451,775</u>

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

September 30, 2021	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Other segment information</b>					
Depreciation of property, plant and equipment	30,338,267	-	6,360	-	30,344,627
Provision for post-employment benefit obligations	2,064,106	-	-	-	2,064,106
Amortisation of prepaid lease payments	727,493	-	-	-	727,493
Property, plant and equipment written off	234,376	-	-	-	234,376
Bad debts written off	94,291	-	-	-	94,291
Inventories written off	721	-	-	-	721
Gain on foreign exchange:					
Realised	(3,079,205)	-	(153)	-	(3,079,358)
Unrealised	(7,785,247)	-	-	-	(7,785,247)
Changes in fair values of biological assets	(1,637,252)	-	-	-	(1,637,252)
September 30, 2020	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Revenue</b>					
Total external revenue	250,453,420	31,870,089	-	-	282,323,509
Inter-segment revenue	11,224,893	-	-	(11,224,893)	-
Total segment revenue	261,678,313	31,870,089	-	(11,224,893)	282,323,509
<b>Results</b>					
Operating results	40,094,598	769,584	(1,196,669)	-	39,667,513
Interest expenses	(12,479,479)	-	(125,611)	-	(12,605,090)
Interest income	543,266	-	-	-	543,266
Segment results	28,158,385	769,584	(1,322,280)	-	27,605,689
Tax expenses	(8,722,244)	(193,522)	-	-	(8,915,766)
<b>Profit/(Loss) for the financial year</b>	19,436,141	576,062	(1,322,280)	-	18,689,923

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

September 30, 2020	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Other segment information</b>					
Depreciation of property, plant and equipment	29,598,746	-	6,360	-	29,605,106
Provision for post-employment benefit obligations	3,711,395	-	-	-	3,711,395
Loss on foreign exchange:					
Realised	3,366,041	-	171	-	3,366,212
Unrealised	13,878,605	-	-	-	13,878,605
Impairment loss on investment in subsidiary	-	-	1,222,445	-	1,222,445
Changes in fair values of biological assets	913,440	-	-	-	913,440
Amortisation of prepaid lease payments	723,141	-	-	-	723,141
Property, plant and equipment written off	305,513	-	-	-	305,513
Bad debts written off	251,486	-	-	-	251,486
Inventories written off	4,493	-	-	-	4,493
<b>September 30, 2023</b>					
	<b>Plantation RM</b>	<b>Trading RM</b>	<b>Investment holding RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Assets</b>					
Segment assets	474,787,527	-	8,033,460	-	482,820,987
Current tax assets					8,837,410
Total assets					491,658,397
<b>Liabilities</b>					
Segment liabilities	161,827,764	-	9,459,074	-	171,286,838
Hire purchase liabilities	-	-	576,936	-	576,936
Loans and borrowings					2,359,952
Deferred tax liabilities					3,485,653
Total liabilities					177,709,379
<b>Other segment information</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	27,720,104	-	789,956	-	28,510,060

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

September 30, 2022	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Assets</b>					
Segment assets	464,939,740	-	9,875,908	-	474,815,648
Investment in subsidiaries	-	-	50,001	-	50,001
Current tax assets					<u>3,909,828</u>
Total assets					<u>478,775,477</u>
<b>Liabilities</b>					
Segment liabilities	175,161,309	-	14,534,495	-	189,695,804
Loans and borrowings					2,317,544
Current and deferred tax liabilities					<u>5,812,657</u>
Total liabilities					<u>197,826,005</u>
<b>Other segment information</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	<u>14,954,101</u>	<u>-</u>	<u>1,157,875</u>	<u>-</u>	<u>16,111,976</u>
<b>September 30, 2021</b>					
	<b>Plantation RM</b>	<b>Trading RM</b>	<b>Investment holding RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Assets</b>					
Segment assets	477,383,904	1,164,291	1,354,739	-	479,902,934
Investment in subsidiaries	-	-	1	-	<u>1</u>
Total assets					<u>479,902,935</u>
<b>Liabilities</b>					
Segment liabilities	168,910,782	-	4,753,409	-	173,664,191
Loans and borrowings					68,768,249
Current and deferred tax liabilities					<u>26,098,012</u>
Total liabilities					<u>268,530,452</u>
<b>Other segment information</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	<u>10,082,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,082,904</u>

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

September 30, 2020	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Total RM
<b>Assets</b>					
Segment assets	437,652,041	17,342,792	4,881,582	-	459,876,415
Investment in subsidiaries	-	-	1	-	1
Current tax assets					<u>6,352,358</u>
Total assets					<u>466,228,774</u>
<b>Liabilities</b>					
Segment liabilities	183,921,040	16,502,027	2,466,942	-	202,890,009
Loans and borrowings					131,219,553
Current and deferred tax liabilities					<u>7,343,352</u>
Total liabilities					<u>341,452,914</u>
<b>Other segment information</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	<u>9,406,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,406,380</u>

**Geographical information**

Revenue and non-current assets information is presented based on the segment's country of domicile. Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside the segment's country of domicile is insignificant. Non-current assets do not include receivables, deposits and prepayments and tax recoverable.

	Revenue			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2023 RM	September 30, 2020 RM
Malaysia	-	-	12,152,681	31,870,089
Republic of Indonesia	<u>337,980,732</u>	<u>315,817,268</u>	<u>294,458,125</u>	<u>250,453,420</u>
	<u>337,980,732</u>	<u>315,817,268</u>	<u>306,610,806</u>	<u>282,323,509</u>
	Non-current assets			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2023 RM	September 30, 2020 RM
Malaysia	1,595,613	1,179,160	16,430	22,790
Republic of Indonesia	<u>337,427,919</u>	<u>342,645,718</u>	<u>348,370,850</u>	<u>353,135,568</u>
	<u>339,023,532</u>	<u>343,824,878</u>	<u>348,387,280</u>	<u>353,158,358</u>

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

**Major customer information**

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2023 RM	September 30, 2020 RM
Customer A	89,576,672	253,189,507	162,044,345	53,241,223
Customer B	187,518,048	-	59,022,528	56,156,127
Customer C	-	-	-	52,816,415
Customer D	-	-	-	37,942,438
Customer E	46,683,861	-	-	-
	<u>323,778,581</u>	<u>253,189,507</u>	<u>221,066,873</u>	<u>200,156,203</u>

**29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS**

- (a) On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 50,000 ordinary shares representing 100% of the equity interest in Restu Mesra Sdn. Bhd. ("RMSB") for a total cash consideration of RM50,000. The transaction has been completed on January 16, 2023 and thereafter, RMSB has ceased to be a subsidiary of the Company and the Group.
- (b) On January 9, 2023, the Company has entered into a Share Sale Agreement with MKO, a related company of the Group for the disposal of 1,199,000 ordinary shares representing 99.92% of the equity interest in PT Nusantara Makmur Jaya ("PTNMJ") for a total cash consideration of RM2,853,714. The transaction has been completed on January 19, 2023 and thereafter, PTNMJ has ceased to be a subsidiary of the Company and the Group.
- (c) On March 30, 2023, the Company has submitted an application in relation to the Proposed Listing and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") to Securities Commission. On July 12, 2023, Securities Commission has approved the Proposed Listing under Section 214(1) of the Capital Markets and Services Act 2007, subject to the terms and condition as stipulated therein.

On November 28, 2023, the shareholders of the ultimate holding company of the Company, MKH Berhad have approved the Proposed Listing of the Company on the Main Market of Bursa Malaysia Securities Berhad.

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

- (d) On November 29, 2023, the Company has completed the share split by the subdivision of every one (1) existing Company share into six (6) new Company shares. The share split has resulted in a proportionate adjustment to the number of Company shares held by the existing shareholders but did not result in any adjustment to the issued share capital of the Company. Accordingly, the Group's issued share capital remain at RM82,595,375.
- (e) On December 20, 2023, the Company increased its issued and fully paid-up capital by way of issuance of 67,255,894 new ordinary shares at an issue price of RM1.21 each for a total consideration otherwise than cash of RM81,379,632 as full and final settlement of the purchase consideration of 5.67% and 100% equity interest in PTMKH and PTSPS respectively. Accordingly, PTMKH and PTSPS became the wholly owned subsidiaries of the Company.
- (f) On December 29, 2023, the Company acquired one ordinary share, representing 100% of the issued and paid-up share capital of Hala Maju Sdn. Bhd. ("Hala Maju") for a total cash consideration of RM1. Accordingly, Hala Maju became the wholly owned subsidiary of the Company.
- (g) On January 17, 2024, the Company has entered into two separate Share Sale Agreements with Hala Maju for the disposal of one ordinary share in both PTMKH and PTSPS respectively for the total sale consideration of RM4,933 to facilitate the acquisition of PTMKH and PTSPS. The transactions have been completed on January 17, 2024.
- (h) On January 9, 2024, the Company has entered into two separate novation agreements with the following parties:
- (i) PTMKH and MKO to novate an amount owing to MKO amounting to RM54,966,141 by PTMKH to the Company; and
  - (ii) PTSPS and MKH Plantation Sdn. Bhd. ("MKH Plantation") to novate an amount owing to MKH Plantation amounting to RM55,487,000 by PTSPS to the Company.
- (i) On January 11, 2024, the Company increased its issued and fully paid-up capital by way of issuance of 73,526,951 new ordinary shares at an issue price of RM1.21 each for a total consideration otherwise than cash of RM88,967,612 for the capitalisation of entire amount owing to MKO amounting to RM63,480,612 and the capitalisation of partial of amount owing to MKH Plantation amounting to RM25,487,000.

**30. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

The following table analyses the financial assets and financial liabilities in the combined statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Financial assets</b>				
At amortised cost:				
Receivables and deposits	19,294,485	13,587,557	22,565,748	36,875,330
Cash and bank balances	73,895,739	42,014,471	57,464,522	36,250,247



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

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>Financial liabilities</b>				
At amortised cost:				
Payables and accruals	152,502,290	173,990,037	158,453,426	186,235,243
Loans and borrowings	2,359,952	2,317,544	68,768,249	131,219,553
Hire purchase liabilities	576,936	-	-	-

**31. 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 Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

**(i) 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 primarily arises from the receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the combined statements of financial position.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amount	12 months ECL
Doubtful	Amount > 120 days past due and/or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – Not credit-impaired
In default	Amount > 180 days past due and/or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	Amount > 365 days past due and/or there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

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

These tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12 months or lifetime ECL	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
<b>September 30, 2023</b>							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach)	<u>2,625,722</u>	<u>-</u>	<u>2,625,722</u>
<b>September 30, 2022</b>							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach)	<u>1,871,168</u>	<u>-</u>	<u>1,871,168</u>
<b>September 30, 2021</b>							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach)	<u>4,060,973</u>	<u>-</u>	<u>4,060,973</u>
<b>September 30, 2020</b>							
Trade receivables	13	N/A	(a)	Lifetime ECL (simplified approach)	<u>18,916,382</u>	<u>-</u>	<u>18,916,382</u>

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

For trade receivables, the Group has applied the simplified approach in MFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade related receivables at the reporting date are as follows:

	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020
	RM	RM	RM	RM
	% of total	% of total	% of total	% of total
<b>By country:</b>				
Malaysia	-	-	-	15,751,881
Republic of Indonesia	2,625,722	1,871,168	4,060,973	3,164,501
	<u>2,625,722</u>	<u>1,871,168</u>	<u>4,060,973</u>	<u>18,916,382</u>
	100.00%	100.00%	100.00%	100.00%
				83.27%
				16.73%

At the reporting date, the Group has no significant concentration of credit risk on a trade receivable except for 2 individual customers as of September 30, 2023 and 3 individual customers as of September 30, 2022, September 30, 2021 and September 30, 2020 with balance amounting to RM2,342,120 (September 30, 2022: RM1,728,717; September 30, 2021: RM3,690,172; September 30, 2020: RM10,713,214), representing 89.2% (September 30, 2022: 92.4%; September 30, 2021: 90.9%; September 30, 2020: 56.6%) of the total receivable balances.

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

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(ii) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amounts RM	Total contractual amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM
<b>September 30, 2023</b>					
<b>Financial liabilities:</b>					
Payables and accruals	152,502,290	154,660,040	151,198,428	3,461,612	-
Loans and borrowings	2,359,952	2,405,735	2,405,735	-	-
Hire purchase liabilities	576,936	633,669	142,168	148,752	342,749
<b>September 30, 2022</b>					
<b>Financial liabilities:</b>					
Payables and accruals	173,990,037	179,001,590	146,340,183	29,220,833	3,440,574
Loans and borrowings	2,317,544	2,468,184	120,512	2,347,672	-
<b>September 30, 2021</b>					
<b>Financial liabilities:</b>					
Payables and accruals	158,453,426	164,861,082	101,016,040	31,184,733	32,660,309
Loans and borrowings	68,768,249	71,177,521	48,429,128	15,766,048	6,982,345
<b>September 30, 2020</b>					
<b>Financial liabilities:</b>					
Payables and accruals	186,235,243	198,950,254	127,753,468	7,187,935	64,008,851
Loans and borrowings	131,219,553	135,369,833	79,916,649	47,075,457	8,377,727

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

 (iii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk when the currency denomination differs from its functional currency.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily RM and Indonesian Rupiah ("IDR"). The foreign currency in which these transactions are denominated are mainly USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in Republic of Indonesia is not hedged as currency positions in IDR are considered to be long-term in nature.

Financial assets and financial liabilities denominated in USD and RM are as follows:

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>USD</b>				
Cash and bank balances	2,327,298	4,918,572	19,433,052	15,458,455
Loans and borrowings	<u>2,359,952</u>	<u>2,317,544</u>	<u>68,768,249</u>	<u>131,219,553</u>
<b>RM</b>				
Cash and bank balances	102,441	98,181	98,914	99,731
Amount due to related companies	<u>112,591,276</u>	<u>110,269,562</u>	<u>121,025,768</u>	<u>127,940,300</u>

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD and RM exchange rate against their respective functional currencies, with all other variables held constant.

	Profit for the financial year			
	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
<b>USD/IDR</b>				
Strengthened 5%	(1,000)	101,000	(1,924,000)	(4,515,000)
Weakened 5%	<u>1,000</u>	<u>(101,000)</u>	<u>1,924,000</u>	<u>4,515,000</u>
<b>RM/IDR</b>				
Strengthened 5%	(4,387,000)	(4,297,000)	(4,716,000)	(4,986,000)
Weakened 5%	<u>4,387,000</u>	<u>4,297,000</u>	<u>4,716,000</u>	<u>4,986,000</u>

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

	September 30, 2023 RM	September 30, 2022 RM	September 30, 2021 RM	September 30, 2020 RM
			Translation reserve	
IDR/RM				
Strengthened 5%	14,924,600	13,502,400	9,716,600	5,394,800
Weakened 5%	<u>(14,924,600)</u>	<u>(13,502,400)</u>	<u>(9,716,600)</u>	<u>(5,394,800)</u>

(iv) **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 changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial liabilities. Interest bearing financial liabilities comprise revolving credits, term loans and amount due to related companies.

The amount due to related companies and hire purchase liabilities totalling of RM60,287,491 (September 30, 2022: RM59,356,662; September 30, 2021: RM62,461,671; September 30, 2020: RM66,244,067) at fixed rate exposes the Group to fair value interest rate risk whilst term loans and amount due to related companies totalling RM10,768,243 (September 30, 2022: RM10,725,835; September 30, 2021: RM73,210,198; September 30, 2020: RM133,647,454) at floating rate expose the Group to cash flow interest rate risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

As at the reporting date, a change of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity and profit after tax by approximately RM40,900 (September 30, 2022: RM40,800; September 30, 2021: RM278,200; September 30, 2020: RM521,200), arising mainly as a result of higher/lower interest expense on floating rate of term loans and amount due to related companies.

**32. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The methods and assumptions used to estimate the fair values of the following classes of financial assets and financial liabilities are as follows:

(i) **Cash and cash equivalents, trade and other receivables and payables**

The carrying amounts approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

(ii) **Long-term receivables and payables**

The fair values of long-term other receivables and payables are estimated using expected future cash flows of contractual instalment payments discounted at current prevailing rates offered for similar types of credit or lending arrangements.

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

The carrying amounts and fair values of financial instruments, are as follows:

	Carrying amounts RM	Fair values RM
<b>September 30, 2023</b>		
<b>Financial assets</b>		
Long-term other receivables	<u>11,561</u>	<u>11,561</u>
<b>Financial liabilities</b>		
Long-term amount due to a related company	<u>3,421,585</u>	<u>3,421,585</u>
<b>September 30, 2022</b>		
<b>Financial assets</b>		
Long-term other receivables	<u>11,560</u>	<u>11,560</u>
<b>Financial liabilities</b>		
Long-term amount due to a related company	<u>31,326,624</u>	<u>28,331,140</u>
<b>September 30, 2021</b>		
<b>Financial assets</b>		
Long-term other receivables	<u>1,087,331</u>	<u>977,770</u>
<b>Financial liabilities</b>		
Long-term amount due to a related company	<u>59,516,424</u>	<u>53,715,026</u>
<b>September 30, 2020</b>		
<b>Financial assets</b>		
Long-term other receivables	<u>1,035,376</u>	<u>971,496</u>
<b>Financial liabilities</b>		
Long-term amount due to a related company	<u>62,457,570</u>	<u>56,712,451</u>

**(iii) Loans and borrowings**

The carrying amounts of long-term floating rate term loans approximate its fair values as the loans will be re-priced to market interest rate on or near reporting date.

**33. FAIR VALUE HIERARCHY**

The following table provides the fair value measurement hierarchy of the Group's financial assets at the reporting date:

	Fair value measurement using			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
<b>September 30, 2023</b>				
<i>Biological assets (Note 16)</i>	<u>-</u>	<u>6,231,392</u>	<u>-</u>	<u>6,231,392</u>



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

	Fair value measurement using			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
<i>Assets for which fair values are disclosed (Note 32)</i>				
Long-term other receivables	-	11,561	-	11,561
<b>September 30, 2022</b>				
<i>Biological assets (Note 16)</i>	-	5,917,360	-	5,917,360
<i>Assets for which fair values are disclosed (Note 32)</i>				
Long-term other receivables	-	11,560	-	11,560
<b>September 30, 2021</b>				
<i>Biological assets (Note 16)</i>	-	6,177,026	-	6,177,026
<i>Assets for which fair values are disclosed (Note 32)</i>				
Long-term other receivables	-	977,770	-	977,770
<b>September 30, 2020</b>				
<i>Biological assets (Note 16)</i>	-	4,233,267	-	4,233,267
<i>Assets for which fair values are disclosed (Note 32)</i>				
Long-term other receivables	-	971,496	-	971,496

Fair value reconciliation of biological assets measured at level 2 are disclosed in Note 16.

**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.

**Transfer between Level 1 and 2 fair values**

There is no transfer between Level 1 and 2 fair values during the financial year.

**34. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or to adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or repay existing borrowings. No changes were made in the objectives, policies and processes during the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020.

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

The Group is not subject to any externally imposed capital requirements other than PTMKH and PTSPS which are required to maintain a debt-to-equity ratio of 75:25 and 65:35 respectively as well as loan-to-value ratio of not more than 75% and 65% respectively in respect of the term loan facilities. Based on the proforma financial information provided to the financial institutions, the Group has complied with this capital requirement.

**35. COMBINING ENTITIES**

The combined financial statements consist of the financial statements of the Company and its subsidiaries as below, which were under common control of MKH Berhad. The Company's ultimate holding company is MKH Berhad, which is incorporated in Malaysia and is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad.

Details of the subsidiary is as follows:

Name of Company	Place of incorporation	Effective ownership	Date of incorporation	Principal activities
PT Maju Kalimantan Hadapan ("PTMKH")	Republic of Indonesia	94.33%	September 9, 2005	Oil palm plantation, crude oil palm industry and crude palm kernel oil industry

Details of the combining entity is as follows:

Name of Company	Place of incorporation	Effective ownership	Date of incorporation	Principal activities
PT Sawit Prima Sakti ("PTSPS")	Republic of Indonesia	75%	October 20, 2004	Oil palm plantation

**36. PRIOR YEAR ADJUSTMENTS**

Prior year adjustments have been made to the combined financial statements as at September 30, 2021, September 30, 2020 and October 1, 2019. The Group has made prior year adjustments in relation to:

- (i) Fair value of inventories

In accordance with MFRS 141 *Agriculture*, the fair values of inventories such as CPO and PK shall be determined based on the market price. In prior years, the inventories such as CPO and PK are not valued based on their fair values and these have been retrospectively adjusted in these combined financial statements.

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

	As previously reported RM	Adjustments RM	As restated RM
<b>Statement of financial position as of September 30, 2020</b>			
<b>Current Asset</b>			
Inventories	<u>28,242,233</u>	<u>1,822,143</u>	<u>30,064,376</u>
<b>Capital and Reserve</b>			
Reserves	<u>8,098,731</u>	<u>1,824,276</u>	<u>9,923,007</u>
<b>Current Liability</b>			
Payables and accruals	<u>123,255,410</u>	<u>(2,133)</u>	<u>123,253,277</u>

(ii) Current and deferred tax liabilities

In previous financial years, the temporary difference between PPE and plantation were under/overstated in profit and loss. The Group has adjusted the prior years' corporate income taxes in these combined financial statements.

The deferred tax liabilities have been adjusted accordingly with the prior year adjustments made on fair values of inventories and temporary difference between PPE and plantation.

	As previously reported/ As restated above RM	Adjustment RM	As restated RM
<b>Statement of financial position as of September 30, 2021</b>			
<b>Non-Current Liability</b>			
Deferred tax liabilities	<u>7,202,445</u>	<u>2,524,042</u>	<u>9,726,487</u>

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

	As previously reported/ As restated above RM	Adjustment RM	As restated RM
<b>Capital and Reserve</b>			
Reserves	<u>93,061,772</u>	<u>(2,524,042)</u>	<u>90,537,730</u>
<b>September 30, 2020</b>			
<b>Non-Current Liability</b>			
Deferred tax liabilities	<u>7,210,161</u>	<u>24,452</u>	<u>7,234,613</u>
<b>Capital and Reserve</b>			
Reserves	<u>9,923,007</u>	<u>(24,452)</u>	<u>9,898,555</u>

(iii) Bad debt expenses

Certain other receivables were determined to be uncollectible and these have been retrospectively corrected in these combined financial statements.

	As previously reported RM	Adjustment RM	As restated RM
<b>Statement of profit or loss for the financial year ended September 30, 2020</b>			
Other expenses	<u>22,512,496</u>	<u>251,486</u>	<u>22,763,982</u>
<b>Statement of financial position as of September 30, 2020</b>			
<b>Current Asset</b>			
Receivables, deposits and prepayments	<u>35,879,312</u>	<u>(251,486)</u>	<u>35,627,826</u>

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

(iv) Project cost

In prior financial years, some projects which were not related to plantation segments were incorrectly recognised under other assets and had understated the prior years' expenses. These have been corrected for in these combined financial statements.

	As previously reported/ As restated above RM	Adjustment RM	As restated RM
<b>Statement of financial position as of September 30, 2020</b>			
<b>Non-Current Asset</b>			
Receivables, deposits and prepayments	2,401,832	(402,996)	1,998,836
<b>Capital and Reserve</b>			
Reserves	9,898,555	(402,996)	9,495,559

(v) Trade payables

The Group has identified certain incorrect recognition of trade payables that were not accounted during prior years. Such trade payables were reassessed by the Group and corrected in these combined financial statements.

	As restated above RM	Adjustment RM	As restated RM
<b>Statement of financial position as of September 30, 2020</b>			
<b>Current Assets</b>			
Inventories	30,064,376	(2,133)	30,062,243
Receivables, deposits and prepayments	35,627,826	544,475	36,172,301
<b>Current Liability</b>			
Payables and accruals	123,253,277	524,396	123,777,673
<b>Capital and Reserve</b>			
Reserves	9,495,559	17,946	9,513,505

As a result of the material restatements listed above, the Group has restated the combined financial statements whereby the amounts presented will not directly agree to prior years' financial statements. Additionally, the Group have also reclassified certain comparative figures to conform with current financial years' presentation.

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

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**37. CHANGE OF NAME**

On January 7, 2021, the Company changed its name from Detik Merdu Sdn. Bhd. to MKH Global Plantation Sdn. Bhd..

On October 1, 2021, the Company changed its name from MKH Global Plantation Sdn. Bhd. to MKH Oil Palm (East Kalimantan) Sdn. Bhd..

On August 11, 2022, the Company converted from a private company to a public company and the name of the company is changed from MKH Oil Palm (East Kalimantan) Sdn. Bhd. to MKH Oil Palm (East Kalimantan) Berhad.

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

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**ACCOUNTANTS' REPORT**

(Prepared for inclusion in the Prospectus of  
MKH Oil Palm (East Kalimantan) Berhad)

**MKH OIL PALM (EAST KALIMANTAN) BERHAD**

**STATEMENT BY DIRECTORS**

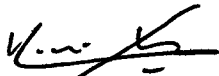
The directors of **MKH OIL PALM (EAST KALIMANTAN) BERHAD** state that, in their opinion, the accompanying combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Chapter 10 Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission of Malaysia so as to give a true and fair view of the financial position of the combining entities as of September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020 and of the financial performance and the cash flows for the financial years ended September 30, 2023, September 30, 2022, September 30, 2021 and September 30, 2020.

Signed in accordance with a resolution of the Directors dated March 14, 2024



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**CHEN WEI CHYONG**



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**DATO' LEE KHEE MENG**

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

**Deloitte.**

Deloitte PLT (LLP0010145-LCA)  
Chartered Accountants (AF0080)  
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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, 2023 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, 2023 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 have 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 have 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, 2023, as if the events or transactions had taken place as of September 30, 2023. 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 financial year ended September 30, 2023, on which auditors’ report has been published.

(Forward)





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

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**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.

The firm applies Malaysian Standard on Quality Management 1 ("ISQM-1") *Quality Management for Firms that Perform Audits or Reviews of Historical Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm 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.

**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 have 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)

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

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The purpose of the pro forma combined statements of financial position is solely to illustrate the impact of significant events 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 have 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 have 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)**

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**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 - 03480/01/2026 J  
Chartered Accountant**

March 14, 2024

**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, 2023 ("FYE 2023").

The pro forma combined statements of financial position have 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, 2023, as shown in Note 3.0, have 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 Kalimantan 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))
Entitled Shareholders	Existing shareholders of MKH Berhad on Entitlement Date
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 September 30
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 RM0.62 per share
IPO Price	The price of RM0.62 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)
PK	Palm Kernel

**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, hire purchase liabilities plus interest bearing advances from related company) divided by total equity

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

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

The pro forma combined statements of financial position have been compiled based on the audited financial statements of MKHOP Group for the FYE 2023.

The pro forma combined statements of financial position are presented in Ringgit Malaysia ("RM").

The pro forma combined statements of financial position which should be read in conjunction with the notes thereto have been prepared for illustrative purposes only to reflect what the combined financial position of MKHOP Group as of September 30, 2023 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 are prepared using the bases and accounting principles consistent with those adopted in the preparation of the statutory financial position of the combining entities.

The pro forma combined statements of financial position of MKH Oil Palm (East Kalimantan) Berhad and its combining entities for the FYE 2023 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, 2023, it is assumed that the Listing Scheme as mentioned in Note 2.0 below are completed on September 30, 2023. Payment for funds arising from the Listing Scheme are received/utilised on September 30, 2023.

**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, 2023, the following events took place:

- (i) On November 29, 2023, MKHOP has completed the share split by the subdivision of every one (1) existing MKHOP Share into six (6) new MKHOP Shares, resulting in increased number of MKHOP Shares from 110,468,000 Shares to 662,808,000 Shares.

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

- (ii) On December 20, 2023, MKHOP increased its issued and fully paid-up capital by way of issuance of 67,255,894 new ordinary shares at an issue price of RM1.21 each for a total consideration otherwise than cash of RM81.38 million as full and final settlement of the purchase consideration of 5.67% and 100% equity interest in PT MKH and PT SPS respectively.

Upon completion of the acquisitions of PT MKH and PT SPS, the issued share capital of MKHOP increased from RM80.47 million comprising 662,808,000 MKHOP shares to RM161.85 million comprising 730,063,894 MKHOP Shares.

On December 29, 2023, the Company acquired one ordinary share, representing 100% of the issued and paid-up share capital of Hala Maju Sdn. Bhd. ("Hala Maju") for a total cash consideration of RM1. Accordingly, Hala Maju became the wholly owned subsidiary of the Company.

On January 17, 2024, the Company has entered into two separate Share Sale Agreements with Hala Maju for the disposal of one ordinary share in both PTMKH and PTSPS respectively for the total sale consideration of RM4,933 to facilitate the acquisition of PTMKH and PTSPS. The transactions have been completed on January 17, 2024.

Upon completion of the acquisition of Hala Maju and disposal of one ordinary share in both PTMKH and PTSPS to Hala Maju, the issued share capital of MKHOP remains at RM161.85 million comprising 730,063,894 MKHOP Shares.

The Significant Subsequent Events of the new share issuance, the completion of acquisition of both PT MKH and PT SPS, the completion of acquisition of Hala Maju and the disposal of one ordinary share in PTMKH and one ordinary share in PTSPS to Hala Maju are known as "Pro Forma II" 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)**

(iii) On January 9, 2024, MKHOP entered into two separate novation agreements with the following parties:

- (a) PT MKH and Metro Kajang (Oversea) to novate an amount owing to Metro Kajang (Oversea) amounting to RM54,966,141 by PT MKH to MKHOP; and
- (b) PT SPS and MKH Plantation to novate an amount owing to MKH Plantation amounting to RM55,487,000 by PT SPS to MKHOP.

On January 11, 2024, MKHOP increased its issued and fully paid-up capital for capitalisation of amount owing to Metro Kajang (Oversea) and MKH Plantation whereby:

- (a) MKHOP capitalised the amount owing by the Company to Metro Kajang (Oversea) of RM8,514,471 as of September 30, 2023 with the issuance of 7,036,753 new shares at an issue price of RM1.21 each.
- (b) MKHOP capitalised RM54,966,141, being part of the entire amount owing by the Company to Metro Kajang (Oversea) pursuant to the PT MKH Debt Novation, with the issuance of 45,426,562 new shares at an issue price of RM1.21 each; and
- (c) MKHOP capitalised RM25,487,000, being part of the entire amount owing by the Company to MKH Plantation, pursuant to the PT SPS Debt Novation as of September 30, 2023 with the issuance of 21,063,636 new shares at an issue price of RM1.21 each.

The balance amount owing by PT MKH and MKHOP to Metro Kajang (Oversea) after the Capitalisation of RM1.70 million and RM0.12 million will be repaid by PT MKH and MKHOP respectively from internal funds. The amount owing by PT MKH to Metro Kajang (Oversea) comprises of forex loss of RM0.25 million which will be recognised as other expenses in profit or loss.

Out of the RM29.82 million balance that are owing by MKHOP to MKH Plantation, RM0.18 million which comprises of forex loss will be recognised as other expenses in profit or loss and the remaining RM30.00 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 RM161.85 million comprising 730,063,894 MKHOP Shares to RM250.82 million comprising 803,590,845 MKHOP Shares.

The Significant Subsequent Events of the new share issuance and the capitalisation are known as "Pro Forma III" for the purpose of pro forma combined statements of financial position.



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

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**2.2 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 IV" for the purpose of pro forma combined statements of financial position.

**2.3 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 RM0.62 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 and share capital of MKHOP from RM250.82 million comprising 803,590,845 MKHOP shares to RM387.22 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 V" 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)**

**2.4 Utilisation of Proceeds**

The gross proceeds of RM136.40 million which would accrue to MKHOP entirely from the Public Issue are intended to be utilised in the following manner:

	RM	RM
<b>Capital expenditures</b>		
Expansion of land banks for oil palm plantation	42,000,000	
Capital expenditures for existing plantation lands	6,000,000	
Setup of PK crushing facility	9,000,000	
Purchase of machinery and equipment for existing palm oil mill	7,551,000	
Capital expenditures for upkeep of workers/staff housing quarters	10,000,000	
Capital expenditures to expand coverage of electricity supply	10,000,000	84,551,000
Purchase of spare parts for machineries		4,000,000
Refurbishment and/or upkeep of existing palm oil mill		4,449,000
Repayment of intercompany balance to MKH Plantation		30,000,000
General working capital		3,420,000
Estimated listing expenses <sup>(1)</sup>		9,980,000
		<u>136,400,000</u>

**Note:**

<sup>(1)</sup> Out of the RM9,980,000 listing expenses that are unpaid as of September 30, 2023, RM8,741,000 will be capitalised as a reduction to equity and the remaining RM1,239,000 will be charged to profit or loss upon completion of the IPO.

The Utilisation of Proceeds 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)**

**3.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2023**

The pro forma combined statements of financial position as of September 30, 2023 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, 2023 on the assumption that the Listing Scheme as set out in Note 2.0 has been effected on September 30, 2023 and should be read in conjunction with the notes in this Section.

ASSETS	Audited September 30, 2023 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
<b>Non-Current Assets</b>							
Property, plant and equipment (Note 3.3(i))	257,422,197	257,422,197	362,745,422	362,745,422	362,745,422	362,745,422	447,296,422
Prepaid lease payments (Note 3.3(ii))	18,190,579	18,190,579	19,833,260	19,833,260	19,833,260	19,833,260	19,833,260
Goodwill on consolidation (Note 3.3(iii))	6,077,776	6,077,776	7,809,556	7,809,556	7,809,556	7,809,556	7,809,556
Receivables, deposits and prepayments (Note 3.3(iv))	1,811,166	1,811,166	1,822,727	1,822,727	1,822,727	1,822,727	1,822,727
<b>Total Non-Current Assets</b>	<b>283,501,718</b>	<b>283,501,718</b>	<b>392,210,965</b>	<b>392,210,965</b>	<b>392,210,965</b>	<b>392,210,965</b>	<b>476,761,965</b>
<b>Current Assets</b>							
Inventories	40,817,670	40,817,670	40,817,670	40,817,670	40,817,670	40,817,670	40,817,670
Biological assets (Note 3.3(v))	6,011,296	6,011,296	6,231,392	6,231,392	6,231,392	6,231,392	6,231,392
(Forward)							

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

	Audited September 30, 2023 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
Receivables, deposits and prepayments (Note 3.3(iv))	36,050,755	36,050,755	22,852,654	22,852,654	22,852,654	22,852,654	22,852,654
Current tax assets	8,837,410	8,837,410	8,837,410	8,837,410	8,837,410	8,837,410	8,837,410
Cash and bank balances (Note 3.3(vi))	72,006,555	72,006,555	73,895,739	72,069,106	72,069,106	208,469,106	75,489,106
<b>Total Current Assets</b>	163,723,686	163,723,686	152,634,865	150,808,232	150,808,232	287,208,232	154,228,232
<b>Total Assets</b>	447,225,404	447,225,404	544,845,830	543,019,197	543,019,197	679,419,197	630,990,197
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and Reserves</b>							
Share capital (Note 3.3(vii))	80,468,000	80,468,000	161,847,631	250,815,243	250,815,243	387,215,243	378,474,243
Reserves (Note 3.3(viii))	229,839,669	229,839,669	193,968,576	194,402,152	194,402,152	194,402,152	184,714,152
Equity attributable to the owner of the parent	310,307,669	310,307,669	355,816,207	445,217,395	445,217,395	581,617,395	563,188,395
Non-controlling interests (Note 3.3(ix))	17,644,616	17,644,616	-	-	-	-	-
<b>Total Equity (Forward)</b>	327,952,285	327,952,285	355,816,207	445,217,395	445,217,395	581,617,395	563,188,395

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

	Audited September 30, 2023 RM	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma
		I RM	II RM	III RM	IV RM	V RM	VI RM
<b>Non-Current Liabilities</b>							
Provisions (Note 3.3(x))	18,149,226	18,784,548	18,784,548	18,784,548	18,784,548	18,784,548	18,784,548
Payables and accruals (Note 3.3(xi))	3,421,585	3,421,585	-	-	-	-	-
Hire purchase liabilities	457,066	457,066	457,066	457,066	457,066	457,066	457,066
Deferred tax liabilities (Note 4.3(xii))	1,744,445	1,744,445	14,805,897	14,805,897	14,805,897	14,805,897	14,805,897
<b>Total Non-Current Liabilities</b>	<b>23,772,322</b>	<b>23,772,322</b>	<b>34,047,511</b>	<b>34,047,511</b>	<b>34,047,511</b>	<b>34,047,511</b>	<b>34,047,511</b>
<b>Current Liabilities</b>							
Payables and accruals (Note 3.3(xi))	93,020,975	149,080,705	61,274,469	61,274,469	61,274,469	61,274,469	31,274,469
Loan and borrowings	2,359,952	2,359,952	2,359,952	2,359,952	2,359,952	2,359,952	2,359,952
Hire purchase liabilities	119,870	119,870	119,870	119,870	119,870	119,870	119,870
<b>Total Current Liabilities</b>	<b>95,500,797</b>	<b>151,560,527</b>	<b>63,754,291</b>	<b>63,754,291</b>	<b>63,754,291</b>	<b>63,754,291</b>	<b>33,754,291</b>
<b>Total Liabilities</b>	<b>119,273,119</b>	<b>189,029,623</b>	<b>97,801,802</b>	<b>97,801,802</b>	<b>97,801,802</b>	<b>97,801,802</b>	<b>67,801,802</b>
<b>Total Equity and Liabilities (Forward)</b>	<b>447,225,404</b>	<b>447,225,404</b>	<b>543,019,197</b>	<b>543,019,197</b>	<b>543,019,197</b>	<b>679,419,197</b>	<b>630,990,197</b>

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

	Audited September 30, 2023 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
<i>Key Financial Ratios:</i>							
Number of ordinary shares in issue (shares)	110,468,000 <sup>(1)</sup>	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)	2.809	0.468	0.487	0.554	0.554	0.568	0.550
Current ratio (times)	1.714	1.714	1.007	2.365	2.365	4.505	4.569
Gearing ratio (times)	0.217	0.217	0.200	0.007	0.007	0.005	0.005

**Note:**

<sup>(1)</sup> Number of ordinary shares in issue represents the number of shares of the Company in issue as of September 30, 2023.

**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, 2023 have been derived from the audited financial information of MKHOP Group as of September 30, 2023, 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 2023. 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, 2023 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, 2023 on the assumption that the Listing Scheme as set out in Note 2.0 has been effected on September 30, 2023, 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, 2023 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**

No statements of financial position impact to the pro forma combined statements of financial position derived from the Pro Forma adjustment Note 2.I (i).

**3.2.2 Pro Forma II**

Pro Forma II incorporates adjustments relating to Significant Subsequent Events on the new share issuance, the completion of acquisitions for both PT MKH and PT SPS, the completion of acquisition of Hala Maju and the disposal of one ordinary share in PTMKH and one ordinary share in PTSPS to Hala Maju as set out in Note 2.I (ii).

**3.2.3 Pro Forma III**

Pro Forma III incorporates adjustments relating to Significant Subsequent Events on the new share issuance and the capitalisation as set out in Note 2.I (iii).

**3.2.4 Pro Forma IV**

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

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

**3.2.5 Pro Forma V**

Pro Forma V incorporates adjustments relating to the new share issuance and proceeds from Public Issue of 220,000,000 new ordinary shares at RM0.62 per ordinary share amounting to RM136,400,000 as set out in Note 2.3.

**3.2.6 Pro Forma VI**

Pro Forma VI incorporates adjustments relating to the utilisation of proceeds from Public Issue of RM136,400,000 as set out in Note 2.4.

**3.3 Notes to the Pro Forma Combined Statements of Financial Position as of September 30, 2023**

(i) Property, plant and equipment

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

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	257,422,197
Pursuant to Adjustment for Pro Forma II:	
Property, plant and equipment arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	<u>105,323,225</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V	362,745,422
Pursuant to Adjustments for Pro Forma VI:	
Expansion of land banks for oil palm plantation	42,000,000
Capital expenditures for existing plantation lands	6,000,000
Setup of PK crushing facility	9,000,000
Purchase of machinery and equipment for existing palm oil mill	7,551,000
Capital expenditures for upkeep of workers/staff housing quarters	10,000,000
Capital expenditures to expand coverage of electricity supply	<u>10,000,000</u>
Total Adjustments for Pro Forma VI	<u>84,551,000</u>
Per Pro Forma VI	<u><u>447,296,422</u></u>

(ii) Prepaid lease payments

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

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	18,190,579
Pursuant to Adjustment for Pro Forma II:	
Prepaid lease payments arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	<u>1,642,681</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u><u>19,833,260</u></u>



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

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(iii) Goodwill on consolidation

The changes in goodwill on consolidation are attributed to the following:

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	6,077,776
Pursuant to Adjustment for Pro Forma II:	
Goodwill on consolidation arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	<u>1,731,780</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u><u>7,809,556</u></u>

(iv) Receivables, deposits and prepayments

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

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	
Current	36,050,755
Non-current	<u>1,811,166</u>
	<u>37,861,921</u>
Pursuant to Adjustments for Pro Forma II:	
Plasma receivable and other receivables arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	376,516
Elimination of intercompany balances between PT SPS and MKHOP Group	<u>(13,563,056)</u>
Total Adjustments for Pro Forma II	<u>(13,186,540)</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u><u>24,675,381</u></u>
	<b>RM</b>
Analysed as:	
Current	22,852,654
Non-current	<u>1,822,727</u>
	<u><u>24,675,381</u></u>

**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:

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	6,011,296
Pursuant to Adjustment for Pro Forma II: Biological assets arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	<u>220,096</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u><u>6,231,392</u></u>

(vi) Cash and bank balances

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

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	72,006,555
Pursuant to Adjustment for Pro Forma II: Bank balances arising through acquisition of PT SPS from MKH Plantation, IvakiJaya and PT Hikmat	<u>1,889,184</u>
Per Pro Forma II	73,895,739
Pursuant to Adjustment for Pro Forma III: Repayment to Metro Kajang (Oversea)	<u>(1,826,633)</u>
Per Pro Forma III/ Pro Forma IV	72,069,106
Pursuant to Adjustment for Pro Forma V: Proceeds from Public Issue	<u>136,400,000</u>
Per Pro Forma V	208,469,106
Pursuant to Adjustments for Pro Forma VI:	
Expansion of land banks for oil palm plantation	(42,000,000)
Capital expenditures for existing plantation lands	(6,000,000)
Setup of PK crushing facility	(9,000,000)
Purchase of machinery and equipment for existing palm oil mill	(7,551,000)
Capital expenditures for upkeep of workers/staff housing quarters	(10,000,000)
Capital expenditures to expand coverage of electricity supply	(10,000,000)
Purchase of spare parts for machineries	(4,000,000)
Refurbishment and/or upkeep of existing palm oil mill	(4,449,000)
Repayment of intercompany balance to MKH Plantation	(30,000,000)
Estimated listing expenses	<u>(9,980,000)</u>
Total Adjustments for Pro Forma VI	<u>(132,980,000)</u>
Per Pro Forma VI	<u><u>75,489,106</u></u>

**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:

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	80,468,000
Pursuant to Adjustment for Pro Forma II:	
Issuance of new ordinary shares pursuant to acquisition of PT MKH and PT SPS	81,379,631
Per Pro Forma II	161,847,631
Pursuant to Adjustment for Pro Forma III/ Pro Forma IV:	
Issuance of new ordinary shares pursuant to Capitalisation	88,967,612
Per Pro Forma III/ Pro Forma IV	250,815,243
Pursuant to Adjustment for Pro Forma V:	
Public issue of new ordinary shares	136,400,000
Per Pro Forma V	387,215,243
Pursuant to Adjustment for Pro Forma VI:	
Estimated direct issue costs of new ordinary shares	(8,741,000)
Per Pro Forma VI	378,474,243

(viii) Reserves

The changes in reserves are attributed to the following:

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	229,839,669
Pursuant to Adjustment for Pro Forma II:	
Acquisition of remaining equity interests in PT MKH from non-controlling interests	(35,871,093)
Per Pro Forma II	193,968,576
Pursuant to Adjustment for Pro Forma III:	
Reversal of unrealised foreign exchange upon Capitalisation	433,576
Per Pro Forma III/ Pro Forma IV/ Pro Forma V	194,402,152

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

(viii) Reserves (continued)

	<b>RM</b>
Pursuant to Adjustments for Pro Forma VI:	
Refurbishment and/or upkeep of existing palm oil mill	(4,449,000)
Purchase of spare parts for machineries	(4,000,000)
Estimated listing expenses	<u>(1,239,000)</u>
Total Adjustments for Pro Forma VI	<u>(9,688,000)</u>
Per Pro Forma VI	<u><u>184,714,152</u></u>

(ix) Non-controlling interests

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

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	17,644,616
Pursuant to Adjustment for Pro Forma II:	
Reversal arising from acquisition of remaining equity interests in PT MKH from Metro Kajang (Oversea) and PT Hikmat	<u>(17,644,616)</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u><u>-</u></u>

(x) Provisions

The changes in provisions are attributed to the following:

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	18,149,226
Pursuant to Adjustment for Pro Forma II:	
Provisions arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	<u>635,322</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u><u>18,784,548</u></u>

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

(xi) Payables and accruals

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

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	
Current	93,020,975
Non-current	3,421,585
	<u>96,442,560</u>
Pursuant to Adjustments for Pro Forma II:	
Payables arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	69,622,786
Elimination of intercompany balances between PT SPS and MKHOP Group	<u>(13,563,056)</u>
Total Adjustments for Pro Forma II	<u>56,059,730</u>
Per Pro Forma II	152,502,290
Pursuant to Adjustment for Pro Forma III:	
Capitalisation of repayment of intercompany balances to Metro Kajang (Oversea) and MKH Plantation	<u>(91,227,821)</u>
Per Pro Forma III/ Pro Forma IV/ Pro Forma V	61,274,469
Pursuant to Adjustment for Pro Forma VI:	
Repayment of intercompany balance to MKH Plantation via proceed from public issue	<u>(30,000,000)</u>
Per Pro Forma VI	<u><u>31,274,469</u></u>
	<b>RM</b>
Analysed as:	
Current	31,274,469
Non-current	<u>-</u>
	<u><u>31,274,469</u></u>

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

(xii) Deferred tax liabilities

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

	<b>RM</b>
Per Audited as of September 30, 2023/ Pro Forma I	1,744,445
Pursuant to Adjustment for Pro Forma II: Deferred tax liabilities arising through acquisition of PT SPS from MKH Plantation, Ivakijaya and PT Hikmat	<u>13,061,452</u>
Per Pro Forma II/ Pro Forma III/ Pro Forma IV/ Pro Forma V/ Pro Forma VI	<u><u>14,805,897</u></u>

**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 are approved and adopted by the Board of Directors of MKHOP in accordance with a resolution dated March 14, 2024

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

**15. VALUATION CERTIFICATES**

The table below sets out a summary of our material properties which have been valued by the Independent Valuer:

No.	Property details	Market value as at 21 December 2022	Market value as at 13 October 2023
		RM	RM
1.	PT MKH's 15,942.6 Ha oil palm plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia	1,025,200,000	1,034,700,000
2.	(i) PT MKH's palm oil mill situated in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia; and	61,730,000	63,700,000
	(ii) PT MKH's CPO bulking station with jetty situated at Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia	10,900,000	11,300,000
3.	PT SPS' 2,445.49 Ha oil palm plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia <sup>(1)</sup>	104,450,000	110,800,000

**Note:**

- <sup>(1)</sup> 182.8 Ha of the plantation land area owned by PT SPS has been earmarked for transfer in the form of HGU to Koperasi Perkebunan Sawit Seguntung Jaya, Puan Cepak Village. The transfer of the plantation land area was to fulfill the obligation of PT MKH under the Plasma Programme whereby PT MKH is obligated to amongst others, provide the plantation facilities and assist in the management of the plantation land. Please refer to Section 6.5(b)(v) for further details of the transfer of plantation land area measuring 182.8 Ha.

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**15. VALUATION CERTIFICATES (Cont'd)**

# C H Williams Talhar & Wong



**C H Williams Talhar & Wong (Sabah) Sdn Bhd**  
[Registration No. 197701003650 (34874-P)]

Juruukur Berkanun Chartered Surveyors  
Perunding Harta Antarabangsa International Property Consultants

Rooms 605-608, 6th Floor,  
Wisma Khoo Siak Chiew,  
W.D.T. 110,  
90009 Sandakan, Sabah.  
Tel : 089-219714, 271972  
217022, 217025  
Fax : 089-272850  
E-mail : sandakan@wtwsabah.com.my  
Website : www.wtw.com.my

**Sr Leong Shin Yau**  
B Comm MRICS MRISM  
**Sr Cornelius Koh**  
BSc MRICS MRISM  
**Sr Chong Fui Mei**  
BSc MRICS MRISM  
**Sr Benjamin Mu Vi Ken**  
BSc MRISM  
**Sr Chan Mon Hueg**  
BSc MRICS MRISM  
**Sr Tan Ka Leong**  
B Surv MRICS FRISM MPEPS  
**Sr Lim Chai Yin**  
BSc MRISM MPEPS MMIPFM  
**Sr Robert Ting Kang Sung**  
B Bus MRISM MPEPS MMIPFM  
  
*Consultants*  
**Datuk Sr Chong Choon Kim** PGDK  
BSc MRICS FRISM  
**Sr Robin Chung York Bin**  
BSc MBA DipProjMan MRICS FRISM  
**Sr Foo Gee Jen**  
B Surv MRICS FRISM FPEPS MMIPFM

## Report and Valuation

Our Ref: WTWS/SC/MISC/MKH/1

27 December 2023

### The Directors

**MKH Oil Palm (East Kalimantan) Berhad**  
G-02 & G-03, Ground Floor, Wisma MKH  
Jalan Semenyih, 43000 KAJANG  
SELANGOR DARUL EHSAN

Dear Sirs

### VALUATION CERTIFICATE

**UPDATE VALUATION FOR TWO (2) OIL PALM PLANTATIONS AND ONE (1) PALM OIL MILL WITH CRUDE PALM OIL BULKING STATION AND JETTY UNDER PT MAJU KALIMANTAN HADAPAN AND PT SAWIT PRIMA SAKTI ALL SITUATED IN KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA**

This valuation certificate has been prepared for submission to the Securities Commission Malaysia and for inclusion in the prospectus of MKH Oil Palm (East Kalimantan) Berhad.

We were previously instructed to value the abovementioned properties for submission to the Securities Commission Malaysia in relation to the proposed listing of and quotation for the entire enlarged issued share capital of MKH Oil Palm (East Kalimantan) Berhad on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspected the subject properties on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value. The material date of valuation is taken as at 13 October 2023. This updated valuation certificate should be read in conjunction with the full Report and Valuation.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

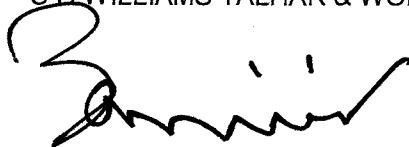
**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

Based on the above, the Market Value of the Subject Properties under PT Maju Kalimantan Hadapan (MKH) and PT Sawit Prima Sakti (SPS) are summarized and tabulated as follows:-

No.	Property Details	Market Value	
		Rp	RM
1	PT Maju Kalimantan Hadapan Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/081/(h)/1]	3,425,900,000,000	1,034,700,000
2	PT Sawit Prima Sakti Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/092/(f)/1]	366,800,000,000	110,800,000
3	(i) PT Maju Kalimantan Hadapan Palm Oil Mill situated in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, and	210,900,000,000	63,700,000
	(ii) PT Maju Kalimantan Hadapan Crude Palm Oil (CPO) Bulking Station with Jetty situated in Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/P&M/SC/414/(e)/1]	37,500,000,000	11,300,000
Total Market Value		4,041,100,000,000	1,220,500,000
(exchange rate of RM1.00 = Rp3,311, the middle rate in the Interbank Foreign Exchange Rates of Bank Negara Malaysia as at 13 October 2023).			

Yours faithfully  
For and on behalf of  
C H WILLIAMS TALHAR & WONG (SABAH) SDN BHD



Sr BENJAMIN MU VI KEN  
BSc MRISM  
Registered Valuer V0821

BM/tnl  
Encl.

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**2.0 UPDATE VALUATION OF PROPERTIES BELONGING TO MKH OIL PALM (EAST KALIMANTAN) BERHAD**

Brief identification of the properties, general description and market value of each property are as follows:-

**2.1 [Ref : WTWS/SC/MISC/081/(h)/1] - PT MAJU KALIMANTAN HADAPAN OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA**

We valued the subject property as at 21 December 2022 vide our Report and Valuation bearing reference number WTWS/SC/MISC/081/(h) dated 20 February 2023.

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspect the subject property on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value.

We wish to report that there are no material changes to the subject property and that the subject property remained substantially the same as previously reported in our full Report and Valuation, and that the registered owner of the subject property remained unchanged as previously reported in our full Report and Valuation.

Prices and outlook for palm oil have continued to be good since the date of our last valuation as at 21 December 2022. Recent PO, FFB (TBS) and PK prices (for the Year 2023) in Kalimantan Timur (KALTIM) are tabulated as follows:-

Average Price of CPO, Kernel and FFBs Rp'000/Tonne, Kalimantan Timur										
Palm Age	FFB Price (2023)									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
3	2,118.30	2,069.79	2,168.44	2,202.33	2,011.97	1,877.96	1,907.13	1,910.83	1,909.55	1,917.85
4	2,263.40	2,211.69	2,317.18	2,352.85	2,149.71	2,006.52	2,037.96	2,042.20	2,039.75	2,049.33
5	2,273.24	2,221.18	2,327.07	2,363.37	2,159.12	2,015.31	2,046.64	2,050.66	2,049.14	2,058.14
6	2,296.79	2,244.19	2,351.13	2,387.92	2,181.50	2,036.20	2,067.80	2,071.79	2,070.50	2,079.43
7	2,310.02	2,257.11	2,364.63	2,401.72	2,194.07	2,047.94	2,079.67	2,083.65	2,082.51	2,091.39
8	2,327.84	2,274.52	2,382.90	2,420.21	2,210.99	2,063.73	2,095.74	2,099.78	2,098.51	2,107.53
9	2,373.78	2,319.39	2,429.78	2,468.21	2,254.68	2,104.52	2,136.96	2,140.88	2,140.35	2,149.04
10<	2,401.92	2,346.89	2,458.60	2,497.46	2,174.53	2,129.46	2,162.30	2,166.29	2,165.69	2,174.53
K'Index %	86.55	85.06	86.01	86.49	85.65	85.47	86.56	85.75	86.46	85.64
CPO Price	11,490.75	11,425.48	11,870.03	11,901.90	11,016.98	10,303.19	10,376.78	10,539.78	10,479.15	10,533.27
Kernel	5,282.23	5,233.15	5,292.62	5,730.33	5,121.38	4,797.76	4,609.72	4,464.34	5,290.72	4,747.28

Source : Dinas Perkebunan Provinsi Kalimantan Timur, Indonesia

From the above Table of CPO and FFB prices, it could be seen that prices have remained generally good since the date of our last valuation as at 21 December 2022.

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**15. VALUATION CERTIFICATES (Cont'd)**

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**C H Williams Talhar & Wong**

**C H Williams Talhar & Wong (Sabah) Sdn Bhd** [Registration No. 197701003650 (34874-P)]

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**2.1 [Ref : WTWS/SC/MISC/081/(h)/1] - PT MAJU KALIMANTAN HADAPAN OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA**

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In this regard, we have maintained the long term average Price of Rp1,950,000 per tonne of FFB adopted in the original valuation as at 21 December 2022. We would also like to confirm that there are no other significant changes to the market condition since the date of our last valuation as at 21 December 2022.

We have adopted the same Investment (discounted cash flow) Method of valuation as the main method of valuation, and would continue to adopt the same yields, price of FFB, cost of production, and capitalization rate. The Comparison Method of Valuation is used as a counter check only, and there are no recent similar new transactions.

In our opinion, the Market Value of the subject property as at 13 October 2023, and free from all encumbrances is **Rp3,425,900,000,000 (Indonesian Rupiah : Three Trillion Four Hundred Twenty Five Billion And Nine Hundred Million Only)** equivalent to **RM1,034,700,000 (Ringgit Malaysia : One Billion Thirty Four Million And Seven Hundred Thousand Only)** (based on exchange rate of RM1.00 = Rp3,311).

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**2.2 [Ref : WTWS/SC/MISC/092/(f)/1] – 2,445.49 HECTARES PT SAWIT PRIMA SAKTI OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA**

We valued the subject property as at 21 December 2022 vide our Report and Valuation bearing reference number WTWS/SC/MISC/092/(f) dated 20 February 2023.

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspect the subject property on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value.

We wish to report that there are no material changes to the subject property and that the subject property remained substantially the same as previously reported in our full Report and Valuation, and that the registered owner of the subject property remained unchanged as previously reported in our full Report and Valuation.

Prices and outlook for palm oil have continued to be good since the date of our last valuation as at 21 December 2022. Recent PO, FFB (TBS) and PK prices (for the Year 2023) in Kalimantan Timur (KALTIM) are tabulated as follows:-

Average Price of CPO, Kernel and FFBs Rp'000/Tonne, Kalimantan Timur										
Palm Age	FFB Price (2023)									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
3	2,118.30	2,069.79	2,168.44	2,202.33	2,011.97	1,877.96	1,907.13	1,910.83	1,909.55	1,917.85
4	2,263.40	2,211.69	2,317.18	2,352.85	2,149.71	2,006.52	2,037.96	2,042.20	2,039.75	2,049.33
5	2,273.24	2,221.18	2,327.07	2,363.37	2,159.12	2,015.31	2,046.64	2,050.66	2,049.14	2,058.14
6	2,296.79	2,244.19	2,351.13	2,387.92	2,181.50	2,036.20	2,067.80	2,071.79	2,070.50	2,079.43
7	2,310.02	2,257.11	2,364.63	2,401.72	2,194.07	2,047.94	2,079.67	2,083.65	2,082.51	2,091.39
8	2,327.84	2,274.52	2,382.90	2,420.21	2,210.99	2,063.73	2,095.74	2,099.78	2,098.51	2,107.53
9	2,373.78	2,319.39	2,429.78	2,468.21	2,254.68	2,104.52	2,136.96	2,140.88	2,140.35	2,149.04
10<	2,401.92	2,346.89	2,458.60	2,497.46	2,174.53	2,129.46	2,162.30	2,166.29	2,165.69	2,174.53
K'Index %	86.55	85.06	86.01	86.49	85.65	85.47	86.56	85.75	86.46	85.64
CPO Price	11,490.75	11,425.48	11,870.03	11,901.90	11,016.98	10,303.19	10,376.78	10,539.78	10,479.15	10,533.27
Kernel	5,282.23	5,233.15	5,292.62	5,730.33	5,121.38	4,797.76	4,609.72	4,464.34	5,290.72	4,747.28

Source : Dinas Perkebunan Provinsi Kalimantan Timur, Indonesia

From the above Table of CPO and FFB prices, it could be seen that prices have remained generally good since the date of our last valuation as at 21 December 2022.

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**15. VALUATION CERTIFICATES (Cont'd)**

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**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

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- 2.2** [Ref : WTWS/SC/MISC/092/(f)/1] – 2,445.49 HECTARES PT SAWIT PRIMA SAKTI OIL PALM PLANTATION SITUATED AT DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA
- 

In this regard, we have maintained the long term average Price of Rp1,950,000 per tonne of FFB adopted in the original valuation as at 21 December 2022. We would also like to confirm that there are no other significant changes to the market condition since the date of our last valuation as at 21 December 2022.

We have adopted the same Investment (discounted cash flow) Method of valuation as the main method of valuation, and would continue to adopt the same yields, price of FFB, cost of production, and capitalization rate. The Comparison Method of Valuation is used as a counter check only, and there are no recent similar new transactions.

In our opinion, the Market Value of the subject property as at 13 October 2023, and free from all encumbrances is **Rp366,800,000,000 (Indonesian Rupiah : Three Hundred Sixty Six Billion And Eight Hundred Million Only)** equivalent to **RM110,800,000 (Ringgit Malaysia : One Hundred Ten Million And Eight Hundred Thousand Only)** (based on exchange rate of RM1.00 = Rp3,311).

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

- 2.3 [Ref : WTWS/P&M/SC/414/(e)/1] - (I) PT MAJU KALIMANTAN HADAPAN PALM OIL MILL SITUATED IN DESA PUANCEPAK AND SEDULANG, KECAMATAN MUARA KAMAN, AND (II) PT MAJU KALIMANTAN HADAPAN CRUDE PALM OIL BULKING STATION WITH JETTY SITUATED IN DESA SEBULU ILIR, KECAMATAN SEBULU, KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA**

We valued the subject property as at 21 December 2022 vide our Report and Valuation bearing reference number WTWS/SC/MISC/414/(e) dated 20 February 2023.

We have undertaken all possible and necessary due diligence reviews and investigations for such review and we have re-inspect the subject property on 11 to 13 October 2023. We have completed our investigations, searches and gathered other information necessary to arrive at our opinion of value.

We wish to report that there are no material changes to the subject property and that the subject property remained substantially the same as previously reported in our full Report and Valuation, and that the registered owner of the subject property remained unchanged as previously reported in our full Report and Valuation.

We have adopted the same Depreciated Replacement Cost Method of Valuation as the main method of valuation, and have adopted the same parameters as per our previous valuation report dated 20 February 2023. There were also no transaction of palm oil mill in the vicinity since our last date of valuation as at 21 December 2022.

In our opinion, the Market Value of the subject properties as at 13 October 2023, and free from all encumbrances, are as follows:

<b>(I) PT Maju Kalimantan Hadapan Palm Oil Mill</b>	
Description	Market Value
Land	Rp 2,800,000,000
Buildings	Rp 53,300,000,000
Plant and Machinery	Rp154,800,000,000
<b>Total</b>	<b>Rp210,900,000,000</b>

[equivalent to **RM63,700,000 (Ringgit Malaysia: Sixty Three Million And Seven Hundred Thousand Only)** (exchange rate of RM1.00 = Rp3,311, the middle rate on 13 October 2023 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

<b>(II) PT Maju Kalimantan Hadapan Crude Palm Oil Bulking Station with Jetty</b>	
Description	Market Value
Land	Rp 8,610,000,000
Buildings	Rp12,350,000,000
Plant and Machinery	Rp16,540,000,000
<b>Total</b>	<b>Rp37,500,000,000</b>

[equivalent to **RM11,300,000 (Ringgit Malaysia: Eleven Million And Three Hundred Thousand Only)** (exchange rate of RM1.00 = Rp3,311, the middle rate on 13 October 2023 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

**15. VALUATION CERTIFICATES (Cont'd)**

## C H Williams Talhar & Wong



**C H Williams Talhar & Wong (Sabah) Sdn Bhd**  
[Registration No. 197701003650 (34874-P)]

Juruukur Berkanun  
Chartered Surveyors

Perunding Harta Antarabangsa  
International Property Consultants

Rooms 605-608, 6th Floor,  
Wisma Khao Siak Chiew,  
W.D.T. 110,  
90009 Sandakan, Sabah.  
Tel : 089-219714, 271972  
217022, 217025  
Fax : 089-272850  
E-mail : sandakan@wtwsabah.com.my  
Website : www.wtw.com.my

**Sr Foo Gee Jen**  
B Surv MRICS FRISM FPEPS MMIPFM

**Sr Leong Shin Yau**  
B Comm MRICS MRISM

**Sr Cornelius Koh**  
BSc MRICS MRISM

**Sr Chong Fui Mai**  
BSc MRICS MRISM

**Sr Benjamin Mu Vi Ken**  
BSc MRISM

**Sr Chan Mon Hueg**  
BSc MRICS MRISM

**Sr Tan Ka Leong**  
B Surv MRICS FRISM MPEPS

**Sr Robert Ting Kang Sung**  
B Bus MRISM MPEPS MMIPPM

**Consultants**

**Datuk Sr Chong Choon Kim**  
PGDK  
BSc MRICS FRISM

**Sr Robin Chung York Bin**  
BSc MBA DipProjMan MRICS FRISM

Our Ref: WTWS/SC/MISC/MKH/1

20 February 2023

**The Directors**  
**MKH Oil Palm (East Kalimantan) Berhad**  
5th Floor, Wisma MKH  
Jalan Semenyih, 43000 KAJANG  
SELANGOR DARUL EHSAN

Dear Sirs

**VALUATION CERTIFICATE FOR TWO (2) OIL PALM PLANTATIONS AND ONE (1) PALM OIL MILL WITH CRUDE PALM OIL BULKING STATION AND JETTY UNDER PT MAJU KALIMANTAN HADAPAN AND PT SAWIT PRIMA SAKTI ALL SITUATED IN KABUPATEN KUTAI KARTANEGARA, PROVINSI KALIMANTAN TIMUR, INDONESIA**

We refer to your instructions to carry out a formal valuation on the above-mentioned Subject Properties and to provide our opinion on the Market Value of the Subject Properties as at 21 December 2022 for the purpose of submission to Securities Commission Malaysia in relation to the proposed listing and quotation for the entire enlarged capital of MKH Oil Palm (East Kalimantan) Berhad on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions for the inclusion in the prospectus of **MKH Oil Palm (East Kalimantan) Berhad** in relation to the Proposed Listing.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The Subject Properties were inspected from 18 to 21 December 2022. The material date of valuation is taken as at 21 December 2022.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

The valuation for the Subject Properties has been carried out by using the Investment (Net Present Value, Discounted Cash Flow) Method, the Depreciated Replacement Cost Method and the Comparison Method. This Valuation Certificate should be read in conjunction with the full valuation reports dated 20 February 2023 prepared by C H Williams Talhar & Wong (Sabah) Sdn Bhd for submission to the Securities Commission Malaysia which detailed the basis under which the valuation have been prepared.





**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**1.0 SUMMARY OF VALUE**

The Market Value of the registered owner's interest of the Subject Properties under PT Maju Kalimantan Hadapan (MKH) and PT Sawit Prima Sakti (SPS) are summarized and tabulated as follows:-

No.	Property Details	Market Value	
		Rp	RM
1	PT Maju Kalimantan Hadapan Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/081/(h)]	3,597,400,000,000	1,025,200,000
2	PT Sawit Prima Sakti Oil Palm Plantation situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/SC/MISC/092/(f)]	366,510,000,000	104,450,000
3	(i) Pt Maju Kalimantan Hadapan Palm Oil Mill situated in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, and (ii) Pt Maju Kalimantan Hadapan Crude Palm Oil (CPO) Bulking Station with Jetty situated in Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia [Our Ref : WTWS/P&M/SC/414/(e)]	216,600,000,000 38,245,000,000	61,730,000 10,900,000
Total Market Value		4,218,755,000,000	1,202,280,000
(exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia).			

Yours faithfully

For and on behalf of

C H WILLIAMS TALHAR &amp; WONG (SABAH) SDN BHD


 Sr BENJAMIN MU VI KEN

BSc MRISM

Registered Valuer V0821

CYK/LNY/tnl

Encl.

**15. VALUATION CERTIFICATES (Cont'd)**

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**2.0 METHOD OF VALUATION**

We have adopted the following Methods of Valuation:-

- (i) Investment (Discounted Cash Flow) Method to value the oil palm fields.
- (ii) Comparison Method (a) to value the unimproved land value (b) to cross check the valuation obtained by the Investment (DCF) Method, providing the range of values being realized for comparable properties and with which the values arrived at by the Investment Method should be reconciled making due adjustments for age, yields, location and terrain/soils of the respective palms, (c) to value the palm oil mill site.
- (iii) Depreciated Replacement Cost approach to value the buildings and the plant and machinery within the palm oil mill and crude palm oil bulking station with jetty.

<p>Investment (Net Present Value NPV Discounted Cash Flow) Method</p>	<p>With this method, the annual income accruing to the oil palm is estimated based on yield and long term average price of the crops. From this is deducted the costs of production and the nett income is then capitalized at the appropriate rate of return for the remaining cropping life of the oil palm to obtain the value of the present crops. To this is added the scrub value or basic land value to which the land reverts at the end of the economic life of the cultivations, the basic land value being deferred (discounted) for the period. When additional buildings are considered to be required, or additional roads or gravelling of roads, this is deducted as capital expenditure from the capitalized income.</p>
<p>Comparison Method</p>	<p>This entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes to derive the value of a subject property, with adjustments made for differences in location, terrain, size and shape of land, tenure, title restrictions if any, cultivation and other relevant characteristics to arrive at the market value.</p>
<p>Depreciated Replacement Cost Method</p>	<p>With this method, the gross current replacement cost (GRC) or cost of replacement new (CRN) of an asset (building or plant and machinery) is estimated and from this is deducted depreciation to derive its depreciated or nett replacement cost (Market Value).</p> <p>The GRC or CRN is defined as the cost of replacing the plant and machinery, including cost of installation, if any, with plant and machinery, in new condition, having similar useful output or service potential. With buildings the GRC or CRN is the estimated current construction cost inclusive of profits and finance charges.</p> <p>Depreciation is defined as the measure of the wearing out, consumption or other permanent loss of value of the building or plant and machinery whether arising from use, effluxion of time, or obsolescence through technology and market changes.</p> <p>Where suitable market evidence is readily available, depreciated/nett current replacement cost can also be regarded as the cost of acquiring in the open market a similar plant and machinery with the same remaining economic working life as the existing asset, plus an amount equal to the depreciated replacement cost of installation, if any, of the existing plant and machinery.</p>

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**15. VALUATION CERTIFICATES (Cont'd)**

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**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

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**2.0 METHOD OF VALUATION (cont'd)**

**2.1 Oil Palm Estates**

**Investment (Discounted Cash Flow) Method**

In arriving at the Market Value of the Subject Properties, we have adopted the Investment (Discounted Cash Flow) Method of Valuation which we consider to be the most appropriate method.

Parameters adopted in Valuation are as follows:-

We have adopted the following parameters in the Investment Method:-

(a) Long Term Average Price (LTAP)

From the 60-month (January 2018 to December 2022) FFB prices published by Dinas Perkebunan Kalimantan Timur which give a result of average Rp1,863,000 to Rp2,136,000 per MT, respectively, using the Simple Moving Average (SMA) against Weighted Moving Average (WMA) and a Sensitivity Testing/Simulation, we adopt a LTAP for fresh fruit bunch of Rp1,950,000 per MT in the valuation. As the cropping life of oil palm is upto 22 years, the LTAP of Rp1,950,000 per MT for FFB is considered reasonable and sustainable in the medium to long run.

(b) Yield Profile of the Estates

The yields of the different plantings for their remaining economic life are projected by reference to the past recorded yields, the physical condition of the estates, the condition of the palms and the projected yield profiles of oil palm from different planting materials.

The projected yield profile is, generally, a yield of 3 to 8 MT/Ha/Yr in Year 3 (first year of harvesting), thence, increasing, in Years 4-7, peaking at 17-33.5 MT/Ha/Yr over Years 8-15 before declining, yearly, to 14-22 MT/Ha/Yr in Year 24 when the palms are due for replanting.

(c) Production Cost

The production cost is a summation of three main components, that is the General Charges, Field Upkeep and Harvesting & Collection of FFB based on the estate's actual past years records. Reference is also made to costs of other similar estates in Kalimantan. The cost projections are generally in line with the costs of the oil palm plantation industry in Kalimantan.

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**15. VALUATION CERTIFICATES (Cont'd)**

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**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

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**2.0 METHOD OF VALUATION (cont'd)**

**2.1 Oil Palm Estates (cont'd)**

**Investment (Discounted Cash Flow) Method (cont'd)**

(d) Life Span

We adopt a total life span of 25 years (Years 0 to 24) for oil palm from planting out to felling for replanting; or 2½ - 3 years (30 - 36 months Years 0 to 2) to maturity and cropping life thereafter of 22 years (Years 3 to 24). The actual cropping life of any oil palm field is therefore 25 years from planting out for the normal Dura x Pisifera (DxP) palms less current age of the oil palm.

(e) Discount Rates

Having taken due consideration of the risks of yield and price viz income fluctuations, of pest and disease associated with oil palm and comparing with other real estate yields, we have adopted a Capitalization Rate of 9% to capitalize net income from mature oil palm cultivation, and 4% for deferring (discounting) the basic land value which is reverted to at the end of the cropping life.

(f) Basic Land Value

The basic land value is assessed by adding to the unimproved land value, the value of estate buildings, roads, water piping and electricity wires and land for roading and building sites.

The unimproved land value is derived by Comparison Method whilst the buildings and other infrastructure are valued by the Depreciated Replacement Cost Method.

**Comparable Sale / Evidence Of Value (applicable for both Oil Palm Estates)**

The Comparable Sales or Comparison Method is used to cross check the valuation obtained by the Investment (DCF) Method, providing the range of values being realized for comparable properties and with which the values arrived at by the Investment Method should be reconciled making due adjustments for age, yields, location and terrain/soils of the respective palms. As the differences might be very significant and adjustments difficult, we have not relied on the Comparison Method but only made reference to the sales evidence as rough guide and range of realiseable/realistic values.

Transactions of oil palm plantations within the region covering Sabah, Malaysia and Kalimantan Province, Indonesia and their analysis are as follows:-

Registration No.: 200401023680 (662186-D)

**15. VALUATION CERTIFICATES (Cont'd)**

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**2.0 METHOD OF VALUATION (cont'd)**

**2.1 Oil Palm Estates (cont'd)**

**Comparable Sale / Evidence Of Value (applicable for both Oil Palm Estates)**

Comparable No.	Location	Description	Area (Ha)	Vendor	Purchaser	Date of Transaction	Consideration	Analysis Per Ha
1	Desa Muara Kedang and Muara Gusik, Kecamatan Kutai Barat, Kalimantan Timur, Indonesia	Oil Palm Estate	16,062.00	PT REA Kallim Plantations (Vide transfer of 95% equity interest in PT Putra Bonggan Jaya)	Kuala Lumpur Kepong Berhad (KLK)	25 April 2018	USD 80,000,000	RM19,425 Rp69,153,000 [RM1 = Rp3,560 as at 25/04/2018]
2	Kabupaten Tapin, Provinsi Kalimantan Selatan, Indonesia	Oil Palm Estate	14,461.00	Lee Rubber Company (Pte) Ltd	Asian Indo Holdings (Pte) Ltd	Bursa Announcement dated 18 August 2017	USD94,970,000	RM29,915.61 inclusive of 60 MT palm oil mill Rp93,187,000 [RM1 = Rp3,115 as at 18/08/2017]
3	Matangai, Kapuas Barat, Dadahup & Kapuas Murung District, Kapuas Regency, Kalimantan Tengah, Indonesia	Oil Palm Estate	24,935.00	Lincoln Wilshire Investments Ltd	United Malacca Berhad	Bursa Announcement dated 15 December 2015	USD66,400,000	Rp171,418,000 per hectare * [RM1 = Rp3,223 as at 15/12/2015] *over Inti planted area 6,075.91 ha
4	District Beluran, Kinabatangan, Labuk Sugut, Sabah	Oil Palm Estate	12,144.09	Sit Seng & Sons Realty Sdn Bhd & various others	Boustead Rimba Nilai Sdn Bhd	01 August 2018	Rm307,000,000 Inclusive of 1 palm oil mill	RM 71,614 (Excluding palm oil mill)
5	District Labuk & Sugut, Sabah	Oil Palm Estate	11,597.31	Pertama Land & Development Sdn Bhd	Boustead Rimba Nilai Sdn Bhd	30 October 2017	RM750,000,000	Rp207,785,000 [RM1 = Rp3,208 as at 30/07/2017]

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**2.0 METHOD OF VALUATION (cont'd)****2.1 Oil Palm Estates (cont'd)****Comparable Sale / Evidence Of Value (applicable for both Oil Palm Estates)**

Comparables (1) to (3) are located in Kalimantan, Indonesia and these 3 comparables provide a range of values between Rp69,153,000 and Rp171,418,000 per hectare about 3 to 6 years ago. The transacted price of Comparable (2) is inclusive of a 60 MT/hr palm oil mill.

Comparable (4) and (5) are both located in Sabah, Malaysia towards north of Kalimantan. They were transacted about 3 and 4 years ago at about Rp256,665,000 and Rp207,785,000 per hectare, respectively.

As the transacted prices of all the comparables have huge significant differences in values on per hectare basis and adjustments is difficult, we have not relied on the Comparison Method but only made reference to the sale evidences as rough guide and range of realiseable/realistic values. Nonetheless, our valuation of about Rp225,640,000 per hectare (PT Maju Kalimantan Hadapan Oil Palm Plantation) and Rp149,870,000 per hectare (PT Sawit Prima Sakti Oil Palm Plantation) are within the range of the sale comparables.

**2.2 Palm Oil Mill and Crude Palm Oil (CPO) Bulking Station with Jetty**

The best method to value the subject property would have been on the basis of comparison with recent sales of similar palm oil mill or site in the locality. However, there are no sales of palm oil mill or even mill sites. Therefore, we would separately value the Mill Site by the Comparison Method, and the Mill Buildings and Plant and Machinery by the Depreciated Replacement Cost Method, and the values of the 3 components are then summated to arrive at the Market Value of the Palm Oil Mill. The following rates are used in the Depreciated Replacement Cost Method in the Valuation of PT MKH Palm Oil Mill and the CPO Bulking Station with Jetty.

Item	Rate of Depreciation
Land	No depreciation
Buildings and Civil Works	2% on reducing balance, i.e. 50 years <i>economic</i> life span based on its condition and state of upkeep as observed during inspection. Based on this rate, the accumulated depreciation factor for buildings vary from 0.02 to 0.22.
Plant and Machinery	3% on reducing balance, i.e. 33 years <i>economic</i> life span based on its condition and state of upkeep as observed during inspection. Based on this rate, the accumulated depreciation factor for plant and machinery vary from 0.03 to 0.28.

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**15. VALUATION CERTIFICATES (Cont'd)**

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**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

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**2.0 METHOD OF VALUATION (cont'd)**

**2.2 Palm Oil Mill and Crude Palm Oil Bulking Station with Jetty (cont'd)**

Process Flow

The mill consists of fresh fruit bunch (FFB) reception, sterilizing, stripping, extraction, clarification, storage, nut and kernel recovery, boiler, power plant, water supply, effluent and workshop. The FFB are transported from the field to the palm oil mill for the extraction of crude palm oil and producing kernel for sale. The FFB are weighed on the weighbridge and recorded before sending to the loading ramp. At the loading ramp, the FFB are loaded into the fruit cages and send to the sterilization station. The sterilized FFB are transported via the fruit cages and tipped into the thresher for stripping, where the FFB separated into bunches and fruits.

The stripped fruits are conveyed to the digester and the pressing station for crude oil extraction and press cake. The CPO will be pumped to the clarification tank and distributed into the sludge tank and pure oil tank. The sludge is separated for oil sludge and sludge & dirt. The sludge oil will be sent back to the clarification station, whilst the sludge & dirt will be pumped to the effluent ponds for treatment. The pure oil after going through the purification and vacuum dryer process will be pumped to the bulk oil storage tank for distribution.

The press cakes are broken and conveyed to the winnowing column and depericarper for separation of nut and fibre. The fibre will be used as fuel for the boiler, whilst the nuts are conveyed to the nut silo. The nuts will be cracked into shells and kernels mixture by the ripple mills in the nut cracker section. The shells and kernels mixtures are separated into shells and kernels via the winnowing system and hydro-cyclone. The separated shells are conveyed to the boiler as a source of fuel. The separated kernel will be sent to the kernel drying silo and the dry kernel will conveyed to kernel bagging for distribution.

**3.0 IDENTIFICATION, DESCRIPTION AND ASSESSMENT**

Brief identification of the property, general description and assessment of Market Value of each oil palm plantations and the palm oil mill with CPO bulking station and Jetty are stated in the following pages.

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation**

Situated At Desa Puancepak and Sedulang, Kecamatan Muara Kaman,  
Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia  
[Our Ref : WTWS/SC/MISC/081/(h)]

The description of the subject property is as follows\_

**Particulars  
of Title  
(Sertipikat Hak  
Guna Usaha  
(HGU) No.)**

Sertipikat No. (Title No.)	16.03.21.09.2.00008
Provinsi (Province)	Kalimantan Timur
Kabupaten (County)	Kutai Kartanegara
Kecamatan (District)	Muara Kaman
Desa (Sub-District)	Puan Cepak and Sedulang
Lamanya Hak Berlaku (Term)	35 years (Unexpired term 19½ years approximately)
Berakhirnya Hak (Expiry)	12 September 2042
Pemegang Hak (Registered Owner)	PT MAJU KALIMANTAN HADAPAN
Luas (Area)	15,942.6 hectares
Hipotik (Charge/Encumbrances)	Charged to OCBC Al-Amin Bank Berhad Kuala Lumpur, Malaysia vide ref 00264/2017

**Site** : The 15,942.6 hectares land of PT Maju Kalimantan Hadapan is under one (1) Sertipikat Hak Guna Usaha (HGU).

It is situated approximately 50 km due north east of Samarinda, the provincial capital of Provinsi Kalimantan Timur. By road the subject Property is about 75 km from Samarinda via sealed and gravelled road. The land has a roughly "cleaver" shape measuring about 21 km from north to south about 12 km along its northern boundary and about 7 km along its southern boundary. The terrain is generally flat to gently undulating at elevation mainly between 15 and 30 m Above Mean Sea Level (AMSL). The Subject Property has been developed and cultivated with oil palms together with a 90 MT FFB/hr Palm Oil Mill. The oil palm plantation is planted out and administered under 3 estates, namely Estate Maju Utara (EMU), Estate Maju Central (EMC) and Estate Maju Selatan (EMS). A good infrastructure of roads, canal/drains and estate buildings had been established.

Based on estate record, to-date, 15,012.44 hectares had been planted mainly within year 2008, 2009 and 2010. The current state of development and cultivation of the plantation is tabulated as follows:-



**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)****Site (cont'd) :**

	Area (Hectare)			
	EMU	EMC	EMS	Total
Oil Palms Planted Area	5,816.65	5,212.87	3,982.92	15,012.44
Unplanted Area / Planting Reserve	-	-	-	130.71
Nursery	-	-	-	10.41
Quarry	-	-	-	7.50
Area under Roads, Drains & Building Sites	-	-	-	748.62
Palm Oil Mill Site	-	-	-	32.92
<b>Total Title Area (HGU Area)</b>				<b>15,942.60</b>

**Buildings :** The estate buildings comprises both permanent (brick and cement) and non permanent (timber/kalsiboard), and paint coated. The buildings are either single storey or raised floor type on low timber or concrete posts. All the buildings are fitted with electricity wiring, water borne sanitation and plumbing.

Type of Building	Unit / Block
Director House (Cahaya Perkasa)	1
SEM (EMC) House G1	1
Main Office	1
Manager Bungalow 1	1
Manager House G6	1
Guest House	1
Barak I Quarters	3
Barak Quarters G6	1
Longhouse	3
Mosque	8
Worker Quarters G1	20
Worker Quarters G2	2
Worker Quarters G5	147
Worker Quarters G6	32
Worker Quarters G10	114
Fertilizer Store	12
Genset House	20
Waste Disposal (TPSA) Building	5
Water Dispenser Building	3
Water Tower	17
Watch Tower	6
Store - Main, Material, Oil, Fire Extinguisher, Vehicle, etc.	15
Security Posts, Mess G5, Guard Post & Main Guard House	22
Workshop	5
Assembly Hall, ATM Building, Canteen, Clinic, Community Centre, Creche, Diesel Station, Mini Market, Wet Market Post Office, School Building, Toilet, etc.	21
<b>Total</b>	<b>462</b>

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)**

**Road System :** The Subject Property is adequately served by a network of internal estate roads.

The roads are either gravelled or compacted earth surface and maintained in fair condition. The length of the estate roads is as follows:-

Estate	Area Planted (Ha)	Roads (Metre)			Metre/ Ha	% Gravelled
		Gravelled	Earth	Total		
EMU	5,816.65	124,500	181,150	305,650	52.55	40.73%
EMC	5,212.87	103,032	226,924	329,956	63.30	31.23%
EMS	3,982.92	64,807	175,453	240,260	60.32	26.97%
Total	15,012.44	292,339	583,527	875,866	58.34	33.38%

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

**Existing Use :** The subject plantation is planted with oil palms in 3 estates. A summary of the oil palm cultivation at the 3 estates are as follows:-

Block No.	Land Use	Year of Planting	Area (Ha.)	Palms/Ha
<b>Estate Maju Utara (EMU)</b>				
D08B/C	Oil Palm	2008	1,382.02	136-168
D09A/B	Oil Palm	2009	1,882.44	136-173
D10A/B/C	Oil Palm	2010	2,552.19	123-173
Total Area			5,816.65	
<b>Estate Maju Central (EMC)</b>				
G08A/B	Oil Palm	2008	1,073.08	123-156
G09A/B/C	Oil Palm	2009	2,187.90	122-147
G10A/B/C, 12A	Oil Palm	2010	1,951.89	128-150
Total Area			5,212.87	
<b>Estate Maju Selatan (EMS)</b>				
S08B/C	Oil Palm	2008	1,456.82	132-148
S09A/B	Oil Palm	2009	1,188.74	127-146
S10A/B, S13A	Oil Palm	2010	1,337.36	119-149
Total Area			3,982.92	
Total Planted Area			<b>15,012.44</b>	
Unplanted Area / Planting Reserve			130.71	
Nursery			10.41	
Quarry			7.50	
Area Under Roads, Drains & Building Sites			748.62	
Palm oil Mill Site			32.92	
HGUs Title Area			<b>15,942.60</b>	

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)**

**Existing Use (cont'd) :** The palms are Dura x Pisifera (DxP) hybrids with planting materials sourced from Lonsum, Damimas and Benih Sawit Makmur (BSM). The oil palms were mainly planted between 2008 and 2010, currently 12 to 14 years old. The palms were observed to be growing well and under good agricultural upkeep and maintenance.

**Crop Production :** The past years (2017-2022) FFB production and yield records for the plantation are tabulated as follows:-

YOP	Area (Ha)	2017		2018		2019		2020		2021		2022	
		MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA
<b>EMU</b>													
2008	1,382.02	45,829.17	33.16	47,535.09	34.40	38,182.84	27.63	40,427.78	29.25	44,035.41	31.86	37,038.17	26.80
2009	1,882.44	62,100.43	32.99	66,896.63	35.54	56,242.90	29.88	54,225.87	28.81	61,296.05	32.56	46,268.52	24.58
2010	2,552.19	55,817.54	21.87	69,598.68	27.27	77,416.14	30.33	71,249.48	27.92	67,371.47	26.40	52,408.15	20.53
<b>EMC</b>													
2008	1,073.08	33,799.93	31.50	37,411.85	34.86	30,602.01	28.52	31,533.14	29.39	30,822.20	28.72	29,330.17	27.33
2009	2,187.90	61,595.14	28.15	70,207.91	32.09	70,444.09	32.20	73,202.89	33.46	62,850.97	28.73	57,580.32	26.32
2010	1,951.88	30,372.65	15.56	45,680.16	23.40	51,856.34	26.57	55,827.87	28.60	46,934.40	24.05	43,225.78	22.15
<b>EMS</b>													
2008	1,456.82	43,997.03	30.20	48,654.55	33.40	41,314.17	28.36	45,266.54	31.07	39,248.99	26.94	38,227.17	26.24
2009	1,188.74	33,838.72	28.47	37,171.66	31.27	35,804.39	30.12	38,198.75	32.13	34,294.01	28.85	34,227.05	28.79
2010	1,337.36	21,104.51	15.78	26,661.67	19.94	35,312.43	26.40	38,453.87	28.75	32,221.35	24.09	24,598.55	18.39

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

**Production Cost :** The actual production cost for financial year 2018-2022 are as follows:-

	Year 2018 (Oct'17- Sept'18)	Year 2019 (Oct'18- Sept'19)	Year 2020 (Oct'19- Sept'20)	Year 2021 (Oct'20- Sept'21)	Year 2022 (Oct'21- Sept'22)
General Charges (Rp'000/Ha)	6,000	6,420	6,243	8,759	9,037
Upkeep & Maintenance (Rp'000/Ha)	9,228	9,399	8,893	9,156	11,902
Harvesting, Collection & Transport (Rp'000/MT FFB)	188	209	208	231	309

Source : PT Maju Kalimantan Hadapan Oil Palm Plantation's records

**Parameters Adopted in Valuation :** We have adopted the Investment (Net Present Value, Discounted Cash Flow) Method to value the oil palm fields. Parameters adopted are as follows:

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (cont'd)**Parameters : Projected Yields

Adopted in

Valuation

(cont'd)

The projected Yields adopted is tabulated as follows:-

Year	Projected Yield (MT/Ha/Year)								
	Estate Maju Utara (EMU)			Estate Maju Central (EMC)			Estate Maju Selatan (EMS)		
	D08B/C	D09A/B	D10A/B/C	G08A/B	G09A/B/C	G10A/B/C/12	S08B/C	S09A/B	S10A/B, S13A
2023	28.5	27.5	25.0	28.5	28.5	25.0	28.5	29.0	24.5
2024	29.5	29.5	27.5	29.5	30.0	27.0	29.0	30.0	26.0
2025	29.5	31.0	28.0	29.5	31.0	28.0	30.0	30.5	27.0
2026	29.0	30.5	27.0	29.0	30.5	27.0	28.5	30.5	26.5
2027	28.0	28.5	26.5	28.0	28.5	26.5	27.5	28.5	26.0
2028	27.0	27.5	25.0	27.0	27.5	24.5	26.5	27.5	24.5
2029	25.5	26.5	24.0	25.5	26.5	23.5	25.0	26.5	23.5
2030	24.5	25.0	23.0	24.5	25.0	22.5	24.0	25.0	22.5
2031	23.0	24.0	22.0	23.0	24.0	21.5	23.0	24.0	21.5
2032	22.0	23.0	21.0	22.0	23.0	20.5	21.5	23.0	20.5
2033	-	21.5	20.0	-	21.5	19.5	-	21.5	19.5
2034	-	-	19.0	-	-	18.5	-	-	18.5

Other parameters specifically adopted for this valuation are as follows:-

Parameters	Details	
Production Cost	General Charges (Rp'000/Ha)	7,500 per Ha
	Field Upkeep (Rp'000/Ha)	9,348 per Ha
	Harvesting & Collection & Transport, FFB (Rp'000/MT)	265 per MT
Discount Rates	Capitalisation Rate	9.0%
	Deferring Basic Land Value	4.0%
Basic Land Value (Rp'000/Ha)	73,459 per ha	

**Sale Comparables & Reconciliation of Values**

: Sale comparables are detailed under Section 2.1. Comparables (1) to (3) are located in Kalimantan, Indonesia, give a range of values of between Rp69,153,000 to Rp171,418,000 per hectare while Comparable (4) and (5) are located in Sabah, Malaysia, give a range of Rp207,785,000 and Rp256,665,000 per hectare. We have valued the subject property at about Rp225,640,000 per hectare on gross hectarage basis or over title area.

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**15. VALUATION CERTIFICATES (*Cont'd*)**

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**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

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**3.1 PT Maju Kalimantan Hadapan Oil Palm Plantation (*cont'd*)**

**Assessment** : We assess the Market Value of the registered owner's interests of the Subject Property in the 15,942.60 hectares PT Maju Kalimantan Hadapan (PT MKH) Oil Palm Plantation held under HGU Sertipikat No : 16.03.21.09.2.00008 and free from encumbrances, at ***Rp3,597,400,000,000 (Indonesian Rupiah : Three Trillion Five Hundred Ninety Seven Billion And Four Hundred Million Only)*** equivalent to ***RM1,025,200,000.00 (Ringgit Malaysia : One Billion Twenty Five Million And Two Hundred Thousand Only)*** (exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia).

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.2 PT Sawit Prima Sakti Oil Palm Plantation**

Situated at Desa Puancepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia  
[Our ref : WTWS/SC/MISC/092/(f)]

The description of the subject property is as follows\_

<b>Particulars of Title (Sertipikat Hak Guna Usaha (HGU) No.)</b>	Sertipikat No. (Title No.)	(1) 16.03.00.00.2.00138 (2) 16.03.00.00.2.00139
	Provinsi (Province)	Kalimantan Timur
	Kabupaten (County)	Kutai Kartanegara
	Kecamatan (District)	Muara Kaman
	Desa (Sub-District)	(1) Puan Cepak (2) Sedulang
	Lamanya Hak Berlaku (Term)	35 years (Unexpired term 22½ years approximately for (1) & (2))
	Berakhirnya Hak (Expiry)	25 March 2045
	Pemegang Hak (Registered Owner)	<b>PT SAWIT PRIMA SAKTI</b>
	Luas (Area)	(1) 1,699.76 hectares (2) 745.73 hectares ----- 2,445.49 hectares -----
	Hipotik (Charge/Encumbrances)	Nil

**Site** : The 2,445.49 hectares land of PT Sawit Prima Sakti is held under two (2) Sertipikat Hak Guna Usaha (HGU).

It is situated approximately 50 km due north of Samarinda, the provincial capital of Provinsi Kalimantan Timur, and is adjoining west of PT MKH Oil Palm Plantation. The land is rather narrow and elongated shape measuring about 18 km along the western boundary and width between 0.7 km to 1.7 km with exception of the section resembling the 'axe head' measuring about 2.9 km along the northern boundary, and western boundary of about 8.9 km. The terrain is generally flat to gently undulating at elevation mainly between 7 to 20 m Above Mean Sea Level (AMSL).

The subject property has been developed and planted with oil palm. An infrastructure of roads, bunds, canal/drains and estate buildings had been established on the land.

The current state of development and cultivation of the plantation is tabulated as follows:-

Oil Palm Planted Area	1,996.38 hectares
Area Under Roads and Buildings	188.64 hectares
Enclave Area	77.67 hectares
Plasma Area	182.80 hectares
Total Title (HGU) Area	2,445.49 hectares

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)**

**Buildings** : The estate buildings are generally of timber structure except for the worker quarters G1 and G2 which are reinforced concrete/brick and cement and paint coated. The buildings are either single storey or raised floor structures on low timber or concrete posts. The buildings are fitted with electrical wiring, water borne sanitation and plumbing.

Type of Buildings	Unit / Block
Workers Quarters G2	1
Workers Quarters G1	2
Workers Quarters G5	26
Workers Quarters G6	1
Workers Quarters G10	11
Longhouse Quarters	1
Security Post	1
Office	1
Fertilizer Store	8
Mosque	2
Waste Disposal Store	1
Generator House	1
Drinking Water Dispenser Building	1
Guard House	1
Toilet Block	5
Water Tower	1
Pond	1
<b>Total</b>	<b>65</b>

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

**Road System** : The Subject Property is served by a network of internal estate roads as follows:-

	Gravelled (Metre)	Earth (Metre)	Total (Metre)
Main Roads	12,997	46,124	59,121
Collection Roads	7,115	146,077	153,192
<b>Total</b>	<b>20,112</b>	<b>192,201</b>	<b>212,313</b>

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

**Existing Use** : The subject plantation has been planted with oil palms. A summary of the oil palm cultivation is as follows:-

Field	Land Use/ Crop Type	Year of Planting	Area (Ha)
S11B	Oil Palm	2008	17.98
S11A	Oil Palm	2011	288.86
S12A	Oil Palm	2012	294.57
S13A	Oil Palm	2013	149.54
S14A	Oil Palm	2014	380.22
S15A	Oil Palm	2015	276.25
S16A	Oil Palm	2016	371.12
S16A(P)	Oil Palm	2020	217.84

**15. VALUATION CERTIFICATES (Cont'd)**

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)**

**Existing Use :  
(cont'd)**

Field	Land Use/ Crop Type	Year of Planting	Area (Ha)
Total Oil Palms			1,996.38
Area Under Roads and Building Sites			188.64
Area Under Roads and Drains (Plasma)			17.08
Enclave/Unplanted Area			77.67
Plasma Area			165.72
Total Title Area (HGU Area)			<b>2,445.49</b>

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

The palms are all Dura x Pisifera (DxP) hybrids from seeds obtained from Lonsum, BSM (Benih Sawit Makmur), Topas and Dami Mas. The current stands, based on census were relatively high, averaging 134 palms per hectare with the exception of Fields S16A/S16A(P) which has rather low stand per hectare with some of the planted area vacant due to damage caused by flooding. The palms were growing well and under normal agricultural upkeep and maintenance.

**Crop Production :** The past years (2017-2022) FFB production and yield records for the plantation are tabulated below:

Block No	YOP	Area (HA)	2017		2018		2019		2020		2021		2022	
			MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA	MT	Yield Per HA
S11B	2008	17.98	486.63	27.06	490.44	27.28	670.79	37.31	706.03	39.27	567.52	31.56	626.61	34.85
S11A	2011	288.86	6,181.50	21.40	6,615.11	22.90	8,131.31	28.15	7,162.48	24.80	5,530.94	19.15	6,286.74	21.76
S12A	2012	294.57	2,863.28	9.72	3,985.71	13.53	5,529.10	18.77	7,510.73	25.50	5,826.55	19.78	4,919.61	16.70
S13A	2013	149.54	939.84	6.28	1,986.51	13.28	3,301.75	22.08	3,718.65	24.87	2,513.64	16.81	2,345.96	15.69
S14A	2014	420.12	299.60	0.71	1,597.24	3.80	3,825.52	9.11	6,107.05	14.54	4,224.83	10.06	2,424.98	9.64
S15A	2015	318.82	-	-	286.17	0.90	756.52	2.37	3,254.06	10.21	3,147.89	15.21	3,104.79	15.01
S16A	2016	385.66	-	-	-	-	-	-	-	-	129.99	4.54	139.09	4.86
S16A(P)	2020	286.55	-	-	-	-	-	-	-	-	-	-	-	-
		2,162.10												

Source : PT Sawit Prima Sakti Oil Palm Plantation's records

**Production Cost :** The actual production cost for financial year 2017-2022 are as follows:-

	Year 2017 (Oct'16- Sept'17)	Year 2018 (Oct'17- Sept'18)	Year 2019 (Oct'18- Sept'19)	Year 2020 (Oct'19- Sept'20)	Year 2021 (Oct'20- Sept'21)	Year 2022 (Oct'21- Sept'22)
General Charges (Rp'000/Ha)	6,439	6,728	6,434	4,714	5,211	4,182
Upkeep & Maintenance (Rp'000/Ha)	7,520	11,729	6,737	6,514	7,581	7,427
Harvesting, Collection & Transport (Rp'000/MT FFB)	260	222	196	185	294	380

Source : PT Sawit Prima Sakti Oil Palm Plantation's records



**15. VALUATION CERTIFICATES (Cont'd)**

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)**

**Parameters Adopted in Valuation** : We have adopted the Investment (Net Present Value, Discounted Cash Flow) Method to value the oil palm fields. Parameters adopted are as follows:

Projected Yields

The projected Yields adopted is tabulated as follows:-

Projected Yield (MT/Ha/Year)								
Year	S11B	S11A	S12A	S13A	S14A	S15A	S16A	S16A(P)
2023	33.0	24.0	21.5	21.0	13.0	16.5	6.0	2.5
2024	32.0	26.0	24.5	24.0	17.0	18.5	9.5	6.0
2025	31.0	26.5	25.5	26.0	20.0	21.0	13.0	9.5
2026	29.5	27.5	26.5	26.5	22.0	22.0	15.0	11.0
2027	28.0	26.5	26.0	27.0	23.5	23.0	16.0	14.0
2028	27.0	26.0	25.0	26.0	24.0	24.5	18.0	15.5
2029	26.0	24.5	24.5	25.0	25.0	25.0	19.5	17.5
2030	24.5	23.5	23.5	24.5	24.0	25.0	20.0	19.0
2031	23.5	22.5	22.5	23.5	23.5	24.0	19.5	20.0
2032	22.0	21.5	21.5	22.5	22.0	23.5	18.5	21.0
2033	-	20.5	20.5	21.5	21.0	22.0	18.0	20.5
2034	-	19.5	19.5	20.5	20.5	21.0	17.0	20.0
2035	-	18.5	18.5	19.5	19.5	20.5	16.5	19.5
2036	-	-	17.5	18.5	18.5	19.5	16.0	18.5
2037	-	-	-	17.5	17.5	18.5	15.0	18.0
2038	-	-	-	-	17.0	17.5	14.5	17.0
2039	-	-	-	-	-	17.0	13.5	16.5
2040	-	-	-	-	-	-	13.0	16.0
2041	-	-	-	-	-	-	-	15.0
2042	-	-	-	-	-	-	-	14.5
2043	-	-	-	-	-	-	-	13.5
2044	-	-	-	-	-	-	-	13.0

Other parameters specifically adopted for this valuation are as follows:-

Parameters	Details	
Production Cost	General Charges (Rp'000/Ha)	5,500 per Ha
	Field Upkeep (Rp'000/Ha)	8,859 per Ha
	Harvesting & Collection & Transport, FFB (Rp'000/MT)	295 per MT
Discount Rates	Capitalisation Rate	9.0%
	Deferring Basic Land Value	4.0%
Basic Land Value (Rp'000/Ha)	76,800 per ha	

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**15. VALUATION CERTIFICATES (Cont'd)**

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**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

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**3.2 PT Sawit Prima Sakti Oil Palm Plantation (cont'd)**

**Sale Comparables & Reconciliation of Values** : Sale comparables are detailed under Section 2.1. Comparables (1) to (3) are located in Kalimantan, Indonesia, give a range of values of between Rp69,153,000 to Rp171,418,000 per hectare while Comparable (4) and (5) are located in Sabah, Malaysia, give a range of Rp207,785,000 and Rp256,665,000 per hectare. We have valued the subject property at about Rp149,870,000 per hectare on gross hectarage basis or over title area.

**Assessment** : We assess the Market Value of the registered owner's interests of the Subject Property in the 2,445.49 hectares PT Sawit Prima Sakti (PT SPS) Oil Palm Plantation held under HGUs Sertipikat No: 16.03.00.00.2.00138 and 16.03.00.00.2.00139, and free from encumbrances, at **Rp366,510,000,000 (Indonesian Rupiah : Three Hundred Sixty Six Billion Five Hundred And Ten Million Only)** equivalent to **RM104,450,000.00 (Ringgit Malaysia : One Hundred And Four Million Four Hundred And Fifty Thousand Only)** (exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia).

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

- 3.3 (i) **Pt Maju Kalimantan Hadapan Palm Oil Mill**  
Situating in Desa Puancepak and Sedulang, Kecamatan Muara Kaman, and  
(ii) **Pt Maju Kalimantan Hadapan Crude Palm Oil Bulking Station with Jetty**  
Situating In Desa Sebulu Ilir, Kecamatan Sebulu,  
Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia  
[Our Ref : WTWS/P&M/SC/414/(e)]

The description of the subject properties are as follows:-

**(i) PT Maju Kalimantan Hadapan Palm Oil Mill**

Description	Palm oil mill site, with buildings and civil works, and plant and machinery.
Location	Desa Puan Cepak and Sedulang, Kecamatan Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur
Title No.	HGU 16.03.21.09.2.00008
Tenure	Term - 35 year expiring 12 September 2042 Unexpired - 19½ years
Registered Owner	<b>PT MAJU KALIMANTAN HADAPAN</b>
Area for Mill Site	Approximately 32.92 hectares within 15,942.6 hectares.
Hipotik (Charge/Encumbrances)	Charged to OCBC Al-Amin Bank Berhad Kuala Lumpur, Malaysia vide ref. 00264/2017
Date of Valuation	21 December 2022

**(ii) PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty**

Description	Site of CPO Bulking Station with buildings and civil works, and plant and machinery.		
Location	Desa Sebulu Ilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur		
Title Nos./ Field Identification Nos./ Area	(i) HGB 16.03.15.05.3.00006/ (ii) HP 16.03.15.05.4.00006/ (iii) HP 16.03.15.05.4.00007/ (iv) HP 16.03.15.05.4.00008/	NIB 16.03.15.05.00008/ NIB 16.03.15.05.00009/ NIB 16.03.15.05.00007/ NIB 16.03.15.05.00006/	1,028 m <sup>2</sup> 11,100 m <sup>2</sup> 14,930 m <sup>2</sup> 22,420 m <sup>2</sup>
Tenure	(i)	Term - 20 years expiring 29 December 2030 Unexpired - 8 years	
	(ii) - (iv)	Term - 20 years expiring 25 January 2031 Unexpired - 8 years	
Registered Owner	<b>PT MAJU KALIMANTAN HADAPAN</b>		
Encumbrances	Nil.		
Date of Valuation	21 December 2022		

**TERMS OF REFERENCE**

THE ABOVE VALUATIONS ARE ON THE FOLLOWING BASES AND ASSUMPTIONS:

1. THE PLANT AND MACHINERY IS TO BE CONTINUED IN ITS PRESENT USE AS A GOING CONCERN.
2. THERE IS NO SPECIFIC RELATION TO EARNINGS OF THE PLANT AND MACHINERY.
3. THE PLANT AND MACHINERY ARE FREE FROM ENCUMBRANCES. See Note
4. THE INFORMATION FURNISHED TO US EITHER VERBALLY OR IN WRITING ARE DEEMED TO BE CORRECT AND ARE RELIED UPON BY US IN OUR VALUATION. WE RESERVE THE RIGHT TO REVIEW OUR VALUATION UPON AVAILABILITY OF NEW FACTS THAT MAY AFFECT MARKET VALUE.

**Note: The plant and machinery items are not subject to any hire purchase/leasing and third party interest claims.**

**15. VALUATION CERTIFICATES (Cont'd)**

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)**

**BRIEF DESCRIPTION**

**(i) PT Maju Kalimantan Hadapan Palm Oil Mill**

- General** : The PT MKH Palm Oil Mill was designed by Sinar Firus Sdn Bhd and constructed by MSHK Engineering Sdn Bhd, in accordance with Site Layout Plan bearing drawing no. KAM/EX/C/01A dated November 2012; Mill General Layout Plan bearing drawing no. KAM/C/01 dated April 2010; and Machinery Plan with drawing no. KAM/EX/M.1 dated November 2012. The Mill was completed in May 2012 and commissioned in June 2012, as single line of capacity of 60 metric tonnes FFB per hour (MT FFB/hr). The extension/installation works for upgrading palm oil mill into 90 MT FFB/hr by adding 2nd processing line has been commenced in August 2013 and commissioned in 11 July 2014. PT MKH Palm Oil Mill consists of the fenced-up mill site, the mill buildings and the plant and machinery therein, and the access road. The staff and worker quarters, effluent ponds and reservoir are outside the fenced-up mill site and located within Estate Maju Central I of PT MKH Plantations Estate.
- Site** : The mill site as fenced up has an area of approx. 7.0 hectares (17.3 acres). It is rectangular shaped with truncated trapezoid shaped at its south-eastern corner being surveyed to encompass the mill building, loading ramp, office, workshop, palm oil storage and other ancillary buildings. The site has been cut and levelled and fenced all round by 1.8 m high chain-link. The internal roads are concrete surfaced. The compound is otherwise turfed or concrete paved. The effluent ponds are located some 50 m to the west of the mill site comprises about 6.0 hectares (14.85 acres).
- Buildings** : The mill consists of mill building, FFB loading platform/ramp, general mill office/laboratory/weighbridge, workshop/store, water treatment plant pump house, ancillary buildings (oil despatch shed, lavatories, guard house, car parking sheds, canteen, effluent treatment plant/pump house, raw water pump house and weighbridge office) and other site improvements (effluent ponds, concrete drains and culverts, fencing and gate, hardstanding/reinforced concrete carriageway/gravelled road, external machinery foundation and water reservoir); while the mill housing comprises 1 unit manager bungalow, 1 block x 2 units executive quarters, 4 blocks x 5 units staff quarters, 4 blocks x 6 units staff quarters, 1 block x 8 units workers quarters, 6 blocks x 10 units workers quarters and 1 block x 12 units workers quarters. These buildings are basically of steel portal/reinforced concrete framework, except some staff and workers quarters are of semi-permanent materials and, constructed of metal roof, plastered brickwall/metal deck cladding/opensided/timber/plywood/cement board and cement screed concrete floor.

**15. VALUATION CERTIFICATES (Cont'd)**

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)**

**BRIEF DESCRIPTION (cont'd)**

**(i) PT Maju Kalimantan Hadapan Palm Oil Mill (cont'd)**

**Plant and Machinery** : The mill has a present throughout capacity of 90 MT FFB/hr and actual production of about 70 MT FFB/hr. The mill now comprising 2 twin-cages indexer systems, 3 sterilizers, 2 tippers, 3 threshers, 6 heavy duty empty fruit bunch presses, 5 digesters, 5 twin screw presses, 2 depericarping lines, 7 ripple mills, 4 kernel silos, 3 CPO tanks, 2 boilers, 3 turbine generators and 3 diesel generators.

**(ii) PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty**

**General** : The PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty is a Turnkey Project by PT Cemerlang Samudra Kontrindo and built in accordance with Site Layout Plan, and Buildings and Machinery Plans bearing drawing nos. TTE028-CV-RS-001 and TTE028-CV-BR-001 as prepared by PT Trans Tek Engineering. It is located about 48 km to the south of PT MKH Palm Oil Mill, and consists of fenced up CPO bulking station with buildings, jetty, worker quarters, other site improvements and the plant and machinery therein.

**Site** : This fenced up site has a roughly inverted "curved teardrop" shape being surveyed to encompass the CPO storage tanks and other ancillary buildings. The site had been cut (44,964 m<sup>3</sup>), earthfilled (40,689 m<sup>3</sup>) and levelled, and fenced by about 1.8 m high chain-link (except the western boundary alongside Sg Mahakam). The internal roads are concrete surfaced and the compound is generally turfed.

**Buildings** : The buildings that constructed within the fenced up CPO Bulking Station are CPO receiving station, power house, kernel store, office cum weighbridge building, jetty, 1 blocks x 6 units staff quarters, 1 block x 10 units workers quarters and 2 blocks x 3 units worker quarters and other site improvements (guard houses, fencing and gate, hardstanding/reinforced concrete carriageway, concrete drains and water treatment plant shed).

These buildings are basically of steel portal/reinforced concrete framework, except the staff and labourer quarters and guard houses are constructed of semi-permanent materials, of metal roof, plastered brickwall/metal deck cladding/opensided/timber/plywood/ cement board, and cement screed concrete floor.

**Plant and Machinery** : This CPO Bulking Station consists of 1 weighbridge, 2 CPO tanks, 1 lot oil line, 1 package steam boiler and 1 diesel genset.

**15. VALUATION CERTIFICATES (Cont'd)**

**C H Williams Talhar & Wong**

C H Williams Talhar & Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)**

**Comparable Sale Evidence Of Value**

We are unable to trace transaction of palm oil mills in Indonesia. Nonetheless, we have made reference to the announcements made by CB Industrial Product Holding Berhad in Bursa Malaysia with their known development costs of palm oil mills in Indonesia as a check only, and they are tabulated as follows:-

Description	Comparable (1)		Comparable (2)	
Name Of Mill	PT CB Polaindo and PT Nabire Baru		PT Sanjung Makmur	
Location	Papua, Indonesia		North Kalimantan, Indonesia	
Contract Amount	RM48,576,796		RM44,747,089	
Contract Status	Contract entered on 24 April 2019		Contract entered on 07 February 2019	
Contract Details	To manufacture and supply one unit continuous sterilisation palm oil mill with processing capacity of 45 MT/hr of FFB, with details as follows:		To manufacture and supply one unit continuous sterilisation palm oil mill with processing capacity of 45 MT/hr of FFB, with details as follows:	
	Import portion by PalmitEco	RM21,259,500	Import portion	USD8,358,200 (equivalent to RM33,976,083)
	Local portion by PT CBP (a) To carry out installation, testing and commissioning of the mill.	IDR21,814,276,400 (equivalent to RM6,347,954)	Local portion	IDR37,141,400,000 (equivalent to RM10,771,006)
	(b) To carry out all earthwork, civil works and piling works including construction of foundations, support footings, structures, buildings, trenches forming at the site.	IDR72,059,595,000 (equivalent to RM20,969,342)	-	-
Date of Announcement	29 April 2019		13 February 2019	
Source	Bursa Malaysia		Bursa Malaysia	

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)****Comparable Sale Evidence Of Value (Cont'd)**

Description	Comparable (3)		Comparable (4)	
Name Of Mill	PT Kodeco Agrojaya Mandiri		PT Pratama Palm Abadi	
Location	South Kalimantan, Indonesia		South Sumatera, Indonesia	
Contract Amount	RM86,956,566		RM61,429,360	
Contract Status	Letter of Awards (LOA) received.		Contract entered on 20 December 2017	
Contract Details	To manufacture and supply one unit conventional palm oil mill with processing capacity of 60 MT/hr of FFB, one unit kernel crushing plant with capacity of 200 ton/day and one unit 1,600 KW biogas power generator plant, with details as follows:		To manufacture and supply one unit continuous sterilisation palm oil mill with processing capacity of 60/80 T/hr of FFB, with details as follows:	
	To design, fabricate, supply, deliver, construct, install, complete, test, commission, maintain and guarantee of one unit conventional palm oil mill. (LOA received 13 November 2018)	<u>Import portion</u> USD8,920,162 (equivalent to RM36,260,459)	To design, manufacture, supply, install, test, commission, and performance guarantee of one unit continuous sterilisation palm oil mill.	<u>Import portion</u> USD9,627,300 (equivalent to RM39,471,930)
		<u>Local portion</u> IDR66,549,667,200 (equivalent to RM19,299,403)		<u>Local portion</u> IDR73,682,640,000 (equivalent to RM21,957,430)
		To design, fabricate, supply, deliver, construct, install, complete, test, commission, maintain and guarantee one unit kernel crushing plant with capacity of 200 ton/day. (LOA received 20 November 2018)		<u>Import portion</u> USD1,885,449 (equivalent to RM7,664,350)
To design, fabricate, supply, deliver, construct, install, complete, test, commission, maintain and guarantee one unit biogas power generator plant. (LOA received 20 November 2018)	<u>Import portion</u> USD2,648,750 (equivalent to RM10,767,169)			
	<u>Local portion</u> IDR21,858,000,000 (equivalent to RM6,338,820)			
Date of Announcement	13 February 2019		04 January 2018	
Source	Bursa Malaysia		Bursa Malaysia	

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)****Comparable Sale/Evidence Of Value (cont'd)**

For the palm oil mill site, we have considered the followings:-

- (i) **Other** palm oil mill sites are usually reserves set aside, unplanted, when the estate was first developed with the site costing at least the unimproved land value. In some cases, part or whole of the site has to be derived from clear felling an already planted area within the estate. The palm oil mill is within the PT MKH oil palm plantation, and is similar as the unimproved land value of the PT MKH oil palm plantation.
- (ii) The costs of site levelling on the mill site, especially on the fenced-up palm oil mill main buildings site, for FFB Reception Station, Main Process Building and Sterilizer Building. This does not include the costs of excavating effluent ponds and reservoir which are separately included under costs of buildings and civil works.

**Assessment - PT Maju Kalimantan Hadapan Palm Oil Mill**

We are pleased to report that in our opinion, the Market Value of the mill site, buildings and plant and machinery of PT Maju Kalimantan Hadapan Palm Oil Mill held under part of HGU Sertipikat No. 16.03.21.09.2.00008, Muara Kaman, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia, and free from encumbrances, is as follows:-

**(A) Site Value**

Based on the Letter of Acceptance of Tender dated 11 February 2010, the site preparation/levelling comprises the following:

Description	Awarded Cost
Preliminary Works	Rp 9,693,053 per hectare
Earth Cutting	Rp20,967,425 per hectare
Backfilling/Compaction	Rp 2,360,140 per hectare
Total	Rp33,020,618 per hectare

Thus, we adopted the rate of Rp35,000,000 per hectare, which in our opinion is in line with the current market, and the site value is assessed as follows:

Description	Market Value (Rp)
Mill Site (32.92 hectares)	
Unimproved Land Value @ Rp50,000,000 per hectare	1,650,000,000
Site Preparation/Levelling @ Rp35,000,000 per hectare	1,150,000,000
<b>Total of (A) Site, say</b>	<b>2,800,000,000</b>



**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)****Assessment - PT Maju Kalimantan Hadapan Palm Oil Mill (cont'd)****(B) Buildings Value**

In determining the gross current replacement cost, references is made to the cost of construction of other mills buildings. We have also cross checked with the relevant contractors and professionals pertaining to the cost of site/earthwork preparation, site improvements and mill buildings. The building replacement cost is inclusive of professional consultation fees, finance costs and developer's profit. Therefore, the rate adopted for building value is in line with the market.

We estimate the buildings life span to be 50 years generally, and adopting a depreciation rate of 2% per year, on reducing balance of 2% to 22%, according to age of respective buildings, as follows:-

Buildings		Age (Years)	Building Area (m <sup>2</sup> )	Building Replacement Cost (Rp/m <sup>2</sup> )	Accumulated Depreciation	Building Value after Depreciation, say, (Rp)
B1	Main Mill Building	9 to 11	9,056	3,500,000	20%	25,406,000,000
B2	FFB Loading Platforms/Ramps	11		6,360,000,000	20%	5,095,000,000
B3	General Mill Office cum Laboratory Building	11	408	4,500,000	20%	1,471,000,000
B4	Workshop/Store Building	11	576	3,500,000	20%	1,614,000,000
B5	Water Treatment Plant Pump Building	11	45	3,200,000	20%	115,000,000
B6	(i) Oil Despatch Shed	11	112	1,800,000	20%	162,000,000
	(ii) Lavatories/Toilets	11	24	3,500,000	20%	67,000,000
	(iii) Guard House	11	13	3,000,000	20%	32,000,000
	(iv) Car Parking Sheds	11	180	1,500,000	20%	216,000,000
	(v) Canteen	11	260	3,200,000	20%	664,000,000
	(vi) Effluent Treatment Plant/Pump House	11	11	3,200,000	20%	28,000,000
	(vii) Raw Water Pump House	11	16	3,200,000	20%	28,000,000
	(viii) Weighbridge Office	9	16	3,200,000	20%	42,000,000
B7	Other Site Improvements	9 to 11		17,126,000,000	11%	15,231,000,000
B8	1 Unit Manager Bungalow	11	166	4,000,000	20%	536,000,000
B9	1 Block x 2 Units Executive Quarters	11	234	3,500,000	20%	657,000,000
B10	4 Blocks x 5 Units Staff Quarters	3 to 6	3 x 225	790,000	9%	484,000,000
		1	225	1,060,000	2%	234,000,000
B11	4 Blocks x 6 Units Staff Quarters	12	1 x 360	400,000	22%	114,000,000
		9	2 x 370	400,000	17%	247,000,000
		5	1 x 270	790,000	10%	193,000,000
B12	1 Block x 8 Units Workers Quarters	10	1 x 288	790,000	18%	186,000,000
B13	6 Blocks x 10 Units Workers Quarters	12	1 x 600	400,000	22%	188,000,000
		9	3 x 380	400,000	17%	380,000,000
		6	2 x 380	790,000	11%	531,000,000
B14	1 Block x 12 Units Workers Quarters	10	1 x 432	790,000	18%	279,000,000
<b>Total</b>						<b>54,200,000,000</b>

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (B) Buildings is **Rp54,200,000,000**.

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)****Assessment - PT Maju Kalimantan Hadapan Palm Oil Mill (cont'd)****(C) Plant and Machinery Value**

The gross current replacement cost is based on the asset listings, which is based on the purchase records of the machinery, with due adjustments made to reflect the current set up as at the date of inspection and inclusive of profits and financial elements, from our analysis of the construction and development cost of other oil mills and also cross checking with relevant contractors and professionals. We are valuing the plant & machinery as a going concern i.e. as a whole use and actively in operation at its working place. Therefore the cost of removal or displacements and related issues such as time limit arising from the removal of the equipment into another site is not considered and relevant. Through our experience and record, the life span could be from 15 to 30 years depending upon the state of upkeep and maintenance of that particular plant & machinery. Therefore, the replacement cost adopted for plant and machinery is in line with the market.

We adopt a depreciation rate of 3% per year on reducing balance, with the actual accumulated depreciation of 3% to 28%, according to age of respective item, as follows:-

Item No.	Description	Age (Years)	Replacement Cost (Rp)	Accumulated Depreciation	Market Value (Rp)
(C1)	Fruit Reception Station	1 to 11	39,749,000,000	22%	30,943,000,000
(C2)	Sterilizing Station	3 to 11	11,734,000,000	23%	8,699,000,000
(C3)	Threshing Station	2 to 11	18,090,000,000	23%	13,843,000,000
(C4)	Pressing Station	1 to 11	11,331,000,000	22%	8,798,000,000
(C5)	Depericarping Station	3 to 11	5,873,000,000	25%	4,378,000,000
(C6)	Nut and Kernel Station	1 to 11	11,137,000,000	25%	8,299,000,000
(C7)	Boiler Station	1 to 11	33,695,000,000	23%	25,868,000,000
(C8)	Engine Room	2 to 11	19,641,000,000	15%	16,736,000,000
(C9)	Clarification Station	3 to 11	16,528,000,000	22%	12,896,000,000
(C10)	Palm Oil Storage and Transfer	9 to 11	7,270,000,000	27%	5,304,000,000
(C11)	Steam Oil and Water Piping	9 to 11	9,567,000,000	27%	7,023,000,000
(C12)	Electrical Works	9 to 11	14,739,000,000	27%	10,773,000,000
(C13)	Water Supply Works	3 to 11	6,441,000,000	19%	5,063,000,000
(C14)	Laboratory and Workshop Equipment	2 to 11	1,222,000,000	20%	977,000,000
<b>Total for (C) Plant and Machinery</b>					<b>159,600,000,000</b>

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (C) Plant and Machinery is **Rp159,600,000,000**.

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)****Assessment - PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty**

The Market Value of the site, buildings and plant and machinery of PT Maju Kalimantan Hadapan CPO Bulking Station With Jetty held under *Hak Guna Bangunan* (HGB) No. 16.03.15.05.3.00006 and *Hak Pakai* (HP) Nos. 16.03.15.05.4.00006-00008, Desa Sebulu Iilir, Kecamatan Sebulu, Kabupaten Kutai Kartanegara, Provinsi Kalimantan Timur, Indonesia, and free from encumbrances, is as follows:-

**(A) Site Value**

There are no records of transactions of properties made available to public in Indonesia. Based on the market survey by KJPP RHR nearby subject site area, the prices of vacant/undeveloped land (with area of 250 m<sup>2</sup> to 70,000 m<sup>2</sup>) in this Sg Mahakam area range from Rp86,000 per m<sup>2</sup> to Rp112,000,000 per m<sup>2</sup>. These lands are still under Land Information Letter (Girik/Surat Keterangan Tanah) which would require time, effort, expenses until obtaining a Legal title document (Sertifikat HGU, HGB, or HP). After suitable adjustments made for title, size and planning approval, the adjusted land values range from Rp120,000 to Rp141,429 per m<sup>2</sup>, and the value adopted for subject site is Rp120,000 per m<sup>2</sup>, equivalent to Rp1,200,000,000 per hectare.

Based on the Letter of Award dated 04 July 2011, the contracted sum of earth works is Rp2,398,350,000, for earth cutting works (44,964 cubic meter) and earth filling works (40,689 cubic meter), which is equivalent to Rp484,730,000 per hectare. Thus, we adopted the rate of Rp540,000,000 per hectare, which in our opinion is in line with the current market, and the site value is assess as follows:-

Description	Market Value (Rp)
Site (4.95 hectares)	
Undeveloped Site @ Rp1,200,000,000 per hectare	5,940,000,000
Site Preparation/Levelling @ Rp540,000,000 per hectare, say	2,670,000,000
<b>Total of (A) Site</b>	<b>8,610,000,000</b>

**(B) Buildings Value**

On the above basis, we adopt a depreciation rate of 2% per year on reducing balance, with the actual accumulated depreciation of 2% to 20% for each building, according to age of respective buildings, as follows:-

Buildings	Age (Years)	Building Area (m <sup>2</sup> )	Building Replacement Cost (Rp/m <sup>2</sup> )	Accumulated Depreciation	Building Value after Depreciation, say (Rp)	
B1 CPO Receiving Station	11	360	4,000,000	20%	1,153,000,000	
B2 Power House	11	60	4,000,000	20%	192,000,000	
B3 Kernel Store	11	756	4,000,000	20%	2,421,000,000	
B4 Office Cum Weighbridge Building	11	88	5,500,000	20%	388,000,000	
B5	1 Block x 6 Units Staff Quarters	11	1 x 312	400,000	20%	100,000,000
	1 Block x 10 Units Workers Quarters	7	1 x 380	790,000	13%	260,000,000
	2 Blocks x 3 Units Workers Quarters	1	2 x 135	1,150,000	2%	305,000,000
B6 Jetty	11		8,050,000,000	20%	6,446,000,000	
B7 Other Site Improvements	8 to 11		1,657,000,000	20%	1,330,000,000	
<b>Total</b>					<b>12,595,000,000</b>	

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (B) Buildings is **Rp12,595,000,000**.

**15. VALUATION CERTIFICATES (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong (Sabah) Sdn Bhd [Registration No. 197701003650 (34874-P)]

**3.3 PT MKH Palm Oil Mill and CPO Bulking Station with Jetty (cont'd)****Assessment - PT Maju Kalimantan Hadapan CPO Bulking Station with Jetty (cont'd)****(C) Plant and Machinery Value**

On the above basis, we adopt a depreciation rate of 3% per year on reducing balance, with the actual accumulated depreciation of 3% to 28%, according to age of respective item, as follows:-

Item No.	Description	Age (Years)	Replacement Cost (Rp)	Accumulated Depreciation	Market Value (Rp)
(C1)	CPO Receiving And Storage Station	1 to 11	15,673,000,000	27%	11,427,000,000
(C2)	Boiler System	11	3,421,000,000	28%	2,448,000,000
(C3)	Electrical Works	11	4,356,000,000	28%	3,116,000,000
(C4)	Laboratory Equipment	7 to 10	66,00,000	25%	49,000,000
Total for (C) Plant and Machinery					<b>17,040,000,000</b>

Having considered all factors, like life span, yearly depreciation, obsolescence and maintenance and market condition at the time of our valuation, the Market Value for (C) Plant and Machinery is **Rp17,040,000,000**.

**Summary of Market Value**

The valuation of subject properties are tabulated as follows:-

(I) PT Maju Kalimantan Hadapan Palm Oil Mill	
Description	Market Value
Land (32.92 Hectares)	Rp 2,800,000,000
Buildings	Rp 54,200,000,000
Plant and Machinery	Rp159,600,000,000
Total	<b>Rp216,600,000,000</b>

[equivalent to **RM61,730,000.00 (Ringgit Malaysia: Sixty One Million Seven Hundred And Thirty Thousand Only)** (Exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

(II) PT Maju Kalimantan Hadapan Crude Palm Oil Bulking Station with Jetty	
Description	Market Value
Land (4.95 Hectares)	Rp 8,610,000,000
Buildings	Rp12,595,000,000
Plant and Machinery	Rp17,040,000,000
Total	<b>Rp38,245,000,000</b>

[equivalent to **RM10,900,000.00 (Ringgit Malaysia: Ten Million And Nine Hundred Thousand Only)** (Exchange rate of RM1.00 = Rp3,509, the middle rate on 21 December 2022 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia)].

## 16. STATUTORY AND OTHER INFORMATION

### 16.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) No Director or employee 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 there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued as disclosed in Section 6.2 and to be issued for our Public Issue as disclosed in Section 4.3.1, no shares of our Company 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.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

### 16.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

#### 16.2.1 PT MKH

PT MKH's issued share capital as at LPD is IDR243,860,000,000 comprising 487,720 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital IDR</b>
25 October 2005	500	IDR250,000,000/ Subscribers' shares	250,000,000
6 November 2007	27,500	IDR13,750,000,000/ Cash	14,000,000,000
19 June 2009	26,000	IDR13,000,000,000/ Cash	27,000,000,000
18 June 2015	380	IDR190,000,000/ Cash	27,190,000,000
8 February 2018	184,140	IDR92,070,000,000/ Cash	119,260,000,000
13 August 2018	249,200	IDR124,600,000,000/ Cash	243,860,000,000

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

**16. STATUTORY AND OTHER INFORMATION (Cont'd)****16.2.2 PT SPS**

PT SPS's issued share capital as at LPD is IDR9,300,000,000 comprising 9,300 ordinary shares with a nominal value per share of IDR1,000,000. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital IDR</b>
30 March 2005	1,000	IDR1,000,000,000/ Subscribers' shares	1,000,000,000
22 December 2008	8,300	IDR8,300,000,000/ Cash	9,300,000,000

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

**16.2.3 Hala Maju**

Hala Maju's issued share capital as at LPD is RM1.00 comprising 1 ordinary share with a nominal value per share of RM1.00. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM</b>
1 November 2023	1	RM1/ Subscriber's share	1

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

**16.3 CONSTITUTION**

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

**16.3.1 Changes in share capital and variation of class rights**

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

**Clause 25 and 26 – Variation of Rights**

"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 shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of not less than 75% of the total issued voting rights of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class. To every such separate General Meeting, the provisions of these Clauses relating to General Meetings shall mutatis mutandis apply, but

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

so that the necessary quorum shall be 2 persons at least 1/3 of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply."

"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 to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith."

**Clause 7 – Issue of Securities**

"Subject to the Act and these Clauses and to the provisions of any resolution of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time, on such terms and conditions, with such preferred, deferred or other special rights as they think proper, PROVIDED ALWAYS that:

- (a) no shares shall be issued which shall have the effect of transferring a controlling interest, in the Company, without the prior approval of the Members in General Meeting;
- (b) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Clauses and in the resolution creating the same;
- (c) every issue of shares or options to employees and/or Directors shall be approved by the Members in General Meeting and such approval shall specifically detail the amount of shares or options to be issued to such Director;
- (d) the rights attaching to share of a class other than ordinary shares shall be set out in these Clauses or expressed in the resolution creating the same; and
- (e) the Company must ensure that all new issues of Securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such Securities save and except where it is specifically exempted from compliance with Section 38 of the Depositories Act, in which event it shall so similarly be exempted from compliance with these requirements. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees.

However, the Company must not cause or authorise the Registrar of the Company to cause the Securities Accounts of the allottees to be credited with the additional shares of the Company until after it has filed with the Exchange an application for admission of such additional shares and been notified by the Exchange that they have been authorised for listing.

The share certificates shall be registered in the name of the Depository by the Company for the purpose of crediting such Securities to the Securities Account of the allottees."

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

**Clause 73(1) and (2), and 66 – Alteration of Capital**

“(1) The Company may from time to time by ordinary resolution to:

- (a) 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 shares from which the subdivided share is derived;
- (b) sub-divide its shares or any of the shares, whatever is in the subdivision, 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 shares from which the subdivided share is derived; or
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of the Company’s share capital by the amount of the shares so cancelled.”

“(2) The Company may reduce its share capital in accordance with the provisions of the Act.”

“Subject always to the compliance with the provisions of the Act, the Listing Requirements and all other applicable laws and the requirements of the Exchange for the time being in force, the Company may, with the sanction of the Shareholders in a General Meeting, purchase its own shares upon and subject to such terms and conditions as the Directors may, in their discretion deem fit, provided that the aggregate number of shares to be acquired does not exceed 10% of the issued share capital of the Company, for the time being unless prior approval of the Exchange has been obtained:

- (i) Where the Company has purchased its own shares in the manner as aforesaid, the Directors may, if the applicable laws for the time being in force so allow:
  - (a) cancel the shares so purchased;
  - (b) retain the shares so purchased in treasury as treasury shares;
  - (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
  - (d) deal with the shares so purchased in a manner as may from time to time be prescribed and allowed by law.
- (ii) Where the shares so purchased or any part thereof is retained as treasury shares, the Directors may at any time subject to the provisions of all applicable laws for the time being in force:
  - (a) distribute the treasury shares as dividends to the Members in a manner as may be allowed by law retain the shares so purchased in treasury as treasury shares;
  - (b) resell the treasury shares on the Exchange in accordance with the relevant rules of the Exchange; or
  - (c) deal with the treasury shares in a manner as may from time to time be prescribed and allowed by law.



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

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The rights attached to shares held as treasury shares shall be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes."

**16.3.2 Borrowing and voting powers of the Directors**

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

**Clause 126(1) – Borrowing, mortgage and issuance of debentures**

"The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, 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 related companies, PROVIDED ALWAYS that nothing contained in these Clauses shall authorise the Directors to borrow any money or mortgage or charge any of the Company's 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."

**Clause 147 and 146 – Directors' Interest in Contracts and Disclosure of Interest**

"No Director may vote in respect of any other contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other Securities in that other company."

"Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company."

**Clause 141 – Voting at Board Meetings and Casting Vote**

"A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions by or under these Clauses vested in or exercisable by the Directors generally. Subject to these Clauses, questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote except where only 2 Directors form a quorum and where only 2 Directors are competent to vote on the question at issue in which event the Chairman of a meeting shall not have a casting vote."

**16.3.3 Remuneration of Directors**

The provisions in our Constitution dealing with remuneration of Directors are as follows:

**Clause 120 – Remuneration of Directors**

"The fees and benefits of the Directors shall be such fixed sum as shall annually be determined by an ordinary resolution of the Company at a General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period

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

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in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, PROVIDED ALWAYS that :

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees and benefits payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter."

**Clause 121 – Expenses**

- (a) The Directors shall be entitled to be reimbursed for all traveling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors;
- (b) If by arrangement with the other Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, in particular without limiting to the generality of the foregoing, 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 pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged PROVIDED ALWAYS that the extra remuneration payable to :
  - (i) a non-executive Director shall not be by way of commission on or percentage of profits or turnover; and
  - (ii) an executive Director shall not include a commission on or percentage of turnover.

**16.3.4 Transfer of Shares**

The provisions in our Constitution dealing with transfer of Shares are as follows:

**Clause 49 - Transfer of Securities**

"The transfer of any Deposited Securities or class of Deposited Securities of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, 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 Deposited Securities."

## **16. STATUTORY AND OTHER INFORMATION (Cont'd)**

### **Clause 57 - Renunciation**

"Nothing in these Clauses shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person."

### **Clause 55 – Suspension of the Registration of Transfer**

"The Company may require the Depository to suspend the registration of transfers at such time and for such period as the Directors may from time to time determine, PROVIDED ALWAYS that such registration shall not be suspended for more than 30 days in any year or such number of days as may be prescribed by the Exchange. At least 10 Market Days or such number of days as may be prescribed by the Exchange, notice of such closure shall be given to the Exchange stating the period and the purpose or purposes of such closure and the address of the share registry at which documents will be accepted for registration shall be published in a nationally circulated Bahasa Malaysia or English daily newspaper and shall also be given to the Exchange. At least 3 Market Days prior notice shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors, provided that where the Record of Depositors is required in respect of corporate actions, at least 7 Market Days prior notice shall be given to the Depository."

## **16.4 POLICIES ON FOREIGN INVESTMENTS, TAXATION AND FOREIGN EXCHANGE CONTROLS**

The relevant governmental laws, decrees, regulations, legislations and/or other requirements in Indonesia in relation to the repatriation of capital and the remittance of profit by or to our Group are set out below.

### **(a) Exchange control**

Law No. 25 of 2007 on Investment, as amended by Law No. 6 of 2023 on Ratification of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as a Law ("**Investment Law**") only permits foreign direct investment in Indonesia by establishing an Indonesian limited liability company.

Under the Investment Law, our subsidiaries, namely PT MKH and PT SPS, may repatriate its investment to our Company in the form of:

- (i) capital;
- (ii) profits, bank interest, dividends, and other income;
- (iii) funds required to:
  - (aa) purchasing raw and auxiliary materials, half-finished goods or finished goods; or
  - (bb) replacing capital goods to protect the viability of the investment;
- (iv) additional funds required for investment financing i.e. funds for repayment of loans;
- (v) royalties or fees payable;
- (vi) income of individual foreign citizens working in the investment company;

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

- (vii) proceeds from the sales or liquidation of an investment;
- (viii) compensation for losses;
- (ix) compensation for acquisitions;
- (x) payments made in connection with technical assistance, fees payable for technical and management services, payments made under the project contract, and payment of intellectual property rights; and
- (xi) proceeds of sales of assets.

There are no foreign exchange controls in Indonesia save for the physical inflow or outflow of IDR into and out of the country where remittances flowing out of Indonesia require the provision of certain reports to Central Bank of Indonesia. Central Bank of Indonesia also requires that any export and offshore borrowing proceeds (in foreign currency) to be drawn down through domestic banks appointed by Central Bank of Indonesia licensed as a foreign exchange bank, and subsequently reported to Central Bank of Indonesia. For the purposes of repatriation or transfer of money by our subsidiaries to our Company, the IDR can be converted into any currency. Further, under the Indonesian Company Law, every change of company's capital shall be reported to the Ministry of Laws and Human Rights of Indonesia.

The laws of Indonesia specifically provide that these repatriation rights do not prejudice the government's rights to require reports on the implementation of repatriation activities and compliance with related taxation/royalties regulations. In addition, the repatriation rights do not prejudice the implementation of any law that gives protection to creditors' rights or laws to avoid losses to the government.

**(b) Dividend distribution**

A dividend distribution in Indonesia is specified in Law No. 40 of 2007 on Limited Liability Companies as amended by Law No. 6 of 2023 on Ratification of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as a Law. It is stated that the company should allocate 20% (twenty percent) of the company net profit in its each accounting year as a reserved fund, and the company is obliged to distribute all net earnings after deduction for the reserved fund to the shareholders as a dividend unless any other agreements are provided in the General Meeting of Shareholders.

The dividends amount that the shareholders received are in proportion of the shares that the shareholders hold. Also, a dividend can only be distributed to shareholders if the company has a positive bank balance. Dividends that have not been distributed will be placed in a separate reserve and the undistributed dividend amounts will be stated in General Meeting of Shareholders.

**(c) Withholding tax**

Dividend payments will be subject to a withholding tax according to the prevailing Double Tax Agreement between Indonesia and Malaysia. PT MKH and PT SPS have the obligation to withhold the tax of dividends distribution and pay to the tax authority. As at LPD, the applicable withholding tax rate is 10.0% on the premise that MKHOP is a listed entity.

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

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Premised on the above, our Company has the right to repatriate the capital and remit the profits from PT MKH and PT SPS where the repatriation and remittance shall be undertaken in accordance with the prevailing Indonesian laws and regulations, as follows:

- (i) the repatriation of capital shall be reported to the Central Bank of Indonesia and any change in the company's capital shall be reported to the Ministry of Laws and Human Rights as stated in (a) above;
- (ii) the amount for remittance of profits shall be in accordance with the laws of Indonesia specifying the dividend distribution as stated in (b) above; and
- (iii) after completion of our Listing, the applicable withholding tax rate is 10.0% on the premise that our Company is a listed entity as stated in (c) above.

**16.5 GENERAL INFORMATION**

- (a) Save for the remuneration paid as disclosed in Section 5.2.5, 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 paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have 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.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 17.
- (d) 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.

**16.6 CONSENTS**

- (a) The written consents of our Adviser, Managing Underwriter, Joint Underwriters, Joint Placement Agents, Solicitors, Share Registrar, Company Secretary 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;
- (b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined 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;
- (c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, 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; and

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

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- (d) The written consent of our Independent Valuer for the inclusion in this Prospectus of its name and the valuation certificates in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

**16.7 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:

- (a) Constitution of our Company;
- (b) Audited financial statements of:
  - (i) our Company for FYE 2020 to 2023; and
  - (ii) PT MKH and PT SPS for FYE 2020 to 2023;
- (c) Accountants' Report as set out in Section 13;
- (d) Reporting Accountants' Report relating to our pro forma combined statements of financial position as set out in Section 14;
- (e) IMR Report as set out in Section 8;
- (f) Material contracts as set out in Section 6.5;
- (g) Letters of consent as set out in Section 16.6; and
- (h) Valuation certificates as set out in Section 15 and the valuation reports.

**16.8 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges 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.

## **17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**

**THIS SUMMARY OF 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.

### **17.1 OPENING AND CLOSING OF APPLICATION PERIOD**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 29 March 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 16 April 2024

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

**Late Applications will not be accepted.**

### **17.2 METHODS OF APPLICATIONS**

#### **17.2.1 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.

<b>Types of Application and category of investors</b>	<b>Application Method</b>
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

#### **17.2.2 Placement**

<b>Types of Application</b>	<b>Application Method</b>
Applications by selected investors	The Joint Placement Agents will contact the selected investors directly. They should follow the Joint Placement Agents' instructions

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

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

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**17.3 ELIGIBILITY****17.3.1 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 Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our 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 Application.

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.**

**17.3.2 Application by Malaysian Public**

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

- (a) You must be one of the following:
  - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (ii) 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
  - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) 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
- (c) You must submit Applications by using only one of the following methods:
  - (i) White Application Form;
  - (ii) Electronic Share Application; or
  - (iii) Internet Share Application.



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

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### **17.4 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 RM0.62 for each IPO Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. 752**" 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:

- (a) 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

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at 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 16 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.

### **17.5 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.

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

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### **17.6 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.

### **17.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

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

- (a) reject Applications which:
  - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (ii) are illegible, incomplete or inaccurate; or
  - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) 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 17.9 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 any time 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.

### **17.8 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.

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

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 <https://tiih.online> within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 1,000 public shareholders, each holding not less than 100 Shares upon our admission to the Main Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the Main Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our IPO Shares by the Malaysian Public, subject to the underwriting arrangements and reallocation as set out in Section 4.3.2, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Underwriting Agreement.

### **17.9 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.

#### **17.9.1 For applications by way of Application Forms**

- (a) 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.
- (b) 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 National Registration Identity Card 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.
- (c) 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 (a) and (b) above (as the case may be).

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

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- (d) 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 ordinary/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 (b) above (as the case may be).

**17.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (a) 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.
- (b) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (c) 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 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.

**17.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) 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.
- (c) In accordance with Section 14(1) of the Central Depositories Act, 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 Central Depositories Act and Depository Rules.

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

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- (d) In accordance with Section 29 of the Central Depositories Act, 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.

**17.11 ENQUIRIES**

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

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services at telephone no. +603-2783 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>, **one 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.

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