



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

Malaysian Investment Reporting Standard 2030 (MIRS 2030)

Reporting Accountants' Report on the Statement of Capitalisation and Indebtedness included in an Investment Circular

MALAYSIAN INVESTMENT REPORTING STANDARD 2030

(“MIRS 2030”)

REPORTING ACCOUNTANTS’ REPORT ON THE STATEMENT OF CAPITALISATION AND INDEBTEDNESS INCLUDED IN AN INVESTMENT CIRCULAR

Foreword

The Council of the Malaysian Institute of Accountants has approved Malaysian Investment Reporting Standard 2030: Reporting Accountants’ Report on the Statement of Capitalisation and Indebtedness (“MIRS 2030”) for issuance to members for guidance.

This MIRS is issued to provide guidance on the responsibilities of the reporting accountants when engaged to report on the Statement of Capitalisation and Indebtedness included in an investment circular issued in connection with an offer or invitation to a third party to subscribe for or purchase any securities of a corporation, a business trust or a real estate investment trust, including any excluded offer or excluded invitation as defined under the Capital Markets and Services Act 2007.

This standard is developed by the Malaysian Institute of Accountants.

Reporting accountants are required to comply with this MIRS 2030 for reports signed after 31 January 2022. Earlier adoption is encouraged.

Series	Date Approved by the MIA Council	Effective Date
1 st Issuance	28 December 2021	31 January 2022

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Definitions

The definitions used in this MIRS are as follows:

- Applicant : Any corporation or other legal person of whose equity or debt securities are the subject of an application for listing or some of whose equity or debt securities are already listed.
- By-Laws : By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.
- Due Diligence Working Group (“DDWG”) : The DDWG comprises, at the minimum, the Principal Adviser, senior representatives of the applicant (including at least one director of the applicant or such other person authorised by its board of directors) and such advisers or experts as are appropriate in the relevant corporate proposal.
- The DDWG is constituted to assist the applicant to meet the applicable legal requirements on the disclosure of information in the offering documents for the relevant corporate proposal and to ensure that none of the statements and information submitted, or caused to be submitted to the SC, is false or misleading or contains any material omission.
- Equity Guidelines : Equity Guidelines as issued by the SC on 23 December 2020 SC-GL/EG-2009 (R4-2020) or its successor guidelines as stipulated under paragraph 1.4.
- Investment Circular : A document issued by an entity relating to securities and for the information or investment decision of the holders of the entity’s securities or other parties such as potential investors, including without limitation, to a listing document, a prospectus, a circular to shareholders or similar document which are regulated under the CMSA and the succeeding legislation.
- Listing Requirements : Rules governing the listing of securities on Bursa Malaysia.
- Prospectus : Any prospectus, notice, circular, brochure, advertisement, or other document offering any shares or debentures of a company to the public for subscription or purchase for cash or other consideration; or circular to invite offers by the public to subscribe for or purchase for cash or other consideration any shares or debentures of a company which is regulated under the CMSA 2007.
- Prospectus Guidelines : Prospectus Guidelines as issued by the SC on 23 December 2020 SC-GL/PG-2012 (R9-2020) or its successor guidelines as stipulated under paragraph 1.4.
- Reporting Accountants : A firm of public accountants that is a registered auditor with the SC’s Audit Oversight Board and whose registration has not been suspended.

Abbreviations

List of abbreviations used in this Standard are as follows:

Bursa Malaysia	Bursa Malaysia Securities Berhad
CMAC	Capital Market Advisory Committee of the Malaysian Institute of Accountants
CMSA	Capital Markets and Services Act 2007
ISA	International Standards on Auditing
ISQC	International Standard on Quality Control
MIA	Malaysian Institute of Accountants
MIRS	Malaysian Investment Reporting Standard
SC	Securities Commission Malaysia

1.0 Preamble

- 1.1 The Council of MIA has approved this MIRS for issuance to members for adoption upon the recommendation of CMAC.
- 1.2 As stated in Paragraph R113.1(b) MY of Part A of the MIA By-Laws, a MIRS approved and issued by the Council is considered as one of the applicable technical and professional standards to which members are expected to adhere. A breach of the MIA By-Laws will prima facie give rise to a complaint of unprofessional conduct against the member concerned. As such, members who fail to observe proper standards of ethics and professional conduct as set out in these By-Laws may be required to answer a complaint before the Investigation and the Disciplinary Committees of MIA pursuant to the Malaysian Institute of Accountants (Disciplinary) Rules 2002 [P.U.(A) 229/2002].
- 1.3 This MIRS was predicated on the following regulatory requirements:
- Equity Guidelines as issued by Securities Commission on 23 December 2020 (SC-GL/EG-2009[R4-2020]),
 - Prospectus Guidelines as issued by Securities Commission on 23 December 2020 (SC-GL/PG-2012[R9-2020]), and
 - Listing Requirements for Main Market and ACE Market as issued by Bursa Malaysia as at 1 March 2021.
- 1.4 If the above regulatory requirements are subsequently revised, updated or amended, the revised, updated or amended regulations or guidelines, as the case may be, would be deemed to be applicable. However, this MIRS will continue to be effective until such time that this MIRS is revised by the Council of MIA.
- 1.5 This MIRS is issued as part of MIA's initiatives aimed at achieving the highest standards in reporting. It should be read in conjunction with the respective laws and regulations applicable to capital markets in Malaysia.

2.0 Relevant Regulations and Interpretation of Terms

- 2.1. Paragraph 11.05 of Appendix 2A of the Equity Guidelines and paragraph 9.09 of Chapter 9, Part II Division I: Equity and paragraph 8.03 of Chapter 8, Division II: Corporate Bonds and Sukuk of the Prospectus Guidelines require an applicant to include in the prospectus or the applicable investment circular, a Statement of Capitalisation and Indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as of a date no earlier than sixty (60) days prior to the date of the prospectus. The paragraphs further state that indebtedness also includes indirect and contingent liabilities.
- 2.2. Paragraph 5.18 of Division V: Abridged Prospectus of the Prospectus Guidelines requires:
- (a) A statement of total borrowings as at a date no earlier than 60 days prior to the date of the abridged prospectus, classified into long term and short term, interest-bearing and non-interest-bearing. Details as to whether there has been any default on payments of either interest or principal sums for any borrowing throughout the past one financial year, and the subsequent financial period are to be disclosed. All foreign borrowings should be separately identified with the corresponding foreign currencies amount; and
 - (b) A statement of contingent liability as at a date no earlier than 60 days prior to the date of the abridged prospectus.

- 2.3. In order to meet the requirements as stipulated above, the applicant prepares the Statement of Capitalisation and Indebtedness on a consolidated or combined basis, as applicable, as at the most recent practicable date based on the requirements in the relevant regulations. This MIRS sets out the matters to be considered by the applicant in preparing and the reporting accountants in reporting on the Statement of Capitalisation and Indebtedness.
- 2.4. For the purpose of this MIRS, the term ‘capitalisation’ refers to, at the minimum, the total amount of issued and paid-up share capital comprising ordinary shares of the applicant and other classes of share capital issued by the applicant (e.g., preference shares classified as equity instrument in accordance with *Malaysian Financial Reporting Standard* (“MFRS”) 132 *Financial Instruments: Presentation* (“MFRS 132”)).
- 2.5. For the purpose of this MIRS, the term ‘indebtedness’ refers to financial liabilities arising from financing activities of the applicant on a consolidated or combined basis, as applicable, such as bonds, medium-term notes, borrowings, hire purchase liabilities, lease liabilities and loans from shareholders or related parties. Indebtedness also includes financial guarantee contracts as defined in *MFRS 9 Financial Instruments* (“MFRS 9”), contingent liabilities and corporate guarantees (which are not financial guarantee contracts). For clarity, indebtedness does not include trade and other creditors such as accruals, deferred revenue, taxes, etc. which are part of the applicant’s working capital.
- 2.6. An applicant may issue financial instruments such as preference shares which are classified as both liability and equity in the financial statements in accordance with MFRS 132. For the purpose of this MIRS, the equity component is categorised as part of capitalisation and the liability component is categorised as part of indebtedness respectively.
- 2.7. The applicant should consider the requirements of the relevant regulation in determining the nature and extent of the information presented in the Statement of Capitalisation and Indebtedness for inclusion in the investment circular. Typically, the following information are included in the investment circulars at the most recent practicable date (which must be stated), on a consolidated or combined basis if material (as determined by the DDWG):
- (a) the total amount of ordinary shares issued by the applicant;
 - (b) the total amount of any debt instruments of the applicant and its subsidiaries (the “Group”) issued and outstanding, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the applicant or by third parties) and unsecured, or an appropriate negative statement;
 - (c) the total amount of all other indebtedness in the nature of borrowings of the Group including bank overdrafts and bankers’ acceptances, hire purchase liabilities and lease liabilities, loans from shareholders or related parties, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings, or an appropriate negative statement; and
 - (d) the maximum amount that could be called upon in any financial guarantee contracts as well as the total nominal amount or the amount of contingent liabilities or corporate guarantees or similar items which are recorded off-balance sheet by the applicant as disclosed in the notes to the applicant’s consolidated or combined financial statements, or an appropriate negative statement if otherwise. Intra-group liabilities should be disregarded with a statement to that effect being made where necessary.

3.0 Applicability

- 3.1 This MIRS is issued to provide guidance on the responsibilities of the reporting accountants when engaged to report on the Statement of Capitalisation and Indebtedness included in an investment circular issued in connection with an offer or invitation to a third party to subscribe for or purchase any securities of a corporation, a business trust or a real estate investment trust, including any excluded offer or excluded invitation as defined under the CMSA.

4.0 Preparation of the Statement of Capitalisation and Indebtedness

- 4.1 The board of directors of the applicant (the "Directors") are solely responsible for the Statement of Capitalisation and Indebtedness prepared for inclusion in the investment circular.
- 4.2 In addition, the Directors and management of the applicant are also required to prepare schedules providing details of the capitalisation and indebtedness as disclosed in the Statement of Capitalisation and Indebtedness. Information in the schedules should, in turn, agree to the Statement of Capitalisation and Indebtedness included in the investment circular.

5.0 Reporting on the Statement of Capitalisation and Indebtedness

- 5.1 When issuing a report on the Statement of Capitalisation and Indebtedness, the reporting accountants perform a range of agreed-upon procedures on the schedule of capitalisation and indebtedness as agreed with the applicant. In such an engagement, the reporting accountants should follow the principles in *International Standard on Related Services ("ISRS") 4400 (Revised) Agreed-Upon Procedures Engagements ("ISRS 4400 (Revised)")* and the guidance in this MIRS.
- 5.2 An agreed-upon procedures engagement is not an audit, review or other assurance engagement. Accordingly, the reporting accountants do not obtain evidence for the purpose of expressing an opinion or an assurance conclusion in any form.
- 5.3 Procedures performed by the reporting accountants on the applicant's Statement of Capitalisation and Indebtedness, as a minimum, typically may include:
- (a) obtaining the schedules of capitalisation and indebtedness prepared by the Directors including a complete list of banks and other lenders of the Group;
 - (b) agreeing the amounts on the schedules of capitalisation and indebtedness to the applicant's accounting records and to the amounts shown on the Statement of Capitalisation and Indebtedness;
 - (c) obtaining bank reconciliations;
 - (d) checking that bank overdraft figures are included in the schedule of indebtedness;
 - (e) in respect of debt instruments, obtaining the schedules prepared by the applicant to reconcile the principal amounts of debt instruments to the amounts shown in the applicant's accounting records and checking the principal amounts to underlying agreements (or obtaining direct confirmations from appropriate third parties such as the trustee to confirm the principal amounts where possible);

- (f) obtaining direct confirmation from banks and other lenders or finance providers regarding the amounts of term loans and other indebtedness in the nature of borrowing outstanding at the relevant date and whether the amounts are secured or where the amounts shown on the confirmations are different from the amounts shown in the applicant's accounting records, tracing the amounts to the reconciliations prepared by the applicant. If such confirmation has not been received, setting out the alternative evidence in the form of agreed-upon procedures to agree the amount to supporting evidence;
 - (g) in respect of financial guarantee contracts, obtaining direct confirmations from banks and other finance providers on the maximum amounts that could be called upon in the financial guarantee contracts;
 - (h) in respect of lease liabilities, checking the amounts to calculation schedules prepared by the applicant, the arithmetical accuracy of such calculation schedules and agreeing the key inputs (e.g. lease payments) used in the calculation to the underlying agreements
 - (i) obtaining written representations from the applicant's Directors regarding the completeness and accuracy of the amounts disclosed in the schedule of capitalisation and indebtedness.
- 5.4 The above procedures are not meant to be exhaustive. Accordingly, the procedures to be performed on the applicant's capitalisation and indebtedness amounts should be tailored depending on the specific facts and circumstances impacting the applicant. Hence, these procedures are subject to discussion and agreement between the reporting accountants and the applicant.
- 5.5 The reporting accountants are not required to report on the reconciling items included in the reconciliations prepared by the applicant in respect of its bank overdrafts or other indebtedness. However, the reporting accountants should seek explanations from the applicant's management on large and/or unusual reconciling items and consider whether anything has come to their attention to indicate that adjustments should be made to the schedule of indebtedness, taking into consideration whether the reconciling items have been recognised in the appropriate reporting period. For example, adjustments may arise on fair value accounting of certain financial instruments. The extent of such enquiries and other procedures will be a matter for the reporting accountants' judgement.
- 5.6 The identification and quantification of contingent liabilities or corporate guarantees are subject to the Directors' judgement. The reporting accountants can agree to report on contingent liabilities prepared by the Directors provided the amounts of contingent liabilities are subjected to the applicant's internal controls, policies and procedures of which the reporting accountants have prior knowledge of.
- 5.7 The reporting accountants' procedures on the amounts of contingent liabilities or corporate guarantees would typically include:
- (a) obtaining the schedule of contingent liabilities or corporate guarantees prepared by the Directors;
 - (b) agreeing amounts on the schedule to the applicant's records and to the amounts shown on the Statement of Capitalisation and Indebtedness;

- (c) reading board minutes of the applicant;
 - (d) obtaining direct confirmation from banks regarding the amounts of corporate guarantees provided as at the relevant date or if such confirmation has not been received, setting out the alternative evidence in support of the amount;
 - (e) in respect of litigation, obtaining confirmation from applicant's external legal counsel. However, the reporting accountants should also make clear that they do not comment on matters subject to legal interpretation and nor can they give any assurance on the eventual outcome of any litigation;
 - (f) comparing items and amounts disclosed in the schedule to items and amounts disclosed in the applicant's most recent published financial statements; and
 - (g) obtaining written representations from the applicant's Directors regarding the completeness and accuracy of the information disclosed in the schedule of capitalisation and indebtedness, as well as on other matters where the reporting accountants so require.
- 5.8 The reporting accountants' procedures on the applicant's capitalisation, as a minimum, typically may include:
- (a) obtaining the schedule of capitalisation prepared by the Directors;
 - (b) agreeing amounts in the schedule to the applicant's accounting records and to the amounts shown on the Statement of Capitalisation and Indebtedness;
 - (c) reading board minutes of the applicant; and
 - (d) agreeing to the applicant's register of members or obtaining direct confirmation from the applicant's company secretary.
- 5.9 Where the applicant expands capitalisation to cover total equity which includes the applicant's retained earnings, capital and other reserves, the reporting accountants can only undertake to perform the agreed-upon procedures on total equity only when an audit or review¹ has been performed by the reporting accountants over the applicant's consolidated or combined financial statements in order to derive comfort that these reserves which form part of total equity have been fairly stated in accordance with the relevant accounting standards. Where an audit or review has been performed, the reporting accountants can perform agreed-upon procedures on the reserves such as agreeing the amounts to the applicant's accounting records.
- 5.10 The investment circular not only includes the Statement of Capitalisation and Indebtedness but often may include management discussion and analysis. However, the reporting accountants are not in a position to comment on management's discussion and analysis of capitalisation, indebtedness and contingent liabilities as these primarily involves the exercise of management's judgment. For example, the possibility of obtaining a loan in the future or the outcome of litigation may not be within the reporting accountants' knowledge and expertise.

¹ Audit or review means an audit performed in accordance with the approved standards on auditing in Malaysia and International Standard on Auditing or a review performed in accordance with the applicable International Standard on Review Engagements

- 5.11 Where the reporting accountants identify any errors or discrepancies, they should discuss these with management. Where they believe it to be necessary, the reporting accountants should request management to amend the amounts disclosed in the investment circular. Where management does not make the amendments that the reporting accountants believe to be necessary, the reporting accountants should consider the need to draw attention to the errors or discrepancies in their report or whether to withhold issuing their report until the matters are addressed to their reasonable satisfaction.
- 5.12 Should the Principal Adviser wish to access the above-mentioned private report, this is only permitted if the Principal Adviser is a named party in the letter of engagement with the reporting accountants and with the concurrence of the applicant who is the other party to the letter of engagement. The private report is not to be attached to the verification notes for any DDWG as the DDWG members are not a named party to the letter of engagement with the reporting accountants.

6.0 Reporting Accountants' Report on the Statement of Capitalisation and Indebtedness

- 6.1 The report by the reporting accountants on the Statement of Capitalisation and Indebtedness is a report of findings in respect to the agreed-upon procedures performed, including appropriate details of errors and exceptions found, if any. The report should be addressed to the Directors of the applicant and should not be referred to in the investment circular as this is a private report.
- 6.2 The report by the reporting accountants shall include, at a minimum, the following basic elements:
- (a) a title that clearly indicates that the report is an agreed-upon procedures report on the Statement of Capitalisation and Indebtedness of the applicant;
 - (b) an addressee as set forth in the terms of engagement, for example, the applicant's Directors;
 - (c) specific reference to the Statement of Capitalisation and Indebtedness as well as the schedules prepared by the applicant's management to provide supporting evidence for which the agreed-upon procedures have been applied;
 - (d) identification of the purpose of which the agreed-upon procedures were performed and a statement that agreed-upon procedures may not be suitable for any other purpose;
 - (e) a description of an agreed-upon procedures engagement stating that:
 - i) an agreed-upon procedures engagement involves the reporting accountants performing procedures that have been agreed with the engaging party and reporting the findings;
 - ii) findings are factual results of the agreed-upon procedures performed; and
 - iii) the engagement party has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

- (f) a statement that the Directors of the applicant are solely responsible for the Statement of Capitalisation and Indebtedness as well as the supporting schedules which has been prepared by the management of the applicant;
- (g) a statement that the engagement was performed in accordance with ISRS 4400 (Revised) and this MIRS;
- (h) a statement that the reporting accountants makes no representation regarding the appropriateness of the agreed-upon procedures;
- (i) a statement that the agreed-upon procedures engagement is not an assurance engagement and accordingly, the reporting accountants do not express and opinion or assurance conclusion;
- (j) a statement that had the practitioner performed additional procedures, other matters might have come to the reporting accountant's attention that would have been reported;
- (k) a statement that the reporting accountants comply with the independence and other ethical requirements of the MIA By-Laws (on Professional Ethics, Conduct and Practice) and the International Ethics Standards Board for Accountants ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("the IESBA Code"), or other professional requirements, or other requirements imposed by law or regulation, that are at least as demanding;
- (l) a statement that the reporting accountants apply ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1;
- (m) a listing of the specific procedures performed, detailing the nature, extent and timing of each procedure performed;
- (n) a description of the reporting accountants' findings including sufficient details of errors and exceptions found, if any;
- (o) a statement that the report is restricted to those parties that have agreed to the procedures to be performed;
- (p) the reporting accountants' firm's signature;
- (q) the date of the report; and
- (r) the location in the jurisdiction where the reporting accountants practise.

6.3 An example report on the Statement of Capitalisation and Indebtedness is set out in Appendix I to this MIRS.

APPENDIX I

Example Report on the Statement of Capitalisation and Indebtedness

The following example report is provided for illustrative purposes only. This report has been prepared in connection with a company's listing on the Main Market of Bursa Malaysia. It is intended to be used only as a guide to the possible form and content of a report that reporting accountants may wish to provide and is not intended to suggest standard wording to be used in any particular set of circumstances. The contents of the report will vary according to the procedures agreed between reporting accountants, the applicant and if applicable, the Principal Adviser.

(Letterhead of reporting accountants)

[The Directors of the applicant]

[Other Addressees]

Date

[XYZ Berhad] ("the Company") Agreed-Upon Procedures Report on the Company's Consolidated Statement of Capitalisation and Indebtedness

Purpose of the Report

1. This report is written to you pursuant to the terms agreed between us in our engagement letter dated [date]. For the purpose of this letter, we have carried out the procedures agreed with you as set out below with regard to the attached Statement of Capitalisation and Indebtedness of [XYZ Berhad] ("the Company") and its subsidiaries (collectively referred to as "the Group") as at [latest practicable date]^a ("the Statement") prepared by the board of directors of the Company (the "Directors") for inclusion in the investment circular dated [date] ("Investment Circular") in connection with the Company's proposed listing on the Main Market of Bursa Malaysia Securities Berhad ("the Listing")^h and may not be suitable for any other purpose.
2. The Statement is supported by a schedule of capitalisation, indebtedness and contingent liabilities ("Schedule") prepared by the Directors of the Company from the Group's accounting records.

Responsibilities of the Directors of the Company^b

3. The Directors of the Company^b have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.
4. The Directors of the Company are responsible for the Statement and the Schedule. Copies of the Statement and Schedule are attached hereto and stamped by us for the purpose of identification only.

Our Responsibilities

5. We have conducted the agreed-upon procedures engagement in accordance with the approved standard for related services in Malaysia, International Standard on Related Services 4400 (Revised) *Agreed-Upon Procedures Engagements* ("ISRS 4400 (Revised)")

and the Malaysian Investment Reporting Standard 2030 “Reporting Accountants’ Report on the Statement of Capitalisation and Indebtedness included in an Investment Circular” (“MIRS 2030”) issued by the Malaysian Institute of Accountants (“MIA”). An agreed-upon procedures engagement involves our performing of the procedures that have been agreed with the Directors of the Company^b and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

6 This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

7 Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional ethics and quality control

8 We have complied with the independence and other ethical requirements of the By-Laws (On Professional Ethics, Conduct and Practice) issued by the MIA and the International Ethics Standards Board for Accountants (“IESBA”) International Code of Ethics for Professional Accountants (including International Independence Standards) (“the IESBA Code”).

9 Our Firm applies the International Standard on Quality Control 1 (“ISQC 1”) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

10 We have performed the following agreed-upon procedures on the Statement and the Schedule as agreed with the Directors of the Company^b:

i) Bank loans and overdrafts, debt instruments and other borrowings

[a. We have compared the amounts shown on the Statement with the relevant amounts included in the Schedule and found them to be in agreement [or state the differences, if any].]

[b. We have compared the amounts of bank loans and overdrafts, debt instruments and other borrowings shown on the Schedule to the unaudited [management accounts/accounting records] of the [Company/Group] as at [latest practicable date]^a and found them to be in agreement [or state the differences, if any].]

[c. We have enquired of the Directors of the Company as to whether reconciliations have been prepared where amounts in the Schedule are different to the amounts in the relevant bank statements at the relevant date. Management has confirmed that these reconciliations have been appropriately performed and reviewed.]^c

[d. We have requested confirmations from the banks, [the relevant trustee]^d and other providers of finance listed on the Schedule, confirming the balances with them at [latest practicable date]. We have compared the amounts shown on the confirmations with the relevant amounts included in the Schedule and found the amounts to be in agreement or where the amounts confirmed were different to the amounts in the [Company/Group]’s Schedule, we traced them to reconciliations prepared by the [Company/Group] and found

them to be in agreement. We have indicated on the Schedule those balances which have been directly confirmed to us. [We have not received confirmations in respect of balances which account for [x]% of the amount included on the Schedule and have compared these balances to alternative sources of evidence as indicated on the Schedule (e.g. bank statements where available).]

[e. We have compared the amounts of debt instruments shown in the Schedule to calculation schedules prepared by management to reconcile the principal amounts of debt instruments to the amounts shown in the [Company/Group]'s [management accounts/accounting records] and found them to be in agreement. We have also compared the principal amounts shown in these schedules to copies of agreements made available to us by the [Company/Group] and found the amounts noted to be in agreement.]

ii) Lease liabilities ^{e, f}

[a. We have compared the amounts shown on the Statement with the relevant amounts included in the Schedule and found them to be in agreement [or state the differences, if any].]

[b. We have compared the amounts shown in the Schedule to the unaudited [management accounts/accounting records] of the [Company/Group] as at [latest practicable date]^a and found them to be in agreement [or state the differences, if any].]

[c. We have compared the amounts of lease liabilities shown in the Schedule to lease liabilities calculation schedules prepared by management and found them to be in agreement. We have compared the lease payments used in the lease liabilities calculation schedules to relevant copies of lease agreements or other supporting documents made available to us by the [Company/Group] and found them to be in agreement.]

[d. We have checked the arithmetical accuracy of the lease liabilities calculation schedules and found them to be arithmetically accurate.]

iii) Financial guarantee contracts

[a. We have compared the maximum amounts to be called upon in the financial guarantee contracts as shown on the Statement with the relevant amounts included in the Schedule and found them to be in agreement [or state the differences, if any].]

[b. We have compared the maximum amounts to be called upon in the financial guarantee contracts as shown on the Schedule with the underlying contracts/agreements and found them to be in agreement [or state the differences, if any]].]

[c. We have requested confirmations from the banks listed on the Schedule confirming the maximum amounts to be called upon in the financial guarantee contracts at that date. We have compared the amounts shown on the confirmations with the relevant amounts included in the Schedule and found the amounts to be in agreement. We have indicated on the Schedule those amounts which have been directly confirmed to us. [We have not received confirmations in respect of amounts of financial guarantees which account for [x]% of the amount included on the Schedule and have compared these amounts to alternative sources of evidence as indicated on the Schedule (e.g. bank letters where available)].]

iv) Contingent liabilities or corporate guarantees^d

[a. We have compared the amounts shown on the Statement with the relevant amounts included in the Schedule and found them to be in agreement [or state the differences, if any];]

[b. We have inquired and obtained representation from the Directors of the Company, that the amounts included in the Schedule are the contingent liabilities that would at [latest practicable date] be expected to be disclosed pursuant to [Malaysian Financial Reporting Standard ("MFRS")] 137 "*Provisions, Contingent Liabilities and Contingent Assets*" ("MFRS 137") in any published financial statements of the [Company/Group] were they to be prepared at that date;]

[c. We have read the minutes of meetings of the Directors of the Company held since [date of most recent audited financial statements] as set out in the minutes book at [date of most recent practicable date] (excluding the papers provided to the board for those meetings), which the Directors have advised us are complete/(except for the following minutes of meetings which were not available to us: Directors' meeting dated [])

We were advised that the above minutes will only be available upon approval by the Directors of the [Company] at the next meeting to be held on [];] and

[d. We have inquired the management with responsibility for financial and accounting matters as to whether they are aware of any other contingent liabilities which, in their view would be expected to be disclosed pursuant to MFRS 137 in any published financial statements of the [Company/Group] were they to be prepared at the [latest practicable date]^a.

Based on our reading of the minutes set out in 10(iv)(c) and representation from management in 10(iv)(d), we noted that [there were no other contingent liabilities which will need to be disclosed/except for the following...]

[e. We have obtained written confirmation from the [Company/Group]'s external legal counsel and compared the litigation cases on the confirmation to the list of contingent liabilities on the Statement and found them to be in agreement. [or state the differences, if any]; However, we do not comment on matters subject to legal interpretation and nor do we give any assurance on the eventual outcome of any litigation case disclosed as contingent liability on the Statement.]

[f. We have indicated on the Schedule the sources of evidence in support of the amounts disclosed by the [Company/Group].]

[Or, where there are no contingent liabilities being disclosed on the Statement,

"We have obtained representations from the Directors of the Company that there are no contingent liabilities, which, in the view of the Directors of the Company, would as at [latest practicable date]^a be expected to be disclosed pursuant to MFRS 137 in any published financial statements of the [Company/Group] were they to be prepared at that date;"]

v) Share capital

[a. We have compared the amount of share capital issued shown on the Statement with the relevant amounts included in the Schedule and found it to be in agreement [or state the differences, if any]].

[b. We have compared the amount shown on the Schedule to the unaudited [management accounts/accounting records] of the Company as at [latest practicable date]^a and found it to be in agreement [or state the differences, if any].]

[c. We have compared the share capital issued to copies of the statutory registers made available to us by the [Company/Group] and found the amounts to be in agreement.]

- 11 We have placed reliance on representations from the Directors of the Company as to the completeness of the amounts shown in the Statement and Schedule.

The findings resulting from the agreed-upon procedures performed in paragraphs 10(i) to (v) above, marked and identified to the relevant pages of the investment circular, are appended to this report as Appendices I and II.

Restriction on Use and Distribution

- 12 This report is addressed to the Directors of the Company in accordance with the scope of work as set out in our engagement letter in connection with the Listing^g and should not be used or relied upon for any other purposes. Our report is not to be disseminated to any third party in whole or in part. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

[Signature in the name of the reporting accountants' firm]

[Name of the reporting accountants' firm and number e.g.AF: XXXX]

Chartered Accountants

[Location of the reporting accountants' firm]

Note:

- a. *Latest practicable date is normally no more than sixty (60) days prior to the issuance of the Prospectus or investment circular.*
- b. *Engaging party.*
- c. *Management's confirmation could be obtained in the form of management representation.*
- d. *May be applicable in the case of debentures.*
- e. *To be included where applicable.*
- f. *These are sample procedures for lease liabilities. Reporting accountants should discuss and agree with the applicant on the extent of scope and specific procedures to be performed, in particular when a large quantity of lease contracts are involved.*
- g. *Or state other purposes where appropriate.*