



**LMS Compliance Ltd.**

**Company Registration No.: 202225544C**

**(Incorporated in the Republic of Singapore)**

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

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<b>TABLE OF CONTENTS</b>	<b>Page</b>
Condensed Interim Consolidated Statement of Comprehensive Income	1
Condensed Interim Statements of Financial Position	2
Condensed Interim Statements of Changes in Equity	3
Condensed Interim Consolidated Statement of Cash Flows	5
Notes to the Condensed Interim Consolidated Financial Statements	7
Other information required by Appendix 7C of the Catalist Rules	17

**LMS Compliance Ltd.**

Company Registration No.: 202225544C  
(Incorporated in the Republic of Singapore)



**Condensed Interim Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2024**

	Note	Group		Increase/ (Decrease)
		6 months ended 30.06.24 RM'000	30.06.23 RM'000	
Revenue	4	12,239	9,920	23.4%
<b>Other item of income</b>				
Interest income		153	42	>100.0%
Other income	5	207	750	-72.4%
<b>Items of expense</b>				
Materials, consumables and subcontractor costs		(1,243)	(764)	62.7%
Depreciation expenses	6	(603)	(556)	8.5%
Reversal/ (Provision) of loss allowance on receivables, net		172	(118)	N.M. *
Employee benefits expense		(4,723)	(3,760)	25.6%
Other expenses		(2,088)	(1,718)	21.5%
Finance costs	7	(95)	(89)	6.7%
Share of result of associate		(9)	-	N.M. *
<b>Profit before income tax</b>	8	<u>4,010</u>	<u>3,707</u>	8.2%
Income tax expense	9	<u>(1,269)</u>	<u>(1,063)</u>	19.4%
<b>Profit for the financial period</b>		<u><u>2,741</u></u>	<u><u>2,644</u></u>	3.7%
<b>Other comprehensive income:</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
- Exchange differences on translating foreign operation		<u>9</u>	<u>2</u>	
<b>Total comprehensive income for the financial period</b>		<u><u>2,750</u></u>	<u><u>2,646</u></u>	
Profit attributable to owners of the Company		<u><u>2,741</u></u>	<u><u>2,644</u></u>	
Total comprehensive income attributable to owners of the Company		<u><u>2,750</u></u>	<u><u>2,646</u></u>	
Earnings per Share				
- Basic and diluted (RM cents)	10	<u><u>3.13</u></u>	<u><u>3.02</u></u>	

\* "N.M." denotes not meaningful.



**Condensed Interim Statements of Financial Position**  
As at 30 June 2024

	Note	Group		Company	
		As at 30.06.24 RM'000	As at 31.12.23 RM'000	As at 30.06.24 RM'000	As at 31.12.23 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	9,488	7,580	-	-
Right-of-use assets		1,648	1,429	-	-
Investment in subsidiaries	12	-	-	160	160
Investment in associate	13	533	-	-	-
<b>Total non-current assets</b>		<b>11,669</b>	<b>9,009</b>	<b>160</b>	<b>160</b>
<b>Current assets</b>					
Trade and other receivables	14	4,125	3,206	594	6,660
Prepayments		341	437	145	130
Contract assets		149	116	5	5
Financial assets at fair value through profit or loss ("FVTPL")	15	7,598	7,083	3,526	-
Cash and cash equivalents		12,340	17,231	8,939	14,105
<b>Total current assets</b>		<b>24,553</b>	<b>28,073</b>	<b>13,209</b>	<b>20,900</b>
<b>Total assets</b>		<b>36,222</b>	<b>37,082</b>	<b>13,369</b>	<b>21,060</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	16	11,292	11,292	11,292	11,292
Reserves		2,179	2,170	-	-
Retained earnings/(Accumulated losses)		16,418	17,719	(293)	5,081
<b>Total equity</b>		<b>29,889</b>	<b>31,181</b>	<b>10,999</b>	<b>16,373</b>
<b>Non-current liabilities</b>					
Other payables	17	163	186	-	-
Bank borrowings	18	924	970	-	-
Lease liabilities		1,573	1,397	-	-
Deferred tax liabilities		473	406	-	-
<b>Total non-current liabilities</b>		<b>3,133</b>	<b>2,959</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	17	1,917	2,074	2,127	4,609
Bank borrowings	18	91	89	-	-
Lease liabilities		278	246	-	-
Contract liabilities		455	350	188	23
Income tax payable		459	183	55	55
<b>Total current liabilities</b>		<b>3,200</b>	<b>2,942</b>	<b>2,370</b>	<b>4,687</b>
<b>Total liabilities</b>		<b>6,333</b>	<b>5,901</b>	<b>2,370</b>	<b>4,687</b>
<b>Total equity and liabilities</b>		<b>36,222</b>	<b>37,082</b>	<b>13,369</b>	<b>21,060</b>



**Condensed Interim Statements of Changes in Equity**  
**For the financial period ended 30 June 2024**

**Group**

	Share capital RM'000	Foreign currency translation reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2024	11,292	(10)	2,180	17,719	31,181
Profit for the financial period	-	-	-	2,741	2,741
<b>Other comprehensive income:</b> <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising from translation of foreign operations	-	9	-	-	9
<b>Total comprehensive income for the financial period</b>	-	9	-	2,741	2,750
<b>Distribution to owners</b> Dividend paid	-	-	-	(4,042)	(4,042)
<b>Total transaction with owners</b>	-	-	-	(4,042)	(4,042)
<b>Balance as at 30 June 2024</b>	<b>11,292</b>	<b>(1)</b>	<b>2,180</b>	<b>16,418</b>	<b>29,889</b>
Balance as at 1 January 2023	11,292	(4)	2,180	12,689	26,157
Profit for the financial period	-	-	-	2,644	2,644
<b>Other comprehensive income:</b> <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising from translation of foreign operations	-	2	-	-	2
<b>Total comprehensive income for the financial period</b>	-	2	-	2,644	2,646
<b>Balance as at 30 June 2023</b>	<b>11,292</b>	<b>(2)</b>	<b>2,180</b>	<b>15,333</b>	<b>28,803</b>



**Condensed Interim Statements of Changes in Equity (Continued)**  
**For the financial period ended 30 June 2024**

**Company**

	Share capital RM'000	Retained earnings/ Accumulated losses RM'000	Total equity RM'000
Balance as at 1 January 2024	11,292	5,081	16,373
Loss for the financial period	-	(1,332)	(1,332)
<b>Total comprehensive income for the financial period</b>	-	(1,332)	(1,332)
<b>Distribution to owners</b>			
Dividend paid	-	(4,042)	(4,042)
<b>Total transaction with owners</b>	-	(4,042)	(4,042)
<b>Balance as at 30 June 2024</b>	<b>11,292</b>	<b>(293)</b>	<b>10,999</b>
Balance as at 1 January 2023	11,292	500	11,792
Loss for the financial period	-	(216)	(216)
<b>Total comprehensive income for the financial period</b>	-	(216)	(216)
<b>Balance as at 30 June 2023</b>	<b>11,292</b>	<b>284</b>	<b>11,576</b>

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**Condensed Interim Consolidated Statement of Cash Flows**  
**For the financial period ended 30 June 2024**

	Group	
	6 months ended	
	30.06.24	30.06.23
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before income tax	4,010	3,707
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	445	424
Depreciation of right-of-use assets	158	132
Fair value gain on financial assets at FVTPL	(13)	(80)
Gain on disposal of property, plant and equipment	(122)	-
Gain on disposal of right-of-use assets	(5)	-
Interest expense	95	89
Interest income	(153)	(42)
Loss/(Gain) on foreign exchange differences, net	63	(631)
Property, plant and equipment written off	-	4
(Reversal)/Provision of loss allowance on receivables, net	(172)	118
Share of result of associate	9	-
Operating profit before changes in working capital	<u>4,315</u>	<u>3,721</u>
Changes in working capital		
Trade and other receivables	(739)	(336)
Contract assets	(33)	163
Prepayment	96	(69)
Trade and other payables	(179)	(165)
Contract liabilities	105	(59)
Cash generated from operations	<u>3,565</u>	<u>3,255</u>
Income tax paid, net	(926)	(711)
Net cash from operating activities	<u>2,639</u>	<u>2,544</u>
<b>Cash flows from investing activities</b>		
Interest income	32	1
Investment in an associate	(542)	-
Proceeds from disposal of property, plant and equipment	122	-
Purchase of property, plant and equipment	(2,353)	(377)
Placement of financial assets at FVTPL	(3,479)	(2,449)
Redemption of financial assets at FVTPL	3,098	200
Net cash used in investing activities	<u>(3,122)</u>	<u>(2,625)</u>



**Condensed Consolidated Statement of Cash Flows (Continued)**  
**For the financial period ended 30 June 2024**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(4,042)	-
Repayment of principal portion of bank borrowings	(44)	(42)
Repayment of interest portion of bank borrowings	(22)	(22)
Repayment of principal portion of lease liabilities	(164)	(116)
Repayment of interest portion of lease liabilities	(73)	(67)
Net cash used in financing activities	<u>(4,345)</u>	<u>(247)</u>
Net changes in cash and cash equivalents	(4,828)	(328)
Cash and cash equivalents at beginning of financial period	17,231	12,313
Effects of currency transaction on cash and cash equivalents	(63)	631
Cash and cash equivalents at end of financial period	<u><u>12,340</u></u>	<u><u>12,616</u></u>





## Notes to the Condensed Interim Consolidated Financial Statements

### 1. Corporate Information

LMS Compliance Ltd. (the "Company", and together with its subsidiaries, the "Group") is a public limited liability company, incorporated and domiciled in Singapore with its registered office at 138 Robinson Road #26-03 Singapore 068906 and principal place of business at No. 16, Lengkok Kikik Satu, Taman Inderawasih, 13600 Perai, Pulau Pinang. The Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 December 2022.

The principal activity of the Company is that of investment holding and development of software and application pertaining to conformity assessment technology.

The Group is principally engaged in the provision of laboratory testing and assessment services, provision of certification services, trading of scientific instruments, chemicals, media and laboratory solutions, and the promotion and marketing of the Group's software and online applications.

These condensed interim consolidated financial statements as at and for the six months financial period ended 30 June 2024 comprise the Company and its subsidiaries.

### 2. Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and financial performance of the Group since the last annual audited consolidated financial statements for the financial year ended 31 December 2023.

The accounting policies and methods of computation adopted are consistent with those adopted by the Company in the Group's most recently audited consolidated financial statements for the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of the new and amended standards as set out in Note 2.1 below.

The condensed interim consolidated financial statements are presented in Malaysia Ringgit ("RM"), which is the Company's functional currency and presentation currency. All values in the tables are rounded to the nearest thousand (RM'000), except when otherwise indicated.

#### 2.1) New and amended standards adopted by the Group

A number of amendments to the standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.



## **Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

### **2. Basis of Preparation (Continued)**

#### **2.2) Use of judgements and estimates**

In preparing the condensed interim consolidated financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those that applies to the condensed interim consolidated financial statements as at and for the financial year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next interim period included the following:

##### **1) Loss allowance for trade and other receivables and contract assets**

There were no critical judgements in applying accounting policies that expect to have a significant risk resulting in a material adjustment within the next reporting period.

### **3. Seasonal operations**

The Group's business are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

#### **4.1) Business segment**

The Group has four primary business segments, which are testing and assessment segment, trading segment, certification services segment and provision of conformity assessment technology segment.

1. Testing and assessment business segment provides product safety testing and industry compliance assessment.

2. Trading business segment provides supplies in all kinds of scientific products, salts, medical and chemical preparation.

3. Certification services business segment provides ISO application, ISO certification, ISO conformity assessment, ISO education and provide training and management consultancy activities.



**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**4. Segment and revenue information (Continued)**

**4.1) Business segment (Continued)**

4. Provision of conformity assessment technology business segment provides database hosting for the Group's cloud-based applications.

The management does not monitor the operating results of the segment separately as the contribution from trading, certification, and provision of conformity assessment technology segments to the Group are less than 5.0% respectively. Accordingly, the results of business segments are not presented separately.

**4.2) Geographical information**

During the six months ended 30 June 2024 ("1H FY2024") and six months ended 30 June 2023 ("1H FY2023"), the Group operated mainly in Malaysia and all non-current assets were located in Malaysia. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

**4.3) Disaggregation of revenue**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Type of goods or services</b>		
Laboratory testing services	11,494	9,532
Certification services	321	153
Sales of goods	333	154
Distribution of conformity assessment technology	91	81
	<b>12,239</b>	<b>9,920</b>
<b>Timing of transfer of goods and services</b>		
Point-in-time	12,148	9,839
Over time	91	81
	<b>12,239</b>	<b>9,920</b>

**4.4) Major customer**

Except for one major single customer as listed below, there is no other single customer that accounted for 5.0% or more of the Group's total revenue in 1H FY2024 and 1H FY2023.

<b>Customer</b>	<b>Type of service provided</b>	<b>Percentage contribution to total revenue (%)</b>	
		<b>1H FY2024</b>	<b>1H FY2023</b>
One customer	Laboratory testing services	7.88%	6.25%



**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**5. Other income**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value gain on financial assets at FVTPL	13	80
Gain on disposal of property, plant and equipment	122	-
Gain on disposal of right-of-use assets	5	-
Gain on foreign exchange differences, net	-	631
Government grant income	23	23
Government wage subsidy	-	14
Others	44	2
	<b>207</b>	<b>750</b>

**6. Depreciation expenses**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	445	424
Depreciation of right-of-use assets	158	132
	<b>603</b>	<b>556</b>

**7. Finance costs**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Lease liabilities interest	73	67
Bank borrowings interest	22	22
	<b>95</b>	<b>89</b>



**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**8. Profit before income tax**

**8.1) Significant items**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Materials, consumables and subcontractor costs</i>		
- Purchases	881	535
- Outsourcing cost	273	146
Short term and low value lease expenses		
- Tool and equipment	5	5
<i>Other expenses</i>		
<b>Audit fee</b>		
- Auditors of the Company	158	107
- Auditors of the subsidiaries	44	50
<b>Non-audit fee</b>		
<b>(i) Audit related services</b>		
- Auditors of the subsidiaries	5	-
<b>(ii) Non-audit related services</b>		
- Auditors of the Company	7	6
- Auditors of the subsidiaries	11	11
Property, plant and equipment written off	-	4
Professional fee	464	342
Short term and low value lease expenses		
- Office equipment	10	9
Computer and information technology expenses	48	129
Utilities	180	163
Advertisement	122	130

**8.2) Related party transaction**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30.06.24</b>	<b>30.06.23</b>	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>With Directors</b>				
Payment of expenses on behalf of the				
Group	80	119	-	-
Rental fee	147	147	-	-
<b>With Subsidiaries</b>				
Expenses paid on behalf of the Company	-	-	1,068	5,239
Management fee income	-	-	187	-
Hosting maintenance fee	-	-	134	-



**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**9. Income tax expense**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Current income tax expenses		
- current tax	1,219	995
- over provision of income tax expenses in respect of prior financial years	(18)	-
	<u>1,201</u>	<u>995</u>
Deferred tax expenses		
- relating to origination and reversal of temporary differences	68	68
	<u>68</u>	<u>68</u>
Total income tax expenses recognised in consolidated statement of comprehensive income	<u>1,269</u>	<u>1,063</u>

**10. Earnings per share**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.24</b>	<b>30.06.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of Company (RM'000)	<u>2,741</u>	<u>2,644</u>
Weighted average number of ordinary shares	<u>87,435,000</u>	<u>87,435,000</u>
Earnings per share (RM cents)		
- Basic and diluted	<u>3.13</u>	<u>3.02</u>

The calculation of basic earnings per share for each of the six-month financial period ended 30 June 2024 and 30 June 2023 is based on profit attributable to owners of the Company for the respective financial period divided by weighted average number of ordinary shares in issue for the financial period of 87,345,000 ordinary shares.

The diluted earnings per share for the relevant periods are the same as the basic earnings per share as there were no dilutive potential ordinary shares for the relevant periods.

**11. Property, plant and equipment**

During the six months financial period ended 30 June 2024, the Group acquired assets amounting to RM2.35 million (30 June 2023 : RM0.38 million) and disposal of assets amounting to RM0.12 million (30 June 2023: Nil).



**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**12. Investment in subsidiaries**

	<b>Company</b>	
	<b>As at</b>	<b>As at</b>
	<b>30.06.24</b>	<b>31.12.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted equity investments, at cost	160	160
<b>Unquoted equity investments, at cost</b>		
Balance at beginning/ end of financial period	160	160

**13. Investment in associate**

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30.06.24</b>	<b>31.12.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted equity investments, at cost	532	-
<b>Unquoted equity investments, at cost</b>		
Addition during the financial period	542	-
Share of result of associate	(9)	-
Balance at end of financial period	533	-

During the financial period, the Group has acquired an associate, Prismatic Technologies Sdn Bhd ("PTSB") which is incorporated in Malaysia. The Group acquired 30% equity interest in the issued share capital of PTSB for RM541,800. As of the date of announcement, the Group has engaged a valuer to prepare the purchase price allocation ("PPA") which is currently in progress.

**14. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30.06.24</b>	<b>31.12.23</b>	<b>30.06.24</b>	<b>31.12.23</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>				
- Third parties	4,097	3,345	-	-
- Amount owing by subsidiaries	-	-	160	15
Less: Loss allowance on receivables	(101)	(273)	-	-
	3,996	3,072	160	15
<b>Other receivables</b>				
- Third parties	62	67	1	-
- Amount owing by subsidiaries	-	-	433	6,645
	62	67	434	6,645
Deposits	67	67	-	-
	129	134	434	6,645
	4,125	3,206	594	6,660



**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**15. Financial assets at FVTPL**

	Group		Company	
	As at 30.06.24 RM'000	As at 31.12.23 RM'000	As at 30.06.24 RM'000	As at 31.12.23 RM'000
Money market funds	7,598	7,083	3,526	-
Balance at beginning of financial period	7,083	6,974	-	-
Placements during the financial period	3,479	3,450	3,479	-
Redemptions during the financial period	(3,098)	(3,599)	-	-
Interest income	121	197	-	-
Fair value gain recognised through profit or loss	13	61	47	-
Balance at end of financial period	7,598	7,083	3,526	-

**16. Share capital**

	Group and Company			
	As at 30.06.2024		As at 31.12.2023	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
At the beginning and the end of the financial period/ year	87,435,000	11,292	87,435,000	11,292

There were no changes in the Company's share capital since the end of the previous financial year reported on which was as at 31 December 2023.

The Company has no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2024.

**17. Trade and other payables**

	Group		Company	
	As at 30.06.24 RM'000	As at 31.12.23 RM'000	As at 30.06.24 RM'000	As at 31.12.23 RM'000
<b>Non-current</b>				
Deferred grant income	163	186	-	-
<b>Current</b>				
Trade payables				
- Third parties	179	154	-	-
- Subsidiaries	-	-	2	1
	179	154	2	1





**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**17. Trade and other payables (Continued)**

	Group		Company	
	As at 30.06.24 RM'000	As at 31.12.23 RM'000	As at 30.06.24 RM'000	As at 31.12.23 RM'000
Other payables				
- Third parties	262	214	98	112
- Subsidiaries	-	-	1,677	3,749
Accrued expenses	912	1,282	350	747
Deferred grant income	38	38	-	-
Sales and service tax ("SST")	526	386	-	-
	<u>1,738</u>	<u>1,920</u>	<u>2,125</u>	<u>4,608</u>
	<u>2,080</u>	<u>2,260</u>	<u>2,127</u>	<u>4,609</u>

**18. Bank borrowings**

	Group	
	As at 30.06.24 RM'000	As at 31.12.23 RM'000
<b>Current</b>		
Term loan	91	89
<b>Non-current</b>		
Term loan	924	970
<b>Total</b>	<u>1,015</u>	<u>1,059</u>
<b>Secured</b>		
Term loan	<u>1,015</u>	<u>1,059</u>

Term loan is repayable over 240 monthly instalments comprising principal and interest.

Term loan is secured by freehold land and building and is supported by a guarantee provided by the Executive Directors of the Group.

**19. Net asset value ("NAV")**

	Group		Company	
	As at 30.06.24	As at 31.12.23	As at 30.06.24	As at 31.12.23
NAV (RM'000)	29,889	31,181	10,999	16,373
Number of ordinary shares in issue ('000)	87,435	87,435	87,435	87,435
NAV per ordinary share (RM cents)	<u>0.34</u>	<u>0.36</u>	<u>0.13</u>	<u>0.19</u>



**Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**20. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 30 June 2024 and 31 December 2023:

	Group		Company	
	As at 30.06.24 RM'000	As at 31.12.23 RM'000	As at 30.06.24 RM'000	As at 31.12.23 RM'000
<b>Financial assets</b>				
At amortised cost	16,465	20,437	9,533	20,765
Financial asset at FVTPL (Level 1, quoted prices (unadjusted) in active markets for identical assets)	7,598	7,083	3,526	-
	<u>24,063</u>	<u>27,520</u>	<u>13,059</u>	<u>20,765</u>
<b>Financial liabilities</b>				
At amortised cost	<u>4,219</u>	<u>4,352</u>	<u>2,127</u>	<u>4,609</u>

**21. Subsequent events**

There are no known subsequent events which have led to adjustment to this set of financial statements.



**Other Information Required by Appendix 7C of the Catalist Rules**

1. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The condensed consolidated statement of financial position of LMS Compliance Ltd. and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and the explanatory notes have not been audited or reviewed.

**Where the latest financial statements are subject to an adverse opinion, qualified opinion, or disclaimer of opinion:**

- (i) **Updates on the efforts taken to resolve each outstanding audit issue.**
- (ii) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The latest audited financial statements of the Group for the financial year ended 31 December 2023 was not subject to any adverse opinion, qualified opinion, or disclaimer of opinion.

2. **A review of the performance of the group**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*Review for the performance of the Group for the six months ended 30 June 2024 ("1H FY2024") as compared to six months ended 30 June 2023 ("1H FY2023").*

**Revenue**

Revenue increased by RM2.32 million or 23.4%, mainly due to an increase in revenue from (i) laboratory testing services by RM1.96 million, (ii) sales of goods by RM0.18 million (iii) certificate service by RM0.17 million, and (iv) distribution of conformity assessment technology by RM0.01 million.

The increase in revenue from laboratory testing services was mainly due to an increase in demand from the Group's customers in the food, medical devices and fertilizer industries.

**Interest Income**

The increase in interest income of RM0.11 million mainly resulted from dividends received from financial assets at FVTPL.



**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**2. A review of the performance of the group (Continued)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**

Other Income

Other income decreased by RM0.54 million mainly due to (i) the Group recording a loss on unrealised foreign exchange in 1H FY2024 (recognised under other expenses). In 1H FY2023, the Group recorded an unrealised foreign exchange gain of RM0.63 million; and (ii) a decrease in fair value gain on financial assets at FVTPL of RM0.07 million, partially offset by gain on disposal of property, plant and equipment and increased management fee of RM0.12 million and RM0.04 million respectively.

Materials, consumables, and subcontractor

Materials, consumables, and subcontractor costs increased by RM0.48 million or 62.7%, primarily stemmed from increase in purchases of chemicals and outsourcing testing services to accommodate the increase in sales volume in 1H FY2024. Additionally, there was an increase in purchases of parts for repairing existing laboratory instruments to ensure continuous operational functionality.

Depreciation expenses

Depreciation expenses increased by RM0.05 million or 8.5%, mainly due to additional purchase of tools and equipment, and motor vehicle in 1H FY2024.

Reversal/(Provision) of loss allowance on receivables, net

The Group recorded a net gain allowance on receivables of RM0.17 million in 1H FY2024, as compared to a net loss allowance on receivables of RM0.12 million in FY2023, mainly due to decrease in historical loss rate during 1H FY2024.

Employee benefit expenses

Employee benefit expenses increased by RM0.96 million or 25.6%, mainly due to an increase in executive directors salaries, along with an increase in employees headcount and salaries in 1H FY2024.

Other expenses

Other expenses increased by RM0.37 million or 21.5%, mainly due to higher professional fees, as well as increased audit fees, utilities, payment of withholding tax, small value assets, travel expenses and business development cost.

Finance costs

Finance costs increased by approximately RM6,000 or 6.7%, mainly due to increase in lease liability for acquisition of motor vehicle.



**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**2. A review of the performance of the group (Continued)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**

Share of result of associate

The Group's share of loss after tax of its associate, Prismatic Technologies Sdn Bhd ("Prismatic"), was approximately RM9,000 in 1H FY2024. The Company acquired 30% shareholding interest in Prismatic in May 2024.

Income tax expenses

Income tax expense increased by 19.4% or RM0.21 million from RM1.06 million in 1H FY2023 to RM1.27 million in 1H FY2024 as a result of higher profit for the period.

Net profit after tax

As a result, the Group's net profit after tax increased by RM0.10 million or 3.7%, from RM2.64 million in 1H FY2023 to RM2.74 million in 1H FY2024.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Non-current Assets

Property, plant and equipment increased from RM7.58 million as at 31 December 2023 to RM9.49 million as at 30 June 2024, mainly due to additions of assets and partially offset by depreciation during 1H FY2024.

Right-of-use assets increased by RM0.22 million, mainly due to addition of motor vehicle, partially offset by depreciation of right-of-use assets in 1H FY2024.

Investment in associate of RM0.53 million as at 30 June 2024 relates to the Company's investment in Prismatic of RM0.54 million, partially offset by share of loss from associate of approximately RM9,000 in 1H FY2024.

Current Assets

Trade and other receivables increased by RM0.92 million, mainly due to an increase in tandem of revenue and slightly lower collection rate in 1H FY2024, as compared to 1H FY2023.

Prepayments decreased by RM0.09 million, mainly due to ongoing laboratory renovation reclassified as capital working in progress.

Contracts assets arise when performance obligations have been satisfied but yet to bill customers. The Group's contract assets increased by RM0.03 million, mainly due to the increased requirement of customers for the compilation of jobs performed into one billing.



**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**2. A review of the performance of the group (Continued)**

Current Assets (Continued)

Financial assets at FVTPL increased by RM0.52 million as at 30 June 2024, mainly due to additional placements of money market funds with financial institutions, interest income and fair value gain of approximately RM3.48 million, RM0.12 million and RM0.01 million respectively, partially offset by withdrawal of the Group's investments in money market funds of RM3.09 million.

Cash and cash equivalents amounted to RM12.34 million which accounted for 50.3% of the Group's total current assets as at 30 June 2024. The decrease was mainly due to net cash used in investing activities and financing activities of RM3.12 million and RM4.35 million respectively, partially offset by net cash generated from operating activities of RM2.64 million.

Non-current Liabilities

Bank borrowings (non-current and current) decreased from RM1.06 million as at 31 December 2023 to RM1.02 million as at 30 June 2024, due to repayment of loan during 1H FY2024.

Other payables relates to deferred grant income received from SME Corporation Malaysia and grant received from Malaysian Investment Development Authority during FY2023 for capital expenditure incurred for the purchases of laboratory related equipment. Other payables decreased by RM0.02 million mainly due to the recognition of grant received as other income on a monthly basic.

Lease liabilities (non-current and current) increased from RM1.40 million as at 31 December 2023 to RM1.57 million as at 30 June 2024, mainly due to addition in lease liability for acquisition of right-of-use asset, partially offset by lease payments made in 1H FY2024.

Deferred tax liabilities relate to temporary differences arising from the accelerated tax depreciation computed at Malaysia's income tax rate of 24%. Deferred tax liabilities amounted to RM0.47 million and RM0.41 million which accounted for 15.1% and 13.7% of the Group's total non-current liabilities as at 30 June 2024 and 31 December 2023 respectively.

Current Liabilities

Trade and other payables decreased by RM0.16 million, mainly due to decrease in accrued expenses related to executive director's bonuses, audit fees, staff bonuses, and salaries.

Contract liabilities relate to goods or services (mainly laboratory testing services) for which the Group has received consideration in advance from customers, but has yet to provide such goods or services. Contract liabilities amounted to RM0.46 million and RM0.35 million which accounted for 14.2% and 11.9% of the Group's total current liabilities as at 30 June 2024 and 31 December 2023 respectively. The increase in contract liabilities as at 30 June 2024 was due to increase in payment in advance from customers for goods which have yet be delivered as at 30 June 2024.



**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**2. A review of the performance of the group (Continued)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

**Current Liabilities (Continued)**

Income tax payable increased by RM0.28 million, from RM0.18 million as at 31 December 2023 to RM0.46 million as at 30 June 2024, mainly due to higher tax provisions resulting from an increase in current six month period profit.

The Group recorded a positive working capital of RM21.35 million as at 30 June 2024, as compared to a positive working capital of RM25.13 million as at 31 December 2023.

**CONSOLIDATED STATEMENT OF CASH FLOW**

Net cash from operating activities for 1H FY2024 of RM2.64 million was mainly derived from operating cash flows before working capital changes of RM4.31 million and after adjusting for net working capital outflow of RM0.75 million, partially offset by income tax paid of RM0.93 million.

Net cash used in investing activities for 1H FY2024 was approximately RM3.12 million, mainly due to placement of financial assets at FVTPL of RM3.48 million, purchases of property, plant and equipment of RM2.35 million, and investment in an associate of RM0.54, partially offset by redemption of financial assets at FVTPL of RM3.10 million, proceed from disposal of property, plant and equipment of RM0.12 million and interest income of RM0.03 million.

Net cash used in financing activities for 1H FY2024 was RM4.35 million. This outflow was primarily driven by the repayment of other bank borrowings amounting to an aggregate of RM0.07 million, repayment of lease liabilities of RM0.24 million, and dividends paid in FY2024 of RM4.04 million.

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No forecast or prospect statement has been previously disclosed to shareholders.

**4. A commentary at the date of the announcement of significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may effect the group in the next reporting period and the next 12 months**

The Asia-Pacific Testing, Inspection, and Certification (TIC) market is projected to grow at a compound annual growth rate (CAGR) of approximately 5.5% from 2024 to 2029 from US\$75.62 billion to US\$98.83 billion<sup>(1)</sup>. This growth is underpinned by the region's economic expansion, increasing consumer product consumption, and the robust industrial sector.



**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**4. A commentary at the date of the announcement of significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may effect the group in the next reporting period and the next 12 months (Continued)**

At the same time, the demand for ESG reporting is expected to continue to increase, driven by regulations for listed companies to publish annual sustainability reports addressing climate risks and diversity policies. Many countries in the region, including Hong Kong and Malaysia, are transitioning from voluntary to mandatory ESG disclosures<sup>(2)</sup>. This shift is essential to enhance financial transparency and risk management. Additionally, the Sustainability Reporting Advisory Committee in Singapore has recommended that large non-listed companies with annual revenues of at least S\$1 billion be required to conduct mandatory climate reporting from FY2027 onwards. The Group aims to capitalise on this trend with its newly launched ESG reporting service.

Based on these developments, and fortified by a robust net cash position, LMS Compliance is well-positioned to tap fresh opportunities and explore new markets. The Group aims to accelerate inorganic growth through strategic initiatives encompassing alliances, partnerships, and acquisitions. This approach will not only expand our footprint across the Asia-Pacific region, but also enrich our portfolio of complementary products and services. Looking ahead, although LMS's diesel consumption remains insignificant, the Group is strategically leveraging green technologies like solar power and electric vehicles to manage costs effectively. Consequently, we expect to strengthen value creation for stakeholders and drive long-term sustainable growth.

Notes

(1) Mordor Intelligence: APAC Testing, Inspection & Certification Market Size & Share Analyst - Growth Trends & Forecasts (2024 - 2029)

(2) ESGpedia: Guide to Asia Pacific's ESG Regulations & Sustainability Reporting Landscape

**5. Dividend information**

**5.1) If a decision regarding dividend has been made:**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended)

Nil

- (b) Corresponding period of the immediately preceding financial year

Nil

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

- (d) Date payable

Not applicable.





**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**5. Dividend information (Continued)**

**5.1 If a decision regarding dividend has been made: (Continued)**

(e) Record date

Not applicable.

**5.2 If no dividend has been declared/recommended, a statement to that effect and the reason for the decision.**

No dividend has been declared or recommended for the six months ended 30 June 2024 as the Group intends to conserve funds for working capital purposes.

**6. Interested person transactions**

The Group does not have a general mandate from shareholders for interested person transactions ("IPT").

There were no IPTs of S\$100,000 and above entered into by the Group during the financial period.

**7. Disclosure of acquisition (including incorporations) and sales of share under Catalist Rule 706A**

There were no acquisition or realization of shares thereby resulting (i) in a change in the shareholding percentage in any of the subsidiary of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary of the Group during 1H2024.

The Group has incorporated a subsidiary and acquired an associate during 1H FY2024. The details of the companies is set out below:

(a) Incorporation of a subsidiary

SG CO2 Pte. Ltd. ("SGCO2") was incorporated in Singapore on 19 March 2024 with a total issued and paid-up share capital of 2 ordinary shares at S\$2 which approximately RM7. The Group hold 100% equity interest in this company. The principal business of SGCO2 is technical testing and analysis services including certification of products and services and the Company has not commenced operations since its incorporation.

(b) Acquisition of an associate

In May 2024, LMS Compliance International Pte. Ltd. (a wholly-owned subsidiary of the Company) acquired 36,000 ordinary shares in Prismatic Technologies Sdn Bhd ("PTSB") representing 30% of the share capital of PTSB, at a consideration of RM541,800 ("Consideration"). Following the aforementioned acquisition, PTSB became an associated company of the Group.



**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**7. Disclosure of acquisition (including incorporations) and sales of share under Catalist Rule 706A (Continued)**

(b) Acquisition of an associate (Continued)

The Consideration was paid in cash in May 2024. The Consideration, fully funded with internal resources, was arrived at after taking into account factors such as PTSB's growth prospects and potential, as well as synergy with the Group. The unaudited net asset value of PTSB was approximately RM0.21 million as at 31 May 2024 (being latest available management account of PTSB in May 2024) and was approximately RM0.18 million as at 30 June 2024. The proportionate unaudited net asset value for 36,000 ordinary shares in PTSB held by the Group was RM0.06 million as at 31 May 2024, and RM0.05 million as at 30 June 2024.

**8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1)**

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

**9. Use of IPO Proceeds**

Pursuant to the initial public offering ("IPO") of the Company on the Catalist board of the SGX-ST on 1 December 2022, the Company raised total net proceeds (after deducting expenses incurred in connection with the IPO) amounting to S\$2.04 million ("Net Proceeds"). The use of the Net Proceeds is summarized as follows:

	Amount allocated (as disclosed in the Offer Document) (S\$'000)	Net Proceeds utilised as at 31 March 2024, as announced on 9 April 2024 (S\$'000)	Amount utilised from 1 April 2024 up to 30 June 2024 (S\$'000)	Balance of Net Proceeds as at 30 June 2024 (S\$'000)
Expansion of the Group's certification services segment and conformity assessment technology distribution segment	300	300	-	-
Acquisitions, joint ventures and strategic alliances to expand the Group's business	1,200	-	155	1,045
General working capital	538	538	-	-
<b>Total</b>	<b>2,038</b>	<b>838</b>	<b>-</b>	<b>1,045</b>



**Other Information Required by Appendix 7C of the Catalist Rules (Continued)**

**9. Use of IPO Proceeds (Continued)**

The use of the Net Proceeds is in accordance with the intended uses and allocations as disclosed in the Offer Document. The Board will continue to provide periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially disbursed or utilised, and whether such use is in accordance with the stated use and in accordance with the allocations.

**10. Confirmation pursuant to Catalist Rule 705(5)**

The board of directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention, which may render the unaudited condensed interim consolidated financial results of the Group for the six months ended 30 June 2024 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD**

**Ooi Shu Geok**  
**Executive Director and Chief Executive Officer**  
**12 August 2024**