



LMS COMPLIANCE LTD.  
(Company Registration Number: 202225544C)

FOR IMMEDIATE RELEASE

## **LMS Compliance Records 23.4% YoY Increase in 1H2024 Revenue to RM12.2 Million**

- **Net profit grew 3.8% y-o-y despite a 19.4% y-o-y increase in income tax expense in 1H2024**
- **Positive operating cash flows of RM2.64 million**
- **Encouraging momentum in Sustainability Reporting segment with onboarding of four clients**
- **Strong net cash position of RM9.47 million as at 30 June 2024, providing sufficient resources for strategic initiatives**

Singapore, 12 August 2024 – LMS Compliance Ltd. (“LMS Compliance” or the “Company”, and together with its subsidiaries, the “Group”) is pleased to announce its unaudited financial results for the six months ended 30 June (“1H”) 2024.

### Financial Highlights

	1H2024	1H2023	y-o-y % change
<b>Revenue</b> (RM million)	12.24	9.92	23.4%
<b>Profit Before Tax</b> (RM million)	4.01	3.71	8.1%
<b>Net Profit</b> (RM million)	2.74	2.64	3.8%
<b>Net Profit Margin</b>	22.40%	26.60%	-4.2 ppt
<b>Earnings Per Share</b> (RM cents)	3.13	3.02	3.6%

Revenue rose 23.4% y-o-y to RM12.24 million in 1H2024, as compared to RM9.92 million in 1H2023. This was due mainly to higher sales contribution of RM1.96 million from the Group’s laboratory testing services segment, driven by strong demand from its customers in the food, medical devices, and fertiliser industries. This segment remains the core revenue contributor



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for the Group, accounting for approximately 93.9% of the Group's total revenue in 1H2024, a marginal decrease from 96.1% in 1H2023, largely due to increases in revenue from the Group's certification services and trading business segments.

Other income decreased by RM0.54 million to RM0.21 million in 1H2024, as compared to RM0.75 million in 1H2023. This was mainly due to unrealised foreign exchange losses of RM0.63 million in 1H2024, as a result of the strengthening of the Malaysian Ringgit against the Group's Singapore Dollar-denominated cash balance.

Material Costs increased by 62.7% from RM0.76 million to RM1.24 million, primarily stemming from an increase in purchases of chemicals and outsourcing of testing services to accommodate the increase in sales volumes in 1H FY2024. Furthermore, there was an increase in purchase of parts for the repair of existing laboratory instruments to ensure operational continuity. Employee benefit expenses increased by 25.6% to RM4.72 million in 1H2024, as compared to RM3.76 million in 1H2023. The increase was attributed to higher manpower-related costs, including an expansion in headcount and salary increments implemented during 1H2024. Other expenses increased by 21.5% in 1H2024 due to higher professional fees.

Despite the increases in the abovementioned expenses, the Group grew its profit before tax by 8.2% to RM4.01 million in 1H2024. Even with a higher effective tax rate in 1H2024, the Group's profit after tax increased by 3.8% to RM2.74 million in 1H2024, as compared to RM2.64 million in 1H2023.

Executive Director and CEO of LMS Compliance, Dr Louis Ooi, commented: **“Despite multiple challenges in the broader economic and political landscape, the Group managed to register a double-digit revenue growth in 1H2024, thanks to robust demand for our laboratory testing services, which remained our key performance driver. Going forward, we will continue to focus on optimising our cost pressures, as well as nurturing and strengthening our relationships with customers, while harnessing the power of digitalisation and technology to further streamline our work processes and achieve greater operational efficiencies.”**



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**“Our recently launched Environmental, Social, and Governance (“ESG”) reporting service, which empowers our clients to meet evolving ESG standards and targets, has been gaining momentum. In 1H2024, we provided greenhouse gas accounting for 14 clients and onboarded four clients listed in Singapore and Malaysia under our Sustainability Reporting segment. Our recent partnership with STACS ESGpedia, an ESG data and technology company, bolsters LMS’ ESG reporting capabilities, and enables clients to better manage their sustainability reporting. As a result, our Sustainability Reporting segment shows good potential in enhancing our financial performance for the financial year ending 31 December 2024. Concurrently, we are actively exploring strategic growth avenues, including synergistic acquisitions and partnerships across China, Singapore and Indonesia,”** he added.

LMS Compliance generated positive net operating cash flows of RM2.64 million in 1H2024. The significant net cash used in the financing of RM4.35 million is mainly due to final dividends of RM4.04 million paid in respect of the financial year ended 31 December 2023. The Group ended 1H2024 with a strong net cash position of RM9.47 million.

RM (million)	1H2024	1H2023
Net cash from operating activities	2.64	2.54
Net cash used in investing activities	(3.12)	(2.63)
Net cash (used in) / from financing activities	(4.35)	(0.25)
Net (decrease) / increase in cash and cash equivalents	(4.8)	(0.3)
RM (million)	30-Jun-24	31-Dec-23
Cash and cash equivalents	12.34	17.23
Less: Total debt*	2.87	2.70
Net cash position	9.47	14.53

\* Comprising bank borrowings and lease liabilities

### Looking Ahead

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



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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.

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.

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<sup>1</sup> [Mordor Intelligence: APAC Testing, Inspection & Certification Market Size & Share Analyst – Growth Trends & Forecasts \(2024 – 2029\)](#)

<sup>2</sup> [ESGpedia: Guide to Asia Pacific's ESG Regulations & Sustainability Reporting Landscape](#)



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### About LMS Compliance

LMS Compliance Ltd. is a laboratory testing and certification services provider based in Malaysia with an established track record of more than 15 years. The Group's operations comprise: (1) Testing and Assessment, (2) Certification, (3) Trading, (4) Distribution of Conformity Assessment Technology, and (5) Assurance, Validation & Verification.

The Group's testing and assessment services include chemical, microbiology, nucleic acid and physical analyses for its clients across a gamut of sectors, from food and healthcare to industrial and green-tech, assisting them to achieve compliance with industry standards as well as product safety. In this regard, LMS Compliance has three accredited laboratories across Malaysia with the capability to conduct a range of accredited and non-accredited tests.

For its certification segment, the Group provides audit and management system certification services. The certification audits provided by the Group include ISO 9001 – 2015 Quality Management Systems certification, ISO 22000 – 2018 Food Safety Management System certification and ISO 45001 - 2018 Occupational Health & Safety Management System certification.

On the Group's trading segment, the Group trades and distributes a broad range of analytical instruments, testing equipment, chemicals, glassware, and laboratory consumable items.

The Group also markets and distributes its in-house developed Conformity Assessment Technology, which includes a digital laboratory information management system to help customers streamline and digitalise laboratory operations, a one-stop ISO certification platform that enhances the efficiency of the certification process for businesses, and a digital product that provides global real-time surveillance and access to data (such as safety and hygiene information about products or premises) through QR code.

Lastly, the Group's newly launched Assurance, Validation & Verification segment provides comprehensive ESG data collection, impact assessment, reporting, and advisory services, along with specialized ISO audits, to aid clients in meeting stringent ESG disclosure requirements.



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For more information, please visit <https://lmscompliance.com/index.html>

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

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

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