



LMS Compliance Ltd. and its subsidiaries
Company Registration No.: 202225544C
(Incorporated in the Republic of Singapore)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2022**

LMS Compliance Ltd. and its subsidiaries

Company Registration No.: 202225544C

(Incorporated in the Republic of Singapore)



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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 Catalist.

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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LMS Compliance Ltd. and its subsidiaries

Company Registration No.: 202225544C

(Incorporated in the Republic of Singapore)

Condensed Interim and Full Year Consolidated Statement of Comprehensive Income

For the second half year and financial year ended 31 December 2022



	Note	Group					
		6 months ended		Increase/ (Decrease) %	12 months ended		Increase/ (Decrease) %
		31.12.22 RM'000	31.12.21 RM'000		31.12.22 RM'000	31.12.21 RM'000	
Revenue	4	9,902	9,012	9.9%	18,676	16,988	9.9%
Other item of income							
Other income	5	158	338	-53.3%	372	508	-26.8%
Items of expense							
Materials, consumables and subcontractor costs		(1,106)	(854)	29.5%	(1,902)	(1,515)	25.5%
Depreciation expenses	6	(555)	(505)	9.9%	(1,078)	(920)	17.2%
Loss allowance on receivables, net		(25)	(29)	-13.8%	(25)	(55)	-54.5%
Employee benefits expense		(3,474)	(2,930)	18.6%	(6,693)	(6,193)	8.1%
Other expenses ⁽²⁾		(5,756)	(1,235)	366.1%	(6,728)	(1,972)	241.2%
Finance costs	7	(108)	(118)	-8.5%	(209)	(231)	-9.5%
(Loss)/Profit before income tax	8	(964)	3,679	-126.2%	2,413	6,610	-63.5%
Income tax expense	9	(974)	(1,043)	-6.6%	(1,693)	(1,662)	1.9%
(Loss)/Profit for the financial period/ year		(1,938)	2,636	-173.5%	720	4,948	-85.4%
Other comprehensive income:							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
- Exchange differences on translating foreign operation		(3)	n.m.		(4)	n.m.	
Total comprehensive income for the financial period/ year		(1,941)	2,636		716	4,948	
(Loss)/Profit attributable to owners of the Company		(1,938)	2,636		720	4,948	
Total comprehensive income attributable to owners of the Company		(1,941)	2,636		716	4,948	
(Loss)/Earnings per Share							
- Basic and diluted (cents)	10	(2.58)	3.69		0.98	6.92	

Notes:

(1) "n.m." denotes not meaningful as the amount is less than RM1,000.

(2) Included one-off listing expenses of RM4.35 million in FY2022. If such listing expenses have been excluded, profit before income tax would have been RM6.77 million in FY2022.



Condensed Statements of Financial Position
As at 31 December 2022

	Note	Group		Company ⁽¹⁾
		As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	7,287	7,328	-
Right-of-use assets		1,669	1,938	-
Investment in subsidiaries	12	-	-	159
Total non-current assets		8,956	9,266	159
Current assets				
Trade and other receivables	13	2,905	2,656	5,300
Prepayments		215	743	110
Contract assets		209	-	-
Financial assets at fair value through profit or loss ('FVTPL')	14	6,974	7,212	-
Cash and bank balances		12,313	1,106	10,653
Total current assets		22,616	11,717	16,063
Total assets		31,572	20,983	16,222
EQUITY AND LIABILITIES				
Equity				
Share capital	15	11,292	2,325	11,292
Reserves		2,176	12	-
Retained earnings		12,689	11,969	500
Total equity		26,157	14,306	11,792
Non-current liabilities:				
Bank borrowings	17	1,052	-	-
Other payables	16	233	227	-
Lease liabilities		1,622	1,864	-
Deferred tax liabilities		411	320	-
Total non-current liabilities		3,318	2,411	-
Current liabilities				
Trade and other payables	16	1,310	1,610	4,430
Bank borrowings	17	87	2,069	-
Lease liabilities		242	245	-
Contract liabilities		400	246	-
Income tax payable		58	96	-
Total current liabilities		2,097	4,266	4,430
Total liabilities		5,415	6,677	4,430
Total equity and liabilities		31,572	20,983	16,222

Note:

1. There is no comparative statement as at the end of the immediately preceding financial year (as at 31 December 2021) for the Company as it was incorporated on 22 July 2022.

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**Condensed Statements of Changes in Equity
For the financial year ended 31 December 2022**

Group

	Share capital RM'000	Retained earnings RM'000	Foreign currency translation reserve RM'000	Merger reserve RM'000	Total equity RM'000
Balance as at 1 January 2022	2,325	11,969	n.m	12	14,306
Profit for the financial year	-	720	-	-	720
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising from translation of foreign operations	-	-	(4)	-	(4)
Total comprehensive income for the financial year	-	720	(4)	-	716
Contribution by owners					
Issuance of ordinary shares	12,718	-	-	-	12,718
Adjustment pursuant to restructuring exercise	(2,325)	-	-	2,168	(157)
Share issue expenses	(1,426)	-	-	-	(1,426)
Total transaction with owners	8,967	-	-	2,168	11,135
Balance as at 31 December 2022	11,292	12,689	(4)	2,180	26,157
Balance as at 1 January 2021	2,325	13,521	n.m	12	15,858
Profit for the financial year	-	4,948	-	-	4,948
Total comprehensive income for the financial year	-	4,948	-	-	4,948
Distributions to owners					
Dividends	-	(6,500)	-	-	(6,500)
Total transaction with owners	-	(6,500)	-	-	(6,500)
Balance as at 31 December 2021	2,325	11,969	-	12	14,306

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**Company**

	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2022	-	-	-
Profit for the financial year	-	500	500
Total comprehensive income for the financial year	-	500	500
Contribution by owners			
Issue of share	12,718	-	12,718
Share issue expense	(1,426)	-	(1,426)
Total transaction with owners	11,292	-	11,292
Balance as at 31 December 2022	11,292	500	11,792

Note:

(1) "n.m." denotes not meaningful as the amount is less than RM1,000.

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**Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2022**

	Group	
	12 months ended	
	31.12.22	31.12.21
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,413	6,610
<i>Adjustments for :</i>		
Bad debts written off	12	2
Depreciation of property, plant and equipment	809	651
Depreciation of right-of-use assets	269	269
Gain on disposal of property, plant and equipment	-	(6)
Additional of loss allowance on receivables	25	55
Property, plant and equipment written off	22	7
Fair value (gain)/loss on financial assets at FVTPL	(82)	32
Interest expense	209	231
Interest income	(51)	(225)
Impairment loss on property, plant and equipment	-	25
Share issue expenses	612	-
Operating profit before changes in working capital	4,238	7,651
Changes in working capital		
Trade and other receivables	(286)	(3)
Contract assets	(209)	-
Prepayment	528	(675)
Trade and other payables	(299)	42
Contract liabilities	154	(31)
Cash generated from operations	4,126	6,984
Income tax paid, net	(1,639)	(1,789)
Net cash from operating activities	2,487	5,195
Cash flows from investing activities		
Purchase of property, plant and equipment	(790)	(710)
Proceeds from disposal of property, plant and equipment	-	6
Interest income	1	-
Placement of financial assets at FVTPL	(2,460)	(5,630)
Redemption of financial assets at FVTPL	2,831	8,661
Net cash (used in)/from investing activities	(418)	2,327

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**Condensed Consolidated Statement of Cash Flows (Continued)****For the financial year ended 31 December 2022**

	Group	
	12 months ended	
	31.12.22	31.12.21
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid	-	(6,500)
Proceeds from issuance of ordinary shares	10,522	-
Repayment of principal portion of bank borrowings	(930)	(137)
Repayment of interest portion of bank borrowings	(73)	(77)
Repayment of principal portion of lease liabilities	(245)	(282)
Repayment of interest portion of lease liabilities	(136)	(154)
Net cash generated from/(used in) financing activities	<u>9,138</u>	<u>(7,150)</u>
Net changes in cash and bank balances	11,207	372
Cash and bank balances at beginning of financial year	1,106	734
Cash and bank balances at end of financial year	<u>12,313</u>	<u>1,106</u>

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Notes to the Condensed Interim and Full Year Consolidated Financial Statements

1. Corporate Information

LMS Compliance Ltd. (formerly known as LMS Compliance Pte. Ltd.) (the “Company”) is a private limited liability company, incorporated and domiciled in Singapore on 22 July 2022 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. On 18 November 2022, the Company was converted into a public company limited by shares and its name was changed from LMS Compliance Pte. Ltd. to LMS Compliance Ltd.. On 1 December 2022, the Company successfully listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”), pursuant to the completion of a placement exercise of 14,000,000 new shares in the capital of the Company at S\$0.26 each.

The principal activity of the Company is that of investment holding.

The Group, comprising the Company and its subsidiaries, 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, development of software and application pertaining to conformity assessment technology, and the promotion and marketing of the Group’s software and online applications.

Prior to the listing on the Catalist board of the SGX-ST on 1 December 2022, the Group undertook a restructuring exercise (the “Restructuring Exercise”). Please refer to the Company’s offer document dated 22 November 2022 (the “Offer Document”) for further details on the Restructuring Exercise.

As the Company was only incorporated on 22 July 2022, the combined financial statements of the Group for the 6 months ended 31 December 2021 (“2H2021”) and full year ended 31 December 2021 (“FY2021”) presented in this announcement were prepared by applying the “pooling-of-interest” method. Under this method, the Company has been treated as the holding company of the subsidiaries for 2H2021 and FY2021 in this announcement, rather than from the date of completion of the Restructuring Exercise. Accordingly, the results of the Group include the results of the subsidiaries for 2H2021 and FY2021. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

2. Basis of Preparation

The condensed interim and full year financial statements for the six months financial period from 1 July 2022 to 31 December 2022 and financial year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim 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 interim condensed combined financial statements for the three months ended 31 March 2022.



2. Basis of Preparation (Continued)

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

The condensed interim and full year 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.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, 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 management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applies to the combined financial statements as at and for the financial year ended 31 December 2021.

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 are included the following:

- 1) Loss allowance on receivables
- 2) Measurement of lease liabilities

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/year.

**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.

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

Management does not monitor the operating results of the segment separately as the contribution of trading, certification, and provision of conformity assessment technology segments to the Group are less than 5% respectively. Accordingly, the results of business segments are not presented separately.

4.2) Geographical information

During the financial years ended 31 December 2022 and 2021, 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

	Group			
	6 months ended		12 months ended	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
Type of goods or services				
Laboratory testing services	9,480	8,584	17,909	16,270
Certification services	134	125	237	162
Sales of goods	194	303	365	556
Distribution of conformity assessment technology	94	-	165	-
	9,902	9,012	18,676	16,988

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**4. Segment and revenue information (Continued)****4.3) Disaggregation of revenue (Continued)**

	Group			
	6 months ended		12 months ended	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
Timing of transfer of goods and services				
Point-in-time	9,808	9,012	18,511	16,988
Over time	94	-	165	-
	<u>9,902</u>	<u>9,012</u>	<u>18,676</u>	<u>16,988</u>

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 FY2022 and FY2021.

Customer	Type of service provided	Percentage contribution to total revenue (%)	
		FY2022	FY2021
One customer	Laboratory testing services	5.71%	0.28%

5. Other income

	Group			
	6 months ended		12 months ended	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	6	-	6
Government grant income	19	17	38	36
Government wage subsidy	21	220	116	241
Interest income	47	95	51	225
Fair value gain on financial assets at FVTPL	38	-	82	-
Other	33	-	85	-
	<u>158</u>	<u>338</u>	<u>372</u>	<u>508</u>

6. Depreciation expenses

	Group			
	6 months ended		12 months ended	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	420	361	809	651
Depreciation of right-of-use assets	135	144	269	269
	<u>555</u>	<u>505</u>	<u>1,078</u>	<u>920</u>

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**7. Finance costs**

	Group			
	6 months ended		12 months ended	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
Lease liabilities interest	66	75	136	154
Bank borrowings interest	42	43	73	77
	108	118	209	231

8. Profit before income tax**8.1 Significant items**

	Group			
	6 months ended		12 months ended	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
<i>Materials, consumables and outsourcing</i>				
- Purchases	737	657	1,290	1,211
- Outsourcing cost	296	136	448	223
Short term and low value lease expenses	-	-		
- Tool and equipment	5	4	9	8
- Machinery	-	-	-	2
<i>Other expenses</i>				
Audit fee	293	24	346	40
Bad debt written off	5	2	12	2
Fair value loss on financial asset at FVTPL	-	32	-	32
Property, plant and equipment written off	17	7	22	7
Foreign exchange loss, net	1	-	1	-
Professional fee	38	36	139	47
Short term and low value lease expenses				
- Office equipment	11	12	21	22
Impairment loss on property, plant and equipment	-	25	-	25
Computer and IT expenses	45	29	90	69
Courier charges and postage	16	16	31	33
Cleaning charge	24	19	51	37
Utilities	160	139	311	280
Insurance	53	48	103	98
Printing and stationery	28	27	77	53
Provision for services tax expenses	-	315	1	315
Telephone charge	21	20	41	40
Upkeep of property, plant and equipment	109	80	203	151
Advertisement	46	22	87	42
Mileage claims	61	46	110	80
Petrol, toll and parking	51	39	90	73
Traveling and accommodation	72	24	91	52
Listing fee	4,354	-	4,354	-
Tax agent fee	23	7	30	15

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**8. Profit before income tax (Continued)****8.2 Related party transaction**

	Group		Company
	As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
With Directors of the Company			
Payment of expenses on behalf of	194	222	-
Payment of expenses on behalf by	5	6	-
Rental fee	294	294	-

9. Income tax expense

	Group			
	6 months ended		12 months ended	
	31.12.22 RM'000	31.12.21 RM'000	31.12.22 RM'000	31.12.21 RM'000
Current income tax expenses				
- current tax	1,008	955	1,651	1,502
- (over)/under provision of income tax expenses				
In respect of prior financial years	(50)	142	(50)	142
	958	1,097	1,601	1,644
Deferred tax expenses				
- relating to origination and reversal of Temporary differences	16	(54)	92	18
	16	(54)	92	18
Total income tax expenses recognised in consolidated statement of comprehensive income	974	1,043	1,693	1,662

10. Earnings per share

	Group			
	6 months ended		12 months ended	
	31.12.22 RM'000	31.12.21 RM'000	31.12.22 RM'000	31.12.21 RM'000
Profit attributable to owners of Company	(1,938)	2,636	720	4,948
Weighted average number of ordinary shares	74,996,479	71,500,936	73,234,343	71,500,936
Earning per share (in cents)				
- Basic and diluted	(2.58)	3.69	0.98	6.92

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10. Earnings per share (Continued)

The calculation of basic earnings per share for each of the six-month financial period and financial year ended 31 December 2022 is based on profit attributable to owners of the Company for the respective financial periods divided by weighted average number of ordinary shares in issue for the respective financial periods of 74,996,479 and 73,234,343 ordinary shares respectively. The weighted average number of ordinary shares in issue is computed based on 750 issued and paid-up shares as at incorporation, adjusted for the issue of (i) 50,635 new ordinary shares pursuant to the Restructuring Exercise (but prior to the Share Split); (ii) 72,508,615 new ordinary shares pursuant to the share split exercise of sub-dividing 51,385 existing ordinary shares into 72,560,000 shares ("Share Split"); (iii) 14,000,000 new ordinary shares (post-Share Split) pursuant to the placement exercise in connection with the listing of the Company; and (iv) 875,000 new ordinary shares (post-Share Split) as part satisfaction of management fees paid to the Company's Sponsor and Issue Manager in connection with the listing of the Company.

The calculation of basic earnings per share for each of the six-month financial period and financial year ended 31 December 2021 is based on profit attributable to owners of the Company for the respective financial periods divided by weighted average number of ordinary shares in issue for the respective financial periods of 71,500,936 ordinary shares. The weighted average number of ordinary shares in issue of 71,500,936 ordinary shares is computed based on the issue of 50,635 new ordinary shares pursuant to the Restructuring Exercise (but prior to the Share Split) due to the acquisition of new subsidiaries under common control, adjusted for the Share Split and assuming such transactions had occurred at the beginning of each of the six-month financial period and financial year ended 31 December 2021.

The number of ordinary shares used for the calculation of earnings per share in a common control combination, which is accounted for using merger accounting, as to aggregate of the number of shares of the Company whose shares are outstanding after combination.

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 financial year ended 31 December 2022, the Group acquired assets amounting to RM0.79 million (31 December 2021 : RM0.71 million). There were no property, plant and equipment disposed during the respective financial years.

12. Investment in subsidiaries

	Company
	31.12.22
	RM'000
Unquoted equity investments, at cost	159
Unquoted equity investments, at cost	
Balance at date of incorporation	-
Addition during the financial period	159
Balance at end of financial period	159

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	Group		Company
	As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
Trade receivables			
- Third parties	2,964	2,650	-
Less: Loss allowance on receivables	(154)	(129)	-
	2,810	2,521	-
Other receivables			
- Third parties	29	54	-
- Amount owing by subsidiaries	-	-	5,300
	29	54	5,300
Deposits			
	66	81	-
	95	135	5,300
	<u>2,905</u>	<u>2,656</u>	<u>5,300</u>

14. Financial assets at FVTPL

	Group		Company
	As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
Money market funds	6,974	7,212	-
Balance at beginning of financial year	7,212	10,050	-
Placements during the financial year	2,460	5,630	-
Redemptions during the financial year	(2,831)	(8,661)	-
Interest income	51	225	-
Fair value gain/ (loss) recognised through profit or loss	82	(32)	-
Balance at end of financial year	<u>6,974</u>	<u>7,212</u>	<u>-</u>

15. Share capital

	Group		Company
	As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
Issued and fully -paid ordinary share capital of:			
- My CO2 Sdn Bhd	-	1,635	-
- My CO2 (JB) Sdn Bhd	-	100	-
- My CO2 (KL) Sdn Bhd	-	205	-
- My CO2 (PG) Sdn Bhd	-	200	-
- Empiric Science Sdn Bhd	-	105	-
- My CO2 Certification Sdn Bhd	-	80	-
- LMS Compliance Ltd.	11,292	-	11,292
	<u>11,292</u>	<u>2,325</u>	<u>11,292</u>

LMS Compliance Ltd. and its subsidiaries

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**15. Share capital (Continued)**

	Group		Company	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
2022				
Issued and fully-paid				
Balance at beginning of financial year / at date of incorporation ⁽ⁱ⁾	2,325,000	2,325	-	-
Issuance of shares (before IPO) ⁽ⁱⁱ⁾	750	2	750	2
Issuance of shares ⁽ⁱⁱⁱ⁾	50,635	157	50,635	157
Adjustment pursuant to restructuring exercise ⁽ⁱⁱⁱ⁾	(2,325,000)	(2,325)	-	-
	51,385	159	51,385	159
Subdivision of shares ^(iv)	72,560,000	-	72,560,000	-
Issuance of shares - sponsor fee ^(v)	875,000	739	875,000	739
IPO shares placement ^(vi)	14,000,000	11,820	14,000,000	11,820
Expenses related to share issuance ^(vii)	-	(1,426)	-	(1,426)
Balance at end of financial year	87,435,000	11,292	87,435,000	11,292

- (i) The share capital of the Group as at beginning of the financial year represents the issued and paid up capital of the Company and the aggregation of the Group's interest in the issued and paid up capital of all subsidiaries under common control.
- (ii) On 22 July 2022, the Company issued 750 shares for a total cash consideration of RM2,322.
- (iii) On 10 November 2022, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 50,635 new ordinary shares at an approximate issue price of RM3.10 per share for a total consideration of RM157,303 for the purpose of acquiring 1% ordinary share of Empiric Science Sdn. Bhd., My CO2 Certification Sdn. Bhd., My CO2 Sdn. Bhd., My CO2 (JB) Sdn. Bhd., My CO2 (KL) Sdn. Bhd. and My CO2 (PG) Sdn. Bhd. ("Malaysia Subsidiaries") on behalf of My CO2 Group Sdn. Bhd.. Pursuant to the restructuring exercise, the Group fully acquired the Malaysia Subsidiaries.
- (iv) On 15 November 2022, the shareholders of the Company approved the sub-division of 51,385 existing issued ordinary shares into 72,560,000 ordinary shares in the issued capital of the Company.
- (v) On 30 November 2022, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 875,000 new ordinary shares at an issue price of RM0.84 per share amounting to RM738,738 as a payment of professional fee.
- (vi) On 30 November 2022, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 14,000,000 new ordinary shares at an issue price of RM0.84 per share for cash consideration of RM11,819,808 pursuant to the Company's initial public offering.
- (vii) Share issuance expenses consist of, among others, an allocation portion of professional fees paid to the sponsor and independent auditors of the Company in respect of professional services rendered as consultancy service and independent reporting auditors respectively in connection with the Company's initial public offering. The allocation portion of professional fees amounted to RM224,539 and RM169,367 respectively.

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**15. Share capital (Continued)**

The holders of ordinary shares are entitled to receive dividends as and when declared by the subsidiaries. All ordinary shares have no par value and carry one vote per ordinary share without restriction.

The Company has no outstanding convertibles, treasury shares or subsidiary holdings as at 31 December 2022.

16. Trade and other payables

	Group		Company
	As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
Non-current			
Deferred grant income	233	227	-
Current			
Trade payables			
- Third parties	116	118	-
Other payables			
- Third parties	210	157	120
- Subsidiaries	-	-	4,095
Accrued expenses	572	652	215
Deferred grant income	38	38	-
Sales and service tax ("SST")	374	645	-
	1,310	1,610	4,430
	1,543	1,837	4,430

17. Bank borrowings

	Group		Company
	As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
Current			
Term loan I	87	1,218	-
Term loan II	-	851	-
	87	2,069	-
Non-current			
Term loan I	1,052	-	-
	1,052	-	-
Total	1,139	2,069	-
Secured			
Term loan I	1,139	1,218	-
Term loan II	-	851	-
	1,139	2,069	-

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17. Bank borrowings (Continued)

Both Term loans I and II are repayable over 240 monthly instalments comprising principal and interest.

Both Term loans I and II are secured by freehold land and building of the Group.

On 1 September 2022, the Group obtained letter of waiver for Term loan I from one of the banks for its breach of bank covenants. As a result, Term loan I was reclassified to current and non-current liabilities based on the loan repayment schedule.

The Group had made early settlement to repay Term loan II voluntarily on 12 October 2022.

18. Net asset value ("NAV")

	Group		Company ⁽¹⁾
	As at 31.12.22	As at 31.12.21	As at 31.12.22
NAV (RM'000)	26,157	14,306	11,792
Number of ordinary shares in issue ('000)	87,435	87,435 ⁽²⁾	87,435
NAV per ordinary share (RM cents)	0.30	0.16	0.13

Notes:

(1) There is no comparative statement as at the end of the immediately preceding financial year (as at 31 December 2021) for the Company as it was incorporated on 22 July 2022.

(2) The number of ordinary shares in issue used in the computation of NAV per ordinary share as at 31 December 2021 has been retrospectively adjusted to reflect the issuance of (i) 750 new ordinary shares as at incorporation; (ii) 50,635 new ordinary shares pursuant to the Restructuring Exercise (but prior to the Share Split); (iii) 72,508,615 new ordinary shares pursuant to the Share Split; (iv) 14,000,000 new ordinary shares (post-Share Split) pursuant to the placement exercise in connection with the listing of the Company; and (v) 875,000 new ordinary shares (post-Share Split) as part satisfaction of management fees paid to the Company's Sponsor and Issue Manager in connection with the listing of the Company, assuming such transactions occurred as at 31 December 2021.

19. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2022:

	Group		Company
	As at 31.12.22 RM'000	As at 31.12.21 RM'000	As at 31.12.22 RM'000
Financial assets			
At amortised cost			
Loans and receivables	15,218	3,762	15,953
Financial asset at FVTPL	6,974	7,212	-
	22,192	10,974	15,953

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**19. Financial assets and financial liabilities (Continued)**

	Group		Company
	As at	As at	As at
	31.12.22	31.12.21	31.12.22
	RM'000	RM'000	RM'000
Financial liabilities			
Other financial liabilities, at amortised cost	3,901	5,105	4,430

20. 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 Catalyst 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 31 December 2022 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 and full year then ended and certain 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 2021 was not subjected to any adverse opinion, qualified opinion, or disclaimer of opinion. The Company was incorporated on 22 July 2022 and no audited financial statement for the Company is available as at the date of this announcement.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Review for the performance of the Group for the twelve months ended 31 December 2022 ("FY2022") as compared to twelve months ended 31 December 2021 ("FY2021").

Revenue increased by RM1.69 million or 9.9%, mainly due to an increase in revenue from laboratory testing services by RM1.64 million, an increase in distribution of conformity assessment technology by RM0.16 million, an increase in revenue from certificate service by RM0.08 million and partially offset by the decrease in revenue from sales of goods by RM0.19 million.

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

Other income decreased by RM0.14 million or 26.8%, mainly due to a decrease in government wage subsidy of RM0.12 million, decrease in interest income of RM0.17 million as a result of a lower average monthly balance of financial assets at FVTPL and partially offset by insurance claim received for motor vehicle damage in flood of RM0.05 million and an increase in other income of RM0.10 million.

Material, consumables and subcontractor costs increased by RM0.39 million or 25.5%, mainly due to an increase in fees paid to subcontractors and purchase of materials and consumables for laboratory testing to meet the increasing demand from the Group's customers.



2. A review of the performance of the group (Continued)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Depreciation expenses increased by RM0.16 million or 17.2%, mainly due to additional purchase of tools and equipment, renovation, motor vehicles, computer and software, and office equipment in FY2022, which resulted in the overall increase of depreciation expenses.

The Group recorded a net loss allowance on receivables of RM25,000 in FY2022, as compared to net loss allowance on receivables of RM55,000 in FY2021, mainly due to improvement in collection rate from trade debtors during the financial year.

Employee benefit expenses increased by RM0.5 million or 8.1%, mainly due to an increase in headcount of employees, increment of salaries and new directors' fees in FY2022.

Other expenses increased by RM4.76 million, mainly due to listing expenses of RM4.35 million incurred in FY2022 and an increase in professional fees, audit fees and printing and stationery expenses which mostly related to the Company's listing exercise.

Finance costs decreased by RM0.02 million or 9.5%, mainly due to the full settlement of one term loan in October 2022 and the decrease in lease and borrowing interest expenses year-on-year.

As a result, the Group's net profit before tax decreased by RM4.20 million or 63.5%, from RM6.61 million in FY2021 to RM2.41 million in FY2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2022 and 31 December 2021.

Property, plant and equipment decreased from approximately RM7.33 million as at 31 December 2021 to RM7.29 million as at 31 December 2022 mainly due to an increase in depreciation in FY2022.

Right-of-use assets decreased by approximately RM0.27 million mainly due to depreciation of right-of-use assets during the financial year.

Trade and other receivables increased by approximately RM0.25 million mainly due to an increase in revenue in FY2022 as compared to FY2021.

Prepayments decreased by RM0.53 million as at 31 December 2022 mainly due to recognition of listing expenses to profit or loss during the financial year.

Contracts assets arise when performance obligations have been satisfied but yet to bill customers. As at 31 December 2022, the Group's contract assets were approximately RM0.21 million. This was mainly due to the requirement of a single customer for the compilation of jobs performed into one billing.



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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial assets at FVTPL decreased by RM0.24 million mainly due to additional placements of money market funds with financial institutions, interest income and fair value gain of approximately RM2.46 million, RM0.05 million and RM0.08 million respectively, partially offset by redemptions of RM2.83 million during the financial year.

Cash and bank balances amounted to RM12.31 million which accounted for 54.7% of the Group's total current assets as at 31 December 2022. The increase was mainly due to net cash generated from operating and financing activities of RM2.49 million and RM9.14 million respectively, partially offset by net cash used in investing activities of RM0.42 million.

Non-current borrowings of RM1.05 million as at 31 December 2022 was reclassified from current liabilities since the Group obtained the letter of waiver for Term loan I from one of its banks for the breach of bank covenants.

Non-current other payables related to deferred grant income received from SME Corporation Malaysia and additional grant received from MIDA during the financial year for capital expenditure incurred for the purchases of laboratory related equipment. Non-current other payables amounted to RM0.23 million which accounted for 7.0% of the Group's total non-current liabilities as at 31 December 2022.

Non-current lease liabilities decreased from approximately RM1.86 million as at 31 December 2021 to RM1.62 million as at 31 December 2022 mainly due to lease payments made during the financial year.

Deferred tax liabilities are attributable to temporary differences arising from the accelerated tax depreciation computed at Malaysia's income tax rate of 24%. Deferred tax liabilities amounted to RM0.32 million and RM0.41 million which accounted for 13.3% and 12.4% of the Group's total non-current liabilities as at 31 December 2021 and 31 December 2022 respectively.

Current trade and other payables decreased by approximately RM0.30 million mainly due to prompt payments made by the Group to suppliers. Additionally, the decrease in accrued expenses was mainly due to payment of accrued directors' fees in FY2022. Other than that, the decrease in sales and services tax payable was mainly due to payment made during the financial year.

Current borrowings decreased from approximately RM2.07 million as at 31 December 2021 to RM0.09 million as at 31 December 2022 due to early settlement of one bank borrowing in October 2022 and the reclassification of RM1.05 million to non-current liabilities.

Current lease liabilities amounted to RM0.25 million and RM0.24 million which accounted for 5.7% and 11.5% of the Group's total current liabilities as at 31 December 2021 and 31 December 2022 respectively.



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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Contract liabilities relate to unsatisfied performance obligations when the Group issues billing to customers. Unsatisfied performance obligations 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 RM0.25 million and RM0.40 million which accounted for 5.8% and 19.1% of the Group's total current liabilities as at 31 December 2021 and 31 December 2022 respectively. The increase in contract liabilities as at 31 December 2022 was due to an increase in payment in advance from customers for goods which have yet to be delivered as at end of FY2022.

Income tax payable decreased by approximately RM38,000 from RM96,000 as at 31 December 2021 to RM58,000 as at 31 December 2022 due to lower tax provision and payments made during the year.

The Group recorded a positive working capital of RM20.5 million as at 31 December 2022, as compared to a positive working capital of RM7.5 million as at 31 December 2021.

CONSOLIDATED STATEMENT OF CASH FLOW

Review for the performance of the Group for FY2022

The net cash from operating activities for FY2022 of RM2.49 million was mainly derived from operating cash flows before working capital changes of RM4.24 million and adjusted net working capital inflow of RM0.11 million and income tax paid of RM1.64 million.

Net cash used in investing activities for FY2022 was approximately RM0.42 million, mainly due to the net redemption of financial assets at FVTPL of RM0.37 million and partially offset by the purchases of property, plant and equipment of RM0.79 million. The net redemption of financial assets at FVTPL amounting to RM0.37 million pertains to the net withdrawal of the Group's investments in money market funds.

Net cash generated from financing activities for FY2022 was approximately RM9.14 million, mainly due to proceeds from issue of new ordinary shares of RM10.52 million, partially offset by settlement of bank borrowings and repayment of other bank borrowings amounting to an aggregate of RM1.00 million, and repayment of lease liabilities of RM0.38 million.

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

In the trend information disclosed in the section entitled "General Information on our Group - Trend Information" of the Offer Document, the Company indicated that, *inter alia*, (i) it expects the Group's revenue, materials, consumables and subcontractor costs, depreciation expenses, employee benefits expenses as well as other expenses in FY2022 to be higher vis-à-vis FY2021; and (ii) there is no assurance that the Group can maintain a profit position in FY2022 ("Prospect Statement").



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

The unaudited financial results of the Group for FY2022 as set out in this announcement (“Actual Results”) are in line with the Prospect Statement in respect of the increase in the Group’s revenue, materials, consumables and subcontractor costs, depreciation expenses, employee benefits expenses as well as other expenses in FY2022. There is a variance between the Actual Results and the Prospect Statement in respect of the Group’s profit position. The Group recorded a net profit of RM0.72 million in FY2022 as a result of the reasons set out under section 2 above on the review of the performance of the Group.

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 lifting of all movement restrictions and the reopening of the economy repositioned Malaysia on a quicker recovery path. The economy is projected to expand 8.7 percent in 2022, driven mainly by a strong rebound in consumption. Fiscal consolidation to support inclusive recovery across the country should remain a key priority but the policies need to be implemented gradually.

While the regional and local market has continued to register a favourable recovery, challenges are expected to persist in the coming year due to the lingering impact of the COVID-19 pandemic on customers. Nevertheless, the Group is committed to its long-term business strategies and will continue to take proactive measures to optimize productivity and improve operational efficiency to manage this challenging operating environment.

Looking ahead, the Group will remain vigilant and closely monitor any known factors or events that may affect the industry in the next reporting period and the next 12 months. The Group will also assess any potential business opportunities that may arise from the new normal, which could complement existing business or provide further growth for the Group. By maintaining an optimistic outlook and taking proactive measures to navigate the challenges that may come its way, the Group is well-positioned to emerge stronger and succeed in the competitive conditions of the industry.

5. Dividend information

5.1 If a decision regarding dividend has been made:

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

Yes.

Name of dividend	: Final
Dividend type	: Cash
Dividend rate (S\$ cents)	: 0.15 cents per share
Tax rate	: Tax exempt (one-tier)

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5. Dividend information (Continued)

The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held in April 2023.

(b) Corresponding period of the immediately preceding financial year

No.

(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)

Tax exempt (one-tier).

(d) Date payable

To be announced at a later date, subject to shareholders' approval of the proposed final dividend at the forthcoming annual general meeting of the Company to be held in April 2023.

(e) Record date

To be announced at a later date, subject to shareholders' approval of the proposed final dividend at the forthcoming annual general meeting of the Company to be held in April 2023.

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

Not applicable.

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 in FY2022.

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

Save for the information set out in the Offer Document, the Group did not have any acquisitions (including incorporations) and realisations of shares for FY2022.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under 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)	Amount utilised as at 31 December 2022 (S\$'000)	Balance of Net Proceeds as at 31 December 2022 (S\$'000)
Expansion of the Group’s certification services segment and conformity assessment technology distribution segment	300	4	296
Acquisitions, joint ventures and strategic alliances to expand the Group’s business	1,200	-	1,200
General working capital	538	-	538
Total	2,038	4	2,034

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. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s) and financial results announcement(s).

10. A breakdown of sales

	FY2022 RM'000	FY2021 RM'000	Increase / (Decrease) %
(a) Sales reported for first half year	8,774	7,976	10.01%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	2,658	2,312	14.97%
(c) Sales reported for second half year	9,902	9,012	9.88%
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	(1,938)	2,636	(173.52%)

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11. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2022	FY2021
	S\$'000	S\$'000
Ordinary shares (tax exempt one-tier)		
- Interim dividend	-	-
- Final dividend (proposed)	131 ⁽¹⁾	-
Total Annual Dividend	<u>131</u>	<u>-</u>

Note:

(1) The proposed final ordinary dividend is based on 87,435,000 number of shares as at 31 December 2022.

12. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Detail of changes in duties and position held, if any, during the year
Ooi Wan Koon	40	Sister of Dr. Ooi Shu Geok (Executive Director and Chief Executive Officer of the Company)	<p>Chief People Officer of the Group (first held in year 2021)</p> <p>Responsible for the overall HR management function ensuring that there are adequate staffs with the correct skills, knowledge and ability to support the Company's business operations. The HRM shall be well verse with statutory requirements and responsible for ensuring that all HR related matters are managed in a fair and mutually beneficial manner.</p>	N/A

**12. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder (continued)**

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Detail of changes in duties and position held, if any, during the year
Chong Tze Kean	48	Brother of Ms. Chong Moi Me (Executive Director and Chief Development Officer of the Company)	Assistant Compliance Advisory Manager in MY CO2 (PG) Sdn. Bhd., a subsidiary of the Company (first held in year 2022) Primarily responsible for sales and business growth as per agreed yearly targets. The Assistant Compliance Advisory Manager shall also be responsible for driving brand growth and progressively building the Company's market presence.	N/A

BY ORDER OF THE BOARD**Ooi Shu Geok**
Executive Director and Chief Executive Officer
24 February 2023