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Issuer: LMS Compliance Limited

Stock code: LMS

Meeting details:

Date: 24 Apr 2024

Time: 11.00 a.m.

Venue: Training Room 1-1, 11 Eunos Road 8, #09-01, Lifelong Learning Institute, Singapore 408601

Q1. The company was listed on 1 December 2022 on the Catalist Board of the Singapore Exchange. The group offers testing and certification services for its customers across various industries, such as food, feed, fertiliser, pharmaceutical, medical devices, healthcare, industrial and Greentech.

For the financial year ended 31 December 2023, consolidated group revenue, primarily from the "Testing and Assessment" business segment, increased by 11.9% to RM20.9 million. Net profit before tax improved to RM5.18 million.

- (i) **To provide shareholders with a deeper insight into the group's operational dynamics, could the company elaborate on the key testing and assessment services that significantly contributed to the group's revenue?**
- (ii) **What were the utilisation rates of the group's three accredited laboratories in Penang, Shah Alam and Johor Bahru? And how much additional growth can these laboratories accommodate?**
- (iii) **What measures does management implement to ensure the accuracy of test results and compliance with relevant standards and regulations?**
- (iv) **What proportion of the group's revenues is recurring in nature? Is management strategically focused on nurturing long-term customer relationships to ensure recurring and consistent revenue streams?**

Q2. On 29 January 2024, the company announced that it launched an environmental, social and governance (ESG) disclosure and sustainability report assurance service aimed at helping companies and businesses meet their regulatory obligations.

In the announcement, the company also announced that it had clinched three sustainability reporting service projects and one assurance service project in Singapore.

- (i) **What level of manpower and capital has the board allocated to support this new business endeavour?**
- (ii) **What was the process of acquiring new customers, and what strategy is in place for customer acquisition?**
- (iii) **Could management outline the typical scope of an engagement, including the number of experts involved and the duration of their involvement in a project?**
- (iv) **Have targets been set by the board for management regarding the new ESG reporting service segment?**

Q3. As noted in the offer document, the company had engaged an internal auditor, Baker Tilly Monteiro Heng Governance Sdn. Bhd., to perform a review of the group's internal control framework and risk management system for the purpose of the IPO.

The scope of the internal controls review included:

- (a) corporate governance and risk management,
- (b) revenue, billing, sales and pricing, and accounts receivables,
- (c) business development and marketing procedures,
- (d) purchasing, expenses and accounts payable, vendor and contractor management,
- (e) financial management, general control environment and interested party transactions,
- (f) general accounting controls, bank and cash management,
- (g) personal data protection procedures,
- (h) human resource functions and payroll management,
- (i) fixed assets management, and
- (j) general information technology and application controls, and data recovery management.

- (i) **What were the recommendations by Baker Tilly following its review of the group's internal control framework and risk management system?**
- (ii) **Have all the recommendations been fully and satisfactorily implemented by management?**
- (iii) **How closely does the audit committee oversee management's implementation of the recommendations from Baker Tilly?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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