

12. FINANCIAL INFORMATION**12.1 HISTORICAL COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND FINANCIAL POSITION****12.1.1 Historical financial performance**

We were incorporated in Malaysia under the Act on 22 November 2024 to facilitate our Listing. On [●] 2025, we formed our Group upon completing the Acquisitions, which resulted in LAC Medical, CVS Medical and GoCloud becoming our wholly-owned subsidiaries together with PT Fairmed as our existing subsidiary.

Our historical combined financial statements for the Financial Years Under Review include the financial statements of the combining entities, namely LAC Medical and CVS Medical (for the Financial Years Under Review), and LAC and PT Fairmed (for the FYE 2024 as they were only incorporated in 2024). GoCloud is not included in the combined financial statements for the Financial Years Under Review as it is not a commonly controlled entity. Accordingly, our “Group” in this section shall refer to the aforementioned combining entities.

Our historical combined financial statements for the Financial Years Under Review have been prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards for the purpose of the Accountants’ Report. The historical financial information presented below should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as set out in Section 12.3 of this Prospectus and the Accountants’ Report, together with its related notes, as set out in Section 13 of this Prospectus.

	<-----Audited----->		
	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Revenue	106,644	150,347	183,216
Cost of sales	(76,875)	(109,317)	(137,740)
GP	29,769	41,030	45,476
Other income	236	456	590
Selling and distribution expenses	(2,085)	(6,126)	(5,172)
Administrative expenses	(7,984)	(10,442)	(12,693)
Other expenses	(187)	(246)	(345)
Finance costs	(1,019)	(1,082)	(494)
Net (impairment losses)/ Reversal of impairment losses on financial assets and contract assets	(1,549)	2,107	(319)
PBT	17,179	25,697	27,043
Taxation	(4,115)	(4,953)	(6,647)
PAT	13,065	20,744	20,396
Other comprehensive expenses	-	-	(4)
Total comprehensive income	13,065	20,744	20,392
PAT attributable to:			
- owners of our Company	-	-	20,399
- non-controlling interests	-	-	(3)
	13,065	20,744	20,396
GP margin ⁽¹⁾ (%)	27.9	27.3	24.8
EBITDA ⁽²⁾	18,379	27,067	27,927
EBITDA margin ⁽¹⁾ (%)	17.2	18.0	15.2
PBT margin ⁽¹⁾ (%)	16.1	17.1	14.8
PAT margin ⁽¹⁾ (%)	12.3	13.8	11.1
Basic and diluted EPS ⁽³⁾ (sen)	3.3	5.2	5.1
Number of Shares in issue after our IPO ('000)	400,000	400,000	400,000

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) Computed as GP, EBITDA, PBT or PAT attributable to owners divided by revenue.
- (2) Computed as follows:

	<-----Audited----->		
	FYE 2022	FYE 2023	FYE 2024
	(RM'000)	(RM'000)	(RM'000)
PAT attributable to owners	13,065	20,744	20,399
Add: Taxation	4,115	4,953	6,647
Depreciation	180	288	387
Finance costs	1,019	1,082	494
EBITDA	18,379	27,067	27,927

- (3) Computed as PAT attributable to owners divided by the enlarged total number of 400,000,000 Shares after our IPO.

12.1.2 Historical combined statements of financial position

The table below sets out the summary of our audited combined statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024, which has been extracted from the Accountants' Report as set out in Section 13 of this Prospectus.

	<-----Audited----->		
	31 December 2022	31 December 2023	31 December 2024
	(RM'000)	(RM'000)	(RM'000)
Property, plant and equipment	560	1,234	1,416
Right-of-use assets	41	130	48
Deferred tax assets	1,626	2,128	2,659
Non-current assets	2,228	3,491	4,122
Inventories	10,840	21,608	20,798
Trade receivables	50,115	66,420	35,706
Other receivables, deposits and prepayments ⁽¹⁾	6,925	6,327	18,368
Contract assets ⁽²⁾	842	2,311	3,035
Amount owing by directors	49	-	140
Amount owing by related parties	5	-	-
Fixed deposits with licensed banks	8,421	9,003	30,097
Cash and bank balances	23,828	30,454	15,844
Current assets	101,024	136,123	123,986
Total assets	103,252	139,614	128,108
Lease liabilities	-	53	-
Hire purchase payables	227	157	100
Borrowings	2,881	2,064	1,297
Non-current liabilities	3,108	2,274	1,397

12. FINANCIAL INFORMATION (CONT'D)

	<-----Audited----->		
	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2024 (RM'000)
Trade payables	19,257	36,530	28,744
Other payables and accruals ⁽³⁾	5,405	12,353	14,980
Contract liabilities ⁽⁴⁾	12,215	16,355	13,963
Amount owing to related parties	22	1,001	3
Lease liabilities	42	80	53
Hire purchase payables	74	70	57
Borrowings	32,018	23,248	18,917
Dividend payable	4,000	6,000	-
Current tax liabilities	1,988	1,836	2,096
Current liabilities	75,021	97,473	78,813
Total liabilities	78,129	99,747	80,210
Share capital	2,000	2,000	2,000
Foreign exchange translation reserve	-	-	(4)
Retained profits	23,123	37,867	45,766
Equity attributable to owners	25,123	39,867	47,762
Non-controlling interests	-	-	136
Total equity	25,123	39,867	47,898
Total equity and liabilities	103,252	139,614	128,108

Notes:

- (1) Other receivables, deposits and prepayments increased by RM12.1 million to RM18.4 million as at 31 December 2024 (31 December 2023: RM6.3 million) mainly due to the increase in deposits recoverable from suppliers. These were advance payments made to suppliers for the purchase of medical equipment that had not yet been delivered as at the end of the financial year. These deposits are part of our Group's procurement process and will be offset against the invoiced amounts upon delivery of goods.
- (2) Contract assets increased from RM0.8 million as at 31 December 2022 to RM2.3 million as at 31 December 2023 and RM3.0 million as at 31 December 2024 mainly due to timing differences where revenue was recognised based on the stages of completion for ongoing projects, while the corresponding billings to customers had not yet been issued as at the respective financial year ends. This is in line with the increase in our revenue in the supply and integration of medical devices segment as well as higher number of contracts undertaken during the Financial Years Under Review.
- (3) Other payables and accruals increased from RM5.4 million as at 31 December 2022 to RM12.4 million as at 31 December 2023 and RM15.0 million as at 31 December 2024 mainly due to higher provisions for warranties for the medical devices sold, which are in line with the increase in our revenue and volume of medical devices sold to our customers.
- (4) Contract liabilities increased by RM4.2 million to RM16.4 million as at 31 December 2023 (31 December 2022: RM12.2 million) mainly due to higher upfront payments received from customers upon securing new projects involving the supply and integration of medical devices to private hospitals towards the end of the financial year. As revenue for these projects had not been recognised during FYE 2023, the corresponding amounts were recorded as contract liabilities. Subsequently, contract liabilities decreased by RM2.4 million to RM14.0 million as at 31 December 2024 (31 December 2023: RM16.4 million) primarily due to the increase in revenue recognition during FYE 2024 for work completed on projects for which upfront payments had been received in the previous financial year.

12. FINANCIAL INFORMATION (CONT'D)**12.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our capitalisation and indebtedness as at 31 March 2025, and after adjusting for the Public Issue and use of proceeds:

	Unaudited as at 31 March 2025 (RM'000)	After the Public Issue and use of proceeds (RM'000)
Indebtedness		
<u>Current (secured and guaranteed)</u>		
- Term loans	165	165
- Trust receipt	1,907	1,907
- Letters of credit	19,348	[•]
- Hire purchase payables	43	43
<u>Current (unsecured and unguaranteed)</u>		
- Lease liabilities	31	31
<u>Non-current (secured and guaranteed)</u>		
- Term loans	1,694	1,694
- Hire purchase payables	100	100
Total indebtedness	23,288	[•]
Shareholders' equity	53,548	[•]
Total capitalisation and indebtedness	76,836	[•]
Gearing ratio ⁽¹⁾ (times)	0.4	[•]

Note:

(1) Computed as total borrowings divided by shareholders' equity.

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12. FINANCIAL INFORMATION (CONT'D)

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our Group's financial conditions and results of operations for the Financial Years Under Review should be read in conjunction with the historical combined financial statements of our Group and the accompanying notes as set out in the Accountants' Report which are included in Section 13 of this Prospectus.

The historical combined financial statements of our Group include the financial statements of the combined entities, namely LAC Medical and CVS Medical for the Financial Years Under Review, as well as LAC and PT Fairmed for the FYE 2024 as they were only incorporated in 2024. GoCloud is not included in the combined financial statements for the Financial Years Under Review as it is not a commonly controlled entity. Accordingly, our "Group" in this section shall refer to the aforementioned combined entities.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in.

12.3.1 Overview of our operations



We specialise in the supply and integration of medical devices and services.

As an authorised distributor in Malaysia, we supply third-party brands of medical devices comprising medical equipment and associated products which include medical consumables, software and systems.

We also supply related products and services, including sales of medical consumables and accessories, provision of software and systems, and maintenance services.

Please refer to Section 7 of this Prospectus for further details on our business overview. We are principally operating in Malaysia and we expanded our business operations in Indonesia where we have a sales and support office in Indonesia that commenced in February 2025. For the Financial Years Under Review, sales to our customers are primarily denominated in RM. Meanwhile, our purchases of equipment and services are transacted in RM, USD and EUR.

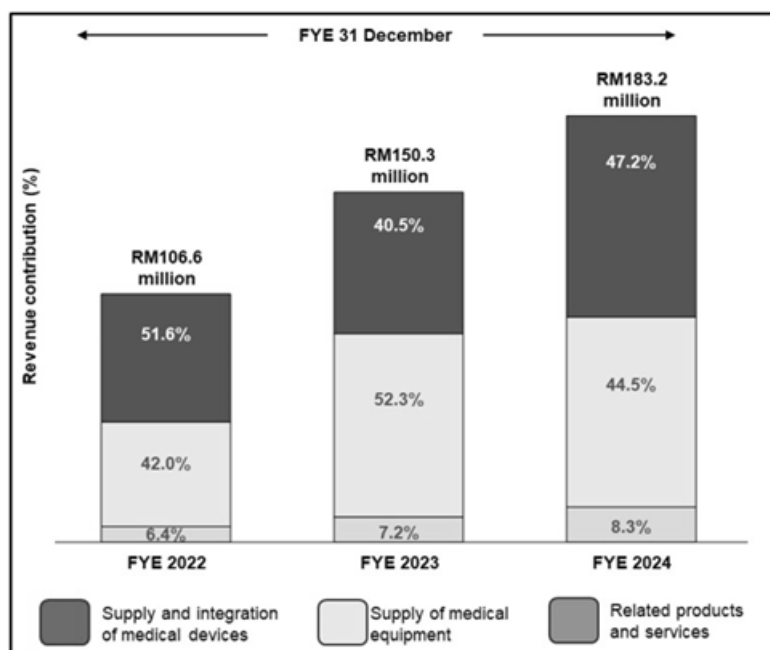
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12. FINANCIAL INFORMATION (CONT'D)

Between FYE 2022 and FYE 2024, our total revenue increased at a CAGR of 31.1% from RM106.6 million for the FYE 2022 to RM183.2 million for the FYE 2024.

The supply and integration of medical devices segment is one of our revenue contributors which accounted for 47.2% of our total revenue for the FYE 2024. Between FYE 2022 and FYE 2024, the revenue from this supply and integration segment increased at a CAGR of 25.4% from RM55.0 million for the FYE 2022 to RM86.5 million for the FYE 2024.

Revenue generated from the supply and integration of medical devices segment is mainly based on projects and is recognised based on progress using the cost incurred method for work performed over estimated total costs. There may be instances where work has been completed but yet to be billed to customers as at the reporting date, and we will recognise the difference in value as a contract asset which will be reclassified to trade receivables at the point when billings are issued. Similarly, if the billings issued or advances received from our customers exceed the revenue recognised, we will recognise a contract liability for the difference, and the amount will be recognised as revenue when work is performed.



As for the revenue from supply of medical equipment segment, this accounted for 44.5% of our total revenue for the FYE 2024. Between FYE 2022 and FYE 2024, our revenue from this supply segment increased at a CAGR of 34.9% from RM44.8 million for the FYE 2022 to RM81.5 million for the FYE 2024. Revenue generated from this supply segment is recognised when goods are delivered and accepted by customers.

This is followed by the revenue from supply of related products and services segment which accounted for 8.3% of our total revenue for the FYE 2024 and this includes the sales of other medical devices such as consumables and accessories, provision of healthcare-related software and system integration as well as provision of maintenance services. Between FYE 2022 and FYE 2024, our revenue from the supply of related products and services segment increased at a CAGR of 49.5% from RM6.8 million for the FYE 2022 to RM15.2 million for the FYE 2024. Under this segment, revenue recognition from the sales of products is recognised when goods are delivered and accepted by customers, while revenue from the provision of software and system integration, and maintenance services is recognised either upon services are rendered and accepted by customers or recognised over the period of service, depending on the terms of the contracts and nature of the services provided.

For the medical devices that we supply, our pricing policy is based on a mark-up over the cost set by the respective principals and takes into consideration various factors such as, among others, volume of orders, scope of integration services, warranty period and market competition. The pricing for our maintenance services is determined based on the estimated cost of support and technical assistance required throughout the maintenance period. Our pricing is not regulated by the relevant authorities.

12. FINANCIAL INFORMATION (CONT'D)

Under our indirect distribution channel, we supply medical equipment through intermediaries such as medical devices suppliers or concessionaire companies, which generally command lower gross margins. Save for this, our gross margins are mainly influenced by the type of products supplied and we may offer our products or services at lower gross margins to foster customer loyalty and drive business growth.

Please refer to Section 12.3.2 of this Prospectus for further details on the revenue segmentation.

12.3.2 Revenue

The breakdown of our revenue by business activities and products during the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Supply and integration of medical devices						
• Medical equipment	53,563	50.2	60,308	40.1	76,511	41.8
- Radiographic equipment ⁽¹⁾	52,441	49.2	49,453	32.9	63,501	34.7
- Ultrasound machines	1,122	1.0	724	0.5	2,257	1.2
- MRI machines	-	-	10,131	6.7	10,753	5.9
• Medical devices and related services	1,427	1.4	525	0.4	9,982	5.4
	54,990	51.6	60,833	40.5	86,493	47.2
Supply of medical equipment						
• Ultrasound machines	42,196	39.6	69,980	46.5	69,187	37.7
• Radiographic equipment ⁽¹⁾	2,404	2.2	6,247	4.2	9,241	5.1
• Patient monitoring devices	217	0.2	2,439	1.6	3,108	1.7
	44,817	42.0	78,666	52.3	81,536	44.5
Supply of related products and services						
• Medical consumables and others ⁽²⁾	2,639	2.5	4,425	2.9	9,089	4.9
• Software and systems	302	0.3	1,451	1.0	1,044	0.6
• Related services ⁽³⁾	3,896	3.6	4,972	3.3	5,054	2.8
	6,837	6.4	10,848	7.2	15,187	8.3
Total	106,644	100.0	150,347	100.0	183,216	100.0

Notes:

- (1) Comprises CT scanners, fluoroscopy machines and other radiographic equipment.
- (2) Mainly include intravascular sound catheters, power injectors, transducers, neurovascular devices and other ancillary products.
- (3) Mainly include maintenance and repair services.

12. FINANCIAL INFORMATION (CONT'D)

A summary of the number of our customers, projects and units supplied during the Financial Years under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	No.	%	No.	%	No.	%
Supply and integration of medical devices						
• Number of customers ⁽¹⁾						
- New customers	4	28.6	3	12.5	7	29.2
- Repeat customers ⁽²⁾	10	71.4	21	87.5	17	70.8
	14	100.0	24	100.0	24	100.0
• Number of projects						
- Ongoing projects	10	43.5	10	33.3	12	36.4
- Completed projects	13	56.5	20	66.7	21	63.6
	23	100.0	30	100.0	33	100.0
• Number of units supplied						
- Ultrasound machines	3	10.0	2	11.1	6	20.0
- Radiographic equipment	27	90.0	14	77.8	22	73.3
- MRI machines	-	-	2	11.1	2	6.7
	30	100.0	18	100.0	30	100.0
Supply of medical equipment						
• Number of customers ⁽¹⁾						
- New customers	113	63.8	133	57.6	117	57.4
- Repeat customers ⁽²⁾	64	36.2	98	42.4	87	42.6
	177	100.0	231	100.0	204	100.0
• Number of units supplied						
- Ultrasound machines	231	75.5	302	60.6	253	63.2
- Radiographic equipment	14	4.6	30	6.0	35	8.8
- Patient monitoring devices	61	19.9	166	33.4	112	28.0
	306	100.0	498	100.0	400	100.0
Supply of related products and services						
• Number of customers ⁽¹⁾						
- New customers	34	24.8	29	18.1	39	23.1
- Repeat customers ⁽²⁾	103	75.2	131	81.9	130	76.9
	137	100.0	160	100.0	169	100.0

Notes:

- (1) Includes overlapping customers in 2 or 3 of the segments (FYE 2022: 34; FYE 2023: 60; FYE 2024: 71).
- (2) A customer is considered a repeat customer in a financial year if the customer has made a purchase from our Group in the past.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023 compared to FYE 2022**

Our total revenue increased by RM43.7 million or 41.0% to RM150.3 million for the FYE 2023 (FYE 2022: RM106.6 million), which was mainly contributed by the supply of medical equipment segment.

(a) Supply and integration of medical devices

Revenue from the supply and integration of medical devices increased by RM5.8 million or 10.5% to RM60.8 million for the FYE 2023 (FYE 2022: RM55.0 million). This was attributed to the delivery of various supply and integration projects for private hospitals after the completion of pre-installation works including:

- (i) revenue contribution of RM10.2 million from MAHSA Hospital Sdn Bhd for the delivery and integration of various radiographic equipment comprising MRI machines, CT scanners and other radiographic equipment for the newly completed MAHSA Specialist Hospital in Bandar Saujana Putra in 2024;
- (ii) revenue contribution of RM9.7 million from Peel Healthcare Sdn Bhd for the delivery of radiographic equipment including fluoroscopy machines for angiography and other medical equipment for the newly completed Northern Heart Hospital Penang in 2024; and
- (iii) revenue contribution of RM9.1 million from 3 hospitals under Customer C for the delivery and integration of radiographic equipment including fluoroscopy machines for angiography, and other medical equipment mainly for the upgrade and expansion of the 3 hospitals in Johor.

The increase in revenue was partially moderated following the completion of the supply and integration projects involving the delivery and integration of CT scanners and other radiographic equipment for our customers who are concessionaires of healthcare facility management companies for public hospitals.

(b) Supply of medical equipment

Revenue from the supply of medical equipment increased by RM33.8 million or 75.7% to RM78.7 million for the FYE 2023 (FYE 2022: RM44.8 million). This was mainly driven by higher sales of ultrasound machines as reflected in the increase in sales volume of ultrasound machines by 30.7% to 302 units for the FYE 2023 (FYE 2022: 231 units), as well as increase in number of customers of ultrasound machines by 21.6% to 186 for the FYE 2023 (FYE 2022: 153). The increase in sales was mainly due to the increase in demand from our customers who were suppliers of medical equipment as well as from hospitals and clinics, mainly in Selangor.

(c) Supply of related products and services

Revenue from the supply of related products and services increased by RM4.0 million or 58.8% to RM10.8 million for the FYE 2023 (FYE 2022: RM6.8 million). This was mainly driven by the following:

- (i) increase in revenue by RM1.8 million from the sales of medical consumables and accessories including intravascular sound catheters and transducers which are associated with ultrasound equipment. This was in line with higher sales of ultrasound machines under the supply of medical equipment segment;

12. FINANCIAL INFORMATION (CONT'D)

- (ii) increase in revenue by RM1.1 million from the provision of healthcare-related software and systems integration arising from the sales of software used to enhance the images that are generated from MRI machines as well as the sales of the power and environmental monitoring system software to GoCloud (which subsequently became our subsidiary after the Acquisitions); and
- (iii) increase in revenue by RM1.1 million from the maintenance and repair services of medical equipment mainly private hospitals.

FYE 2024 compared to FYE 2023

Our total revenue increased by RM32.9 million or 21.9% to RM183.2 million for the FYE 2024 (FYE 2023: RM150.3 million), which was mainly contributed by the supply and integration of medical devices segment as set out below.

(a) Supply and integration of medical devices

Revenue from the supply and integration of medical devices increased by RM25.7 million or 42.3% to RM86.5 million for the FYE 2024 (FYE 2023: RM60.8 million). This was attributed to the delivery of various supply and integration projects for private hospitals after the completion of pre-installation works, mainly including the following:

- (i) increase in revenue by RM12.9 million from Customer B following the delivery and integration of various radiographic equipment comprising fluoroscopy machines for angiography and CT scanners, as well as MRI machines for the newly completed hospital in Alor Setar in 2025;
- (ii) revenue contribution of RM14.1 million from 4 hospitals under Customer C for the delivery and integration of various radiographic equipment mainly fluoroscopy machines for angiography for the upgrade and expansion of 4 hospitals located in Johor, Kelantan, Kedah and Sabah; and
- (iii) revenue contribution of RM11.0 million from 2 hospitals under Sunway Healthcare Group for the delivery and integration of various radiographic equipment to 2 new hospitals located in Selangor and Perak.

In addition, the increase in revenue from this segment for the FYE 2024 was also partly contributed by the revenue contribution of RM8.9 million from the integration of picture archiving and communication software mainly for public hospitals in Perak.

(b) Supply of medical equipment

Revenue from the supply of medical equipment increased by RM2.8 million or 3.6% to RM81.5 million for the FYE 2024 (FYE 2023: RM78.7 million), which was mainly attributed to higher sales of radiographic equipment to private hospitals comprising mainly X-ray equipment and CT scanners in various locations including Selangor, Kuala Lumpur, Johor and Perak. This was also reflected in the increase in sales volume of radiographic equipment by 16.7% to 35 units for the FYE 2024 (FYE 2023: 30 units), as well as increase in number of customers of radiographic equipment by 37.0% to 37 for the FYE 2024 (FYE 2023: 27).

(c) Supply of related products and services

Revenue from the supply of related products and services segment increased by RM4.4 million or 40.7% to RM15.2 million for the FYE 2024 (FYE 2023: RM10.8 million). This was mainly driven by the increase in revenue from the sales of medical consumables and accessories comprising intravascular sound catheters and neurovascular devices. We commenced the sales of neurovascular devices for the FYE 2024 upon securing the distributorship of the Stryker brand of neurovascular devices in Malaysia in July 2024.

12. FINANCIAL INFORMATION (CONT'D)**12.3.3 Cost of sales**

The breakdown of our cost of sales by components during the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Equipment and accessories cost⁽¹⁾						
• Radiographic equipment	41,994	54.6	44,682	40.9	58,948	42.8
• Ultrasound machines	29,902	38.9	47,577	43.5	49,248	35.8
• MRI machines	-	-	8,382	7.7	9,154	6.6
• Patient monitoring devices	134	0.2	1,734	1.6	2,434	1.8
• Medical consumables, software and systems, and other medical devices	4,467	5.8	6,324	5.8	17,325	12.6
	<u>76,497</u>	<u>99.5</u>	<u>108,699</u>	<u>99.4</u>	<u>137,109</u>	<u>99.5</u>
Others⁽²⁾	<u>378</u>	<u>0.5</u>	<u>618</u>	<u>0.6</u>	<u>631</u>	<u>0.5</u>
Total	<u>76,875</u>	<u>100.0</u>	<u>109,317</u>	<u>100.0</u>	<u>137,740</u>	<u>100.0</u>

Notes:

(1) Including subcontractor costs which are accounted for as cost of sales based on the actual costs incurred for renovation and M&E works performed by our subcontractors.

(2) Mainly include freight and transportation costs and depreciation.

Our cost of sales of equipment and accessories comprising medical equipment and other medical devices include consumables and accessories, as well as subcontractors' costs where we engaged subcontractors to carry out the renovation works for M&E works, construction or modification of structures as well as installation of protection shielding. The cost of sales of equipment and accessories accounted for 99.5%, 99.4% and 99.5% of our total cost of sales for the Financial Years Under Review respectively.

The breakdown of our cost of sales by business activities and products during the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Supply and integration of medical devices						
• Medical equipment	42,090	54.8	50,264	46.0	63,979	46.5
• Medical devices and related services	1,291	1.7	473	0.4	7,884	5.7
	<u>43,381</u>	<u>56.5</u>	<u>50,737</u>	<u>46.4</u>	<u>71,863</u>	<u>52.2</u>
Supply of medical equipment						
• Ultrasound machines	27,939	36.3	45,420	41.5	45,481	33.0
• Radiographic equipment ⁽¹⁾	2,017	2.6	5,091	4.7	7,888	5.7
• Patient monitoring devices	142	0.2	1,821	1.7	2,501	1.8
	<u>30,098</u>	<u>39.1</u>	<u>52,332</u>	<u>47.9</u>	<u>55,870</u>	<u>40.5</u>
Supply of related products and services						
• Medical consumables and others ⁽²⁾	1,719	2.2	3,305	3.0	6,814	4.9
• Software and systems	167	0.2	1,040	1.0	788	0.6
• Related services ⁽³⁾	1,510	2.0	1,903	1.7	2,405	1.8
	<u>3,396</u>	<u>4.4</u>	<u>6,248</u>	<u>5.7</u>	<u>10,007</u>	<u>7.3</u>
Total	<u>76,875</u>	<u>100.0</u>	<u>109,317</u>	<u>100.0</u>	<u>137,740</u>	<u>100.0</u>

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) Comprises CT scanners, fluoroscopy machines, and other X-ray equipment.
- (2) Mainly include intravascular sound catheters, power injectors, transducers, neurovascular devices and other ancillary products.
- (3) Mainly include maintenance and repair services.

FYE 2023 compared to FYE 2022

Our cost of sales of equipment and accessories increased by RM32.2 million or 42.1% to RM108.7 million for the FYE 2023 (FYE 2022: RM76.5 million), mainly from ultrasound machines, MRI machines and radiographic equipment. The increase in equipment and accessories cost was in line with the increase in our revenue of 41.0% on the back of higher sales of ultrasound machines for the supply of medical equipment segment as well as supply and integration projects involving radiographic equipment and MRI machines.

Our other cost of sales increased by RM0.2 million or 50.0% to RM0.6 million for the FYE 2023 (FYE 2022: RM0.4 million). This was mainly attributed to the increase in freight and transportation costs for the purchases of medical equipment.

FYE 2024 compared to FYE 2023

Our cost of sales of equipment and accessories increased by RM28.4 million or 26.1% to RM137.1 million for the FYE 2024 (FYE 2023: RM108.7 million), mainly from radiographic equipment, software and systems as well as medical consumables. This was in line with the increase in our revenue of 21.9%, mainly attributed to the delivery of various supply and integration projects involving radiographic equipment and software as well as supply of medical consumables for the FYE 2024.

Our other cost of sales remained relatively consistent at RM0.6 million for the FYE 2024 which mainly comprised freight and transportation costs.

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12. FINANCIAL INFORMATION (CONT'D)**12.3.4 GP and GP margin**

The breakdown of our GP and GP margin by business activities and products during the Financial Years Under Review is set out below:

	FYE 2022			FYE 2023			FYE 2024		
	GP		GP margin	GP		GP margin	GP		GP margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%
Supply and integration of medical devices									
• Medical equipment	11,473	38.5	21.4	10,044	24.5	16.7	12,532	27.6	16.4
• Medical devices and related services	136	0.5	9.5	52	0.1	9.9	2,098	4.6	21.0
	11,609	39.0	21.1	10,096	24.6	16.6	14,630	32.2	16.9
Supply of medical equipment									
• Ultrasound machines	14,257	47.9	33.8	24,560	59.9	35.1	23,706	52.1	34.3
• Radiographic equipment ⁽¹⁾	387	1.3	16.1	1,156	2.8	18.5	1,353	3.0	14.6
• Patient monitoring devices	75	0.2	34.6	618	1.5	25.3	607	1.3	19.5
	14,719	49.4	32.8	26,334	64.2	33.5	25,666	56.4	31.5
Supply of related products and services									
• Medical consumables and others ⁽²⁾	920	3.1	34.9	1,120	2.7	25.3	2,275	5.0	25.0
• Software and systems	135	0.5	44.7	411	1.0	28.3	256	0.6	24.5
• Related services ⁽³⁾	2,386	8.0	61.2	3,069	7.5	61.7	2,649	5.8	52.4
	3,441	11.6	50.3	4,600	11.2	42.4	5,180	11.4	34.1
Total	29,769	100.0	27.9	41,030	100.0	27.3	45,476	100.0	24.8

Notes:

- (1) Comprises CT scanners, fluoroscopy machines, and other X-ray equipment.
- (2) Mainly include intravascular sound catheters, power injectors, transducers, neurovascular devices and other ancillary products.
- (3) Mainly include maintenance and repair services.

12. FINANCIAL INFORMATION (CONT'D)

In general, the GP margin of our business activities and products is influenced by, among others, the following factors:

- (i) type of medical devices supplied by us including brands, specifications of the medical devices required and quantity, as well as bundling with related products such as accessories and consumables;
- (ii) scope of work including design and renovation works involved for the supply and integration of medical devices projects; and
- (iii) other costs such as impact of foreign exchange fluctuations, freight and transportation costs, and provision of warranties.

FYE 2023 compared to FYE 2022

Our GP increased by RM11.2 million or 37.6% to RM41.0 million for the FYE 2023 (FYE 2022: RM29.8 million), which was mainly contributed by our supply of medical equipment segment.

(a) Supply and integration of medical devices

Notwithstanding of the increase in revenue by 10.5% from this segment during the FYE 2023, the GP from the supply and integration of medical devices segment decreased by RM1.5 million or 12.9% to RM10.1 million for the FYE 2023 (FYE 2022: RM11.6 million).

This was due to the decrease in GP following the completion of a few supply and integration projects involving the delivery and integration of radiographic equipment for our customers who are concessionaires of healthcare facility management for public hospitals in Negeri Sembilan and northern region of Peninsular Malaysia which contributed to the higher margin for the previous FYE 2022.

As a result, the GP margin from the supply and integration of medical devices segment declined from 21.1% for the FYE 2022 to 16.6% for the FYE 2023.

(b) Supply of medical equipment

The GP from our supply of medical equipment increased by RM11.6 million or 78.9% to RM26.3 million for the FYE 2023 (FYE 2022: RM14.7 million). This was contributed by the increase in GP from the sales of ultrasound machines on the back of higher sales, as reflected in the increase in revenue of 75.7% from this segment for the FYE 2023.

The GP margin from the supply of medical equipment segment improved to 33.5% for the FYE 2023 (FYE 2022: 32.8%). This was mainly attributed to the higher GP contribution from the increased sales of ultrasound machines to suppliers of medical equipment and other hospitals which typically generate a higher margin.

(c) Supply of related products and services

GP from the related products and services segment increased by RM1.2 million or 35.3% to RM4.6 million for the FYE 2023 (FYE 2022: RM3.4 million), mainly attributed to the increase in GP of RM0.7 million from the provision of maintenance and repair services.

GP margin from the supply of related products and services segment declined to 42.4% for the FYE 2023 (FYE 2022: 50.3%). This was mainly due to the higher sales of lower margin products, namely medical consumables and accessories as well as healthcare-related software and systems integration.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2024 compared to FYE 2023**

Our GP increased by RM4.5 million or 11.0% to RM45.5 million for the FYE 2024 (FYE 2023: RM41.0 million), which was mainly contributed by the supply and integration of medical devices segment.

(a) Supply and integration of medical devices

GP from our supply and integration of medical devices segment increased by RM4.5 million or 44.6% to RM14.6 million for the FYE 2024 (FYE 2023: RM10.1 million). This was reflected in the revenue growth of 42.3% for the FYE 2024, mainly attributed to the delivery of various supply and integration projects involving radiographic equipment for a group of private hospitals in various locations including Kedah, Johor, Kelantan, Sabah, Selangor and Perak.

In addition, the GP contribution for the FYE 2024 was partly contributed by the GP from 2 higher margin projects namely the supply and integration of radiographic equipment such as fluoroscopy machine for angiography for Hospital Seri Botani in Perak, as well as the integration of picture archiving and communication software for public hospitals in Perak.

These projects resulted in the improvement of the GP margin from our supply and integration of medical devices segment from 16.6% for the FYE 2023 to 16.9% for the FYE 2024.

(b) Supply of medical equipment

GP from our supply of medical equipment decreased by RM0.6 million or 2.3% to RM25.7 million for the FYE 2024 (FYE 2023: RM26.3 million), mainly due to the decrease in GP from the sales of ultrasound machines on the back of lower sales to clinics.

The GP margin from the supply of medical equipment segment declined from 33.5% for the FYE 2023 to 31.5% for the FYE 2024. This was mainly due to the decline in GP margin from the sales of ultrasound machines which typically generate a higher margin.

(c) Related products and services

The GP from the related products and services segment increased by RM0.6 million or 13.0% to RM5.2 million for the FYE 2024 (FYE2023: RM4.6 million). This was mainly attributed to the increase in GP from the sales of medical consumables and accessories, which was primarily driven by higher sales of intravascular sound catheters and neurovascular devices. The increase was partially moderated by a decline in GP from maintenance and repair services.

The GP margin from the supply of related products and services segment declined from 42.4% for the FYE 2023 to 34.1% for the FYE 2024. This was mainly due to the increase in proportion of GP contribution from the sales of lower margin products such as medical consumables and accessories coupled with a decrease in the proportion of GP contribution from maintenance and repair services which typically generate higher margins. Further, the GP margin from the related services declined from 61.7% for the FYE 2023 to 52.4% for the FYE 2024 due to lower GP contribution from maintenance services (which generate higher margin) and higher GP contribution from repair services (which generate lower margin).

12. FINANCIAL INFORMATION (CONT'D)**12.3.5 Other income**

Our other income for the Financial Years Under Review is set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Interest income	211	89.4	191	41.9	501	84.9
Gain on foreign exchange	-	-	135	29.8	83	14.1
Commission	-	-	119	26.1	-	-
Others ⁽¹⁾	25	10.6	11	2.2	6	1.0
Total	236	100.0	456	100.0	590	100.0

Note:

- (1) Include, among others, income from late payment charges to customers.

Our other income increased by RM0.2 million to RM0.5 million for the FYE 2023 (FYE 2022: RM0.2 million). This was mainly due to the gain on foreign exchange of RM0.1 million for the FYE 2023 as well as commission income of RM0.1 million from our supplier for facilitating the sales of consumables to its customers.

Our other income increased further by RM0.1 million to RM0.6 million for the FYE 2024 (FYE 2023: RM0.5 million), contributed by the increase in interest income of RM0.3 million for the FYE 2024, partially offset by the absence of commission income during the financial year.

12.3.6 Selling and distribution expenses

Our selling and distribution expenses for the Financial Years Under Review are set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Sales incentive and commission	1,409	67.6	5,176	84.5	3,878	75.0
Travelling expenses ⁽¹⁾	653	31.3	860	14.0	1,188	23.0
Marketing expenses ⁽²⁾	23	1.1	90	1.5	106	2.0
Total	2,085	100.0	6,126	100.0	5,172	100.0

Notes:

- (1) Refer to transportation and accommodation expenses.
- (2) Refer to expenses for sales and marketing activities including participation in events such as exhibitions, trade shows and conferences.

Our selling and distribution expenses increased significantly by RM4.0 million to RM6.1 million for the FYE 2023 (FYE 2022: RM2.1 million), attributed to the increase in sales incentive and commission of RM3.8 million to our sales personnel for achieving sales target.

Our selling and distribution expenses decreased by RM1.0 million or 16.4% to RM5.2 million for the FYE 2024 (FYE 2023: RM6.1 million), due to the decrease in sales incentive and commission by RM1.3 million arising from lower incentive payout during the financial year due to turnover within the sales team, as well as lower commission payout following the change in commission scheme which revised the entitlement structure for certain senior management.

12. FINANCIAL INFORMATION (CONT'D)**12.3.7 Administrative and other expenses**

Our administrative and other expenses for the Financial Years Under Review are set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Administrative expenses						
• Staff costs	6,261	76.6	8,196	76.7	9,603	73.7
• Professional fees	252	3.1	549	5.1	1,073	8.2
• Directors' remuneration	284	3.5	299	2.8	309	2.4
• Other administrative expenses ⁽¹⁾	1,187	14.5	1,398	13.1	1,708	13.1
	7,984	97.7	10,442	97.7	12,693	97.4
Other expenses⁽²⁾	187	2.3	246	2.3	345	2.6
Total	8,171	100.0	10,688	100.0	13,038	100.0

Notes:

- (1) Include mainly travelling expenses, rental expenses, authority fees, office expenses, insurance, upkeep and maintenance, utilities and service tax, each of which represented less than 5% of the total administrative and other expenses for the Financial Years Under Review.
- (2) Include mainly depreciation expenses.

FYE 2023 compared to FYE 2022

Our administrative and other expenses increased by RM2.5 million or 30.5% to RM10.7 million for the FYE 2023 (FYE 2022: RM8.2 million), mainly due to the following:

- (i) increase of RM1.9 million in staff costs arising from the increase in number of employees from 61 employees as at 31 December 2022 to 69 employees as at 31 December 2023, coupled with general increment and bonus payment for the FYE 2023; and
- (ii) increase of RM0.3 million in professional fees mainly pertaining to advisory fees paid to a financial adviser for a corporate exercise which was subsequently aborted.

FYE 2024 compared to FYE 2023

Our administrative and other expenses increased by RM2.3 million or 21.5% to RM13.0 million for the FYE 2024 (FYE 2023: RM10.7 million), mainly due to the following:

- (i) increase of RM1.4 million in staff costs arising from general increment and bonus payment for the FYE 2024, coupled with an increase in the number of employees from 69 employees as at 31 December 2023 to 84 employees as at 31 December 2024; and
- (ii) increase of RM0.5 million in professional fees incurred for our Listing during the FYE 2024.

12. FINANCIAL INFORMATION (CONT'D)**12.3.8 Finance costs**

Our finance costs for the Financial Years Under Review are set out below:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
• Bankers' acceptances	299	29.3	237	21.9	17	3.5
• Invoice financing	-	-	16	1.5	-	-
• Letter of credit	198	19.4	289	26.7	257	52.0
• Trade financing	-	-	27	2.5	13	2.6
• Promissory note	139	13.6	261	24.1	4	0.8
• Hire purchase	7	0.7	12	1.1	9	1.8
• Term loans	186	18.3	165	15.2	130	26.3
• Lease liabilities	3	0.3	6	0.6	8	1.6
Bank and other charges	187	18.4	69	6.4	56	11.4
Total	1,019	100.0	1,082	100.0	494	100.0

Our finance costs increased by RM0.1 million to RM1.1 million for the FYE 2023 (FYE 2022: RM1.0 million), mainly attributed to the increase in interest expense on promissory notes which were utilised for working capital.

Our finance costs decreased by RM0.6 million to RM0.5 million for the FYE 2024 (FYE 2023: RM1.1 million). This was mainly due to the decrease in interest expenses on promissory notes and bankers' acceptances following the repayment of the outstanding balances for the FYE 2024.

12.3.9 Net (impairment losses)/ Reversal of impairment losses on financial assets and contract assets

Our (net impairment losses)/reversal of impairment losses on financial assets and contract assets for the Financial Years Under Review are set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Allowance for impairment losses			
• Trade receivables	(1,421)	-	(385)
• Contract assets	(135)	-	-
Reversal for impairment losses			
• Trade receivables	7	2,107	66
	(1,549)	2,107	(319)

The allowance for impairment losses or reversals was assessed in accordance with the expected credit loss model under MFRS 9 Financial Instruments. These amounts do not represent actual defaults or collections but are accounting estimates based on anticipated credit risk.

12. FINANCIAL INFORMATION (CONT'D)

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. During the FYE 2023, the reversal of impairment losses on trade receivables was due to our Group's improved credit risk assumptions and historical loss rates.

12.3.10 PBT, PBT margin, PAT and PAT margin

	FYE 2022	FYE 2023	FYE 2024
PBT (RM'000)	17,179	25,697	27,043
PBT margin	16.1%	17.1%	14.8%
Taxation (RM'000)	4,115	4,953	6,647
Effective tax rates	24.0%	19.3%	24.6%
PAT attributable to owners (RM'000)	13,065	20,744	20,399
PAT margin	12.3%	13.8%	11.1%

FYE 2023 compared to FYE 2022

Our PBT increased by RM8.5 million or 49.4% to RM25.7 million for the FYE 2023 (FYE 2022: RM17.2 million). This was mainly attributed to the increase in GP from the supply of medical equipment segment on the back of higher sales of ultrasound machines.

Our PBT margin increased to 17.1% for the FYE 2023 (FYE 2022: 16.1%) primarily due to the reversal of impairment losses on trade receivables of RM2.1 million for the FYE 2023 as well as lower increase in administrative expenses, particularly due to fixed staff costs relative to the higher increase in revenue. Consequently, our PAT attributable to owners increased by RM7.7 million or 58.8% to RM20.7 million for the FYE 2023 (FYE 2022: RM13.1 million), and PAT margin improved to 13.8% for the FYE 2023 (FYE 2022: 12.3%).

Our effective tax rate was 19.3% for the FYE 2023, which was lower than the statutory tax rate of 24.0% mainly due to recognition of deferred tax assets arising from deductible temporary differences as well as non-taxable income on the reversal of impairment losses on trade receivables during the financial year.

FYE 2024 compared to FYE 2023

Our PBT increased by RM1.3 million or 5.1% to RM27.0 million for the FYE 2024 (FYE 2023: RM25.7 million). This was mainly contributed by the increase in GP from our supply and integration of medical devices segment, following the delivery and integration of medical equipment for various private hospitals including Kedah, Johor, Kelantan, Sabah, Selangor and Perak.

However, our PBT margin declined from 17.1% for the FYE 2023 to 14.8% for the FYE 2024, mainly due to the decrease in GP margin as explained above coupled with higher administrative expenses.

Our PAT attributable to owners decreased by RM0.3 million or 1.4% to RM20.4 million for the FYE 2024 (FYE 2023: RM20.7 million) due to the higher income tax expenses for the FYE 2024. Consequently, our PAT margin also declined from 13.8% for the FYE 2023 to 11.1% for the FYE 2024.

Our effective tax rate was 24.6% for the FYE 2024 which was slightly higher than the statutory tax rate of 24.0% mainly due to the non-deductible expenses such as accrued project expenses partially offset by the recognition of deferred tax assets arising from deductible temporary differences.

12. FINANCIAL INFORMATION (CONT'D)**12.3.11 Significant factors affecting our financial condition and results of operations**

The significant factors affecting our operations and financial results are set out below:

(i) Ability to consistently secure new projects and purchase orders

Our revenue from the provision of medical equipment is mainly derived from fixed lump-sum contracts for projects or confirmed purchase orders for equipment supply. These are typically non-recurring after installation and handover or delivery to customers. Our business sustainability and financial performance rely on consistently securing new contracts or orders to replenish our order book. While we will continue to submit proposals and quotations to secure new contracts and orders, we cannot assure the success of these efforts. Please refer to Section 9.1.3 of this Prospectus for further details.

(ii) Delays in implementation and completion of projects or delivery of orders, or termination or suspension of projects will affect our financial performance

For the supply and integration of medical devices projects, we are typically required to meet specific milestones and delivery timelines when implementing the projects, including facility design and infrastructure planning, custom interior fit-outs, supply and installation, and testing and commissioning. Any delays in meeting these timelines may result in delays in revenue recognition and project cost overruns. Additionally, any early termination or suspension of work could adversely affect our financial performance if we are unable to recover incurred expenses or revenue billed, along with a loss of revenue and profit. Please refer to Section 9.1.5 of this Prospectus for further details.

(iii) Impact of foreign exchange fluctuations

We are exposed to the risk of fluctuations in foreign exchange including USD and EUR arising from the imports of medical equipment and related products. For the Financial Years Under Review, our purchases that were denominated in foreign currencies accounted for 16.2%, 7.5% and 10.5% of our total purchases for the Financial Years Under Review respectively, while our revenue were primarily denominated in RM.

During the Financial Years Under Review, we do not have a natural hedge between our foreign purchases and revenue as our revenue is primarily denominated in RM. Our foreign exchange gains and losses during the Financial Years Under Review are set out below:

Foreign exchange gains / (losses)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Realised gain on foreign exchange	-	135	83
Realised (loss) on foreign exchange	(14)	-	-
Net realised gain/(loss)	(14)	135	83

Any unfavourable foreign currency exchange rate fluctuations could materially affect our financial performance. For the Financial Under Review and up to the LPD, our Group does not have any financial instruments for hedging purposes.

(iv) Impact of interest rates

As at 31 December 2024, our total bank borrowings were RM20.4 million and are all interest-bearing obligations, including RM18.2 million based on floating rates and RM2.2 million based on fixed rates. For the Financial Years Under Review, we incurred finance costs of RM1.0 million, RM1.1 million and RM0.5 million respectively. Any increase in interest rates and/or drawdown of borrowings may have an impact on our financial performance. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either the principal sums and/or interests in relation to our borrowings.

12. FINANCIAL INFORMATION (CONT'D)**(v) Impact of inflation**

Our financial performance for the Financial Years Under Review was not materially affected by the impact of inflation. Nevertheless, there is no assurance that inflation may not affect our future results of operations and financial performance.

(vi) Government/economic/fiscal/monetary policies

Our business is subject to the risk relating to government, economic, fiscal or monetary policies in Malaysia and Indonesia as well as in countries that we operate and/or transact business. Any unfavorable changes in such government, economic, fiscal or monetary policies may materially affect our operations.

12.3.12 Significant changes on the financial position

There are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2024, being our most recent annual financial statements.

12.4 LIQUIDITY AND CAPITAL RESOURCES**12.4.1 Working capital**

Our business operations are financed by a combination of both internal and external sources of funds. Internal sources of funds comprised shareholders' equity and cash generated from our operations, while external sources were mainly banking facilities from financial institutions. These funds were used for our business operations and growth.

Based on our audited combined statements of financial positions as at 31 December 2024, we have:

- (i) cash and bank balances with licensed banks of RM15.8 million;
- (ii) working capital of RM45.2 million, being the difference between current assets of RM124.0 million and current liabilities of RM78.8 million.

After taking into consideration the funding requirements for our committed capital expenditures, our strategies and plans as set out in Section 7.20 of this Prospectus, our existing level of cash and bank balances and deposits with licensed banks, banking facilities available for utilisation, potential dividend distribution (including the interim dividend of RM5.0 million intended to be declared for the FYE 2025 as set out in Section 12.7 of this Prospectus), expected cash flows to be generated from our operations and the estimated net proceeds from the Public Issue, our Board is of the view that we have sufficient working capital for 12 months from the date of this Prospectus.

12. FINANCIAL INFORMATION (CONT'D)**12.4.2 Cash flows**

The summary of our combined statements of cash flows during the Financial Years Under Review is set out below:

	Audited		
	FYE2022	FYE2023	FYE2024
	(RM'000)	(RM'000)	(RM'000)
Net cash from operating activities	2,872	22,612	30,671
Net cash from/(used in) investing activities	274	(1,247)	(8,802)
Net cash from/(used in) financing activities	8,789	(14,739)	(24,187)
Net increase/(decrease) in cash and cash equivalents	11,935	6,626	(2,318)
Cash and cash equivalents at the beginning of the financial year	11,893	23,828	30,454
Cash and cash equivalent at the end of the financial year	23,828	30,454	28,135

(i) FYE 2022**Net cash from operating activities**

For the FYE 2022, our cash flows generated from operating activities before working capital changes was RM22.7 million. Our net cash from operating activities was RM2.9 million after taking into account the following:

- (i) an increase of RM9.6 million in trade and other receivables, mainly due to higher trade receivables at year-end arising from higher billings in the last quarter of FYE 2022 following the delivery of products and services;
- (ii) a decrease of RM11.9 million in trade and other payables, mainly due to lower accruals of after-sales expenses for projects completed in the last quarter of FYE 2022, and lower outstanding trade payables attributed to timely payments to our suppliers; and
- (iii) income tax paid of RM4.6 million.

The above was partly offset by an increase of RM7.8 million in contract liabilities attributed to upfront payments received from customers upon securing new projects for the supply and integration of medical devices from private hospitals.

Net cash from investing activities

For the FYE 2022, our net cash from investing activities was RM0.3 million. This was mainly attributed to RM0.7 million received following the repayments of loan by our director as well as RM0.2 million of interest income received.

The net cash from investing activities was partially offset by RM0.4 million used for the placement of fixed deposit pledged to licensed banks and RM0.2 million of cash used mainly for the purchase of motor vehicle and computers.

Net cash from financing activities

For the FYE 2022, our net cash from financing activities was RM8.8 million. This was mainly attributed to the drawdown and repayment of bankers' acceptances, letters of credit and promissory notes for our working capital, partially offset by dividends paid of RM3.4 million.

12. FINANCIAL INFORMATION (CONT'D)**(ii) FYE 2023****Net cash from operating activities**

For the FYE 2023, our cash flows generated from operating activities before working capital changes was RM30.8 million. Our net cash from operating activities was RM22.6 million after taking into account the following:

- (i) an increase of RM13.6 million in trade and other receivables, mainly due to delayed collection payments from our customers;
- (ii) an increase of RM10.5 million in inventories which resulted from the procurement and preparation of medical equipment and other medical devices including consumables and accessories as well as software and systems purchased for subsequent planned delivery to project sites; and
- (iii) net income tax paid of RM5.6 million.

The above was partly offset by an increase of RM17.9 million in trade and other payables mainly due to slow payment as well as additional purchases towards the end of the FYE 2023 resulting in a significant increase in the level of inventories as explained above.

Net cash for investing activities

For the FYE 2023, our net cash used in investing activities was RM1.2 million mainly attributed to:

- (i) RM0.9 million of cash used for the purchase of medical equipment used as demonstration units, renovation of our head office, and purchase of computers; and
- (ii) RM0.6 million used for the placement of fixed deposit pledged to licensed banks.

Net cash for financing activities

For the FYE 2023, our net cash used in financing activities was RM14.7 million. This was mainly attributed to the repayment of bankers' acceptances, invoice financing and promissory notes which were used for our working capital as well as dividends paid amounting to RM4.0 million.

(iii) FYE 2024**Net cash from operating activities**

For the FYE 2024, our cash flows generated from operating activities before working capital changes was RM33.6 million. Our net cash from operating activities was RM30.7 million after taking into account the following:

- (i) a decrease of RM11.0 million in trade and other payables, mainly due to timely payments to our suppliers and subcontractors arising from improved collections from our customers; and
- (ii) tax paid of RM6.9 million.

The above was partly offset by a decrease of RM18.4 million in trade and other receivables, mainly due to improvements in collections from customers as a result of our Group's effort in following up with customers following the establishment of a dedicated internal finance team.

12. FINANCIAL INFORMATION (CONT'D)

Prior to the establishment of a dedicated internal finance team in August 2023, the collections of our trade receivables were previously managed under an outsourced arrangement through Glocomp. The outsourced function lacked active monitoring of receivables as well as timely and dedicated follow-up of overdue accounts.

Following the establishment of our own internal finance team, we have implemented dedicated credit control procedures, including closer monitoring of customer payment trends, direct follow-up and stricter enforcement of credit terms to improve our collection and cash flow management.

Net cash for investing activities

For the FYE 2024, our net cash used in investing activities was RM8.8 million mainly attributed to:

- (i) RM10.0 million used for the placement of fixed deposit with licensed banks with tenure of more than 3 months; and
- (ii) RM0.5 million used for the purchase of computers and renovation of our head office.

The net cash for investing activities was partially offset by RM1.2 million by the withdrawal of fixed deposit pledged to licensed banks and RM0.5 million of interest income received.

Net cash for financing activities

For the FYE 2024, our net cash used in financing activities was RM24.2 million. This was mainly attributed to the repayment of bankers' acceptances and promissory notes which were used for our working capital as well as dividends paid amounting to RM18.5 million.

12.4.3 Borrowings

As at 31 December 2024, our Group's total bank borrowings were set out below:

Type of borrowings	As at 31 December 2024		
	Payable within 12 months (RM'000)	Payable after 12 months (RM'000)	Total (RM'000)
Letter of credit ⁽¹⁾	18,145	-	18,145
Term loans ⁽¹⁾	771	1,297	2,068
Hire purchase ⁽²⁾	57	100	157
Total	18,973	1,397	20,370

Gearing ratio⁽³⁾ **0.4**

Notes:

- (1) For our working capital purposes.
- (2) For the purchase of motor vehicles.
- (3) Based on total borrowings divided by total equity attributable to owners.

12. FINANCIAL INFORMATION (CONT'D)

As at 31 December 2024, all bank borrowings were interest bearing including RM18.2 million based on floating rates and RM2.2 million based on fixed rates. The maturity profile and average interest rates of our bank borrowings as at 31 December 2024 are set out below:

	Average interest rates	As at 31 December 2024			Total (RM'000)
		Within 1 Year (RM'000)	1-5 Years (RM'000)	Over 5 Years (RM'000)	
Letter of credit	4.70% - 5.05%	18,145	-	-	18,145
Term loans	3.50% - 6.00%	771	1,297	-	2,068
Hire purchase	3.35% - 4.30%	57	100	-	157
Total		18,973	1,397	-	20,370

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the Financial Years Under Review and up to the LPD.

We did not encounter any seasonality in our borrowing trends and there are no restrictions on our committed facilities.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Group.

12.4.4 Financial instruments, treasury policies and objectives

For the Financial Years Under Review and up to the LPD, our Group does not have any financial instrument for hedging purposes.

Our Group's operations have been funded by shareholders' equity and cash generated from our operations as well as external sources of funds. The external sources of funds mainly include banking facilities from financial institutions. The normal credit terms granted by our suppliers ranged from 30 to 90 days. As at the LPD, our Group's banking facilities from financial institutions mainly consists of bankers' acceptances, letter of credit and term loans for working capital purposes.

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transaction. As at the LPD, our Group has available banking facilities amounting to RM50.0 million, of which RM33.8 million that has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise on shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio is at an optimal level based on the business requirements and prevailing economic conditions.

12. FINANCIAL INFORMATION (CONT'D)**12.4.5 Material capital commitment**

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

	Capital commitment (RM'000)	Source of funds	
		Internally generated funds/ bank borrowings (RM'000)	Proceeds from the Public Issue (RM'000)
Setting up new head office and warehouse	[●]	-	[●]
Setting up branch offices in Indonesia	[●]	-	[●]
Investment in MEAMS costs	[●]	-	[●]
Investment in EaaS costs	[●]	-	[●]
Purchase of fixed assets	-	158	158
Total	[●]	158	[●]

12.4.6 Contingent liabilities

As at the LPD, we do not have any contingent liabilities, which upon becoming enforceable, may have substantial impact on the financial position of our Group as at the LPD.

12.4.7 Key financial ratios

Our key financial ratios for the Financial Years Under Review are as follows:

	FYE 2022	FYE 2023	FYE 2024
Trade receivables turnover period ⁽¹⁾ (days)	172	161	71
Trade payables turnover period ⁽²⁾ (days)	91	122	76
Inventory turnover period ⁽³⁾ (days)	51	72	55
Current ratio ⁽⁴⁾ (times)	1.3	1.4	1.6
Gearing ratio ⁽⁵⁾ (times)	1.4	0.6	0.4

Notes:

- (1) Based on trade receivables (net of allowances for impairment loss and retention sum) as at the end of the respective financial year over total revenue of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.
- (2) Based on trade payables as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.
- (3) Based on inventory as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.
- (4) Based on current assets over current liabilities.
- (5) Based on total borrowings over total equity attributable to owners.

12. FINANCIAL INFORMATION (CONT'D)**(i) Trade receivables turnover period**

A summary of our trade receivables period during the Financial Years Under Review is set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Trade receivables	50,115	66,420	35,706
Less: Retention sum	-	(173)	(345)
Net trade receivables	50,115	66,247	35,361
Revenue	106,644	150,347	183,216
Trade receivables turnover period ⁽¹⁾ (days)	172	161	71

Note:

- (1) Based on trade receivables (net of allowances for impairment loss and retention sum) as at the end of the respective financial year over total revenue of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.

The normal credit terms granted to our customers range between 30 to 60 days as assessed and approved by the management on a case-by-case basis. Our trade receivables turnover period was 172 days as at 31 December 2022, 161 days as at 31 December 2023 and 71 days as at 31 December 2024, which exceeded the credit terms granted to our customers.

Our trade receivables turnover period of 172 days as at 31 December 2022 was mainly due to the higher billings in the last quarter of FYE 2022 following the delivery of products and services. Of the total trade receivables of RM50.1 million, 90.7% of the trade receivables were still within the credit terms as at FYE 2022, and these were mainly outstanding from our customers for the supply and integration of medical devices segment including concessionaires and private hospitals.

Our trade receivables turnover period of 161 days as at 31 December 2023 was mainly due to delayed collection from our customers as reflected in the past due trade receivables which accounted for 41.3% (RM27.4 million) of our total trade receivables as at 31 December 2023.

Prior to the establishment of a dedicated internal finance team in August 2023, the collections of our trade receivables were previously managed under an outsourced arrangement through Glocomp. The outsourced function lacked active monitoring of receivables as well as timely and dedicated follow-up of overdue accounts. Following the establishment of our own internal finance team, we have implemented dedicated credit control procedures, including closer monitoring of customer payment trends, direct follow-up and stricter enforcement of credit terms to improve our collection and cash flow management.

Following the establishment of a dedicated internal finance team, our trade receivables turnover period improved to 71 days as at 31 December 2024 mainly due to the improvement in collections from customers as a result of the Group's effort in close monitoring and follow-ups through communication with customers. This was reflected in the lower proportion of trade receivables over revenue of 19.5% as at FYE 2024 compared to 44.2% as at FYE 2023.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group of trade receivables as at 31 December 2024 is as follows:

	As at 31 December 2024 (RM'000)	Subsequent collections up to the LPD (RM'000)	Balance (RM'000)
Not past due	21,567	20,107	1,460
1 - 30 days past due	4,335	3,562	773
31 - 60 days past due	3,746	3,043	703
61 - 90 days past due	2,429	1,950	479
More than 90 days past due	3,284	1,345	1,939
Total	35,361	30,007	5,354

As at the LPD, we have collected approximately RM30.0 million or 84.9% of the total trade receivables which were outstanding as at 31 December 2024. In respect of our trade receivables that were more than 90 days past due, these are outstanding receivables from medical devices suppliers, hospitals and clinics. There is no indication of significant default risk based on our credit risk assessment on customers' profile and their historical payment trend. Our Board is of the view that the remaining outstanding trade receivables are recoverable and no provision for impairment is required after taking into consideration our relationship with these customers and their historical payment trend.

(ii) Trade payables turnover period

A summary of our trade payables turnover period during the Financial Years Under Review is set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Trade payables	19,257	36,530	28,744
Cost of sales	76,875	109,316	137,740
Trade payables turnover period ⁽¹⁾ (days)	91	122	76

Note:

- (1) Based on trade payables as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.

Generally, the normal credit terms granted by our suppliers ranged from 30 to 90 days. Our trade payable turnover period increased from 91 days as at 31 December 2022 to 122 days as at 31 December 2023. This was mainly due to slow payments to our suppliers and subcontractors as a result of delayed collection from our customers. This was reflected in the higher proportion of past due trade payables of 58.3% as at 31 December 2023 compared to 43.0% as at 31 December 2022. The past due trade payables were mainly for the purchases of medical equipment and outstanding of subcontracted works for the pre-installation projects.

Our trade payable turnover period decreased to 76 days as at 31 December 2024, mainly attributed to timely payments to our suppliers and subcontractors due to improved collection from our customers.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group's trade payables as at 31 December 2024 is as follows:

	As at 31 December 2024 (RM'000)	Subsequent payments up to the LPD (RM'000)	Balance (RM'000)
Not past due	6,678	4,431	2,247
1 - 30 days past due	15,609	15,278	331
31 - 60 days past due	4,558	3,324	1,234
61 - 90 days past due	742	662	80
More than 90 days past due	1,157	768	389
Total	28,744	24,463	4,281

As at the LPD, we have settled approximately RM24.5 million or 85.4% of the total trade payables which were outstanding as at 31 December 2024. There was no matter in dispute with respect to trade payables, or legal action initiated by any of our suppliers to demand for payment.

(iii) Inventory turnover period

A summary of our inventory turnover period during the Financial Years Under Review is set out below:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Inventories	10,840	21,608	20,798
Cost of sales	76,875	109,316	137,740
Inventory turnover period ⁽¹⁾ (days)	51	72	55

Note:

- (1) Based on inventory as at the end of the respective financial year over total cost of sales of the respective financial year, and multiplied by 365 days for the FYE 2022 and FYE 2023, and 366 days for the FYE 2024.

Our inventories mainly comprise medical equipment such as ultrasound machines, as well as other medical consumables and accessories such as hardware, transducers, catheters and stents. Our inventory management policy requires that we only procure medical equipment and related products upon securing projects or receiving confirmed purchase orders from our customers. This inventory management policy applies consistently to all of our products, save for the purchase of ultrasound machines as demonstration units or purchase of medical devices based on anticipated customer demand to shorten delivery lead time.

Our inventory turnover period increased from 51 days as at 31 December 2022 to 72 days as at 31 December 2023. This was mainly due to higher inventories arising from the procurement and preparation of medical equipment and other medical devices for subsequent planned delivery to project sites, in line with the increase of revenue from the supply and integration of medical devices segment.

Our inventory turnover period subsequently improved to 55 days as at 31 December 2024 mainly due to the increase in sales leading to faster inventory turnover.

12. FINANCIAL INFORMATION (CONT'D)**(iv) Current ratio**

A summary of our current ratio for the Financial Years Under Review is as follows:

	Audited		
	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2024 (RM'000)
Current assets	101,024	136,123	123,986
Current liabilities	75,021	97,473	78,813
Current ratio ⁽¹⁾ (times)	1.3	1.4	1.6

Note:

(1) Based on current assets over current liabilities.

Our current ratio increased marginally from 1.3 times as at 31 December 2022 to 1.4 times as at 31 December 2023. This was mainly due to higher trade receivables at year-end arising from higher billings in the last quarter of 31 December 2023 following the delivery of products and services, as well as higher inventories which resulted from the procurement and preparation of medical equipment and other medical devices for subsequent planned delivery to project sites.

The increase in current ratio was partially offset by the increase in current liabilities, mainly attributed to the higher trade payables due to slower payments to our suppliers and subcontractors.

Our current ratio further increased to 1.6 times as at 31 December 2024. This was mainly due to the decrease in trade payables following the improvements in payments to our suppliers and subcontractors as well as lower outstanding bank borrowings following the repayments of bankers' acceptances, promissory notes and trade financing facilities during the FYE 2024.

(v) Gearing ratio

A summary of our gearing ratio for the Financial Years Under Review is as follows:

	Audited		
	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2024 (RM'000)
Total borrowings	35,200	25,538	20,370
Total equity attributable to owners	25,123	39,867	47,762
Gearing ratio ⁽¹⁾ (times)	1.4	0.6	0.4

Note:

(1) Based on total bank borrowings over total equity attributable to owners.

Our gearing ratio decreased from 1.4 times as at 31 December 2022 to 0.6 times as at 31 December 2023, and further decreased to 0.4 times as at 31 December 2024, primarily due to repayment of our bank borrowings arising from improved collections, and an increase in our NA as a result of profit generated during the Financial Years Under Review, partly offset by the dividend paid.

12. FINANCIAL INFORMATION (CONT'D)**12.5 ORDER BOOK**

As at the LPD, we have a total outstanding order book of RM55.0 million and the details are as follows:

	Outstanding order book as at the LPD (RM million)	Expected timeline to be recognised		
		FYE 2025 (RM million)	FYE 2026 (RM million)	FYE 2027 to FYE 2032 (RM million)
Supply and integration of medical devices	40.5	39.8	0.7	-
Supply of medical equipment	6.7	6.7	-	-
Provision of software and system	1.7	1.3	0.1	0.3
Provision of maintenance services	6.1	2.2	2.1	1.8
Total	55.0	50.0	2.9	2.1

12.6 TREND INFORMATION

As at the LPD, saved as disclosed in this Prospectus, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as set out in Sections 8 and 9 of this Prospectus;
- (ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;
- (iii) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, and our strategies and plans as set out in Section 7.20 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical combined financial statements not indicative of the future financial performance and position; and
- (v) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources.

12.7 DIVIDEND POLICY

It is the intention of our Board to recommend and distribute dividends of up to 30% of our annual audited PAT attributable to our shareholders after taking into consideration, among others, any applicable regulations, our working capital requirements, the financial and cash flow position of our Group as well as our projected levels of expenditure and other investment plans. This will allow our shareholders to participate in the profits of our Group while leaving adequate reserves for the future growth of our Group.

Notwithstanding our intention above, as we are an investment holding company, our income and ability to pay dividends are dependent upon the dividends received from our subsidiaries. The payment of dividends by our subsidiaries is dependent on their distributable profits, financial performance and cash flow requirements for operations and capital expenditures, the covenants in their existing loan agreements which require prior written consent from the respective financial institutions for the payment of dividends of more than certain percentage of their respective PAT as well as other factors.

12. FINANCIAL INFORMATION (CONT'D)

The dividends paid by our Indonesia subsidiary may be taxed in Indonesia for withholding tax at a rate not exceeding 10.0% of the gross amount of the dividends. According to the prevailing Double Tax Agreement between Indonesia and Malaysia, dividend payments paid to our Company will be subject to a withholding tax.

PT Fairmed has an obligation to withhold the tax of dividends distribution and pay to the tax authority. For avoidance of doubt, the dividend income received by our Company are exempted from corporate income tax in Malaysia up to 31 December 2026 based on the following qualifying conditions:

- (i) the foreign source dividend income has been subjected to tax in the country of origin i.e. Indonesia;
- (ii) the highest corporate tax rate in the country of origin i.e. Indonesia is at least 15.0%;
- (iii) our Group has complied with the economic substance requirements where (a) adequate number of employees are employed with necessary qualifications to carry out our operations in Malaysia; and (b) adequate amount of operating expenditure has been incurred for carrying out our operations in Malaysia.

Save for certain banking restrictive covenants which our subsidiaries are subject to, there is no other dividend restriction imposed on our subsidiaries as at the LPD.

For information purposes, the dividends declared and paid by our Group for the Financial Years Under Review are as follows:

	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Dividends declared	4,000	6,000	12,500
Dividends paid	3,400	4,000	18,500
PAT attributable to owners	13,065	20,744	20,399
Dividend payout ratio ⁽¹⁾	30.6%	28.9%	61.3%

Note:

- (1) Computed as dividends declared divided by PAT attributable to owners.

Subsequent to the FYE 2024, there is no dividend declared by us or our subsidiaries, save for an interim dividend amounting to RM5.0 million for the FYE 2025 which was paid on 28 July 2025.

The dividends declared and paid for the Financial Years Under Review and up to 28 July 2025 were funded via internally generated cash which were in excess of our Group's funding requirements for our business operations and not expected to affect our business strategies and plans moving forward.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical payouts. Please refer to Section 9.3.5 of this Prospectus for the risk factor which may affect our ability to pay dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12. FINANCIAL INFORMATION (CONT'D)**12.8 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION****26 MAY 2025**

The Board of Directors
LAC Med Berhad
 G-03A-3, Plaza Kelana Jaya
 Jalan SS7/13A
 47301 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia.

Dear Sirs/Madam,

LAC MED BERHAD ("LAC" or the "Company")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of LAC, LAC Medical Supplies Sdn Bhd, CVS Medical Sdn Bhd and PT Fairmed Imaging Nusajaya (collectively known as "the Group") as at 31 December 2024 together with the accompanying notes thereon, for which we have stamped for the purpose of identification, prepared by the Board of Directors of the Company.

The Pro Forma Combined Statements of Financial Position have been prepared for inclusion in the Prospectus in connection with the initial public offering in the ordinary shares and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing").

The application criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Combined Statements of Financial Position are described in the notes thereon to the Pro Forma Combined Statements of Financial Position. The Pro Forma Combined Statements of Financial Position are prepared in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma Combined Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the notes thereon to the Pro Forma Combined Statements of Financial Position as at 31 December 2024 as if the events have occurred or the transactions have been undertaken throughout the financial year. As part of this process, information about the Group's financial position as at 31 December 2024 has been extracted by the Board of Directors from the Group's audited combined financial statements as at 31 December 2024.

Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
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 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Malaysia
 Main +6 03 2788 9999
 www.crowe.my

12. FINANCIAL INFORMATION (CONT'D)**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors of the Company is responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and Guidance Note.

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

The purpose of Pro Forma Combined Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

12. FINANCIAL INFORMATION (CONT'D)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, Pro Forma Combined Statements of Financial Position of the Group have been compiled, in all material respects, on the basis as described in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose stated above, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

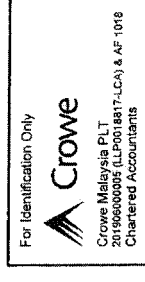
Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

Lean Wei Ee
03827/05/2026 J
Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)



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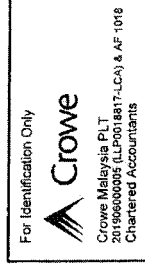
LAC MED BERHAD

APPENDIX A

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		<u>Audited</u>		<u>Pro Forma I</u>		<u>Pro Forma II</u>		<u>Pro Forma III</u>
	Note	As At 31 December 2024 RM	Acquisitions RM	Adjustment for After Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment	7.1	1,415,586	1,300	1,416,886	-	1,416,886	-	1,416,886
Right-of-use assets		47,782	-	47,782	-	47,782	-	47,782
Deferred tax assets		2,658,836	-	2,658,836	-	2,658,836	-	2,658,836
		<u>4,122,204</u>		<u>4,123,504</u>		<u>4,123,504</u>		<u>4,123,504</u>
CURRENT ASSETS								
Inventories		20,797,656	-	20,797,656	-	20,797,656	-	20,797,656
Trade receivables		35,705,563	729,003	36,434,566	-	36,434,566	-	36,434,566
Other receivables, deposits and prepayments	7.2	18,367,901	-	18,367,901	-	18,367,901	-	18,367,901
Contract assets		3,034,612	-	3,034,612	-	3,034,612	-	3,034,612
Amount owing by a director		139,500	-	139,500	-	139,500	-	139,500
Fixed deposits with licensed banks		30,097,211	-	30,097,211	-	30,097,211	-	30,097,211
Cash and bank balances	7.3	15,843,630	514,807	16,358,437	[•]	[•]	[•]	[•]
		<u>123,986,073</u>		<u>125,229,883</u>		<u>[•]</u>		<u>[•]</u>
TOTAL ASSETS		<u>128,108,277</u>		<u>129,353,387</u>		<u>[•]</u>		<u>[•]</u>

12. FINANCIAL INFORMATION (CONT'D)



Registration No: 202401049485 (1595329-H)

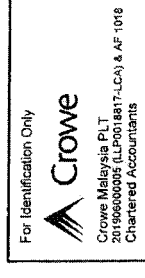
LAC MED BERHAD

APPENDIX A

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONT'D)

		Audited	Pro Forma I	Pro Forma II	Pro Forma III
	Note	As At 31 December 2024 RM	Adjustment for Material Subsequent Event RM	After Pro Forma I and Public Issue RM	After Pro Forma II and Utilisation of Proceeds RM
			Acquisitions RM	Public Issue RM	Utilisation of Proceeds RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	7.4	2,000,010	46,870,357	[•]	[•]
Reorganisation reserve	7.5	-	(45,839,047)	(45,839,047)	(45,839,047)
Foreign exchange translation reserve		(3,667)	-	(3,667)	(3,667)
Retained earnings	7.6	45,765,699	49	45,765,748	[•]
Equity attributable to owners of the Company		47,762,042	-	-	-
Non-controlling interests		136,412	-	136,412	136,412
TOTAL EQUITY		47,898,454	48,929,813	[•]	[•]
NON-CURRENT LIABILITIES					
Hire purchase payable		100,249	-	-	-
Borrowings		1,296,769	-	1,296,769	1,296,769
		1,397,018	1,397,018	1,397,018	1,397,018

12. FINANCIAL INFORMATION (CONT'D)



Registration No: 202401049485 (1595329-H)

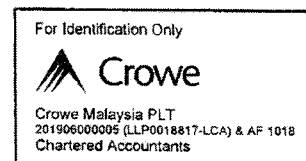
LAC MED BERHAD

APPENDIX A

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONT'D)

		Audited	Pro Forma I	Pro Forma II	Pro Forma III
		As At	Adjustment for	After Pro	After Pro
		31 December	Subsequent	Forma I and	Forma II and
		2024	Event	Public Issue	Utilisation of
	Note	RM	RM	RM	Proceeds
					RM
CURRENT LIABILITIES					
Trade payables	7.7	28,744,137	28,863,209	28,863,209	28,863,209
Other payables and accruals	7.8	14,979,695	15,061,438	15,061,438	[•]
Contract liabilities		13,962,907	13,962,907	13,962,907	13,962,907
Amount owing to related parties		3,240	3,240	3,240	3,240
Lease liabilities		53,230	53,230	53,230	53,230
Hire purchase payables		56,830	56,830	56,830	56,830
Borrowings	7.9	18,916,516	18,916,516	18,916,516	[•]
Current tax liabilities	7.10	2,096,250	2,109,186	2,109,186	2,109,186
		78,812,805	79,026,556	79,026,556	[•]
TOTAL LIABILITIES		80,209,823	80,423,574	80,423,574	[•]
TOTAL EQUITY AND LIABILITIES		128,108,277	129,353,387	[•]	[•]
Number of ordinary shares		2,000,020	325,802,400	400,000,000	400,000,000
Net assets* (RM)		47,762,042	48,793,401	[•]	[•]
Net assets per ordinary shares (RM)		23.88	0.15	[•]	[•]

* Represents equity attributable to owners of the Company.

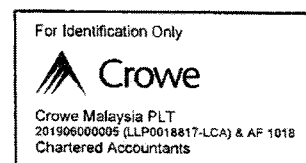
12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****1. ABBREVIATIONS**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

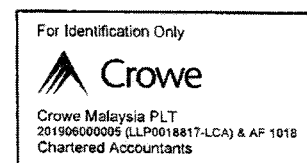
LAC or the Company	: LAC Med Berhad (Registration No: 202401049485 (1595329-H))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998 - W))
Eligible Persons	: Collectively, eligible Directors and employees of the Group and persons who have contributed to the success of the Group
Institutional Offering	: Institutional offering of up to 100,000,000 IPO Shares comprising: <ul style="list-style-type: none"> (i) 50,000,000 Issue Shares made available to identified Bumiputera investors approved by MITI; and (ii) 50,000,000 Offer Shares made available to institutional and selected investors, at the IPO Price, subject to the clawback and reallocation provisions
IPO	: Initial public offering comprising the Public Issue and Offer for Sale
IPO Price	: RM[●] per IPO Share under the Public Issue and Offer for Sale
IPO Share(s)	: Collectively, Issue Share(s) and Offer Share(s)
Issue Share(s)	: New Shares to be issued by the Company pursuant to the Public Issue
Listing	: Admission to the Official List and the listing of and quotation for the entire enlarged issued share capital of LAC Shares on the Main Market of Bursa Securities

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****1. ABBREVIATIONS (CONT'D)**

Malaysian Public	: Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
MITI	: Ministry of Investment, Trade and Industry of Malaysia
Offer for Sale	: Offer for sale of the Offer Shares by Offerors at the IPO Price
Offer Shares	: Up to 50,000,000 existing Shares to be offered pursuant to the Offer for Sale
Official List	: A list specifying all securities listed on Bursa Securities
Offerors	: Collectively, Liew Yoon Poh, Liew Yoon Kit and Giam Teck Eng
Prospectus	: Prospectus to be issued by the Company
Public Issue	: Public issue of 74,197,600 Issue Shares comprising the Retail Offering and a portion of the Institutional Offering
Retail Offering	: Retail offering of 24,197,600 Issue Shares comprising: <ul style="list-style-type: none"> (i) 4,197,600 Issue Shares made available for application by the Eligible Persons; and (ii) 20,000,000 Issue Shares made available for application by the Malaysian Public, at the IPO Price per IPO Share, payable in full upon application, subject to clawback and reallocation provisions
RM and sen	: Ringgit Malaysia and sen, the lawful currency of Malaysia
Shares	: Ordinary shares in the Company
Substantial Shareholders	: Collectively, Liew Yoon Poh, Liew Yoon Kit, Giam Teck Eng and Chan Yue Mun

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****2. INTRODUCTION**

The Pro Forma Combined Statements of Financial Position of the Group as at 31 December 2024 ("the Pro Forma Combined Statements of Financial Position") together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus to be issued by the Company in connection with the IPO of 124,197,600 ordinary shares in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

The Pro Forma Combined Statements of Financial Position are prepared based on the audited combined statements of financial position of the Group as at 31 December 2024, which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards, and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The Pro Forma Combined Statements of Financial Position together with the accompanying notes thereon, are prepared solely to illustrate the impact of the events and transactions set out in Notes 4, 5 and 6 to the Pro Forma Combined Statements of Financial Position as at 31 December 2024 had the events occurred or transactions been undertaken as at 31 December 2024.

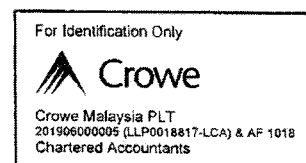
The Pro Forma Combined Statements of Financial Position are not necessary indicative of the financial position that would have been attained had the Listing actually occurred at the respective dates.

The financial statements used in the preparation of the Pro Forma Combined Statements of Financial Position as at 31 December 2024 are not subject to any qualification, modification or disclaimer of opinion.

4. ACQUISITIONS

LAC Med Berhad has entered into a Share Sale Agreement on 9 April 2025 to acquire the equity interest in the following companies for a total purchase consideration of RM48,870,357, which will be satisfied via the issuance of 325,802,380 new Shares at an issue price of RM0.15 per Share:-

- (a) Acquisition of the entire equity interest in LAC Medical Supplies Sdn Bhd for a total purchase consideration of RM34,383,117, to be satisfied via the issuance of 229,220,780 new Shares at an issue price of RM0.15 per Share;
- (b) Acquisition of the entire equity interest in CVS Medical Sdn Bhd for a total purchase consideration of RM13,455,930, to be satisfied via the issuance of 89,706,200 new Shares at an issue price of RM0.15 per Share; and

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****4. ACQUISITIONS (CONT'D)**

LAC Med Berhad has entered into a Share Sale Agreement on 9 April 2025 to acquire the equity interest in the following companies for a total purchase consideration of RM48,870,357, which will be satisfied via the issuance of 325,802,380 new Shares at an issue price of RM0.15 per Share:-

- (c) Acquisition of the entire equity interest in GoCloud Solutions Sdn Bhd ("GoCloud") for a total purchase consideration of RM1,031,310, to be satisfied via the issuance of 6,875,400 new Shares at an issue price of RM0.15 per Share.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	RM
Property, plant and equipment	1,300
Trade receivables	729,003
Cash and bank balances	514,807
Trade payables	(119,072)
Other payables and accruals	(81,743)
Current tax liabilities	(12,936)
	<hr/>
Net identifiable assets acquired	1,031,359
Less: Total purchase consideration	(1,031,310)
	<hr/>
Bargain purchase/Retained profits	49
	<hr/>

The acquisitions of the above companies were completed on [.] 2025.

5. LISTING SCHEME

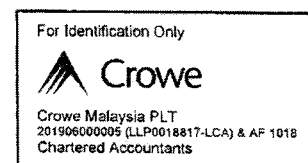
In conjunction with and as an integral part of the Listing, the Company had undertaken the following:-

5.1 IPO

The Company proposes to undertake the IPO of 124,197,600 IPO Shares, representing 31.0% of the enlarged total number of Shares in the manner set out below:-

(i) Public Issue

Public Issue of 74,197,600 Issue Shares in LAC, representing 18.5% of the Company's enlarged issued share capital upon Listing at IPO Price. The Issue Shares shall be allocated in the following manner:-

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****5. LISTING SCHEME (CONT'D)****5.1 IPO (CONT'D)****(i) Public Issue (Cont'd)****(a) Malaysian Public**

20,000,000 Issue Shares, representing approximately 5.0% of the Company's enlarged issued shares capital, are made available for application by the Malaysian Public by way of balloting, of which 50.0% will be set aside for Bumiputera investors.

(b) Eligible Persons

4,197,600 Issue Shares, representing approximately 1.0% of the Company's enlarged issued share capital, are reserved for application by the Eligible Persons.

(c) Private placement

50,000,000 Issue Shares, representing approximately 12.5% of the Company's enlarged issued share capital, are made available for subscription by way of private placement to Bumiputera investors approved by the MITI.

(ii) Offer for Sale

The Offerors will undertake an offer for sale of up to 50,000,000 Offer Shares, representing 12.5% of the Company's enlarged issued share capital upon Listing at IPO Price.

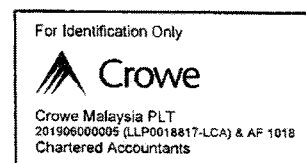
The Offer for Sale does not have any impact on the Pro Forma Combined Statements of Financial Position as at 31 December 2024.

5.2 Listing

Upon completion of the IPO, the Company shall be admitted to the official list and the listing of and quotation for the entire enlarged issued share capital of LAC of RM[●] comprising 400,000,000 Shares on the Main Market of Bursa Securities.

6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**6.1 Pro Forma I**

Pro Forma I incorporates the effects of the acquisitions as set out in Note 4 to the Pro Forma Combined Statements of Financial Position.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****6.2 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue as set out in Note 5.1(i) to the Pro Forma Combined Statements of Financial Position.

6.3 Pro Forma III

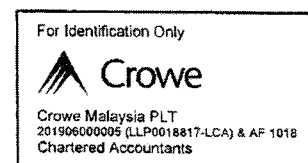
Pro Forma III incorporates the effects of Pro Forma II and the Utilisation of Proceeds from the Public Issue. The proceeds from Public Issue will be utilised as follows:-

Details of utilisation	RM	%	Estimated timeframe for utilisation from the date of Listing
Capital expenditure			
- Setting up new head office and warehouse [#]	[•]	[•]	Within 36 months
- Expansion of Indonesian business [#]	[•]	[•]	Within 36 months
- Establishment of equipment-as-a-services segment and medical equipment asset management solutions [#]	[•]	[•]	Within 36 months
Repayment of borrowings [@]	[•]	[•]	Within 12 months
Working capital [#]	[•]	[•]	Within 24 months
Estimated listing expenses ^{*^}	[•]	[•]	Within 1 month
Total	[•]	[•]	

Notes:-

[#] As at latest practicable date of the Prospectus, the Group did not enter into any contractual binding arrangements or issued any purchase orders in relation to the above purposes. Accordingly, the use of proceeds are not reflected in the Pro Forma Combined Statements of Financial Position.

[@] The Groups intends to utilise RM[•] of its IPO proceeds to settle the Group trade financing facilities. The utilisation is reflected in the Pro Forma Combined Statements of Financial Position, a total of RM[•] is reflected in the Pro Forma adjustment for repayment of borrowings, and the remaining proceeds have been included in cash and bank balances.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****6.3 Pro Forma III (Cont'd)***Notes:- (Cont'd)*

* *If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.*

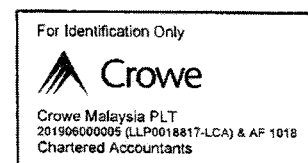
^ *The estimated listing expenses of RM[●] are assumed to be directly attributable to the Public Issue will be set off against share capital. The remaining estimated listing expenses of RM[●] are assumed to be attributable to the Listing and as such, will be expensed off to the Statement of Profit or Loss and Other Comprehensive Income. As at 31 December 2024, the Group has paid RM60,000 of listing expenses and recognised listing expenses of RM507,200 in the Statement of Profit or Loss and Other Comprehensive Income.*

7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**7.1 Property, plant and equipment**

	Note	RM
As at 31 December 2024		1,415,586
Adjustment for:		
- Acquisitions	4	1,300
As per Pro Forma I, II and III		<u>1,416,886</u>

7.2 Trade receivables

	Note	RM
As at 31 December 2024		35,705,563
Adjustment for:		
- Acquisitions	4	729,003
As per Pro Forma I, II and III		<u>36,434,566</u>

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****7.3 Cash and bank balances**

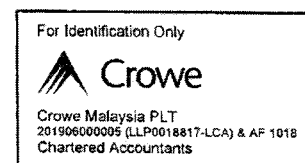
	Note	RM
As at 31 December 2024		15,843,630
Adjustment for:		
- Acquisitions	4	514,807
As per Pro Forma I		16,358,437
Add: Proceeds from Public Issue	5.1(i)	[•]
As per Pro Forma II		[•]
Less: Remaining estimated listing expenses ^	6.3	[•]
Less: Repayment of borrowings	6.3	[•]
As per Pro Forma III		[•]

Note:-

^ RM60,000 of the estimated listing expenses have been paid by the Group.

7.4 Share capital

	Note	Number of Ordinary Shares	Amount of Share Capital RM
As at 31 December 2024		2,000,020	2,000,010
Adjustment for Material Subsequent Event:			
- Ordinary shares issued pursuant to the acquisition	4	325,802,380	48,870,357
- Adjustment on share capital	4	(2,000,000)	(2,000,000)
As per Pro Forma I		325,802,400	48,870,367
Add: Public Issue	5.1(i)	74,197,600	[•]
As per Pro Forma II		400,000,000	[•]
Less: Estimated listing expenses	6.3	-	[•]
As per Pro Forma III		400,000,000	[•]

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****7.5 Reorganisation reserve**

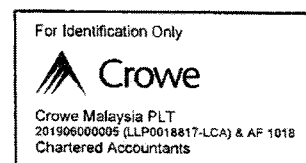
	Note	RM
As at 31 December 2024		-
Adjustment for:		
- Acquisitions	4	(45,839,047)
As per Pro Forma I, II and III		<u>(45,839,047)</u>

7.6 Retained profits

	Note	RM
As at 31 December 2024		45,765,699
Adjustment for:		
- Acquisitions	4	<u>49</u>
As per Pro Forma I and II		45,765,748
Less: Estimated listing expenses	6.3	<u>[•]</u>
As per Pro Forma III		<u>[•]</u>

7.7 Trade payables

	Note	RM
As at 31 December 2024		28,744,137
Adjustment for:		
- Acquisitions	4	<u>119,072</u>
As per Pro Forma I, II and III		<u>28,863,209</u>

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202401049485 (1595329-H)

APPENDIX A**LAC MED BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024****7. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****7.8 Other payables and accruals**

	Note	RM
As at 31 December 2024		14,979,695
Adjustment for:		
- Acquisitions	4	81,743
As per Pro Forma I and II		15,061,438
Less: Estimated listing expenses	6.3	[•]
As per Pro Forma III		[•]

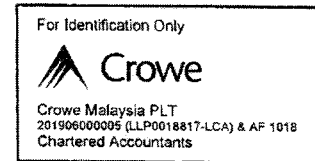
7.9 Borrowings

	Note	RM
As at 31 December 2024/Pro Forma I and II		18,916,516
Less: Repayment of borrowings	6.3	(16,604,685)
As per Pro Forma III		2,311,831

7.10 Current tax liabilities

	Note	RM
As at 31 December 2024		2,096,250
Adjustment for:		
- Acquisitions	4	12,936
As per Pro Forma I, II and III		2,109,186

12. FINANCIAL INFORMATION (CONT'D)



Registration No: 202401049485 (1595329-H)

APPENDIX A

LAC MED BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of LAC Med Berhad in accordance with a resolution dated

26 MAY 2025

On behalf of the Board of Directors,

Liew Yoon Poh

Liew Yoon Kit