

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022<sup>(1)</sup>**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2022 RM'000	31.03.2021 <sup>(2)</sup> RM'000	31.03.2022 RM'000	31.03.2021 <sup>(2)</sup> RM'000
Revenue	7,840	N/A	7,840	N/A
Other income	126	N/A	126	N/A
Employee benefits expense	(2,111)	N/A	(2,111)	N/A
Information technology expenses	(626)	N/A	(626)	N/A
Depreciation expenses	(276)	N/A	(276)	N/A
Other operating expenses	(714)	N/A	(714)	N/A
<b>Operating profit</b>	<b>4,239</b>	<b>N/A</b>	<b>4,239</b>	<b>N/A</b>
Finance income	15	N/A	15	N/A
Finance cost	(27)	N/A	(27)	N/A
Share of results of associate	(23)	N/A	(23)	N/A
<b>Profit before tax</b>	<b>4,204</b>	<b>N/A</b>	<b>4,204</b>	<b>N/A</b>
Tax expense	(1,116)	N/A	(1,116)	N/A
<b>Profit and total comprehensive income for the financial period</b>	<b>3,088</b>	<b>N/A</b>	<b>3,088</b>	<b>N/A</b>
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the Company	3,088	N/A	3,088	N/A
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen) <sup>(3)</sup>	0.85	N/A	0.85	N/A
Diluted (sen) <sup>(4)</sup>	0.68	N/A	0.68	N/A

**Notes:**

N/A Not applicable

<sup>(1)</sup> The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 20 May 2022 and the accompanying explanatory notes attached to this interim financial report.

<sup>(2)</sup> This is the first interim financial report for the first quarter ended 31 March 2022 being announced in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the preceding corresponding quarter and period ended as no interim financial report was prepared for the comparative financial period concerned.

<sup>(3)</sup> Basic earnings per share is calculated based on the existing issued share capital of 364,605,000 shares in issue as at 31 March 2022.

<sup>(4)</sup> Diluted earnings per share of the Company for the individual quarter and cumulative quarter ended 31 March 2022 is calculated based on assumed number of shares in issue pursuant to the completion of the Initial Public Offering ("IPO") which is 456,000,000 shares as disclosed in Note A11. There are no dilutive instruments as at the end of the quarter ended 31 March 2022.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	<b>Unaudited</b> <b>31.03.2022</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2021</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,146	2,808
Investment properties	826	830
Investment in associate	51	74
<b>Total non-current assets</b>	<b>4,023</b>	<b>3,712</b>
<b>Current assets</b>		
Trade and other receivables	6,434	6,951
Other investments	4,283	4,361
Current tax assets	24	116
Cash and short-term deposits	22,157	19,362
<b>Total current assets</b>	<b>32,898</b>	<b>30,790</b>
<b>TOTAL ASSETS</b>	<b>36,921</b>	<b>34,502</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	22,300	22,300
Reorganisation reserve	(20,649)	(20,649)
Retained earnings	29,511	26,423
<b>Total equity attributable to owners of the Company</b>	<b>31,162</b>	<b>28,074</b>
<b>Non-current liabilities</b>		
Loans and borrowings	1,144	1,479
Contract liabilities	121	126
Deferred tax liabilities	9	9
<b>Total non-current liabilities</b>	<b>1,274</b>	<b>1,614</b>
<b>Current liabilities</b>		
Trade and other payables	1,873	2,737
Loans and borrowings	819	759
Contract liabilities	1,661	1,306
Current tax liabilities	132	12
<b>Total current liabilities</b>	<b>4,485</b>	<b>4,814</b>
<b>TOTAL LIABILITIES</b>	<b>5,759</b>	<b>6,428</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36,921</b>	<b>34,502</b>
Net assets per share attributable to owners of the Company (sen) <sup>(1)</sup>	8.55	7.70

**Note:**

<sup>(1)</sup> Computed based on total equity attributable to owners of the Company divided by the number of ordinary shares of 364,605,000 before IPO.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022<sup>(1)(2)</sup>**

	<b>Share capital RM'000</b>	<b>Reorganisation reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total equity RM'000</b>
As at 1 January 2022 (Audited)	22,300	(20,649)	26,423	28,074
Profit and total comprehensive income for the financial period	–	–	3,088	3,088
As at 31 March 2022 (Unaudited)	22,300	(20,649)	29,511	31,162

**Notes:**

- <sup>(1)</sup> The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 20 May 2022 and the accompanying explanatory notes attached to this interim financial report.
- <sup>(2)</sup> This is the first interim financial report for the first quarter ended 31 March 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period ended as no interim financial report was prepared for the comparative financial period concerned.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022<sup>(1)</sup>**

	<b>Unaudited 31.03.2022 RM'000</b>	<b>Unaudited 31.03.2021<sup>(2)</sup> RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,204	N/A
Add: Non-cash items		
Depreciation	276	N/A
Other adjustments	50	N/A
Operating profit before changes in working capital	4,530	N/A
<b>Net changes in working capital</b>		
Trade and other receivables	493	N/A
Trade and other payables	(863)	N/A
Contract liabilities	350	N/A
<b>Cash generated from operations</b>	<b>4,510</b>	<b>N/A</b>
Income tax paid	(924)	N/A
Income tax refund	20	N/A
Interest received	3	N/A
<b>Net cash flows from operating activities</b>	<b>3,609</b>	<b>N/A</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(105)	N/A
Proceeds from disposal of property, plant and equipment	75	N/A
Change in pledge deposits	11	N/A
Net change in amount due from associate	24	N/A
<b>Net cash flows from investing activities</b>	<b>5</b>	<b>N/A</b>
<b>Cash flows from financing activities</b>		
Repayment of term loans	(590)	N/A
Payment of lease liabilities	(191)	N/A
Interests paid	(27)	N/A
<b>Net cash used in financing activities</b>	<b>(808)</b>	<b>N/A</b>
Net increase in cash and cash equivalents	2,806	N/A
Cash and cash equivalents at beginning of the financial period	19,221	N/A
<b>Cash and cash equivalents at end of the financial period</b>	<b>22,027</b>	<b>N/A</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022<sup>(1)</sup> (CONT'D)**

	<b>Unaudited</b> <b>31.03.2022</b> <b>RM'000</b>	<b>Unaudited</b> <b>31.03.2021<sup>(2)</sup></b> <b>RM'000</b>
<b>Analysis of cash and cash equivalents:</b>		
Fixed deposits placed with licensed banks	2,673	N/A
Cash and bank balances	19,484	N/A
	<u>22,157</u>	<u>N/A</u>
Less: Pledged deposits	(130)	N/A
	<u>22,027</u>	<u>N/A</u>

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 20 May 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report for the first quarter ended 31 March 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period ended as no interim financial report was prepared for the comparative financial period concerned.

**NOTES TO THE INTERIM FINANCIAL REPORT****A1. Basis of preparation**

The interim financial report of LGMS Berhad (“**LGMS**” or the “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This is the first interim financial report on the Company’s unaudited condensed financial results for the first quarter ended 31 March 2022 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the corresponding period of preceding year.

The interim financial report should be read in conjunction with the Accountants’ Report dated 22 April 2022 as disclosed in the Prospectus dated 20 May 2022 and the accompanying explanatory notes attached to the interim financial report.

**A2. Summary of significant accounting policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Accountants’ Report dated 22 April 2022 as disclosed in the Prospectus dated 20 May 2022, except for the adoption of the following Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2022:

**Amendments/Improvements to MFRSs effective 1 January 2022**

Amendments to MFRS 1 First-time Adoption of MFRSs (Annual Improvements to MFRS Standards 2018-2020)

Amendments to MFRS 3 Business Combinations – Reference to Conceptual Framework

Amendments to MFRS 9 Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)

Amendments to Illustrative Examples accompanying MFRS 16 Leases (Annual Improvements to MFRS Standards 2018-2020)

Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Amendments to MFRS 141 Agriculture (Annual Improvements to MFRS Standards 2018-2020)

The adoption of these amendments/improvements to MFRSs are not expected to have material impact on the financial statements of the Group.

**New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

<b>New MFRS and amendments/improvements to MFRSs</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts – Initial application of MFRS 17 and MFRS 9 Comparative Information	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10: Consolidated Financial Statements	Deferred
Amendments to MFRS 128: Investments in Associates and Joint Ventures	Deferred

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A2. Summary of significant accounting policies (cont'd)**

The initial application of the accounting standards, interpretations or amendments is not expected to have material financial impact to the current period and prior period financial statements of the Group.

**A3. Auditors' report of preceding annual financial statements**

The audited financial statements of the Group for the financial years ended 31 December 2021 were not subject to any qualification.

**A4. Seasonal or cyclical factors**

The business operations of the Group were not materially affected by any seasonal or cyclical changes.

**A5. Extraordinary and exceptional items**

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter under review.

**A6. Changes in estimates of amounts reported previously**

There were no material changes in estimates that would have a material effect in the current financial quarter under review.

**A7. Changes in debts and equity securities**

Save as disclosed in Note A11 below, there was no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the current financial quarter under review.

**A8. Dividends paid**

No dividend was paid during the current financial quarter under review.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A9. Segmental reporting**

The segmental analysis of the Group's revenue by business segments and geographical locations are as follows:

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2022 RM'000	31.03.2021 <sup>(1)</sup> RM'000	31.03.2022 RM'000	31.03.2021 <sup>(1)</sup> RM'000
<b><u>Business Segments</u></b>				
Cyber risk prevention	5,028	N/A	5,028	N/A
Cyber risk management and compliance	1,939	N/A	1,939	N/A
Cyber threat and incident response	873	N/A	873	N/A
	<u>7,840</u>	<u>N/A</u>	<u>7,840</u>	<u>N/A</u>
<b><u>Geographical locations</u></b>				
Malaysia	6,036	N/A	6,036	N/A
Overseas	1,804	N/A	1,804	N/A
	<u>7,840</u>	<u>N/A</u>	<u>7,840</u>	<u>N/A</u>

**Notes:**

N/A Not applicable

<sup>(1)</sup> This is the first interim financial report for the first quarter ended 31 March 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period ended as no interim financial report was prepared for the comparative financial period concerned.

**A10. Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment during the current financial quarter under review.



---

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A11. Material events subsequent to the end of the current financial quarter**

Save as disclosed below, there were no material events subsequent to the end of the current financial quarter to the date of this announcement, which will materially affect the earnings or income of the Group.

As disclosed in the Prospectus dated 20 May 2022 issued by the Company, the effect of the IPO on the equity structure of the Company are expected to be allocated in the following manner as described below.

- (a) Public issue of 91,395,000 new ordinary shares in the Company (“**Issue Shares**”) at an issue price of RM0.50 per share (“**IPO Price**”) allocated in the following manner:
  - (i) 22,800,000 Issue Shares made available for application by the Malaysian Public;
  - (ii) 12,500,000 Issue Shares reserved for application by our Eligible Directors and Employees as well as persons who have contributed to the success of our Group;
  - (iii) 44,695,000 Issue Shares by way of private placement to identified institutional and/or selected investors; and
  - (iv) 11,400,000 Issue Shares by way of private placement identified Bumiputera investors approved by the Ministry of International Trade and Industry, Malaysia (“**MITI**”).
- (b) Offer for sale of 45,600,000 existing ordinary shares in the Company at an issue price of RM0.50 per share by way of private placement to identified Bumiputera investors approved by the MITI.

Upon the completion of IPO, the Company is expected to be admitted to the Official List on the ACE Market of Bursa Securities and the enlarged issued share capital of the Company upon Listing will comprise of 456,000,000 ordinary shares.

**A12. Changes in composition of the Group**

There were no changes in the composition of the Group for the current quarter.

**A13. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets arising as at the end of the current quarter.

**A14. Capital commitments**

There were no material capital commitments as at the end of the interim financial period.

**A15. Related party transactions**

There were no material related party transactions during the current financial quarter under review.

---

**EXPLANATORY NOTES PURSUANT TO LISTING REQUIREMENTS****B1. Review of performance**

The Group recorded revenue of RM7.84 million for the three-month financial period ended 31 March 2022 (“Q1 FY2022”). The revenue was mainly derived from the cyber risk prevention segment and followed by cyber risk management and compliance segment which contributed 64.13% and 24.73% respectively to the total revenue for the current financial quarter.

The Group recorded a profit before tax and profit after tax of RM4.20 million and RM3.09 million respectively for the current financial quarter under review.

**B2. Comparison of quarterly financial results with preceding quarter**

There are no comparative figures for the preceding quarter as this is the first interim financial report for the quarter and period ended 31 March 2022.

**B3. Prospect and outlook**

As disclosed in the Prospectus dated 20 May 2022, the market outlook and prospects of the cybersecurity market in Malaysia remains positive.

The COVID-19 pandemic and subsequent lockdown measures imposed have accelerated the usage of internet and adoption of digital medium which together lay a clear path for further potential demand for cybersecurity offerings. Factors priming growth within the cybersecurity market include the continuing digital transformation of the economy and the proliferation of digital touch points and applications. In addition, the need to uphold digital privacy and relatively high broadband penetration rate augur well for the growth in the local cybersecurity market.

The Group, with the planned proceeds from its IPO, will embark on an international expansion to increase our geographical footprint to broaden our customer base.

The Group expects that the increasing demand for cybersecurity services will create a lot of opportunities to the cybersecurity market and together with the expansion plan, these will contribute positively to the Group’s financial performance in the financial year ending 31 December 2022.

**B4. Profit forecast and profit guarantee**

Not applicable as the Group did not announce any profit forecast or profit guarantee.

**B5. Variance of actual profit from financial estimate, forecast profit or shortfall of profit guarantee**

Not applicable as the Group did not announce any profit forecast or profit guarantee.

**EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)****B6. Income tax expense**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2022 RM'000	31.03.2021 <sup>(1)</sup> RM'000	31.03.2022 RM'000	31.03.2021 <sup>(1)</sup> RM'000
Income tax:	1,116	N/A	1,116	N/A
Effective tax rate (%)	26.55	N/A	26.55	N/A

**Notes:**

N/A Not applicable

<sup>(1)</sup> This is the first interim financial report for the first quarter ended 31 March 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period ended as no interim financial report was prepared for the comparative financial period concerned.

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit before tax for the current financial quarter and current financial period.

The effective tax rate of the Group for the current quarter and current financial period-to-date were higher than the Malaysia statutory tax rate mainly due to certain non-deductible expenses.

**B7. Unquoted investments and properties**

There were no purchases or sales of unquoted investment or properties for the current financial quarter under review.

**B8. Quoted securities**

There were no acquisitions or disposals of quoted securities for the current financial quarter and the financial period to date.

**EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)**
**B9. Loans and borrowings**

	<b>Unaudited</b> <b>31.03.2022</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2021</b> <b>RM'000</b>
<b>Non-current</b>		
Term loans - secured	–	556
Lease liabilities	1,144	923
	<u>1,144</u>	<u>1,479</u>
<b>Current</b>		
Term loans - secured	–	34
Lease liabilities	819	725
	<u>819</u>	<u>759</u>
<b>Total loans and borrowings</b>	<u>1,963</u>	<u>2,238</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

**B10. Profit before tax**

Profit before tax is arrived after charging/(crediting):

	<b>Individual Quarter</b> <b>3 months ended</b>		<b>Cumulative Quarter</b> <b>3 months ended</b>	
	<b>31.03.2022</b> <b>RM'000</b>	<b>31.03.2021<sup>(1)</sup></b> <b>RM'000</b>	<b>31.03.2022</b> <b>RM'000</b>	<b>31.03.2021<sup>(1)</sup></b> <b>RM'000</b>
Depreciation of:				
– property, plant and equipment	76	N/A	76	N/A
– right-of-use assets	197	N/A	197	N/A
– investment properties	3	N/A	3	N/A
Interest expense	27	N/A	27	N/A
Fair value loss on other investments	90	N/A	90	N/A
Gain on disposal of property, plant and equipment	(75)	N/A	(75)	N/A
Interest income	(15)	N/A	(15)	N/A

**Notes:**

N/A Not applicable

<sup>(1)</sup> This is the first interim financial report for the first quarter ended 31 March 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period ended as no interim financial report was prepared for the comparative financial period concerned.

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

**EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)****B11. Earnings per share**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2022	31.03.2021 <sup>(1)</sup>	31.03.2022	31.03.2021 <sup>(1)</sup>
Profit attributable to owners of the Company (RM'000)	3,088	N/A	3,088	N/A
Weighted average number of ordinary shares in issue during the period ('000) <sup>(2)</sup>	364,605	N/A	364,605	N/A
Basic earnings per share (sen) <sup>(2)</sup>	0.85	N/A	0.85	N/A
Diluted earnings per share (sen) <sup>(3)</sup>	0.68	N/A	0.68	N/A

**Notes:**

N/A Not applicable

<sup>(1)</sup> This is the first interim financial report for the first quarter ended 31 March 2022 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period ended as no interim financial report was prepared for the comparative financial period concerned.

<sup>(2)</sup> Basic earnings per share is calculated based on the existing issued share capital of 364,605,000 shares in issue as at 31 March 2022.

<sup>(3)</sup> Diluted earnings per share of the Company for the individual quarter and cumulative quarter ended 31 March 2022 is calculated based on assumed number of shares in issue pursuant to the completion of the IPO which is 456,000,000 shares as disclosed in Note A11. There are no dilutive instruments as at the end of the quarter ended 31 March 2022

**B12. Material litigation**

The Group does not have any outstanding material litigation as at the date of this announcement.

**B13. Dividends**

No dividend has been declared or recommended for payment by the Board of Directors of the Company during the financial period under review.

**B14. Status of corporate proposal**

Save as disclosed in Note A11(a), there were no corporate proposals announced but not completed as at the date of this interim report.

**EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)****B15. Utilisation of proceeds from IPO**

The total gross proceeds of approximately RM45.70 million from the Public Issue is intended to be utilised in the following manner:

<u>Details of utilisation</u>	<u>Proposed utilisation</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Estimated Timeframe for utilisation upon Listing</u>
1. Business expansion			
i. Purchase of office	18,000	N/A	Within 12 to 24 months
ii. Expansion of workforce	6,500	N/A	Within 24 months
iii. Capital expenditure on equipment and tools	6,000	N/A	Within 24 months
iv. Strategic business expansion	7,698	N/A	Within 24 months
2. Working capital	3,500	N/A	Within 12 months
3. Estimated listing expenses	4,000	N/A	Within 3 months
	<b><u>45,698</u></b>	<b><u>N/A</u></b>	

N/A Not applicable

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 20 May 2022.

**B16. Authorisation for issue**

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 2 June 2022.