

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SECOND QUARTER ENDED 30 JUNE 2022⁽¹⁾**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2022 RM'000	30.06.2021 ⁽²⁾ RM'000	30.06.2022 RM'000	30.06.2021 ⁽²⁾ RM'000
Revenue	8,298	N/A	16,138	N/A
Other income	56	N/A	182	N/A
Employee benefits expense	(2,780)	N/A	(4,891)	N/A
Information technology expenses	(573)	N/A	(1,199)	N/A
Depreciation expenses	(322)	N/A	(598)	N/A
Other operating expenses	(1,246)	N/A	(1,960)	N/A
Operating profit	3,433	N/A	7,672	N/A
Finance income	103	N/A	118	N/A
Finance cost	(24)	N/A	(51)	N/A
Share of results of associate	(42)	N/A	(65)	N/A
Profit before tax	3,470	N/A	7,674	N/A
Tax expense	(1,000)	N/A	(2,116)	N/A
Profit and total comprehensive income for the financial period	2,470	N/A	5,558	N/A
Profit and total comprehensive income attributable to:				
Owners of the Company	2,470	N/A	5,558	N/A
Earnings per share attributable to owners of the Company:				
Basic (sen) ⁽³⁾	0.67	N/A	1.50	N/A
Diluted (sen) ⁽⁴⁾	0.67	N/A	1.50	N/A

Notes:

N/A Not applicable

⁽¹⁾ 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.

⁽²⁾ This is the second interim financial report for the second quarter ended 30 June 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.

⁽³⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 370,614,534 as at 30 June 2022.

⁽⁴⁾ There are no dilutive instruments as at the end of the quarter ended 30 June 2022.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Unaudited 30.06.2022 RM'000	Audited 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,566	2,808
Investment properties	824	830
Investment in associate	9	74
Total non-current assets	4,399	3,712
Current assets		
Trade and other receivables	4,731	6,951
Other investments	4,126	4,361
Current tax assets	26	116
Cash and short-term deposits	70,754	19,362
Total current assets	79,637	30,790
TOTAL ASSETS	84,036	34,502
EQUITY AND LIABILITIES		
Equity		
Share capital	66,249	22,300
Reorganisation reserve	(20,649)	(20,649)
Retained earnings	31,981	26,423
Total equity attributable to owners of the Company	77,581	28,074
Non-current liabilities		
Loans and borrowings	1,333	1,479
Contract liabilities	101	126
Deferred tax liabilities	9	9
Total non-current liabilities	1,443	1,614
Current liabilities		
Trade and other payables	2,551	2,737
Loans and borrowings	922	759
Contract liabilities	1,187	1,306
Current tax liabilities	352	12
Total current liabilities	5,012	4,814
TOTAL LIABILITIES	6,455	6,428
TOTAL EQUITY AND LIABILITIES	84,036	34,502
Net assets per share attributable to owners of the Company (sen) ⁽¹⁾	17.01	7.70

Note:

⁽¹⁾ Computed based on total equity attributable to owners of the Company divided by the number of ordinary shares of the Company of 456,000,000 as at 30 June 2022 (31 December 2021: 364,605,000).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2022⁽¹⁾⁽²⁾**

	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2022 (Audited)	22,300	(20,649)	26,423	28,074
Profit and total comprehensive income for the financial period	–	–	5,558	5,558
Transaction with owners:				
– Issuance of ordinary shares ⁽³⁾	45,698	–	–	45,698
– Share issuance expenses ⁽⁴⁾	(1,749)	–	–	(1,749)
As at 30 June 2022 (Unaudited)	66,249	(20,649)	31,981	77,581

Notes:

- ⁽¹⁾ 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.
- ⁽²⁾ This is the second interim financial report for the second quarter ended 30 June 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.
- ⁽³⁾ Issuance of new shares pursuant to the Initial Public Offering ("IPO") as disclosed in Note A7.
- ⁽⁴⁾ Listing expenses incurred pursuant to the IPO as disclosed in Note A7 that has been set-off against the equity.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2022⁽¹⁾**

	Unaudited 30.06.2022 RM'000	Unaudited 30.06.2021⁽²⁾ RM'000
Cash flows from operating activities		
Profit before tax	7,674	N/A
Add: Non-cash items		
Depreciation	598	N/A
Other adjustments	208	N/A
Operating profit before changes in working capital	8,480	N/A
Net changes in working capital		
Trade and other receivables	2,155	N/A
Trade and other payables	(186)	N/A
Contract liabilities	(144)	N/A
Cash generated from operations	10,305	N/A
Income tax paid	(1,706)	N/A
Income tax refund	20	N/A
Interest received	92	N/A
Net cash flows from operating activities	8,711	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(344)	N/A
Proceeds from disposal of property, plant and equipment	75	N/A
Change in pledge deposits	25	N/A
Net change in amount due from associate	41	N/A
Net cash flows used in investing activities	(203)	N/A
Cash flows from financing activities		
Proceeds from issuance of shares	45,698	N/A
Payments of share issuance expenses	(1,749)	N/A
Repayment of term loans	(590)	N/A
Payment of lease liabilities	(399)	N/A
Interests paid	(51)	N/A
Net cash generated from financing activities	42,909	N/A
Net increase in cash and cash equivalents	51,417	N/A
Cash and cash equivalents at beginning of the financial period	19,221	N/A
Cash and cash equivalents at end of the financial period	70,638	N/A

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022⁽¹⁾ (CONT'D)**

	Unaudited 30.06.2022 RM'000	Unaudited 30.06.2021⁽²⁾ RM'000
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	2,737	N/A
Cash and bank balances	68,017	N/A
	<u>70,754</u>	<u>N/A</u>
Less: Pledged deposits	(116)	N/A
	<u>70,638</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 second interim financial report for the second quarter ended 30 June 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 second interim financial report on the Company’s unaudited condensed financial results for the second quarter ended 30 June 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.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**A2. Summary of significant accounting policies (cont'd)****New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

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

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 year 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 below, there was no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)
A7. Changes in debts and equity securities (cont'd)

Pursuant to the Company's listing on the ACE Market of Bursa Securities ("**Listing**"), the effect of the IPO on the equity structure of the Company were allocated in the following manner.

- (a) Public issue of 91,395,000 new ordinary shares in the Company ("**Issue Share(s)**") ("**Public Issue**") at an issue price of RM0.50 per Issue Share 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 to 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 ("**Offer Share(s)**") at an offer price of RM0.50 per Offer Share by way of private placement to selected investors.

The IPO was completed and the Company was listed on the ACE Market of Bursa Securities on 8 June 2022 with the enlarged issued share capital comprised of 456,000,000 ordinary shares.

A8. Dividends paid

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

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 6 months ended	
	30.06.2022 RM'000	30.06.2021 ⁽¹⁾ RM'000	30.06.2022 RM'000	30.06.2021 ⁽¹⁾ RM'000
<u>Business Segments</u>				
Cyber risk prevention	5,495	N/A	10,523	N/A
Cyber risk management and compliance	2,056	N/A	3,995	N/A
Cyber threat and incident response	747	N/A	1,620	N/A
	<u>8,298</u>	<u>N/A</u>	<u>16,138</u>	<u>N/A</u>
<u>Geographical locations</u>				
Malaysia	7,016	N/A	13,052	N/A
Overseas	1,282	N/A	3,086	N/A
	<u>8,298</u>	<u>N/A</u>	<u>16,138</u>	<u>N/A</u>

Notes:

N/A Not applicable

- ⁽¹⁾ This is the second interim financial report for the second quarter ended 30 June 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 (CONT'D)**A10. Valuation of property, plant and equipment**

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

A11. Material events subsequent to the end of the current financial quarter

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.

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 RM8.30 million for the second quarter of the financial period ended 30 June 2022 (“Q2 FY2022”). The revenue was mainly derived from the cyber risk prevention segment and followed by cyber risk management and compliance segment which contributed 66.22% and 24.78% respectively to the total revenue of the Group in the current financial quarter under review.

The Group recorded a profit before tax and profit after tax of RM3.47 million and RM2.47 million respectively for the current financial quarter under review.

B2. Comparison of quarterly financial results with preceding quarter

The Group recorded an increase in revenue to RM8.30 million compared to RM7.84 million in the immediate preceding quarter. This was mainly due to the increased in revenue from cyber risk prevention segment.

The Group recorded a profit after tax of RM2.47 million in the current financial period under review compared to RM3.09 million in the preceding quarter, a decrease of RM0.62 million was mainly due to the increase in employee benefits expenses and listing expenses.

B3. Prospect and outlook

As disclosed in Prospectus dated 20 May 2022, the market outlook and prospects of the cybersecurity market in Malaysia and neighbouring countries in Southeast Asia remain positive as the demand for cybersecurity services continue to grow in the financial services sector.

The COVID-19 pandemic and subsequent lockdown measures imposed have accelerated the usage of internet and adoption of digital medium. This had led to the increase in demand for cybersecurity offerings. In addition, other factors priming growth within the cybersecurity market include the continuing digital transformation of the economy and the proliferation of digital touch points and applications. The need to uphold digital privacy and relatively high broadband penetration rate also augurs well for the growth in the local cybersecurity market.

Premised on the above, the Group is confident that the increasing demand for cybersecurity services will create a lot of opportunities to the cybersecurity market and by leveraging on its market position and branding, the Group is poised to benefit from the growing demands for such services. The Group, with the planned proceeds from its IPO, will also embark on its international expansion plans to increase our geographical footprints to broaden our customer base.

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.

EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)**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.

B6. Income tax expense

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2022 RM'000	30.06.2021 ⁽¹⁾ RM'000	30.06.2022 RM'000	30.06.2021 ⁽¹⁾ RM'000
Income tax:	1,000	N/A	2,116	N/A
Effective tax rate (%)	28.82	N/A	27.57	N/A

Notes:

N/A Not applicable

⁽¹⁾ This is the second interim financial report for the second quarter ended 30 June 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 the increase in non-deductible expenses incurred.

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

	Unaudited 30.06.2022 RM'000	Audited 31.12.2021 RM'000
Non-current		
Term loans - secured	–	556
Lease liabilities	1,333	923
	<u>1,333</u>	<u>1,479</u>
Current		
Term loans - secured	–	34
Lease liabilities	922	725
	<u>922</u>	<u>759</u>
Total loans and borrowings	<u>2,255</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):

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2022 RM'000	30.06.2021⁽¹⁾ RM'000	30.06.2022 RM'000	30.06.2021⁽¹⁾ RM'000
Depreciation of:				
– property, plant and equipment	78	N/A	154	N/A
– right-of-use assets	241	N/A	438	N/A
– investment properties	3	N/A	6	N/A
Interest expense	24	N/A	51	N/A
Fair value loss on other investments	171	N/A	261	N/A
Listing expenses	487	N/A	712	N/A
Gain on disposal of property, plant and equipment	–	N/A	(75)	N/A
Interest income	(103)	N/A	(118)	N/A
	<u>(103)</u>	<u>N/A</u>	<u>(118)</u>	<u>N/A</u>

Notes:

N/A Not applicable

⁽¹⁾ This is the second interim financial report for the second quarter ended 30 June 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 6 months ended	
	30.06.2022	30.06.2021 ⁽¹⁾	30.06.2022	30.06.2021 ⁽¹⁾
Profit attributable to owners of the Company (RM'000)	2,470	N/A	5,558	N/A
Weighted average number of ordinary shares in issue during the period ('000) ⁽²⁾	370,615	N/A	370,615	N/A
Basic earnings per share (sen) ⁽²⁾	0.67	N/A	1.50	N/A
Diluted earnings per share (sen) ⁽³⁾	0.67	N/A	1.50	N/A

Notes:

N/A Not applicable

⁽¹⁾ This is the second interim financial report for the second quarter ended 30 June 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.

⁽²⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 370,614,534 as at 30 June 2022.

⁽³⁾ There are no dilutive instruments as at the end of the quarter ended 30 June 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

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 raised from the Public Issue are intended to be utilised in the following manner:

<u>Details of utilisation</u>	<u>Proposed utilisation</u> <u>RM'000</u>	<u>Actual utilisation</u> <u>RM'000</u>	<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	545	Within 12 months
3. Estimated listing expenses	4,000	3,544	Within 3 months
	<u>45,698</u>	<u>4,089</u>	

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 29 August 2022.