

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2024<sup>(1)</sup>**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000
Revenue	8,605	6,199	8,605	6,199
Other income	717	257	717	257
Employee benefits expense	(3,750)	(2,813)	(3,750)	(2,813)
Information technology expenses	(765)	(577)	(765)	(577)
Depreciation expenses	(276)	(345)	(276)	(345)
Other operating expenses	(1,410)	(824)	(1,410)	(824)
<b>Operating profit</b>	<b>3,121</b>	<b>1,897</b>	<b>3,121</b>	<b>1,897</b>
Finance income	84	311	84	311
Finance cost	(5)	(26)	(5)	(26)
<b>Profit before tax</b>	<b>3,200</b>	<b>2,182</b>	<b>3,200</b>	<b>2,182</b>
Tax expense	(756)	(543)	(756)	(543)
<b>Profit and total comprehensive income for the financial period</b>	<b>2,444</b>	<b>1,639</b>	<b>2,444</b>	<b>1,639</b>
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the Company	<b>2,444</b>	<b>1,639</b>	<b>2,444</b>	<b>1,639</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen) <sup>(2)</sup>	0.54	0.36	0.54	0.36
Diluted (sen) <sup>(3)</sup>	0.54	0.36	0.54	0.36

**Notes:**

<sup>(1)</sup> The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

<sup>(2)</sup> Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 456,000,000 as at 31 March 2024 (31 March 2023: 456,000,000).

<sup>(3)</sup> There are no dilutive instruments as at the end of the current financial quarter.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2024**

	<b>Unaudited</b> <b>31.03.2024</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2023</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	16,052	2,237
Right-of-use assets	32	349
Investment properties	801	804
Investment in an associate	72	72
Other investments	4,940	4,940
Deferred tax assets	850	850
<b>Total non-current assets</b>	<b>22,747</b>	<b>9,252</b>
<b>Current assets</b>		
Trade and other receivables	8,543	9,597
Contract assets	2,069	1,638
Other investments	1,098	1,014
Current tax assets	947	559
Cash and short-term deposits	62,785	73,614
<b>Total current assets</b>	<b>75,442</b>	<b>86,422</b>
<b>TOTAL ASSETS</b>	<b>98,189</b>	<b>95,674</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	66,249	66,249
Reorganisation reserve	(20,649)	(20,649)
Retained earnings	43,428	40,984
<b>Total equity attributable to owners of the Company</b>	<b>89,028</b>	<b>86,584</b>
<b>Non-current liabilities</b>		
Contract liabilities	138	165
Hire purchase payables	610	233
Lease liabilities	–	119
<b>Total non-current liabilities</b>	<b>748</b>	<b>517</b>
<b>Current liabilities</b>		
Hire purchase payables	241	206
Lease liabilities	37	186
Trade and other payables	2,247	3,685
Contract liabilities	5,888	4,483
Current tax liabilities	–	13
<b>Total current liabilities</b>	<b>8,413</b>	<b>8,573</b>
<b>TOTAL LIABILITIES</b>	<b>9,161</b>	<b>9,090</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>98,189</b>	<b>95,674</b>
Net assets per share attributable to owners of the Company (sen) <sup>(1)</sup>	19.52	18.99

**Note:**

<sup>(1)</sup> 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 31 March 2024 (31 December 2023: 456,000,000).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2024<sup>(1)</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 2024 (Audited)	66,249	(20,649)	40,984	86,584
Profit and total comprehensive income for the financial period	–	–	2,444	2,444
As at 31 March 2024 (Unaudited)	<u>66,249</u>	<u>(20,649)</u>	<u>43,428</u>	<u>89,028</u>
As at 1 January 2023 (Audited)	66,249	(20,649)	37,970	83,570
Profit and total comprehensive income for the financial period	–	–	1,639	1,639
Transaction with owners: - Dividends paid	–	–	(5,928)	(5,928)
As at 31 March 2023 (Unaudited)	<u>66,249</u>	<u>(20,649)</u>	<u>33,681</u>	<u>79,281</u>

**Note:**

<sup>(1)</sup> The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2024<sup>(1)</sup>**

	<b>Unaudited 3 months ended 31.03.2024 RM'000</b>	<b>Unaudited 3 months ended 31.03.2023 RM'000</b>
<b>Cash flows generated from operating activities</b>		
Profit before tax	3,200	2,182
Adjustments for non-cash items		
Depreciation	276	345
Other adjustments	(482)	(519)
Operating profit before changes in working capital	2,994	2,008
<b>Changes in working capital</b>		
Trade and other receivables	1,038	(268)
Trade and other payables	(1,438)	(1,100)
Contract assets	(431)	410
Contract liabilities	1,378	681
<b>Cash generated from operations</b>	<b>3,541</b>	<b>1,731</b>
Income tax paid	(1,157)	(1,075)
Interest received	84	309
<b>Net cash generated from operating activities</b>	<b>2,468</b>	<b>965</b>
<b>Cash flows (used for)/generated from investing activities</b>		
Purchase of property and equipment	(13,536)	(214)
Proceeds from disposal of property and equipment	465	645
Net change in amount due from an associate	18	3
<b>Net cash (used for)/generated from investing activities</b>	<b>(13,053)</b>	<b>434</b>
<b>Cash flows used for financing activities</b>		
Payment of lease liabilities	(268)	(133)
Repayment of hire purchase payables	(80)	(523)
Dividends paid	–	(5,928)
Interest paid	(5)	(26)
<b>Net cash used for financing activities</b>	<b>(353)</b>	<b>(6,610)</b>
Net decrease in cash and cash equivalents	(10,938)	(5,211)
Effect of exchange rate changes	109	32
Cash and cash equivalents at beginning of the financial year	73,496	68,971
<b>Cash and cash equivalents at end of the financial period</b>	<b>62,667</b>	<b>63,792</b>
	<b>As at 31.03.2024 RM'000</b>	<b>As at 31.03.2023 RM'000</b>
<b>Analysis of cash and cash equivalents:</b>		
Fixed deposits placed with licensed banks	1,777	2,771
Cash and bank balances	10,337	61,137
Short-term investments	50,671	–
	62,785	63,908
Less: Pledged deposits	(118)	(116)
	62,667	63,792

**Note:**

<sup>(1)</sup> The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

**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 and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 Group’s audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report, except for the adoption of the following new MFRS and amendments/improvements to MFRS that have been issued but yet to be effective.

**MFRSs and/or IC Interpretations (Including the Consequential Amendments) effective on 1 January 2024**

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback  
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current  
Amendments to MFRS 101: Non-current Liabilities with Covenants  
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) does not have any significant effect on the financial statements of the Group.

**Amendments/improvements to MFRSs that have been issued, but yet to be effective**

	<b>Effective Date</b>
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group is expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective.

The initial application of the accounting standards, interpretations or amendments is not expected to have a 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 2023 were not subject to any qualification.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****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**

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.

**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	
	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000
<b><u>Business Segments</u></b>				
Cyber risk prevention	6,628	4,926	6,628	4,926
Cyber risk management and compliance	1,401	973	1,401	973
Cyber threat and incident response	576	300	576	300
	<u>8,605</u>	<u>6,199</u>	<u>8,605</u>	<u>6,199</u>
<b><u>Geographical Locations</u></b>				
Malaysia	7,206	5,083	7,206	5,083
Overseas	1,399	1,116	1,399	1,116
	<u>8,605</u>	<u>6,199</u>	<u>8,605</u>	<u>6,199</u>

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**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 financial 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 financial quarter.

**A14. Capital commitments**

There were no material capital commitments as at the end of the financial period, save as disclosed in Note B15.

**A15. Related party transactions**

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

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

The Group recorded revenue of RM8.61 million for the 3-months financial period ended 31 March 2024 representing an increase of RM2.41 million or 38.87% from the revenue of RM6.20 million recorded in the corresponding financial period ended 31 March 2023. The increase in revenue was mainly contributed by the larger contract value from the customers in the cyber risk prevention segment during the financial period under review. During the current financial quarter under review, the cyber risk prevention segment contributed 77.02% to the total revenue of the Group. The customers of this segment are primarily from Malaysia.

The Group recorded higher profit before tax and profit after tax of RM3.20 million and RM2.44 million respectively for the current financial quarter under review as compared to the corresponding financial quarter. The higher profit before tax was primarily driven by higher revenue recognised in the current financial quarter under review compared to the corresponding financial quarter. This was mainly due to the projects completed during the current financial quarter under review are with higher contract values as well as the fair value gain recognised from the short-term investments placed with financial institutions of RM0.58 million.

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

	<b>Current Quarter 3 months ended 31.03.2024 RM'000</b>	<b>Preceding Quarter 3 months ended 31.12.2023 RM'000</b>
Revenue	8,605	10,673
Profit before tax	3,200	5,132

The Group recorded revenue of RM10.67 million in the immediate preceding financial quarter compared to RM8.61 million in the current financial quarter which shown a revenue reduction of RM2.06 million. In the immediate preceding quarter, the higher revenue was attributed by the higher number of projects completed and higher number of clients, resulted in higher billings.

The profit before tax of RM5.13 million in the immediate preceding financial quarter was higher than the current financial quarter under review of RM3.20 million mainly due to higher revenue recognised in the immediate preceding financial quarter.

**B3. Prospect and outlook**

The revenue for cybersecurity industry in ASEAN is expected to show an annual growth rate of 12.80% for 2024 to 2028<sup>1</sup>. The passing of Malaysia's Cyber Security Bill 2024 ("Bill") marked a significant milestone for the local cybersecurity industry and signifies a strong focus by the government towards ensuring the viability and efficiency of the Critical National Information Infrastructure by fortifying compliance with specific measures, standards, and processes in managing cyber security threats, across key economic sectors. The Bill aims to enhance the nation's cybersecurity framework through compliance with specific measures, standards and processes in managing cybersecurity threats as well as to fortify Malaysia's resilience towards cyber security threats and incidents.

<sup>1</sup> Source: <https://www.statista.com/outlook/tmo/cybersecurity/asean>



**EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)****B3. Prospect and outlook (Cont'd)**

In view of the above and evolving landscape of cybersecurity, the Group is well position to capitalise and benefit from the prospects of the industry and the national indicatives mentioned above given the established proven track record of the Group in the industry. Furthermore, the Group is well-equipped with technological leadership, technical expertise and extensive know-how in the cybersecurity space. Its commitment to continuous innovation and investment in research and development ensures the Group to stay ahead of emerging threats. The global trend towards digitalisation presents ample opportunities for the Group to expand its market presence.

As part of its ongoing efforts to strategically expand its business streams, the Group's latest innovations, StarSentry, is an automated cybersecurity preventive tool which is set to be launched in June 2024. This new solution will position the Group at the forefront of cybersecurity solutions in Malaysia.

LGMS is pivoting towards new solutions based on a subscription model with the aim to achieve consistent revenue streams and scalable service offerings with the model potentially establishing new customer engagements and support for the Group.

The Board expects that this new initiatives will further contribute positively to the Group's financial performance moving forward.

**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.

**B6. Income tax expense**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000
Income tax	756	543	756	543
Effective tax rate (%)	23.63	24.89	23.63	24.89

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.

**B7. Unquoted investments and properties**

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

**EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS (CONT'D)****B8. Quoted securities**

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

**B9. Loans and borrowings**

	<u>Unaudited</u> <u>31.03.2024</u> <u>RM'000</u>	<u>Audited</u> <u>31.12.2023</u> <u>RM'000</u>
<b>Non-current</b>		
Hire purchase payables	610	233
Lease liabilities	–	119
	<u>610</u>	<u>352</u>
<b>Current</b>		
Hire purchase payables	241	206
Lease liabilities	37	186
	<u>278</u>	<u>392</u>
<b>Total loans and borrowings</b>	<u><b>888</b></u>	<u><b>744</b></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>Unaudited</b> <b>31.03.2024</b> <b>RM'000</b>	<b>Unaudited</b> <b>31.03.2023</b> <b>RM'000</b>	<b>Unaudited</b> <b>31.03.2024</b> <b>RM'000</b>	<b>Unaudited</b> <b>31.03.2023</b> <b>RM'000</b>
Depreciation of:				
– property and equipment	213	195	213	195
– right-of-use assets	60	147	60	147
– investment properties	3	3	3	3
Interest expense	5	26	5	26
Fair value gain on other investments	(576)	(86)	(576)	(86)
Gain on disposal of property, plant and equipment	–	(89)	–	(89)
Interest income	(84)	(311)	(84)	(311)

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	
	Unaudited 31.03.2024	Unaudited 31.03.2023	Unaudited 31.03.2024	Unaudited 31.03.2023
Profit attributable to owners of the Company (RM'000)	2,444	1,639	2,444	1,639
Weighted average number of ordinary shares in issue during the period ('000)	456,000	456,000	456,000	456,000
Basic earnings per share (sen) <sup>(1)</sup>	0.54	0.36	0.54	0.36
Diluted earnings per share (sen) <sup>(2)</sup>	0.54	0.36	0.54	0.36

**Notes:**

<sup>(1)</sup> Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 456,000,000 as at 31 March 2024 (31 March 2023: 456,000,000).

<sup>(2)</sup> There are no dilutive instruments as at the end of the quarter ended 31 March 2024.

**B12. Material litigation**

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

**B13. Dividend**

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 that have been announced by the Company 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:

<b>Details of utilisation</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance to be utilised RM'000</b>	<b>Estimated timeframe for utilisation upon listing on 8 June 2022</b>
1. Business expansion				
i. Purchase of office	18,000	13,465	4,535	Within <sup>(1)</sup> 36 months
ii. Expansion of workforce	6,500	2,030	4,470	Within <sup>(1)</sup> 36 months
iii. Capital expenditure on equipment and tools	6,000	2,781	3,219	Within <sup>(1)</sup> 36 months
iv. Strategic business expansion	7,698	64	7,634	Within 24 months
2. Working capital	3,500	2,108	1,392	Within <sup>(2)</sup> 24 months
3. Estimated listing expenses	4,000	4,000	–	Within 3 months
	<b>45,698</b>	<b>24,448</b>	<b>21,250</b>	

**Notes:**

<sup>(1)</sup> The Board had on 30 May 2024 resolved to extend the timeframe for utilisation to 36 months from the listing on 8 June 2022. Please refer to the announcement dated 30 May 2024 for further details on the extension of time on the utilisation of proceeds.

<sup>(2)</sup> The Board had on 6 June 2023 resolved to extend the timeframe for utilisation of the working capital to 24 months from the listing on 8 June 2022.

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 on 30 May 2024.