

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾**

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	Unaudited 30.09.2024 RM'000	Unaudited 30.09.2023 RM'000	Unaudited 30.09.2024 RM'000	Unaudited 30.09.2023 RM'000
Revenue	10,264	8,364	30,400	23,569
Other income	399	303	1,597	1,319
Employee benefits expense	(4,899)	(3,656)	(12,790)	(9,517)
Information technology expenses	(1,643)	(716)	(4,206)	(2,098)
Depreciation expenses	(258)	(361)	(797)	(1,065)
Other operating expenses	(1,070)	(990)	(3,654)	(2,640)
Operating profit	2,793	2,944	10,550	9,568
Finance income	82	145	359	619
Finance cost	(9)	(29)	(25)	(89)
Profit before tax	2,866	3,060	10,884	10,098
Tax expense	(696)	(760)	(2,619)	(2,589)
Profit and total comprehensive income for the financial period	2,170	2,300	8,265	7,509
Profit and total comprehensive income attributable to:				
Owners of the Company	2,170	2,300	8,265	7,509
Earnings per share attributable to owners of the Company:				
Basic (sen) ⁽²⁾	0.48	0.50	1.81	1.65
Diluted (sen) ⁽³⁾	0.48	0.50	1.81	1.65

Notes:

⁽¹⁾ 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.

⁽²⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 456,000,000 as at 30 September 2024 (30 September 2023: 456,000,000).

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2024**

	Unaudited 30.09.2024 RM'000	Audited 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property and equipment	16,897	2,237
Right-of-use assets	155	349
Investment properties	795	804
Investment in an associate	72	72
Other investments	4,940	4,940
Deferred tax assets	850	850
Total non-current assets	23,709	9,252
Current assets		
Trade and other receivables	10,530	9,597
Contract assets	1,976	1,638
Other investments	–	1,014
Current tax assets	993	559
Cash and cash equivalents	67,917	73,614
Total current assets	81,416	86,422
TOTAL ASSETS	105,125	95,674
EQUITY AND LIABILITIES		
Equity		
Share capital	66,249	66,249
Reorganisation reserve	(20,649)	(20,649)
Retained earnings	46,969	40,984
Total equity attributable to owners of the Company	92,569	86,584
Non-current liabilities		
Contract liabilities	87	165
Hire purchase payables	512	233
Lease liabilities	104	119
Total non-current liabilities	703	517
Current liabilities		
Hire purchase payables	195	206
Lease liabilities	52	186
Trade and other payables	4,058	3,685
Contract liabilities	7,548	4,483
Current tax liabilities	–	13
Total current liabilities	11,853	8,573
TOTAL LIABILITIES	12,556	9,090
TOTAL EQUITY AND LIABILITIES	105,125	95,674
Net assets per share attributable to owners of the Company (sen) ⁽¹⁾	20.30	18.99

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 September 2024 (31 December 2023: 456,000,000).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾**

	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2024 (Audited)	66,249	(20,649)	40,984	86,584
Profit and total comprehensive income for the financial period	–	–	8,265	8,265
Transaction with owners: - Dividends paid	–	–	(2,280)	(2,280)
As at 30 September 2024 (Unaudited)	66,249	(20,649)	46,969	92,569
As at 1 January 2023 (Audited)	66,249	(20,649)	37,970	83,570
Profit and total comprehensive income for the financial period	–	–	7,509	7,509
Transaction with owners: - Dividends paid	–	–	(8,208)	(8,208)
As at 30 September 2023 (Unaudited)	66,249	(20,649)	37,271	82,871

Note:

⁽¹⁾ 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 THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾**

	Unaudited 9 months ended 30.09.2024 RM'000	Unaudited 9 months ended 30.09.2023 RM'000
Cash flows from operating activities		
Profit before tax	10,884	10,098
Adjustments for non-cash items		
Depreciation	797	1,065
Other adjustments	(708)	(993)
Operating profit before changes in working capital	10,973	10,170
Changes in working capital		
Trade and other receivables	(968)	(47)
Trade and other payables	371	(456)
Contract assets	(338)	(901)
Contract liabilities	2,987	1,874
Cash generated from operations	13,025	10,640
Income tax paid	(3,066)	(3,331)
Income tax refunded	–	17
Interest received	359	614
Net cash generated from operating activities	10,318	7,940
Cash flows (used for)/generated from investing activities		
Addition of right-of-use assets	(164)	–
Purchase of property and equipment	(14,887)	(619)
Proceeds from disposal of property and equipment	465	778
Proceeds from disposal of other investments	1,141	3,292
Net change in amount due from an associate	17	–
Increase in investment in an associate	–	(72)
Change in pledged deposits	(4)	(2)
Net cash (used for)/generated from investing activities	(13,432)	3,377
Cash flows used for financing activities		
Payment of lease liabilities	(149)	(403)
Repayment of hire purchase payables	(224)	(690)
Dividends paid	(2,280)	(8,208)
Interest paid	(25)	(89)
Net cash used for financing activities	(2,678)	(9,390)
Net (decrease)/increase in cash and cash equivalents	(5,792)	1,927
Effect of exchange rate changes	91	147
Cash and cash equivalents at beginning of the financial period	73,496	68,971
Cash and cash equivalents at end of the financial period	67,795	71,045

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾ (CONT'D)**

	As at 30.09.2024 RM'000	As at 30.09.2023 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	1,803	2,803
Cash and bank balances	8,506	25,640
Short-term investments	57,608	42,720
	<u>67,917</u>	<u>71,163</u>
Less: Pledged deposits	(122)	(118)
	<u>67,795</u>	<u>71,045</u>

Note:

- ⁽¹⁾ 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**

This 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.

This 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.

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

	Effective Date
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to MFRS Accounting Standards – Volume 11	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
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.

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

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

On 28 August 2024, the Company declared a first interim single-tier dividend of 0.5 sen per ordinary share amounting to RM2,280,000 in respect of the financial year ending 31 December 2024, which was subsequently paid on 27 September 2024.

A9. Segmental reporting

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
<u>Business Segments</u>				
Cyber risk prevention	6,192	5,512	20,982	17,866
Cyber risk management and compliance	3,437	2,123	7,008	4,329
Cyber threat and incident response	635	729	2,410	1,374
	10,264	8,364	30,400	23,569
<u>Geographical Locations</u>				
Malaysia	8,555	6,985	25,740	19,686
Overseas	1,709	1,379	4,660	3,883
	10,264	8,364	30,400	23,569

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 a higher revenue of RM10.26 million for the current financial quarter ended 30 September 2024, representing an increase of RM1.90 million or 22.73% from the revenue of RM8.36 million recorded in the corresponding financial quarter ended 30 September 2023. This growth was primarily driven by the cyber risk management and compliance segment, which recorded an increase of RM1.31 million, mainly due to a higher number of billable clients.

The Group recorded lower profit before tax of RM2.87 million and profit after tax of RM2.17 million for the current financial quarter under review as compared to the corresponding financial quarter under review. The slight reduction was mainly due to higher employee benefits expenses, which reflects the Group's strategic focus on workforce expansion to support its business growth, and increased in information technology expenses arising from the higher costs incurred for the new solutions and resale of third party solutions to meet the client's needs.

B2. Comparison of quarterly financial results with preceding quarter

	Current Quarter 3 months ended 30.09.2024 RM'000	Preceding Quarter 3 months ended 30.06.2024 RM'000
Revenue	10,264	11,531
Profit before tax	2,866	4,818

The Group recorded revenue of RM10.26 million in the current financial quarter under review compared to RM11.53 million in the immediate preceding financial quarter. The reduction in revenue mainly from the cyber risk prevention segment in the current financial quarter under review.

The profit before tax of RM2.87 million recorded in the current financial quarter under review is lower compared to RM4.82 million in the immediate preceding financial quarter. This was mainly attributable to the higher staff costs incurred in the current 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 2028¹. Malaysia's Cyber Security Act 2024 (Act 854)² has been gazetted on 26 June 2024 and became enforceable on 26 August 2024. This is an overarching law to fortify the country's security defences against cyber attacks and emerging threats.

The Act 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 cybersecurity threats, across key economic sectors. These initiatives, coupled with the National Cyber Security Strategy (NCSS) and the MyDIGITAL Blueprint, demonstrate Malaysia's proactive approach to bolstering cybersecurity infrastructure to support its digital economy. The growth of e-commerce platforms and the ongoing 5G rollout have intensified the need for secure networks and robust data protection measures. Malaysia's position as a regional technology hub and its proactive approach to policy and investment in cybersecurity solutions further contributes to the rising demand for secure digital environments in industries ranging from finance to e-commerce and critical infrastructure.

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

² Source: <https://www.nacsa.gov.my/act854.php>

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 positioned to capitalise and benefit from the prospects of the industry and the national initiatives 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 was launched on 4 June 2024. This new solution will position the Group at the forefront of cybersecurity solutions in Malaysia.

The Group is pivoting towards new solutions based on a subscription model with the aim to achieve consistent revenue streams and scalable service offerings. This model will potentially enable new customer engagements and further support the business expansion of the Group.

The Board expects that these new initiatives to contribute positively to the Group's financial performance in the future.

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 9 months ended	
	Unaudited 30.09.2024 RM'000	Unaudited 30.09.2023 RM'000	Unaudited 30.09.2024 RM'000	Unaudited 30.09.2023 RM'000
Income tax	696	760	2,619	2,589
Effective tax rate (%)	24.28	24.84	24.06	25.64

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

	Unaudited 30.09.2024 RM'000	Audited 31.12.2023 RM'000
Non-current		
Hire purchase payables	512	233
Lease liabilities	104	119
	<u>616</u>	<u>352</u>
Current		
Hire purchase payables	195	206
Lease liabilities	52	186
	<u>247</u>	<u>392</u>
Total loans and borrowings	<u>863</u>	<u>744</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 9 months ended	
	Unaudited 30.09.2024 RM'000	Unaudited 30.09.2023 RM'000	Unaudited 30.09.2024 RM'000	Unaudited 30.09.2023 RM'000
Depreciation of:				
– property and equipment	245	199	718	591
– right-of-use assets	10	159	70	465
– investment properties	3	3	9	9
Interest expense	9	29	25	89
Fair value gain on other investments	(438)	(322)	(1,458)	(822)
Gain on disposal of property and equipment	–	–	–	(222)
Interest income	(82)	(145)	(359)	(619)
	<u>(82)</u>	<u>(145)</u>	<u>(359)</u>	<u>(619)</u>

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 9 months ended	
	Unaudited 30.09.2024	Unaudited 30.09.2023	Unaudited 30.09.2024	Unaudited 30.09.2023
Profit attributable to owners of the Company (RM'000)	2,170	2,300	8,265	7,509
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) ⁽¹⁾	0.48	0.50	1.81	1.65
Diluted earnings per share (sen) ⁽²⁾	0.48	0.50	1.81	1.65

Notes:

⁽¹⁾ Basic earnings per share is calculated based on the weighted average number of ordinary shares of the Company of 456,000,000 as at 30 September 2024 (30 September 2023: 456,000,000).

⁽²⁾ There are no dilutive instruments as at the end of the quarter ended 30 September 2024.

B12. Material litigation

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

B13. Dividend

On 28 August 2024, the Company declared a first interim single-tier dividend of 0.5 sen per ordinary share amounting to RM2,280,000 in respect of the financial year ending 31 December 2024, which was subsequently paid on 27 September 2024.

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:

<u>Details of utilisation</u>	<u>Proposed utilisation</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Balance to be utilised</u> RM'000	<u>Estimated timeframe for utilisation upon listing on 8 June 2022</u>
1. Business expansion				
i. Purchase of office	18,000	13,896	4,104	Within ⁽¹⁾ 36 months
ii. Expansion of workforce	6,500	3,173	3,327	Within ⁽¹⁾ 36 months
iii. Capital expenditure on equipment and tools	6,000	3,911	2,089	Within ⁽¹⁾ 36 months
iv. Strategic business expansion	7,698	⁽²⁾ 7,698	–	Within 24 months
2. Working capital	3,500	3,500	–	Within ⁽³⁾ 24 months
3. Estimated listing expenses	4,000	4,000	–	Within 3 months
	<u>45,698</u>	<u>36,178</u>	<u>9,520</u>	

Notes:-

⁽¹⁾ 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.

⁽²⁾ The remaining unutilised proceeds previously earmarked for strategic business expansion have been reallocated for working capital purposes as permitted and disclosed in the Prospectus dated 20 May 2022. This decision was made as the Group was unable to fully utilised the proceeds within the 2-year timeframe from the listing date on 8 June 2022.

⁽³⁾ 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 27 November 2024.