

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	Note	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Continuing Operations</b>					
Revenue	13	900,144	1,278,063	3,430,143	5,440,398
Cost of Sales		<u>(1,127,866)</u>	<u>(723,703)</u>	<u>(4,015,362)</u>	<u>(4,113,201)</u>
Gross Profit / (Loss)		(227,722)	554,360	(585,219)	1,327,197
Other Operating Income		51,316	53,179	217,554	195,144
Selling and Distribution Costs		-	-	-	-
Administrative Expenses		(173,277)	(148,341)	(580,267)	(599,275)
Other Operating Expenses		(417,607)	(359,510)	(1,609,379)	(1,668,663)
<b>(Loss) / Profit for the period from continuing operations</b>		<u>(767,290)</u>	<u>99,688</u>	<u>(2,557,311)</u>	<u>(745,597)</u>
Finance Costs		(7,059)	(8,088)	(31,735)	(37,416)
Share of Results of Associate Company		56,643	97,426	410,768	423,189
<b>(Loss) / Profit Before Tax</b>	14	<u>(717,706)</u>	<u>189,026</u>	<u>(2,178,278)</u>	<u>(359,824)</u>
Income Tax Expense	17	(19,422)	(7,758)	(59,403)	(50,810)
<b>(Loss) / Profit for the period</b>		<u>(737,128)</u>	<u>181,268</u>	<u>(2,237,681)</u>	<u>(410,634)</u>
<b>Profit attributable to :</b>					
Owners of the Company		(773,010)	187,505	(2,346,471)	(328,984)
Non-controlling interests		35,882	(6,237)	108,790	(81,650)
<b>(Loss) / Profit for the period</b>		<u>(737,128)</u>	<u>181,268</u>	<u>(2,237,681)</u>	<u>(410,634)</u>
<b>Other comprehensive income</b>					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(3,142)	(51,724)	2,697	(42,319)
<b>Total Comprehensive (Loss) / Income for the period</b>		<u>(740,270)</u>	<u>129,544</u>	<u>(2,234,984)</u>	<u>(452,953)</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(776,152)	135,781	(2,343,774)	(371,303)
Non-controlling interests		35,882	(6,237)	108,790	(81,650)
		<u>(740,270)</u>	<u>129,544</u>	<u>(2,234,984)</u>	<u>(452,953)</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS	27	(0.33)	0.09	(1.01)	(0.15)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	Individual Quarter 3 months ended 31 December 2018 <u>RM</u>	Cumulative 12 months ended 31 December 2018 <u>RM</u>
(a) Interest income	7,590	35,015
(b) Other income including investment income	16,227	86,540
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(26)	(33)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	7,059	31,735
(g) Depreciation	95,582	354,520
(h) Amortization	466,628	1,649,663
(i) Provision for and write-off of receivables	154,697	399,047
(j) Provision for and write-off of inventories	n/a	n/a
(k) Exceptional item	n/a	n/a

n/a denotes not applicable

YGL CONVERGENCE BERHAD (649013-W)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Note	31 December 2018 (Unaudited) RM	31 December 2017 (Audited) RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		4,521,992	4,827,245
Investment Property		284,277	284,754
Goodwill and Other Intangible Assets		5,992,077	6,185,979
Investment in Associate Company		1,533,599	1,122,831
		<u>12,331,945</u>	<u>12,420,809</u>
<b>Current Assets</b>			
Trade and Other Receivables	22	1,839,166	4,024,787
Current Tax Assets		24,316	31,892
Cash and Cash Equivalents	19	4,585,231	5,568,381
		<u>6,448,713</u>	<u>9,625,060</u>
<b>TOTAL ASSETS</b>		<u>18,780,658</u>	<u>22,045,869</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		24,970,802	24,970,802
Share Premium, non-distributable		2,247,330	2,247,330
Exchange Translation, non-distributable (Accumulated Losses) / Retained Profits		463,661 (11,008,161)	460,964 (8,661,690)
<b>Equity attributable to owners of the Company</b>		<u>16,673,632</u>	<u>19,017,406</u>
Non-controlling Interests		79,291	(29,499)
<b>TOTAL EQUITY</b>		<u>16,752,923</u>	<u>18,987,907</u>
<b>Non-Current Liabilities</b>			
Term Loan	20	-	635,572
Deferred Tax Liabilities		310	450
		<u>310</u>	<u>636,022</u>
<b>Current Liabilities</b>			
Trade and Other Payables	22	641,490	988,045
Amount due to director		616,000	645,538
Term Loan	20	-	21,520
Deferred revenue		764,630	766,335
Current Tax Liabilities		5,305	502
		<u>2,027,425</u>	<u>2,421,940</u>
<b>TOTAL LIABILITIES</b>		<u>2,027,735</u>	<u>3,057,962</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>18,780,658</u>	<u>22,045,869</u>
Net assets per share attributable to owners of the Company (sen)		7.18	8.19

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

YGL CONVERGENCE BERHAD (649013-W)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

	Note	Share Capital RM	Share Premium RM	Exchange Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
<i>Audited</i>								
At 1 January 2017		19,357,214	2,420,349	503,283	(8,332,706)	13,948,140	52,151	14,000,291
Issue of share capital - private placement		5,613,588	(173,019)	-	-	5,440,569	-	5,440,569
Net loss for the year		-	-	-	(328,984)	(328,984)	(81,650)	(410,634)
Other comprehensive income Exchange translation differences		-	-	(42,319)	-	(42,319)	-	(42,319)
At 31 December 2017		<u>24,970,802</u>	<u>2,247,330</u>	<u>460,964</u>	<u>(8,661,690)</u>	<u>19,017,406</u>	<u>(29,499)</u>	<u>18,987,907</u>
<i>Unaudited</i>								
At 1 January 2018		24,970,802	2,247,330	460,964	(8,661,690)	19,017,406	(29,499)	18,987,907
Net loss for the year		-	-	-	(2,346,471)	(2,346,471)	108,790	(2,237,681)
Other comprehensive loss Exchange translation differences		-	-	2,697	-	2,697	-	2,697
At 31 December 2018		<u>24,970,802</u>	<u>2,247,330</u>	<u>463,661</u>	<u>(11,008,161)</u>	<u>16,673,632</u>	<u>79,291</u>	<u>16,752,923</u>

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

Note	12 MONTHS ENDED 31 DECEMBER (UNAUDITED)	YEAR ENDED 31 DECEMBER (AUDITED)
	2018 RM	2017 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(2,178,278)	(359,824)
Adjustments for:-		
Depreciation of property, plant and equipment	354,043	362,760
Depreciation of investment property	477	477
Amortisation of software development costs	1,649,663	1,631,576
Amortisation of membership	1,616	1,616
Share of result of associates	(410,768)	(423,189)
Impairment loss on intangible assets	-	-
Bad debts written off	-	51,438
Property, plant and equipment written off	-	-
Allowance for doubtful debts	399,047	325,800
Allowance for doubtful debts written back	-	-
Unrealised (gain) / loss on foreign exchange	597,155	18,778
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Dividend income	(86,148)	-
Interest income	(35,015)	(18,008)
Interest expense	31,735	37,416
Hire purchase term charges	-	-
Operating (loss) / profit before working capital changes	323,527	1,628,840
Receipts from customers	5,005,670	4,132,857
Changes in receivables	(3,130,925)	(4,748,846)
Payments to suppliers, contractors and employees	(2,415,079)	(2,251,772)
Changes in payables	1,951,056	2,003,936
Changes in deferred revenue	(1,704)	7,072
Cash used in operations	1,732,545	772,087
Interest received	35,015	18,008
Interest paid	(31,735)	(37,416)
Tax (paid) / refund	(62,938)	(71,999)
Net cash used in operating activities	1,672,887	680,680
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(50,878)	(356,902)
Changes in software development costs	(2,048,518)	(1,316,871)
Net cash inflow from acquisition subsidiary	-	(90,450)
Proceeds from disposal of shares in subsidiary	-	-
Proceeds from other investment	86,148	-
Net cash used in investing activities	(2,013,248)	(1,764,223)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	10,695	5,611,224
Share issuance expenses	-	-
Payment of term loan instalments	(657,092)	(21,498)
Payment of hire purchase instalments	-	-
Hire purchase term charges paid	-	-
Net cash (used in) / from financing activities	(646,397)	5,589,726
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(986,758)	4,506,183
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>	3,608	(35,458)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	5,568,381	1,097,656
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	4,585,231	5,568,381
Represented by:		
<b>CASH AND BANK BALANCES</b>	4,585,231	5,568,381
<b>BANK OVERDRAFT</b>	-	-
	4,585,231	5,568,381

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting and Appendix 9B, para 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the attached explanatory notes. The explanatory notes provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017 except for the adoption of the following MFRSs and Amendments to MFRS which are applicable to the financial statements as disclosed therein:

Standards effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The application of the above MFRSs and Amendments to MFRS did not result in any significant changes in accounting policies and presentation of the financial results of the Group for the current quarter.

The Group has not applied the following standards which have been issued by MASB but not yet effective for the current quarter. The initial adoption of these standards is not expected to have significant impact to the financial statements of the Group.

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 3	Previously Held Interest in a Joint Operation (Business Combinations)
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Previously Held Interest in a Joint Operation (Joint Arrangements)
Amendments to MFRS 112	Income Tax Consequences of Payments on Financial Instruments Classified as Equity
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs Eligible for Capitalisation

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)**  
**Quarterly report for the fourth quarter ended 31 December 2018**

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Amendments to MFRS 128 IC Interpretation 23	Long-term Interests in Associates and Joint Ventures Uncertainty over Income Tax Treatments
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Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Previously Held Interest in a Joint Operation (Joint Arrangements)
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Definition of Material
Amendments to MFRS 108	Definition of Material
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs

**2. Auditors’ Report of Preceding Annual Financial Statements**

The auditors’ report of the preceding financial year was not subject to any qualification.

**3. Seasonality or Cyclicity of Interim Operations**

The business of the Group was not affected by any significant seasonal or cyclical factors.

**4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items in the financial statements in the current financial quarter under review.

**5. Material Changes in Estimates**

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

**6. Issues, Repurchases and Repayment of Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)**  
**Quarterly report for the fourth quarter ended 31 December 2018**

**7. Dividend Paid**

No dividends were paid in the current quarter under review.

**8. Segmental Information**

Segmental information was provided for the operations in Malaysia and Asia Pacific region.

	3 months Ended 31 December		Cumulative 12 months ended 31 December	
	2018	2017	2018	2017
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	584,921	1,125,756	1,996,912	4,341,341
Asia Pacific	315,223	152,307	1,433,231	1,099,057
Total revenue	900,144	1,278,063	3,430,143	5,440,398
Elimination of inter-segment sales	-	-	-	-
External sales	900,144	1,278,063	3,430,143	5,440,398
Interest revenue	7,590	6,388	35,015	18,008

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2018	2017	2018	2017
<u>Segment Results</u>				
Results from operations:				
Malaysia	(670,507)	113,408	(2,435,723)	118,189
Asia Pacific	(96,783)	(13,720)	(121,588)	(863,786)
	(767,290)	99,688	(2,557,311)	(745,597)
Finance cost	(7,059)	(8,088)	(31,735)	(37,416)
Share of associate's profit / (loss)	56,643	97,426	410,768	423,189
Tax expense	(19,422)	(7,758)	(59,403)	(50,810)
Non-controlling interests	(35,882)	6,237	(108,790)	81,650
Total results	(773,010)	187,505	(2,346,471)	(328,984)

**9. Valuations of Property, Plant & Equipment**

The valuations of property, plant and equipment have been brought forward, without amendments from the financial statements for the financial year ended 31 December 2017.

**10. Events After the Statement of Financial Position Date**

There were no other material events subsequent to the end of the current financial quarter under review to the date of this announcement.

**11. Changes in the Composition of the Group**

There was no change in the composition of the Group for the quarter under review.



## **12. Changes in Contingent Liabilities**

There is no contingent liability as at 25 February 2019 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

## **PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

## **13. Review of Performance**

### Current Quarter - Group

For the quarter under review, Ygl Group recorded a revenue of RM900,144 which was a decrease of 29.6% as compared to a revenue of RM1,278,063 achieved in the preceding year corresponding quarter ended 31 December 2017. There was gross loss for the quarter under review of RM227,722 as compared to gross profit of RM554,360 for the preceding year corresponding quarter. This was due to lower revenue recorded for the quarter under review.

Net loss from operations for the quarter under review was RM767,290 as compared to net profit from operations in the preceding year corresponding quarter ended 31 December 2017 of RM99,688. This was due to lower revenue recorded whereas direct costs were maintained during the quarter under review and there were also provisions made during the current year end.

### Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM584,921 which was a decrease of 48.0% as compared to a revenue of RM1,125,756 achieved in the preceding year corresponding quarter ended 31 December 2017. Loss from operations for the quarter under review was RM670,507 as compared to profit from operations of RM113,408 for the preceding year corresponding quarter. This was due to lower revenue recorded whereas direct overheads were maintained in the quarter under review and provisions made during the current year year.

### Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM315,223 which was an increase of 107.0% as compared to a revenue of RM152,307 achieved in the preceding year corresponding quarter ended 31 December 2017. Loss from operations for the quarter under review was RM96,783 as compared to loss from operations of RM13,720 for the preceding year corresponding quarter. This was due to higher direct costs charged out for certain Hong Kong projects in the current quarter.

### Cumulative Quarters - Group

For the twelve months period ended 31 December 2018, Ygl Group recorded a revenue of RM3,430,143 representing a decrease of 36.9% as compared to a revenue of RM5,440,398 achieved in the twelve months period ended 31 December 2017. There was gross loss of RM585,219 for the twelve months period ended 31 December 2018 compared to gross profit of RM1,327,197 as achieved in the twelve months period ended 31 December 2017 which was a decrease of 144.1%. This was due to lower revenue recorded during the year as the first half of the year was mired by uncertainty before the Malaysian general election while the second half of the year was loomed by soft local and overseas market sentiment.

Net loss from operations for the twelve months period under review was RM2,557,311 as compared to net loss from operations in the preceding year corresponding quarter ended 31 December 2017 of RM745,597. This was due to lower revenue recorded during the year as the first half of the year was mired by uncertainty before the Malaysian general election while the second half of the year was loomed by soft local and overseas market sentiment.

Malaysia Segment

For the twelve months ended 31 December 2018, the Malaysia segment recorded a revenue of RM1,996,912 representing a decrease of 54.0% as compared to a revenue of RM4,341,341 achieved in the twelve months period ended 31 December 2017. Net loss from operations was RM2,435,723 for the twelve months period ended 31 December 2018 as compared to a net profit of RM118,189 recorded in the twelve months period ended 31 December 2017. This was due to lower revenue recorded during the year as the first half of the year was mired by uncertainty before the Malaysian general election while the second half of the year was loomed by soft local and overseas market sentiment.

Asia Pacific Segment

For the twelve months ended 31 December 2018, the Asia Pacific segment recorded a revenue of RM1,433,231 representing an increase of 30.4% as compared to a revenue of RM1,099,057 achieved in the twelve months period ended 31 December 2017. The net loss from operations was RM121,588 for the twelve months period ended 31 December 2018 as compared to a net loss of RM863,786 as recorded in the twelve months period ended 31 December 2017. The decrease in net loss was due to higher turnover achieved in the current period and higher direct costs charged out for certain Hong Kong projects during the preceding year.

**14. Material Changes in Profit Before Tax Against Preceding Quarter**

There was a net loss before tax of RM717,706 for the quarter under review as compared to a net loss before tax of RM327,250 recorded in the preceding third quarter ended 30 September 2018. This was due to higher direct costs charged out for the projects under the current period as at the current year end quarter.

**15. Corporate Proposals**

There are no other corporate proposals announced but not completed as at the date of announcement as at 25 February 2019 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**16. Prospects for 2019**

The year 2019 will see innovation technology, telecommunications and ICT playing a more significant role in shaping the way of business. Enterprises need to adopt technology to stay competitive in the fast changing world.

In line with world trend, the Malaysian Government is kick starting its National Policy on Industry 4.0 (Industry4WRD) to help the small and medium sized enterprises (SMEs) in Malaysia in the forms of grants and low interest loans to embrace technology such as manufacturing enterprise software, Business Analytics, Internet of Things (IoTs) and Robotics.

This initiative is in line with Ygl expertise and products offerings such as Ygl e-Manufacturing software, the business analytics tools and internet portal products.

**17. Taxation**

	<b>Current Quarter 31 December 2018 RM</b>	<b>Cumulative Quarter 31 December 2018 RM</b>
Current tax expense		
Malaysian income tax	16,987	56,968
Foreign tax	2,572	2,572
	<hr/> 19,559	<hr/> 59,540
Deferred tax expense	(137)	(137)
Total income tax expense	<hr/> <hr/> 19,422	<hr/> <hr/> 59,403

There was a tax expense despite the net loss position of the Group as certain companies within the Group are still subject to income tax.

**18. Status on Utilisation of Proceeds**

Private Placement

Pursuant to the private placement exercise undertaken by the Company on 7 July 2017, the Company had raised approximately RM5.614 million which is earmarked for business expansion, R&D expenses and working capital purposes. As at to date, status of utilisation of the proceeds are as follows:

<b>Details</b>	<b>Actual Utilisation RM'000</b>	<b>Expected Utilisation RM'000</b>
1) Listing and placement expenses	173	180
2) Business expansion	112	2,700
3) R&D expenses	983	1,250
4) Working capital	1,277	1,484
5) Balance of proceed not yet utilised	3,069	-
Total proceeds arising from private placement	<hr/> 5,614	<hr/> 5,614

**19. Cash and cash equivalents**

	<b>As at 31 December 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>
Cash and bank balances	4,585	5,499
Less: Overdraft	-	-
	<hr/> <hr/> <b>4,585</b>	<hr/> <hr/> <b>5,499</b>

**20. Company Borrowings and Debt Securities**

The Group’s borrowings are as follows:

	<b>As at 31 December 2018 RM</b>	<b>As at 31 December 2017 RM</b>
<u>Payable within 12 months</u>		
Secured - Term Loan	-	21,520
Secured - Bank Overdraft	-	-
	-	21,520
<u>Payable after 12 months</u>		
Secured - Term Loan	-	635,572
Total	-	657,092

The Group does not have any foreign currency borrowings.

**21. Capital Commitment**

The Group’s objectives when managing capital are to maintain a strong capital base and to safeguard the Group’s ability to continue as a going concern, so as to maintain shareholder, stakeholder and market confidence and to sustain future development of the business.

As at 25 February 2019 (the latest practicable date not earlier than 7 days from the date of issue of this financial result), the Group has no material capital commitment in respect of property, plant and equipment.

**22. Financial Instruments**

The Company has classified its financial assets in the following categories:

	<b>As at 31 December 2018 RM</b>	<b>As at 31 December 2017 RM</b>
<u>Financial assets</u>		
Account receivables	1,506,120	3,411,022
Other receivables, prepayments and deposits paid	333,046	613,765
Cash and cash equivalents	4,585,231	5,568,381
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	6,424,397	9,593,168
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**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
Quarterly report for the fourth quarter ended 31 December 2018**

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The Company has classified its financial liabilities in the following categories:

	As at 31 December 2018 RM	As at 31 December 2017 RM
<u>Financial liabilities at amortised cost</u>		
Account payables	25,651	240,041
Other payables, accruals and deposits received	615,839	748,004
Bank overdraft	-	-
Term loan	-	657,092
Amount owing to directors	616,000	645,538
	-----	-----
	1,257,490	2,290,675
	=====	=====

All other financial instruments are carried at amounts not materially different from their fair values as at 31 December 2018.

#### Financial Risk Management Objectives and Policies

The Group’s operating, investing and financing activities expose it to currency risk, interest rate risk, price risk, credit risk and liquidity risk. The chief executive office, supported by the management team, assesses and makes recommendations to the board for risk management purposes. The methods used to assess financial risks include statistical analysis and financial models. The Board has identified the following financial risk management objectives and policies:

- a) To minimize the group’s exposure to foreign currency exchange rates and future cash flow risks;
- b) To accept reasonable level of price risk and credit risk that commensurate with the expected returns of the underlying operations and activities; and
- c) To minimize liquidity risk by proper cash flow planning, management and control.

The Group’s risk management policies include:

- a) Credit controls which include evaluation, acceptance, monitoring and feedback to ensure reasonable credit worthy customers are accepted; and
- b) Money market instruments, short term deposits and bank overdrafts to manage liquidity risk.

The Group does not have a formal policy on future or exchange contracts or hedge activities as foreign currency transactions are dealt directly by the respective overseas subsidiary companies.

There have been no significant changes on the Group’s exposure to financial risks from the previous year. Neither have there been any changes to the Group’s risk management objectives and policies from the previous year.

The Group does not deal in any derivative financial instruments in the quarter under review as such there was no derivative financial instrument reported and no other comprehensive income reported in the financial statements in the quarter under review except those that were of loans and receivables in nature.

**Trade Receivables**

Aging analysis of financial assets:

	<b>As at 31 December 2018 RM</b>	<b>As at 31 December 2017 RM</b>
Up to 90 days	996,151	1,843,694
>90 to 180 days	21,577	352,260
>180 to 360 days	15,738	366,183
>360 days	472,654	848,885
Total amount	1,506,120	3,411,022

The financial assets are classified as impaired asset when they are more than 360 days past due and after impairment tests reveal that their recovery is doubtful. Adequate impairment losses have been allowed for these impairment assets.

**Loans and Advances**

These non-derivative financial assets and liabilities are measured at amortised cost using the effective interest method where the initial amounts are measured at fair value. Gains or losses arisen from the fair value measurement with the related interest income or expense are recognised in the statement of comprehensive income. The effective discount rate used was 4.95% over expected five years of repayment. The discounted amounts arisen from inter-company advances were eliminated in the consolidation of accounts at group level.

**23. Significant Related Party Transactions**

For the fourth quarter ended 31 December 2018, there was no significant related party transaction entered by the Group.

**24. Material Litigation**

Neither the Company nor its subsidiary companies is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies.

**25. Profit Estimate/Forecast**

Not applicable.

**26. Dividend**

The Board did not declare any dividend payments for the current financial quarter under review.

**27. Earnings Per Share**

The basic earnings per share of the Group is calculated by dividing the net profit for the period by the weighted average number of ordinary shares.

	<b>3 months ended 31 December</b>		<b>Cumulative 12 months ended 31 December</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Profits/(Loss) for the period attributable to shareholders (RM)	(774,011)	187,505	(2,346,471)	(328,984)
Weighted average number of ordinary shares in issue	232,286,540	212,452,039	232,286,540	212,452,039
Basic earnings/(loss) per share (sen)	(0.33)	0.09	(1.01)	(0.15)