

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Note	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2019 RM	2018 RM	2019 RM	2018 RM
Continuing Operations					
Revenue	13	707,116	853,376	3,266,556	2,529,999
Cost of Sales		<u>(1,073,097)</u>	<u>(837,512)</u>	<u>(2,952,184)</u>	<u>(2,887,496)</u>
Gross Profit / (Loss)		(365,981)	15,864	314,372	(357,497)
Other Operating Income		42,356	56,365	145,264	166,238
Selling and Distribution Costs		-	-	-	-
Administrative Expenses		(166,705)	(125,584)	(485,849)	(406,990)
Other Operating Expenses		(195,943)	(387,150)	(741,966)	(1,191,772)
(Loss) / Profit for the period from continuing operations		<u>(686,273)</u>	<u>(440,505)</u>	<u>(768,179)</u>	<u>(1,790,021)</u>
Finance Costs		-	(8,289)	(638)	(24,676)
Share of Results of Associate Company		82,830	121,544	207,760	354,125
(Loss) / Profit Before Tax	14	<u>(603,443)</u>	<u>(327,250)</u>	<u>(561,057)</u>	<u>(1,460,572)</u>
Income Tax Expense	17	(21,369)	(12,251)	(49,509)	(39,981)
(Loss) / Profit for the period		<u>(624,812)</u>	<u>(339,501)</u>	<u>(610,566)</u>	<u>(1,500,553)</u>
Profit attributable to :					
Owners of the Company		(661,058)	(453,446)	(618,211)	(1,573,461)
Non-controlling interests		36,246	113,945	7,645	72,908
(Loss) / Profit for the period		<u>(624,812)</u>	<u>(339,501)</u>	<u>(610,566)</u>	<u>(1,500,553)</u>
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(19,992)	28,919	(21,334)	5,839
Total Comprehensive (Loss) / Income for the period		<u>(644,804)</u>	<u>(310,582)</u>	<u>(631,900)</u>	<u>(1,494,714)</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(681,050)	(424,527)	(639,545)	(1,567,622)
Non-controlling interests		36,246	113,945	7,645	72,908
		<u>(644,804)</u>	<u>(310,582)</u>	<u>(631,900)</u>	<u>(1,494,714)</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS ⁽ⁱⁱ⁾	28	(0.28)	(0.20)	(0.27)	(0.68)

Notes:

(i) The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statement for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

(ii) Based on 232,286,540 ordinary shares in issue as disclosed in Note 28.

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Individual Quarter 3 months ended 30 September 2019 <u>RM</u>	Cumulative 9 months ended 30 September 2019 <u>RM</u>
(a) Interest income	598	14,009
(b) Other income including investment income	41,758	131,255
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(2)	(15)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	nil	638
(g) Depreciation	88,475	251,170
(h) Amortization	422,571	1,161,215
(i) Provision for and write-off of receivables	-	-
(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 30 SEPTEMBER 2019

	Note	30 September 2019 (Unaudited) RM	31 December 2018 (Audited) RM
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		4,278,347	4,521,992
Investment Property		283,919	284,277
Goodwill and Other Intangible Assets		5,944,618	5,992,077
Investment in Associate Company		1,798,699	1,590,939
		<u>12,305,583</u>	<u>12,389,285</u>
Current Assets			
Trade and Other Receivables	23	2,343,389	1,997,611
Current Tax Assets		8,316	24,316
Cash and Cash Equivalents	19	3,275,341	4,581,191
		<u>5,627,046</u>	<u>6,603,118</u>
TOTAL ASSETS		<u>17,932,629</u>	<u>18,992,403</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital		27,218,132	27,218,132
Exchange Translation, non-distributable (Accumulated Losses) / Retained Profits		442,319 (11,569,342)	463,653 (10,951,131)
Equity attributable to owners of the Company		<u>16,091,109</u>	<u>16,730,654</u>
Non-controlling Interests		86,936	79,291
TOTAL EQUITY		<u>16,178,045</u>	<u>16,809,945</u>
Non-Current Liabilities			
Term Loan	20	-	-
Deferred Tax Liabilities		-	310
		<u>-</u>	<u>310</u>
Current Liabilities			
Trade and Other Payables	23	195,988	458,799
Other Liabilities		181,462	337,413
Contract Liabilities	22	784,728	764,631
Amount due to director		592,096	616,000
Current Tax Liabilities		310	5,305
		<u>1,754,584</u>	<u>2,182,148</u>
TOTAL LIABILITIES		<u>1,754,584</u>	<u>2,182,458</u>
TOTAL EQUITY AND LIABILITIES		<u>17,932,629</u>	<u>18,992,403</u>
Net assets per share attributable to owners of the Company (sen) ⁽ⁱⁱ⁾		6.93	7.20

Notes:

(i) The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

(ii) Based on 232,286,540 ordinary shares in issue as disclosed in Note 28.

YGL CONVERGENCE BERHAD (649013-W)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	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 2018		24,970,802	2,247,330	460,964	(8,661,690)	19,017,406	-29,499	18,987,907
Effect from adoption of Companies Act, 2016		2,247,330	(2,247,330)	-	-	0	-	-
Net loss for the year		-	-	-	(2,289,441)	(2,289,441)	108,790	(2,180,651)
Other comprehensive income Exchange translation differences		-	-	2,689	-	2,689	-	2,689
At 31 December 2018		<u>27,218,132</u>	<u>0</u>	<u>463,653</u>	<u>(10,951,131)</u>	<u>16,730,654</u>	<u>79,291</u>	<u>16,809,945</u>
<i>Unaudited</i>								
At 1 January 2019		27,218,132	0	463,653	(10,951,131)	16,730,654	79,291	16,809,945
Net loss for the year		-	-	-	(618,211)	(618,211)	7,645	(610,566)
Other comprehensive loss Exchange translation differences		-	-	(21,334)	-	(21,334)	-	(21,334)
At 30 September 2019		<u>27,218,132</u>	<u>0</u>	<u>442,319</u>	<u>(11,569,342)</u>	<u>16,091,109</u>	<u>86,936</u>	<u>16,178,045</u>

Notes:

(i) The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

YGL CONVERGENCE BERHAD (649013-W)
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

Note	9 MONTHS ENDED 30 SEPTEMBER (UNAUDITED)	YEAR ENDED 31 DECEMBER (AUDITED)
	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(561,057)	(2,121,247)
Adjustments for:-		
Depreciation of property, plant and equipment	250,812	354,044
Depreciation of investment property	358	476
Amortisation of software development costs	1,161,215	1,503,016
Amortisation of membership	1,212	1,616
Share of result of associates	(207,760)	(468,108)
Impairment loss on intangible assets	-	-
Bad debts written off	-	-
Property, plant and equipment written off	-	-
Allowance for doubtful debts	-	399,047
Allowance for doubtful debts written back	-	-
Unrealised (gain) / loss on foreign exchange	(6,037)	742,606
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Dividend income	(59,255)	(86,148)
Interest income	(14,009)	(35,015)
Interest expense	638	31,735
Hire purchase term charges	-	-
Operating (loss) / profit before working capital changes	566,117	322,022
Receipts from customers	2,809,604	5,005,670
Changes in receivables	(3,505,053)	(3,130,925)
Payments to suppliers, contractors and employees	(1,708,071)	(2,415,079)
Changes in payables	1,614,630	1,948,522
Changes in contract liabilities	20,097	(1,705)
Cash used in operations	(202,676)	1,728,505
Interest received	14,009	35,015
Interest paid	(638)	(31,735)
Tax (paid) / refund	(49,509)	(62,938)
Net cash used in operating activities	(238,814)	1,668,847
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,098)	(50,878)
Changes in software development costs	(1,115,361)	(2,048,517)
Net cash outflow from acquisition subsidiary	(800)	-
Proceeds from disposal of shares in subsidiary	-	-
Proceeds from other investment	59,255	86,147
Net cash used in investing activities	(1,065,004)	(2,013,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	1,000	10,695
Share issuance expenses	-	-
Payment of term loan instalments	-	(657,092)
Payment of hire purchase instalments	-	-
Hire purchase term charges paid	-	-
Net cash (used in) / from financing activities	1,000	(646,397)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,302,818)	(990,798)
EFFECT OF CHANGES IN EXCHANGE RATES	(3,032)	3,608
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	4,581,191	5,568,381
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,275,341	4,581,191
Represented by:		
CASH AND BANK BALANCES	3,275,341	4,581,191
BANK OVERDRAFT	-	-
	3,275,341	4,581,191

Notes:

(i) The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

(ii) Included in cash and bank balances of the Group is investment in money market fund managed by licensed financial institution and is subject to minimal risk.

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 2018 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 2018.

2. 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 audited financial statements for the financial year ended 31 December 2018 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 2019

MFRS 16	Leases
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 23	Uncertainty over Income Tax Treatments

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 2020

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7	Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
Amendments to MFRS 9	Financial Instruments (Interest Rate Benchmark Reform)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)
Amendments to MFRS 101	Definition of Material
Amendments to MFRS 108	Definition of Material
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

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
Amendments to MFRS 10 and MFRS 128 (deferred until further notice)	Sales or Contribution of Assets between an Investor and Its Associate or Joint Venture

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.

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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 30 September		Cumulative 9 months ended 30 September	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	272,055	501,519	2,458,351	1,411,991
Asia Pacific	435,061	351,857	808,205	1,118,008
Total revenue	707,116	853,376	3,266,556	2,529,999
Elimination of inter- segment sales	-	-	-	-
External sales	707,116	853,376	3,266,556	2,529,999
Interest revenue	598	12,250	14,009	27,245

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Segment Results</u>				
Results from operations:				
Malaysia	(663,609)	(475,758)	(459,686)	(1,765,216)
Asia Pacific	(22,664)	35,253	(308,493)	(24,805)
	(686,273)	(440,505)	(768,179)	(1,790,021)
Finance cost	-	(8,289)	(638)	(24,676)
Share of associate's profit / (loss)	82,830	121,544	207,760	354,125
Tax expense	(21,369)	(12,251)	(49,509)	(39,981)
Non-controlling interests	(36,246)	(113,945)	(7,645)	(72,908)
Total results	(661,058)	(453,446)	(618,211)	(1,573,461)

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 2018.

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 November 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 RM707,116 which was a decrease of 17.1% as compared to a revenue of RM853,376 achieved in the preceding year corresponding quarter ended 30 September 2018. There was a gross loss of RM365,981 for the quarter under review as compared to gross profit of RM15,864 for the preceding year corresponding quarter. This was due to lower revenue recorded against fixed direct costs during the quarter under review.

Net loss from operations for the quarter under review was RM686,273 which was a decline of 55.8% as compared to net loss from operations of RM440,505 in the preceding year corresponding quarter ended 30 September 2018. The net loss from operations was due to lower revenue recorded against fixed direct costs during the quarter under review.

Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM272,055 which was a decrease of 45.8% as compared to a revenue of RM501,519 achieved in the preceding year corresponding quarter ended 30 September 2018. Net loss from operations for the quarter under review was RM663,609 as compared to net loss from operations of RM475,758 for the preceding year corresponding quarter ended 30 September 2018. This was due to lower revenue recorded amidst fixed direct costs during the quarter under review.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM435,061 which was an increase of 23.7% as compared to a revenue of RM351,857 achieved in the preceding year corresponding quarter ended 30 September 2018. Net loss from operations for the quarter under review was RM22,664 as compared to net profit from operations of RM35,253 for the preceding year corresponding quarter ended 30 September 2018. This was due to higher direct costs charged out during the current quarter.

Cumulative Quarters - Group

For the nine months period ended 30 September 2019, Ygl Group recorded a revenue of RM3,266,556 representing an increase of 29.1% as compared to a revenue of RM2,529,999 achieved in the nine months period ended 30 September 2018. There was gross profit of RM314,372 for the nine months period ended 30 September 2019 compared to gross loss of RM357,497 as achieved in the nine months period ended 30 September 2018. This was due to higher revenue recorded during the period.

Net loss from operations for the nine months period under review was RM768,179 as compared to net loss from operations of RM1,790,021 in the preceding year corresponding quarter ended 30 September 2018. This was due to higher revenue recorded during the period under review.

Malaysia Segment

For the nine months ended 30 September 2019, the Malaysia segment recorded a revenue of RM2,458,351 representing an increase of 74.1% as compared to a revenue of RM1,411,991 achieved in the nine months period ended 30 September 2018. Net loss from operations was RM459,686 for the nine months period ended 30 September 2019 as compared to a net loss of RM1,765,216 recorded in the nine months period ended 30 September 2018. This was due to higher revenue recorded during the period.

Asia Pacific Segment

For the nine months ended 30 September 2019, the Asia Pacific segment recorded a revenue of RM808,205 representing a decrease of 27.7% as compared to a revenue of RM1,118,008 achieved in the nine months period ended 30 September 2018. The net loss from operations was RM308,493 for the nine months period ended 30 September 2019 as compared to a net loss of RM24,805 as recorded in the nine months period ended 30 September 2018. The increase in net loss was due to lower revenue recorded amidst fixed direct costs during the period.

14. Material Changes in Profit Before Tax Against Preceding Quarter

There was a net loss before tax of RM603,443 for the quarter under review as compared to a net profit before tax of RM419,104 recorded in the preceding second quarter ended 30 June 2019. The decline from net profit to net loss position was due to lower revenue of RM707,116 recorded during the quarter under review as compared to revenue of RM1,708,998 recorded in the preceding quarter.

15. Corporate Proposals

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

16. Prospects for 2019/2020

Ygl will leverage on the milestones it achieved in 2019 to bring its enterprise resource planning (ERP) solution which is in line with Industrial Revolution 4.0 (IR4.0) technology to the Malaysian small and medium sized manufacturers (SMEs). These milestones include:

Ygl's CEO, Mr. Yeap Kong Chean, as Head of Industrial Revolution 4.0 Committee (IR4.0 Committee) of the Malaysian-China Business Council. The IR4.0 Committee plays the role of strengthening the cooperation between local SMEs and their China counterparts in exchange of smart technology and knowledge.

Ygl is selected as the collaboration partner of SME Corporation Malaysia (SME Corp), the Central Coordination Agency on SMEs development in Malaysia. SME Corp will support the initiative introduced by Ygl to educate entrepreneurs on the importance of Industry 4.0 technology through campaign, events or seminars.

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Ygl is a partner in the collaboration arrangement with Negeri Sembilan Skills Development Centre (NDDSC) to bring Industrial Revolution (IR4.0) solution to the small and medium sized manufacturers (SMEs) in the State of Negeri Sembilan and provide relevant IR4.0 based training to the business owners and workforce.

Ygl is one of the local ICT service providers listed in Malaysian Investment Development Authority (MIDA)’s website.

17. Taxation

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax expense				
Malaysian income tax	21,369	12,251	49,509	39,981
Foreign tax	-	-	-	-
	<u>21,369</u>	<u>12,251</u>	<u>49,509</u>	<u>39,981</u>
Deferred tax expense	-	-	-	-
Total income tax expense	<u>21,369</u>	<u>12,251</u>	<u>49,509</u>	<u>39,981</u>

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. The Company has submitted extension of time until 6 July 2020 to Bursa Malaysia. As at to date, status of utilisation of the proceeds are as follows:

Details	Actual Utilisation RM'000	Expected Utilisation RM'000
1) Listing and placement expenses	173	180
2) Business expansion	1,188	2,700
3) R&D expenses	1,250	1,250
4) Working capital	1,491	1,484
5) Balance of proceed not yet utilised	1,512	-
Total proceeds arising from private placement	<u>5,614</u>	<u>5,614</u>

19. Cash and cash equivalents

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	(404)	(124)	3,,275	5,148
Less: Overdraft	-	-	-	-
	<u>(404)</u>	<u>(124)</u>	<u>3,275</u>	<u>5,148</u>

20. Company Borrowings and Debt Securities

The Group’s borrowings are as follows:

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Payable within 12 months</u>				
Secured - Term Loan	-	285	-	24,008
<u>Payable after 12 months</u>				
Secured - Term Loan	-	(5,778)	-	616,660
Total	-	(5,493)	-	640,668

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 November 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. Contract Liabilities

Contract liabilities comprising technical support income received in advance from customers are as follows:

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019 RM	2018 RM	2019 RM	2018 RM
Contract liabilities	199,861	(108,209)	784,728	581,907

23. Financial Instruments

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

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Financial assets</u>				
Account receivables	(84,275)	(327,170)	2,150,314	2,004,559
Other receivables, prepayments and deposits paid	(8,596)	47,816	193,075	480,928
Cash and cash equivalents	(403,269)	(123,922)	3,275,341	5,148,083
	(496,140)	(403,276)	5,618,730	7,633,570

Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)
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The Company has classified its financial liabilities in the following categories:

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Financial liabilities at amortised cost</u>				
Account payables	(208)	8,825	27,896	133,238
Other payables, accruals and deposits received	(130,159)	(15,849)	349,554	616,571
Bank overdraft	-	-	-	-
Term loan	-	(5,493)	-	640,668
Amount owing to directors	-	640	592,096	646,024
	<u>(130,367)</u>	<u>(11,877)</u>	<u>969,546</u>	<u>2,036,501</u>

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:

	As at 30 September 2019 RM	As at 30 September 2018 RM
Up to 90 days	1,535,243	755,075
>90 to 180 days	178,389	34,937
>180 to 360 days	198,581	766,937
>360 days	238,101	447,610
Total amount	2,150,314	2,004,559

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 4.75% over expected five years of repayment. The discounted amounts arisen from inter-company advances were eliminated in the consolidation of accounts at group level.

24. Significant Related Party Transactions

For the third quarter ended 30 September 2019, there was no significant related party transaction entered by the Group.

25. 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.

26. Profit Estimate/Forecast

Not applicable.

27. Dividend

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

28. 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.

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2019	2018	2019	2018
Profits/(Loss) for the period attributable to Owners of the Company (RM)	(661,058)	(453,446)	618,211	(1,573,461)
Weighted average number of ordinary shares in issue	232,286,540	232,286,540	232,286,540	232,286,540
Basic earnings/(loss) per share (sen)	(0.28)	(0.20)	(0.27)	(0.68)