

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	Note	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Continuing Operations</b>					
Revenue	13	555,285	900,144	3,821,841	3,430,143
Cost of Sales		<u>(1,090,269)</u>	<u>(1,127,866)</u>	<u>(4,042,453)</u>	<u>(4,015,362)</u>
Gross Profit / (Loss)		(534,984)	(227,722)	(220,612)	(585,219)
Other Operating Income		61,198	51,316	206,462	365,481
Selling and Distribution Costs		-	-	-	-
Administrative Expenses		(231,242)	(173,277)	(717,091)	(580,576)
Other Operating Expenses		(320,825)	(417,607)	(1,062,791)	(1,757,306)
<b>(Loss) / Profit for the period from continuing operations</b>		<u>(1,025,853)</u>	<u>(767,290)</u>	<u>(1,794,032)</u>	<u>(2,557,620)</u>
Finance Costs		-	(7,059)	(638)	(31,735)
Share of Results of Associate Company		52,895	56,643	260,655	468,108
<b>(Loss) / Profit Before Tax</b>	14	<u>(972,958)</u>	<u>(717,706)</u>	<u>(1,534,015)</u>	<u>(2,121,247)</u>
Income Tax Expense	17	(5,827)	(19,422)	(55,336)	(59,404)
<b>(Loss) / Profit for the period</b>		<u>(978,785)</u>	<u>(737,128)</u>	<u>(1,589,351)</u>	<u>(2,180,651)</u>
<b>Profit attributable to :</b>					
Owners of the Company		(971,736)	(773,010)	(1,589,947)	(2,289,441)
Non-controlling interests		(7,049)	35,882	596	108,790
<b>(Loss) / Profit for the period</b>		<u>(978,785)</u>	<u>(737,128)</u>	<u>(1,589,351)</u>	<u>(2,180,651)</u>
<b>Other comprehensive income</b>					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		6,742	(3,142)	(14,592)	2,689
<b>Total Comprehensive (Loss) / Income for the period</b>		<u>(972,043)</u>	<u>(740,270)</u>	<u>(1,603,943)</u>	<u>(2,177,962)</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(964,994)	(776,152)	(1,604,539)	(2,286,752)
Non-controlling interests		(7,049)	35,882	596	108,790
		<u>(972,043)</u>	<u>(740,270)</u>	<u>(1,603,943)</u>	<u>(2,177,962)</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS <sup>(ii)</sup>	28	(0.42)	(0.33)	(0.68)	(0.99)

## 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 FOURTH QUARTER ENDED 31 DECEMBER 2019

	Individual Quarter 3 months ended 31 December 2019 <u>RM</u>	Cumulative 12 months ended 31 December 2019 <u>RM</u>
(a) Interest income	484	14,493
(b) Other income including investment income	60,715	191,970
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(7)	(22)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	nil	638
(g) Depreciation	79,192	330,362
(h) Amortization	453,192	1,614,407
(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 31 DECEMBER 2019

	Note	31 December 2019 (Unaudited) RM	31 December 2018 (Audited) RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		4,164,338	4,521,992
Investment Property		283,800	284,277
Goodwill and Other Intangible Assets		5,822,330	5,992,077
Investment in Associate Company		1,851,594	1,590,939
		<u>12,122,062</u>	<u>12,389,285</u>
<b>Current Assets</b>			
Trade and Other Receivables	23	2,128,304	1,997,611
Current Tax Assets		22,042	24,316
Cash and Cash Equivalents	19	2,750,810	4,581,191
		<u>4,901,156</u>	<u>6,603,118</u>
<b>TOTAL ASSETS</b>		<u>17,023,218</u>	<u>18,992,403</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		27,218,132	27,218,132
Exchange Translation, non-distributable (Accumulated Losses) / Retained Profits		449,061 (12,541,078)	463,653 (10,951,131)
<b>Equity attributable to owners of the Company</b>		<u>15,126,115</u>	<u>16,730,654</u>
Non-controlling Interests		79,887	79,291
<b>TOTAL EQUITY</b>		<u>15,206,002</u>	<u>16,809,945</u>
<b>Non-Current Liabilities</b>			
Term Loan	20	-	-
Deferred Tax Liabilities		234	310
		<u>234</u>	<u>310</u>
<b>Current Liabilities</b>			
Trade and Other Payables	23	167,776	458,799
Other Liabilities		244,565	337,413
Contract Liabilities	22	812,545	764,631
Amount due to director		592,096	616,000
Current Tax Liabilities		-	5,305
		<u>1,816,982</u>	<u>2,182,148</u>
<b>TOTAL LIABILITIES</b>		<u>1,817,216</u>	<u>2,182,458</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,023,218</u>	<u>18,992,403</u>
Net assets per share attributable to owners of the Company (sen) <sup>(ii)</sup>		6.51	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 FOURTH QUARTER ENDED 31 DECEMBER 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		-	-	-	(1,589,947)	(1,589,947)	596	(1,589,351)
Other comprehensive loss Exchange translation differences		-	-	(14,592)	-	(14,592)	-	(14,592)
At 31 December 2019		<u>27,218,132</u>	<u>0</u>	<u>449,061</u>	<u>(12,541,078)</u>	<u>15,126,115</u>	<u>79,887</u>	<u>15,206,002</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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

Note	12 MONTHS ENDED 31 DECEMBER (UNAUDITED) 2019 RM	YEAR ENDED 31 DECEMBER (AUDITED) 2018 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(1,534,015)	(2,121,247)
Adjustments for:-		
Depreciation of property, plant and equipment	329,885	354,044
Depreciation of investment property	477	476
Amortisation of software development costs	1,614,407	1,503,016
Amortisation of membership	1,616	1,616
Share of result of associates	(260,655)	(468,108)
Impairment loss on intangible assets	-	-
Bad debts written off	-	-
Property, plant and equipment written off	39,519	-
Allowance for doubtful debts	-	399,047
Allowance for doubtful debts written back	-	-
Unrealised (gain) / loss on foreign exchange	343,177	742,606
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Dividend income	(71,774)	(86,148)
Interest income	(14,493)	(35,015)
Interest expense	638	31,735
Hire purchase term charges	-	-
Operating (loss) / profit before working capital changes	<u>448,782</u>	<u>322,022</u>
Receipts from customers	3,563,604	5,005,670
Changes in receivables	(4,234,877)	(3,130,925)
Payments to suppliers, contractors and employees	(3,009,344)	(2,415,079)
Changes in payables	2,799,078	1,948,522
Changes in contract liabilities	47,914	(1,705)
Cash used in operations	<u>(384,843)</u>	<u>1,728,505</u>
Interest received	14,493	35,015
Interest paid	(638)	(31,735)
Tax (paid) / refund	<u>(68,898)</u>	<u>(62,938)</u>
Net cash used in operating activities	<u>(439,886)</u>	<u>1,668,847</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(11,848)	(50,878)
Changes in software development costs	(1,445,873)	(2,048,517)
Net cash outflow from acquisition subsidiary	(800)	-
Proceeds from disposal of shares in subsidiary	-	-
Proceeds from other investment	71,774	86,147
Net cash used in investing activities	<u>(1,386,747)</u>	<u>(2,013,248)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>1,000</u>	<u>(646,397)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,825,633)	(990,798)
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>	(4,748)	3,608
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	4,581,191	5,568,381
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u><u>2,750,810</u></u>	<u><u>4,581,191</u></u>
Represented by:		
<b>CASH AND BANK BALANCES</b>	2,750,810	4,581,191
<b>BANK OVERDRAFT</b>	-	-
	<u><u>2,750,810</u></u>	<u><u>4,581,191</u></u>

## 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.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
Quarterly report for the fourth quarter ended 31 December 2019**

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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.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
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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 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	307,906	584,921	2,766,257	1,996,912
Asia Pacific	247,379	315,223	1,055,584	1,433,231
Total revenue	555,285	900,144	3,821,841	3,430,143
Elimination of inter-segment sales	-	-	-	-
External sales	555,285	900,144	3,821,841	3,430,143
Interest revenue	484	7,590	14,493	35,015

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Segment Results</u>				
Results from operations:				
Malaysia	(929,827)	(670,507)	(1,389,513)	(2,435,723)
Asia Pacific	(96,026)	(96,783)	(404,519)	(121,897)
	(1,025,853)	(767,290)	(1,794,032)	(2,557,620)
Finance cost	-	(7,059)	(638)	(31,735)
Share of associate's profit / (loss)	52,895	56,643	260,655	468,108
Tax expense	(5,827)	(19,422)	(55,336)	(59,404)
Non-controlling interests	7,049	(35,882)	(596)	(108,790)
Total results	(971,736)	(773,010)	(1,589,947)	(2,289,441)

**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 February 2020 (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 RM555,285 which was a decrease of 38.3% as compared to a revenue of RM900,144 achieved in the preceding year corresponding quarter ended 31 December 2018. There was a gross loss of RM534,984 for the quarter under review as compared to gross loss of RM227,722 for the preceding year corresponding quarter. This was due to lower revenue recorded in both Malaysia and overseas against fixed direct costs during the quarter under review.

Net loss from operations for the quarter under review was RM1,025,853 which was an increase of 33.7% as compared to net loss from operations of RM767,290 in the preceding year corresponding quarter ended 31 December 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 RM307,906 which was a decrease of 47.4% as compared to a revenue of RM584,921 achieved in the preceding year corresponding quarter ended 31 December 2018. Net loss from operations for the quarter under review was RM929,827 as compared to net loss from operations of RM670,507 for the preceding year corresponding quarter ended 31 December 2018. This was due to lower revenue recorded against fixed direct costs during the quarter under review.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM247,379 which was a decrease of 21.5% as compared to a revenue of RM351,223 achieved in the preceding year corresponding quarter ended 31 December 2018. Net loss from operations for the quarter under review was RM96,026 as compared to net loss from operations of RM96,783 for the preceding year corresponding quarter ended 31 December 2018. There was no further slip of net loss in spite of the decrease in revenue recorded due to streamlining of certain costs during the current quarter.

Cumulative Quarters - Group

For the twelve months period ended 31 December 2019, Ygl Group recorded a revenue of RM3,821,841 representing an increase of 11.4% as compared to a revenue of RM3,430,143 achieved in the twelve months period ended 31 December 2018. There was gross loss of RM220,612 for the twelve months period ended 31 December 2019 compared to gross loss of RM585,219 as achieved in the twelve months period ended 31 December 2018. This was due to higher revenue recorded during the period.

Net loss from operations for the twelve months period under review was RM1,794,032 as compared to net loss from operations of RM2,557,620 in the preceding year corresponding quarter ended 31 December 2018. This was due to increase in revenue recorded during the period under review.

Malaysia Segment

For the twelve months ended 31 December 2019, the Malaysia segment recorded a revenue of RM2,766,257 representing an increase of 38.5% as compared to a revenue of RM1,996,912 achieved in the twelve months period ended 31 December 2018. Net loss from operations was RM1,389,513 for the twelve months period ended 31 December 2019 as compared to a net loss of RM2,435,723 recorded in the twelve months period ended 31 December 2018. This was due to higher revenue recorded during the period.

Asia Pacific Segment

For the twelve months ended 31 December 2019, the Asia Pacific segment recorded a revenue of RM1,055,584 representing a decrease of 26.4% as compared to a revenue of RM1,433,231 achieved in the twelve months period ended 31 December 2018. The net loss from operations was RM404,519 for the twelve months period ended 31 December 2019 as compared to a net loss of RM121,897 as recorded in the twelve months period ended 31 December 2018. The increase in net loss was due to lower revenue recorded against fixed direct costs during the period.

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

There was a net loss before tax of RM972,958 for the quarter under review as compared to a net loss before tax of RM603,443 recorded in the preceding third quarter ended 30 September 2019. The increase in net loss position was due to lower revenue of RM555,285 recorded as well as increase in certain operating costs during the quarter under review as compared to revenue of RM707,116 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 February 2020 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**16. Prospects for 2020**

While the temporary reprieve from trade deal did not in actual resolve the trade war between US and China, the onset of novel coronavirus dealt another blow to the economy. Despite this transitory setback, the Malaysian manufacturing sector has to keep pace with the advent of Industry Revolution 4.0 (“IR4.0”), and be prepared for the fast coming of 5G technology which necessitates the implementation of IR4.0 application where enterprise resource planning (ERP) solution forms the cornerstone for the small and medium sized manufacturers (SMEs) to gear up their business operations.

The combination of IR4.0 and 5G technology heralds the future economy trend towards smart technology with manufacturers moving strongly into IR4.0 applications. Ygl’s proprietary solutions are well placed at this juncture and the development is in line with the world trend.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)**  
**Quarterly report for the fourth quarter ended 31 December 2019**

**17. Taxation**

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax expense				
Malaysian income tax	23,169	16,988	72,678	56,970
Foreign tax	-	2,572	-	2,572
	<u>23,169</u>	<u>19,560</u>	<u>72,678</u>	<u>59,542</u>
Deferred tax expense	(17,342)	(138)	(17,342)	(138)
Total income tax expense	<u>5,827</u>	<u>19,422</u>	<u>55,336</u>	<u>59,404</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	1,838	2,700
3) R&D expenses	1,250	1,250
4) Working capital	1,491	1,484
5) Balance of proceed not yet utilised	862	-
Total proceeds arising from private placement	<u>5,614</u>	<u>5,614</u>

**19. Cash and cash equivalents**

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	(524,531)	(566,892)	2,750,810	4,581,191
Less: Overdraft	-	-	-	-
	<u>(524,531)</u>	<u>(566,892)</u>	<u>2,750,810</u>	<u>4,581,191</u>

**20. Company Borrowings and Debt Securities**

The Group’s borrowings are as follows:

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Payable within 12 months</u>				
Secured - Term Loan	-	-	-	-
<u>Payable after 12 months</u>				
Secured - Term Loan	-	-	-	-
Total	-	-	-	-

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 2020 (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 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
Contract liabilities	27,817	182,724	812,545	764,631

**23. Financial Instruments**

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

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Financial assets</u>				
Account receivables	(239,531)	(498,439)	1,910,783	1,506,120
Other receivables, prepayments and deposits paid	24,446	10,563	217,521	491,491
Cash and cash equivalents	(524,531)	(566,892)	2,750,810	4,581,191
	(739,616)	(1,054,768)	4,879,114	6,578,802

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)**  
**Quarterly report for the fourth quarter ended 31 December 2019**

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

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Financial liabilities at amortised cost</u>				
Account payables	22,670	(107,587)	50,566	25,651
Other payables, accruals and deposits received	12,221	153,990	361,775	770,561
Bank overdraft	-	-	-	-
Term loan	-	-	-	-
Amount owing to directors	-	(30,024)	592,096	616,000
	<u>34,891</u>	<u>16,379</u>	<u>1,004,437</u>	<u>1,412,212</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:

	<b>As at 31 December 2019 RM</b>	<b>As at 31 December 2018 RM</b>
Up to 90 days	554,631	996,151
>90 to 180 days	905,401	21,577
>180 to 360 days	294,651	15,738
>360 days	156,100	472,654
Total amount	1,910,783	1,506,120

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 fourth quarter ended 31 December 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.

	<b>3 months ended 31 December</b>		<b>Cumulative 12 months ended 31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Profits/(Loss) for the period attributable to Owners of the Company (RM)	(971,736)	(773,010)	(1,589,947)	(2,289,441)
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)	(0.42)	(0.33)	(0.68)	(0.99)