

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIFTH QUARTER ENDED 31 MARCH 2020**

| | Note | Individual Quarter 3 months ended 31 March | | Cumulative Quarter 15 months ended 31 March | |
|--|------|--|------------------|---|------------|
| | | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Continuing Operations | | | | | |
| Revenue | 13 | 714,625 | 850,442 | 4,536,466 | - |
| Cost of Sales | | <u>(1,233,380)</u> | <u>(933,154)</u> | <u>(5,275,833)</u> | - |
| Gross Profit / (Loss) | | (518,755) | (82,712) | (739,367) | - |
| Other Operating Income | | 21,030 | 55,950 | 227,492 | - |
| Selling and Distribution Costs | | (4,200) | - | (4,200) | - |
| Administrative Expenses | | (175,061) | (152,436) | (892,152) | - |
| Other Operating Expenses | | (4,661,226) | (258,666) | (5,724,017) | - |
| (Loss) / Profit for the period from continuing operations | | <u>(5,338,212)</u> | <u>(437,864)</u> | <u>(7,132,244)</u> | - |
| Finance Costs | | - | (638) | (638) | - |
| Share of Results of Associate Company | | (376,594) | 61,784 | (115,939) | - |
| (Loss) / Profit Before Tax | 14 | <u>(5,714,806)</u> | <u>(376,718)</u> | <u>(7,248,821)</u> | - |
| Income Tax Expense | 17 | (69,243) | (11,256) | (124,579) | - |
| (Loss) / Profit for the period | | <u>(5,784,049)</u> | <u>(387,974)</u> | <u>(7,373,400)</u> | - |
| Profit attributable to : | | | | | |
| Owners of the Company | | (5,696,872) | (370,457) | (7,286,819) | - |
| Non-controlling interests | | (87,177) | (17,517) | (86,581) | - |
| (Loss) / Profit for the period | | <u>(5,784,049)</u> | <u>(387,974)</u> | <u>(7,373,400)</u> | - |
| Other comprehensive income | | | | | |
| Item that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translation of foreign operation | | 175,941 | 2,734 | 161,349 | - |
| Total Comprehensive (Loss) / Income for the period | | <u>(5,608,108)</u> | <u>(385,240)</u> | <u>(7,212,051)</u> | - |
| Total comprehensive (loss) / income attributable to: | | | | | |
| Owners of the Company | | (5,520,931) | (367,723) | (7,125,470) | - |
| Non-controlling interests | | (87,177) | (17,517) | (86,581) | - |
| | | <u>(5,608,108)</u> | <u>(385,240)</u> | <u>(7,212,051)</u> | - |
| Earnings per share attributable to owners of the Company (in sen) | | | | | |
| Basic EPS ⁽ⁱⁱ⁾ | 28 | (2.44) | (0.16) | (3.12) | - |

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 weighted average of 233,712,821 ordinary shares in issue as disclosed in Note 28. The comparative figure was based on 232,286,540 ordinary shares in issue at that time.

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIFTH QUARTER ENDED 31 MARCH 2020**

| | Individual Quarter 3 months ended 31 March 2020 <u>RM</u> | Cumulative 15 months ended 31 March 2020 <u>RM</u> |
|---|---|--|
| (a) Interest income | 2,722 | 17,215 |
| (b) Other income including investment income | 18,307 | 210,277 |
| (c) Gain / (Loss) on disposal of quoted / unquoted investment or properties | n/a | n/a |
| (d) Gain / (Loss) on foreign exchange | (33,442) | (28,064) |
| (e) Gain / (Loss) on derivatives | n/a | n/a |
| (f) Interest expense | nil | 638 |
| (g) Depreciation | 59,681 | 390,043 |
| (h) Amortization | 388,864 | 2,003,271 |
| (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 MARCH 2020

| | Note | 31 March 2020 (Unaudited) RM | 31 December 2018 (Audited) RM |
|---|------|------------------------------------|-------------------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | | 4,095,056 | 4,521,992 |
| Investment Property | | 283,681 | 284,277 |
| Goodwill and Other Intangible Assets | | 3,616,506 | 5,992,077 |
| Investment in Associate Company | | - | 1,590,939 |
| | | <u>7,995,243</u> | <u>12,389,285</u> |
| Current Assets | | | |
| Trade and Other Receivables | 23 | 1,758,602 | 1,997,611 |
| Current Tax Assets | | 26,098 | 24,316 |
| Cash and Cash Equivalents | 19 | 4,959,226 | 4,581,191 |
| | | <u>6,743,926</u> | <u>6,603,118</u> |
| TOTAL ASSETS | | <u>14,739,169</u> | <u>18,992,403</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share Capital | | 30,400,368 | 27,218,132 |
| ESOS Reserve | | 154,110 | - |
| Exchange Translation, non-distributable (Accumulated Losses) / Retained Profits | | 625,002 | 463,653 |
| | | <u>(18,237,950)</u> | <u>(10,951,131)</u> |
| Equity attributable to owners of the Company | | <u>12,941,530</u> | <u>16,730,654</u> |
| Non-controlling Interests | | <u>(455,966)</u> | <u>79,291</u> |
| TOTAL EQUITY | | <u>12,485,564</u> | <u>16,809,945</u> |
| Non-Current Liabilities | | | |
| Term Loan | 20 | - | - |
| Deferred Tax Liabilities | | 136 | 310 |
| | | <u>136</u> | <u>310</u> |
| Current Liabilities | | | |
| Trade and Other Payables | 23 | 317,335 | 458,799 |
| Other Liabilities | | 424,665 | 337,413 |
| Contract Liabilities | 22 | 875,294 | 764,631 |
| Amount due to director | | 617,274 | 616,000 |
| Current Tax Liabilities | | 18,901 | 5,305 |
| | | <u>2,253,469</u> | <u>2,182,148</u> |
| TOTAL LIABILITIES | | <u>2,253,605</u> | <u>2,182,458</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>14,739,169</u> | <u>18,992,403</u> |
| Net assets per share attributable to owners of the Company (sen) ⁽ⁱⁱ⁾ | | 5.54 | 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 weighted average of 233,712,821 ordinary shares in issue as disclosed in Note 28. The comparative figure was based on 232,286,540 ordinary shares in issue at that time.

YGL CONVERGENCE BERHAD (649013-W)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIFTH QUARTER ENDED 31 MARCH 2020

| | Note | Share Capital RM | Share Premium RM | ESOS Reserve 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) | 16,770,076 | (29,499) | 16,740,577 |
| Transition to no-par regime | | 2,247,330 | (2,247,330) | - | - | - | 2,247,330 | - | 2,247,330 |
| Net loss for the year | | - | - | - | - | (2,289,441) | (2,289,441) | 108,790 | (2,180,651) |
| Other comprehensive income | | - | - | - | 2,689 | - | 2,689 | - | 2,689 |
| Exchange translation differences | | - | - | - | 2,689 | - | 2,689 | - | 2,689 |
| At 31 December 2018 | | 27,218,132 | - | - | 463,653 | (10,951,131) | 16,730,654 | 79,291 | 16,809,945 |
| <i>Unaudited</i> | | | | | | | | | |
| At 1 January 2019 | | 27,218,132 | - | - | 463,653 | (10,951,131) | 16,730,654 | 79,291 | 16,809,945 |
| Adjustment on ESOS reserve | | | | 154,110 | | | 154,110 | | 154,110 |
| Issue of share capital | | | | | | | | | |
| - private placement | | 3,182,236 | - | - | - | - | 3,182,236 | - | 3,182,236 |
| Net loss for the year | | - | - | - | - | (7,286,819) | (7,286,819) | (86,581) | (7,373,400) |
| Other comprehensive loss | | | | | | | | | |
| Exchange translation differences | | - | - | - | 161,349 | - | 161,349 | - | 161,349 |
| Deconsolidation of subsidiary | | - | - | - | - | - | - | (448,676) | (448,676) |
| At 31 March 2020 | | 30,400,368 | 0 | 154,110 | 625,002 | (18,237,950) | 12,941,530 | -455,966 | 12,485,564 |

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 FIFTH QUARTER ENDED 31 MARCH 2020

| Note | 15 MONTHS ENDED 31 MARCH (UNAUDITED) | YEAR ENDED 31 DECEMBER (AUDITED) |
|---|--|--|
| | 2020 RM | 2018 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss) / Profit before taxation | (7,248,821) | (2,121,247) |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 389,447 | 354,044 |
| Depreciation of investment property | 596 | 476 |
| Amortisation of software development costs | 2,001,251 | 1,503,016 |
| Amortisation of membership | 2,020 | 1,616 |
| Share of result of associates | 115,939 | (468,108) |
| Impairment loss on intangible assets | 2,272,738 | - |
| Bad debts written off | - | - |
| Property, plant and equipment written off | 52,728 | - |
| Allowance for doubtful debts | 638,482 | 399,047 |
| Allowance for doubtful debts written back | - | - |
| Allowance for impairment in investment | 1,475,000 | - |
| Unrealised (gain) / loss on foreign exchange | 30,657 | 742,606 |
| Gain on acquisition of subsidiary | - | - |
| Gain on disposal of subsidiary | - | - |
| Dividend income | (85,046) | (86,148) |
| Interest income | (17,215) | (35,015) |
| Interest expense | 638 | 31,735 |
| Hire purchase term charges | - | - |
| Operating (loss) / profit before working capital changes | (371,586) | 322,022 |
| Receipts from customers | 4,051,143 | 5,005,670 |
| Changes in receivables | (4,761,381) | (3,130,925) |
| Payments to suppliers, contractors and employees | (4,164,593) | (2,415,079) |
| Changes in payables | 4,151,891 | 1,948,522 |
| Changes in contract liabilities | 110,663 | (1,705) |
| Cash used in operations | (983,863) | 1,728,505 |
| Interest received | 17,215 | 35,015 |
| Interest paid | (638) | (31,735) |
| Tax (paid) / refund | (105,521) | (62,938) |
| Net cash used in operating activities | (1,072,807) | 1,668,847 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (15,147) | (50,878) |
| Changes in software development costs | (1,816,489) | (2,048,517) |
| Net cash outflow from acquisition of subsidiary | (60,800) | - |
| Net cash outflow from investment | (20,000) | - |
| Proceeds from disposal of shares in subsidiary | (15,563) | - |
| Proceeds from other investment | 85,046 | 86,147 |
| Net cash used in investing activities | (1,842,953) | (2,013,248) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issue | 3,283,236 | 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 | 3,283,236 | (646,397) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | 367,476 | (990,798) |
| EFFECT OF CHANGES IN EXCHANGE RATES | 10,559 | 3,608 |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | 4,581,191 | 5,568,381 |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | 4,959,226 | 4,581,191 |
| Represented by: | | |
| CASH AND BANK BALANCES | 4,959,226 | 4,581,191 |
| BANK OVERDRAFT | - | - |
| | 4,959,226 | 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.

The Company has changed its financial year end from 31 December 2019 to 31 March 2020 and hence its next audited financial statements shall be made up for a fifteen (15) months' period commencing 1 January 2019 until 31 March 2020 and 31 March for subsequent year. There will be no comparison figures for the cumulative quarters and the current quarter results will be compared to the results of the preceding year corresponding quarter accordingly.

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 fifth quarter ended 31 March 2020**

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 |

Effective for financial periods beginning on or after 1 January 2022

| | |
|------------------------|---|
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current |
|------------------------|---|

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.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)
Quarterly report for the fifth quarter ended 31 March 2020**

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 financial quarter under review other than set out below:

On 3 March 2020, the Company announced the completion of the private placement with the listing of and quotation for 23,228,000 new ordinary shares in Ygl on the ACE Market representing about 10% of the issued and paid-up share capital of Ygl.

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 March | | Cumulative 15 months ended 31 March | |
|------------------------------------|----------------------------|------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| <u>Segment Revenue</u> | | | | |
| Revenue from operations: | | | | |
| Malaysia | 681,807 | 675,523 | 3,448,064 | - |
| Asia Pacific | 32,818 | 174,919 | 1,088,402 | - |
| Total revenue | 714,625 | 850,442 | 4,536,466 | - |
| Elimination of inter-segment sales | - | - | - | - |
| External sales | 714,625 | 850,442 | 4,536,466 | - |
| Interest revenue | 2,722 | 9,520 | 17,215 | - |

| | 3 months ended 31 March | | Cumulative 15 months ended 31 March | |
|--------------------------------------|----------------------------|------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| <u>Segment Results</u> | | | | |
| Results from operations: | | | | |
| Malaysia | (3,041,925) | (288,922) | (4,431,438) | - |
| Asia Pacific | (115,173) | (148,942) | (519,692) | - |
| | (3,157,098) | (437,864) | (4,951,130) | - |
| Finance cost | - | (638) | (638) | - |
| Share of associate's profit / (loss) | 914,420 | 61,784 | 1,175,075 | - |
| Tax expense | (68,035) | (11,256) | (123,371) | - |
| Non-controlling interests | 143,832 | 17,517 | 143,236 | - |
| Total results | (2,166,881) | (370,457) | (3,756,828) | - |

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

Save as disclosed below, there are no changes in the composition of the Group. The results of King’s System Co. Ltd. (“King’s System”), a subsidiary of Ygl Convergence (China) Ltd (“Ygl China”), were not consolidated in the financial year ended 31 March 2020. The Company has lost control of King’s System. Please refer to Note 13 herein for further clarification.

Acquisition of AI Solar Sdn Bhd (AI Solar)

On 10 March 2020, the Company acquired 60% of the share capital of AI Solar Sdn Bhd, a private company limited by shares in Malaysia under the Company Act, 2016 for a cash consideration of RM60,000. This acquisition results in AI Solar becoming a subsidiary of Ygl. The activities of AI Solar will complement the Company’s move towards sustainable manufacturing where Industry 4.0 technology will consume energy and harnessing renewable energy is in line with Ygl’s green philosophy.

| | |
|--|---------------|
| | RM |
| <u>Current assets</u> | |
| Cash and cash equivalents | 5,482 |
| <u>Current liabilities</u> | |
| Other payables | 47,120 |
| Net liabilities of AI Solar Sdn Bhd | <u>41,638</u> |
| | RM |
| Consideration paid by cash | 60,000 |
| Cash and cash equivalent of subsidiary on acquisition date | 5,482 |
| Net cash outflow of the Group | <u>54,518</u> |

12. Changes in Contingent Liabilities

There is no contingent liability as at 21 May 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 RM714,625 which was a decrease of 16.0% as compared to a revenue of RM850,442 achieved in the preceding year corresponding quarter ended 31 March 2019. There was a gross loss of RM481,151 for the quarter under review as compared to gross loss of RM82,712 for the preceding year corresponding quarter. This was due to lower revenue recorded amidst an increase in direct costs during the quarter under review.

Net loss from operations for the quarter under review was RM3,157,098 as compared to net loss of RM437,864 in the preceding year corresponding quarter ended 31 March 2019. The Board of Ygl made a collective decision to write off the cost of investment in overseas subsidiaries, namely Ygl Convergence (Asia Pacific) Pte Ltd (“Ygl AP”) and Ygl Convergence (China) Ltd as well as deconsolidation of King’s System, our 60% owned subsidiary of Ygl China.

The Board reached these decisions firstly due to the pandemic which subdued the market of our overseas subsidiaries; and secondly Ygl lost the power to govern the operating policies and access to financial records of King’s System. The total cost of investment of Ygl AP and Ygl China were RM1,314,404 and RM1,285,805 respectively. The investment written off resulted in impairment of goodwill amounting to RM2,272,738 during the quarter under review.

Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM681,807 which was an increase of 1.0% as compared to a revenue of RM675,523 achieved in the preceding year corresponding quarter ended 31 March 2019. Net loss from operations for the quarter under review was RM3,041,925 as compared to net loss from operations of RM288,922 for the preceding year corresponding quarter ended 31 March 2019. This was due to impact of writing off investment in subsidiaries during the quarter under review.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM32,818 which was a decrease of 81.2% as compared to a revenue of RM174,919 achieved in the preceding year corresponding quarter ended 31 March 2019. Net loss from operations for the quarter under review was RM115,173 as compared to net loss from operations of RM148,942 for the preceding year corresponding quarter ended 31 March 2019. There was no further decline in net loss despite the decrease in revenue recorded due to streamlining of certain costs during the current quarter.

Cumulative Quarters - Group

For the fifteen months period ended 31 March 2020, Ygl Group recorded a revenue of RM4,536,466 and there was gross loss of RM701,763. This was due to low revenue recorded during the period against fixed direct overheads.

Malaysia Segment

For the fifteen months ended 31 March 2020, the Malaysia segment recorded a revenue of RM3,448,064 and there was net loss from operations of RM4,431,438. This was due to the Company’s writing off investment in overseas subsidiaries during the period. Please refer the above note for explanation.

Asia Pacific Segment

For the fifteen months ended 31 March 2020, the Asia Pacific segment recorded a revenue of RM1,088,402 and the net loss from operations was RM519,692. This was due to low revenue recorded against fixed direct overheads during the period.

14. Material Changes in Profit Before Tax Against Preceding Quarter

There was a net loss before tax of RM2,242,678 for the quarter under review as compared to a net loss before tax of RM972,958 recorded in the preceding fourth quarter ended 31 December 2019. This was due to the Company’s writing off investment in overseas subsidiaries during the period. Please refer Paragraph 13 above for explanation.

15. Corporate Proposals

There are no other corporate proposals announced but not completed as at the date of announcement as at 21 May 2020 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

16. Prospects for 2020

The Covid-19 pandemic induced movement control throughout the world including Malaysia has changed the lifestyle of Malaysians and the way organisations will do business from now. There will be economic repercussion for a while due to temporary setbacks to production and closure of businesses particularly small businesses which did not adopt technology to provide them alternative ways to carry on their businesses during the movement control order period.

There is a surge now towards adopting cloud-based applications and e-Commerce to enable the workforce to work away from the office while companies can perform transactions online and monitor their businesses remotely. Ygl is well positioned to join the bandwagon which offers web-based solutions over the cloud.

17. Taxation

| | 3 months ended 31 March | | Cumulative 15 months ended 31 March | |
|--------------------------|----------------------------|---------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Current tax expense | | | | |
| Malaysian income tax | 47,403 | 11,256 | 120,081 | - |
| Foreign tax | - | - | - | - |
| | <u>47,403</u> | <u>11,256</u> | <u>120,081</u> | <u>-</u> |
| Deferred tax expense | 20,632 | | 3,290 | - |
| Total income tax expense | <u>68,035</u> | <u>11,256</u> | <u>123,371</u> | <u>-</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 | 2,198 | 2,700 |
| 3) R&D expenses | 1,250 | 1,250 |
| 4) Working capital | 1,491 | 1,484 |
| 5) Balance of proceed not yet utilised | 502 | - |
| Total proceeds arising from private placement | <u>5,614</u> | <u>5,614</u> |

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The Company had raised approximately RM3.182 million additional fund in a private place undertaking completed on 3 March 2020. The fund would be allocated for future business expansion, R&D expenses and working capital purposes. As at to date, the fund has not been utilised yet.

19. Cash and cash equivalents

| | 3 months ended 31 March | | Cumulative 15 months ended 31 March | |
|------------------------|----------------------------|------------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Cash and bank balances | 2,208,416 | (539,370) | 4,959,226 | - |
| Less: Overdraft | - | - | - | - |
| | 2,208,416 | (539,370) | 4,959,226 | - |

20. Company Borrowings and Debt Securities

The Group’s borrowings are as follows:

| | 3 months ended 31 March | | Cumulative 15 months ended 31 March | |
|---------------------------------|----------------------------|------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 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 21 May 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 March | | Cumulative 15 months ended 31 March | |
|----------------------|----------------------------|------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Contract liabilities | 59,749 | 546,303 | 872,294 | - |

23. Financial Instruments

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

| | 3 months ended 31 March | | Cumulative 15 months ended 31 March | |
|---|----------------------------|------------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| <u>Financial assets</u> | | | | |
| Account receivables | 361,085 | (108,964) | 2,271,868 | - |
| Other receivables, prepayments and deposits paid | (89,639) | (134,723) | 127,882 | - |
| Cash and cash equivalents | 2,208,416 | (539,370) | 4,959,226 | - |
| | <u>2,479,862</u> | <u>(783,057)</u> | <u>7,358,976</u> | <u>-</u> |

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

| | 3 months ended 31 March | | Cumulative 15 months ended 31 March | |
|---|----------------------------|------------------|--|------------|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| <u>Financial liabilities at amortised cost</u> | | | | |
| Account payables | 9,297 | 1,634 | 59,863 | - |
| Other payables, accruals and deposits received | 318,439 | (148,919) | 680,213 | - |
| Bank overdraft | - | - | - | - |
| Term loan | - | - | - | - |
| Amount owing to directors | 25,178 | (351) | 617,274 | - |
| | <u>352,914</u> | <u>(147,636)</u> | <u>1,357,350</u> | <u>-</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.

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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 31 March 2020 RM | As at 31 March 2019 RM |
|------------------|---------------------------------------|---------------------------------------|
| Up to 90 days | 879,570 | 285,433 |
| >90 to 180 days | 107,640 | 744,627 |
| >180 to 360 days | 1,029,937 | 367,096 |
| >360 days | 254,721 | - |
| Total amount | 2,271,868 | 1,397,156 |

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.

24. Significant Related Party Transactions

For the fifth quarter ended 31 March 2020, 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 31 March | | Cumulative 15 months ended 31 March | |
|--|------------------------------------|-------------|--|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| Profits/(Loss) for the period attributable to Owners of the Company (RM) | (2,166,881) | (370,457) | (3,756,828) | - |
| Weighted average number of ordinary shares in issue | 233,712,821 | 232,286,540 | 233,712,821 | - |
| Basic earnings/(loss) per share (sen) | (0.93) | (0.16) | (1.61) | - |