

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021**

	Note	Individual Quarter 3 months ended 30 September		Cumulative Quarter 6 months ended 30 September	
		2021 RM	2020 RM	2021 RM	2020 RM
Continuing Operations					
Revenue	14	2,102,531	1,174,470	3,778,469	2,066,942
Cost of Sales		<u>(1,466,028)</u>	<u>(1,046,295)</u>	<u>(2,302,526)</u>	<u>(1,992,108)</u>
Gross Profit / (Loss)		636,503	128,175	1,475,943	74,834
Other Operating Income		16,380	205,604	58,628	268,471
Selling and Distribution Costs		(37,371)	(8,748)	(53,284)	(22,541)
Administrative Expenses		(551,609)	(260,214)	(956,422)	(451,726)
Other Operating Expenses		(344,395)	(166,220)	(732,387)	(678,413)
(Loss) / Profit for the period from continuing operations		<u>(280,492)</u>	<u>(101,403)</u>	<u>(207,522)</u>	<u>(809,375)</u>
Finance Costs		(11,333)	(299)	(15,566)	(773)
Share of Results of Associate Company		164,410	-	140,125	-
(Loss) / Profit Before Tax	15	<u>(127,415)</u>	<u>(101,702)</u>	<u>(82,963)</u>	<u>(810,148)</u>
Income Tax Expense	18	(7,288)	(10,523)	(36,886)	(32,059)
(Loss) / Profit for the period		<u>(134,703)</u>	<u>(112,225)</u>	<u>(119,849)</u>	<u>(842,207)</u>
Profit attributable to :					
Owners of the Company		(199,545)	(189,564)	(223,496)	(905,583)
Non-controlling interests		64,842	77,339	103,647	63,376
(Loss) / Profit for the period		<u>(134,703)</u>	<u>(112,225)</u>	<u>(119,849)</u>	<u>(842,207)</u>
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		1,267	(6,456)	(646,984)	26,009
Total Comprehensive (Loss) / Income for the period		<u>(133,436)</u>	<u>(118,681)</u>	<u>(766,833)</u>	<u>(816,198)</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(198,278)	(196,020)	(870,480)	(879,574)
Non-controlling interests		64,842	77,339	103,647	63,376
		<u>(133,436)</u>	<u>(118,681)</u>	<u>(766,833)</u>	<u>(816,198)</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS ⁽ⁱⁱ⁾	30	(0.08)	(0.07)	(0.09)	(0.35)

Notes:

(i) The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statement for the financial period ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021**

	Individual Quarter 3 months ended 30 September 2021 <u>RM</u>	Cumulative 6 months ended 30 September 2021 <u>RM</u>
(a) Interest income	307	553
(b) Other income including investment income	8,923	30,740
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(396)	21,379
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	11,333	15,566
(g) Depreciation	74,960	149,172
(h) Amortization	384,370	737,914
(i) Provision for and write-off of receivables	17,456	17,456
(j) Provision for and write-off of inventories	-	-
(k) Exceptional item	-	-

n/a denotes not applicable

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	30 September 2021 (Unaudited) RM	30 March 2021 (Audited) RM
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		3,696,021	4,027,546
Right-of-use asset		-	-
Investment Property		282,965	283,204
Goodwill and Other Intangible Assets		2,980,202	3,011,636
Investment in Associate Company		1,864,103	1,723,978
		<u>8,823,291</u>	<u>9,046,364</u>
Current Assets			
Trade and Other Receivables	26	4,341,936	2,601,731
Inventory	25	809,569	-
Current Tax Assets		28,545	15,770
Cash and Cash Equivalents	20	3,611,556	3,423,610
		<u>8,791,606</u>	<u>6,041,111</u>
TOTAL ASSETS		<u>17,614,897</u>	<u>15,087,475</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital		30,400,368	30,400,368
ESOS Reserve		323,049	152,172
Exchange Translation, non-distributable (Accumulated Losses) / Retained Profits		83,285	730,269
		<u>(18,486,820)</u>	<u>(18,263,324)</u>
Equity attributable to owners of the Company		<u>12,319,882</u>	<u>13,019,485</u>
Non-controlling Interests		<u>(126,148)</u>	<u>(229,795)</u>
TOTAL EQUITY		<u>12,193,734</u>	<u>12,789,690</u>
Non-Current Liabilities			
Lease Liabilities	24	-	-
Deferred Tax Liabilities		-	-
		<u>-</u>	<u>-</u>
Current Liabilities			
Trade and Other Payables	26	983,793	471,040
Other Liabilities		239,843	360,196
Contract Liabilities	23	2,525,964	862,223
Amount due to director		592,096	592,096
Lease liabilities	24	-	-
Bank overdraft	20	1,076,984	-
Current Tax Liabilities		2,483	12,230
		<u>5,421,163</u>	<u>2,297,785</u>
TOTAL LIABILITIES		<u>5,421,163</u>	<u>2,297,785</u>
TOTAL EQUITY AND LIABILITIES		<u>17,614,897</u>	<u>15,087,475</u>
Net assets per share attributable to owners of the Company (sen) ⁽ⁱⁱ⁾		4.82	5.10

Notes:

(i) The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

YGL CONVERGENCE BERHAD (200401010510 / 649013-W)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021

Note	Share Capital RM	Exchange Translation Reserve RM	ESOS Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
<i>Audited</i>							
At 1 April 2020	30,400,368	638,974	154,110	(18,457,252)	12,736,200	(281,331)	12,454,869
Foreign currency translation differences for foreign operations	-	97,658	-	-	97,658	(4,813)	92,845
Realisation upon deconsolidation of a foreign subsidiary	-	(6,363)	-	-	-6,363	-	(6,363)
Total other comprehensive income	-	91,295	-	-	91,295	(4,813)	86,482
Net profit for the financial period	-	-	-	191,990	191,990	14,542	206,532
Total comprehensive loss	-	91,295	-	191,990	283,285	9,729	293,014
Deconsolidation of subsidiaries	-	-	-	-	-	41,807	41,807
Non-controlling interests	-	-	-	-	-	-	-
Share-based payment transaction	-	-	(1,938)	1,938	-	-	-
At 31 March 2021	30,400,368	730,269	152,172	(18,263,324)	13,019,485	(229,795)	12,789,690
<i>Audited</i>							
At 1 April 2021	30,400,368	730,269	152,172	(18,263,324)	13,019,485	-229,795	12,789,690
Net profit/(loss) for the year	-	-	-	(223,496)	-223,496	103,647	(119,849)
Other comprehensive loss							
Exchange translation differences	-	(646,984)	-	-	(646,984)	-	(646,984)
Share-based payment transaction	-	-	170,877	-	170,877	-	170,877
Deconsolidation effect	-	-	-	-	-	-	-
At 31 September 2021	30,400,368	83,285	323,049	(18,486,820)	12,319,882	-126,148	12,193,734

Notes:

(i) The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial period ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021

Note	6 MONTHS ENDED 31 SEPTEMBER (UNAUDITED) 2021	PERIOD ENDED 31 MARCH (AUDITED) 2021
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(82,963)	341,235
Adjustments for:-		
Depreciation of property, plant and equipment	148,934	294,224
Depreciation of investment property	238	477
Depreciation of right-of-use asset	-	56,709
Amortisation of software development costs	737,106	1,551,375
Amortisation of membership	808	2,020
Share of result of associates	(140,125)	(248,978)
(Write back) / Impairment loss on investment in associate	-	(1,475,000)
(Write back) / Impairment loss on trade receivables	-	(76,623)
Impairment loss on intangible assets	-	64,211
Impairment loss on trade receivables	-	78,229
Bad debts written off	-	350,171
ESOS expense	186,250	-
Goodwill written off	-	-
Property, plant and equipment written off	-	14
Realised (gain) / loss on foreign exchange	-	-
Unrealised (gain) / loss on foreign exchange	(771)	77
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Gain on deconsolidation of subsidiary	-	(64,194)
Dividend income	(20,240)	(59,492)
Interest income	(553)	(7,479)
Interest expense	15,566	-
Lease liabilities interest	-	610
Operating (loss) / profit before working capital changes	844,250	807,586
Receipts from customers	4,556,251	4,920,394
Changes in receivables	(5,893,766)	(6,095,048)
Payments to suppliers, contractors and employees	(4,432,107)	(4,654,244)
Changes in payables	2,862,191	4,933,724
Changes in contract liabilities	1,663,741	(5,389)
Changes in inventories	(809,569)	-
Cash used in operations	(1,209,009)	(92,977)
Interest received	553	7,479
Interest paid	(15,566)	-
Tax (paid) / refund	(36,886)	(153,656)
Net cash used in operating activities	(1,260,908)	(239,154)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,245)	(226,728)
Changes in software development costs	(706,375)	(1,010,499)
Net cash outflow from disposal of subsidiary	-	(134,060)
Proceeds from disposal of shares in subsidiary	-	-
Proceeds from other investment	20,240	59,492
Net cash used in investing activities	(705,380)	(1,311,795)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividened paid to non-controlling interest	-	-
Proceeds from share issue	-	-
Deconsolidation of subsidiary	-	-
Proceeds from share issue in subsidiary	-	-
Proceeds from overdraft facility	1,076,984	-
Payment of lease liabilities	-	(58,491)
Lease liabilities interest	-	(610)
Net cash (used in) / from financing activities	1,076,984	(59,101)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(889,304)	(1,610,050)
EFFECT OF CHANGES IN EXCHANGE RATES	266	74,435
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,423,610	4,959,225
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>2,534,572</u>	<u>3,423,610</u>
Represented by:		
CASH AND BANK BALANCES	3,611,556	3,423,610
BANK OVERDRAFT	(1,076,984)	-
	<u>2,534,572</u>	<u>3,423,610</u>

Notes:

(i) The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 March 2021 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 period ended 31 March 2021 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 period ended 31 March 2021.

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 March 2021 and the following MFRSs applicable to the current period, except for the adoption of those MFRSs and Amendments to MFRS which are yet applicable to the financial statements as disclosed therein:

Standards effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 (effective 17 August 2020)
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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 April 2021

Amendments to MFRS 16	Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)
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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 2022

Amendments to MFRS 1	Annual Improvements to NFRS Standards 2018 -2020
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018 -2020
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

Effective for financial periods beginning on or after 1 January 2023

Amendments to MFRS 101	Presentation of Financial Statements (Disclosure of Accounting Policies)
Amendments to MFRS Practice Statement 2	Making Material Judgements
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current – Deferral of Effective Date
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3. Auditors’ Report of Preceding Annual Financial Statements

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

4. Seasonality or Cyclicity of Interim Operations

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

5. 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.

6. Material Changes in Estimates

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

7. 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.

8. Dividend Paid

No dividends were paid in the current quarter under review.

9. Segmental Information

Segmental information was provided for the operations in software implementation and solar installation.

	3 months ended 30 September		Cumulative 6 months ended 30 September	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Segment Revenue</u>				
Revenue from operations:				
Software Implementation	1,063,211	920,273	2,367,269	1,811,245
Solar Installation	1,039,320	254,197	1,411,200	255,697
Total revenue	2,102,531	1,174,470	3,778,469	2,066,942
Elimination of inter-segment sales	-	-	-	-
External sales	2,102,531	1,174,470	3,778,469	2,066,942
Interest revenue	307	2,465	533	5,452

	3 months ended 30 September		Cumulative 6 months ended 30 September	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Segment Results</u>				
Results from operations:				
Software Implementation	(441,561)	(308,205)	(474,960)	(1,007,189)
Solar Installation	161,069	206,802	267,438	197,814
	(280,492)	(101,403)	(207,522)	(809,375)
Finance cost	(11,333)	(299)	(15,566)	(773)
Share of associate's profit	164,410	-	140,125	-
Tax expense	(7,288)	(10,523)	(36,886)	(32,059)
Non-controlling interests	(64,842)	(77,339)	(103,647)	(63,376)
Total results	(199,545)	(189,564)	(223,496)	(905,583)

10. 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 period ended 31 March 2021.

11. 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.

12. Changes in the Composition of the Group

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

13. Changes in Contingent Liabilities

There is no contingent liability as at 26 November 2021 (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

14. Review of Performance

Current Quarter - Group

For the quarter under review, Ygl Group recorded a revenue of RM2,102,531 which was an increase of 79.0% as compared to a revenue of RM1,174,470 achieved in the preceding year corresponding quarter ended 30 September 2020. There was a gross profit of RM636,503 for the quarter under review as compared to gross profit of RM128,175 for the preceding year corresponding quarter. This was due higher revenue recorded during the quarter under review.

Net loss from operations for the quarter under review was RM280,492 as compared to net loss of RM101,403 in the preceding year corresponding quarter ended 30 September 2020. This was due to increase in workforce and operating costs for the new solar installation segment and maintenance of direct workforce in the software implementation segment during the quarter under review.

Software Implementation

For the quarter under review, the software implementation segment recorded a revenue of RM1,063,211 which was an increase of 15.5% as compared to a revenue of RM920,273 achieved in the preceding year corresponding quarter ended 30 September 2020. Net loss from operations for the quarter under review was RM441,561 as compared to net loss from operations of RM308,205 for the preceding year corresponding quarter ended 30 September 2020. This was due to maintenance and increase of direct workforce during the quarter under review.

Solar Installation

For the quarter under review, the solar installation segment recorded a revenue of RM1,039,320 as compared to a revenue of RM254,197 achieved in the preceding year corresponding quarter ended 30 September 2020. This was due to increase in the number of projects secured during the quarter under review.

Net profit from operations for the quarter under review was RM161,069 as compared to net profit from operations of RM206,802 for the preceding year corresponding quarter ended 30 September 2020. This was due to the different level of work carried out and completed for projects during the quarter under review.

Cumulative Quarters - Group

For the six months period ended 30 September 2021, Ygl Group recorded a revenue of RM3,778,469 which was an increase of 82.8% as compared to a revenue of RM2,066,942 achieved in the preceding year six months period ended 30 September 2020. There was a gross profit of RM1,475,943 for the six months period as compared to gross profit of RM74,834 recorded in the preceding year six months period ended 30 September 2020. This was due to increase in sales in both segments during the period under review.

Software Implementation

For the six months ended 30 September 2021, the software implementation segment recorded a revenue of RM2,367,269 as compared to a revenue of RM1,811,245 recorded in the preceding year six months period ended 30 September 2020. There was net loss from operations of RM474,960 as compared to net loss from operations of RM1,007,189 recorded in the preceding year six months period ended 30 September 2020. This was due to higher revenue recorded and increase of direct workforce during the period under review.

Solar Installation

For the six months ended 30 September 2021, the solar installation segment recorded a revenue of RM1,411,200 as compared to a revenue of RM255,697 recorded in the preceding year six months period ended 30 September 2020. There was net profit from operations of RM267,438 as compared to net profit from operations of RM197,814 recorded in the preceding year six months period ended 30 September 2020. This was due to higher revenue recorded amidst the Covid-19 lockdown during the period under review.

Impact of Coronavirus (Covid-19) Pandemic

One of the biggest impacts of the pandemic is tightening of cash flow and disruption to business operations and demand of the local small and medium sized enterprises (SMEs) in the manufacturing sector who are our target customers. Conservation of funds has taken priority and digitalisation projects have been deferred. Many SMEs are awaiting government digitalisation grants while other SMEs may not qualify for such grants due to lack of readiness. The longer the time SMEs take for financial recovery will impact us. Our sales effort will continue amid stringent standard operating procedures as the nature of our product offerings requires customer engagement beyond online meetings and discussions. Our business activities in Singapore have been impeded by the quarantine and restrictions due to the pandemic while Hong Kong government amid the pandemic has slowed down the government projects relevant to us.

15. Material Changes in Profit Before Tax Against Preceding Quarter

There was a net loss before tax of RM127,415 for the quarter under review as compared to a net profit before tax of RM44,452 recorded in the preceding first quarter ended 30 June 2021. This was due to the increase in the direct workforce for software implementation segment and the increase in direct and operating costs for the solar installation segment due to Covid-19 lockdown.

16. Corporate Proposals

There are no other corporate proposals announced but not completed as at the date of announcement as at 26 November 2021 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

17. Prospects for 2021/2022

Our economy is gradually opening up under the National Recovery Plan and businesses have been re-aligning their operations and practices to a market that has been disrupted and re-shaped by the impact of the pandemic. The pace for digitalisation of businesses is set for all industries and the SMEs must get ready to adopt technology to increase efficiency and productivity. With the various government grants and incentives under the Digital Economy Blueprint to support local SMEs drive their business transformation, Ygl is cautiously optimistic that Ygl smart manufacturing and smart warehouse solutions are relevant and will contribute positively to the Group in line with the market gradually gaining momentum post lockdown.

18. Taxation

	3 months ended 30 September		Cumulative 6 months ended 30 September	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense				
Malaysian income tax	21,015	10,533	50,613	19,389
Foreign tax	(13,727)	(10)	(13,727)	12,670
	7,288	10,523	36,886	32,059
Deferred tax expense	-	-	-	-
Total income tax expense	7,288	10,523	36,886	32,059

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.

19. Status on Utilisation of Proceeds

Private Placement

Upon completion of the private placement exercise undertaken by the Company on 3 March 2020, the Company had raised approximately RM3.182 million which is earmarked for business expansion, R&D expenses and working capital purposes. As at to date, proceeds from the utilisation has been fully utilised as follows:

Status on Utilisation of Proceeds (cont'd)

Details	Actual Utilisation RM'000	Expected Utilisation RM'000
1) Listing and placement expenses	82	90
2) Business expansion	1,000	1,000
3) R&D expenses	1,000	1,000
4) Working capital	1,100	1,092
5) Balance of proceed not yet utilised	-	-
Total proceeds arising from private placement	3,182	3,182

20. Cash and cash equivalents

	As at 30 September 2021 RM	As at 30 September 2020 RM
Cash and bank balances	3,611,556	4,475,285
Less: Overdraft	(1,076,984)	-
	2,534,572	4,475,285

21. Company Borrowings and Debt Securities

The Group’s borrowings are as follows:

	As at 30 September 2021 RM	As at 30 September 2020 RM
<u>Payable within 12 months</u>		
Secured - Term Loan	-	-
<u>Payable after 12 months</u>		
Secured - Term Loan	-	-
Total	<u>-</u>	<u>-</u>

The Group does not have any foreign currency borrowings.

22. 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 26 November 2021 (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.

23. Contract Liabilities

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

	As at 30 September 2021 RM	As at 30 September 2020 RM
Contract liabilities	<u>2,525,964</u>	<u>517,693</u>

24. Lease Liabilities

Lease liabilities arisen from the two year lease of office as follows:

	As at 30 September 2021 RM	As at 30 September 2020 RM
<u>Payable within 12 months</u>		
Unsecured	-	58,270
<u>Payable after 12 months</u>		
Unsecured	-	43,806
Total	<u>-</u>	<u>102,076</u>

25. Inventory

The Group’ operation does not involve keeping of inventory except for a subsidiary company which keep certain quantity of inventory in hand to meet demand of its projects.

	As at 30 September 2021 RM	As at 30 September 2020 RM
Inventory	809,569	-

26. Financial Instruments

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

	As at 30 September 2021 RM	As at 30 September 2020 RM
<u>Financial assets</u>		
Account receivables	3,256,134	1,043,794
Other receivables, prepayments and deposits paid	1,085,802	122,708
Cash and cash equivalents	3,611,556	4,475,285
	<u>7,953,492</u>	<u>5,641,787</u>

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

	As at 30 September 2021 RM	As at 30 September 2020 RM
<u>Financial liabilities at amortised cost</u>		
Account payables	97,006	36,846
Other payables, accruals and deposits received	1,126,630	472,672
Bank overdraft	1,076,984	-
Term loan	-	-
Amount owing to directors	592,096	616,363
	<u>2,892,716</u>	<u>1,125,881</u>

All other financial instruments are carried at amounts not materially different from their fair values as at 31 March 2021.

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 2021 RM	As at 30 September 2020 RM
Up to 90 days	2,848,148	829,087
>90 to 180 days	350,692	189,888
>180 to 360 days	57,294	24,819
>360 days	-	-
Total amount	3,256,134	1,043,794

Under the “expected credit loss model” of MFRS 9, impairment allowance for financial assets will be recognised at an amount equal to the 12-month expected credit losses which are weighted by the probability that a loss will occur in the next 12 months. Adequate impairment losses have been allowed for these financial assets.

27. Significant Related Party Transactions

For the second quarter ended 30 September 2021, there was no significant related party transaction entered by the Group.

28. 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.

29. Profit Estimate/Forecast

Not applicable.

30. Dividend

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

31. 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 6 months ended 30 September	
	2021	2020	2021	2020
Profits/(Loss) for the period attributable to Owners of the Company (RM)	(199,545)	(189,564)	(223,496)	(905,583)
Weighted average number of ordinary shares in issue	255,514,540	255,514,540	255,514,540	255,514,540
Basic earnings/(loss) per share (sen)	(0.08)	(0.07)	(0.09)	(0.35)