

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023**

	Note	Individual Quarter 3 months ended 31 December		Cumulative Quarter 9 months ended 31 December	
		2023 RM	2022 RM	2023 RM	2022 RM
Continuing Operations					
Revenue	14	2,595,019	2,392,556	6,602,358	9,163,052
Cost of Sales		<u>(1,835,892)</u>	<u>(1,967,270)</u>	<u>(4,286,258)</u>	<u>(7,952,066)</u>
Gross Profit / (Loss)		759,127	425,286	2,316,100	1,210,986
Other Operating Income		140,819	33,700	225,577	96,064
Selling and Distribution Costs		(19,201)	(82,803)	(131,433)	(204,329)
Administrative Expenses		(336,341)	(348,895)	(1,126,424)	(1,162,325)
Other Operating Expenses		(438,793)	(433,556)	(1,269,309)	(1,179,757)
(Loss) / Profit for the period from continuing operations		<u>105,611</u>	<u>(406,268)</u>	<u>14,511</u>	<u>(1,239,361)</u>
Finance Costs		(16,108)	(12,861)	(48,460)	(33,443)
Share of Results of Associate Company		(311,179)	(158,536)	(373,952)	(278,030)
(Loss) / Profit Before Tax	15	<u>(221,676)</u>	<u>(577,665)</u>	<u>(407,901)</u>	<u>(1,550,834)</u>
Income Tax Expense	18	(3,051)	(6,577)	(18,331)	(14,065)
(Loss) / Profit for the period		<u>(224,727)</u>	<u>(584,242)</u>	<u>(426,232)</u>	<u>(1,564,899)</u>
Profit attributable to :					
Owners of the Company		(174,036)	(572,383)	(384,833)	(1,523,227)
Non-controlling interests		(50,691)	(11,859)	(41,399)	(41,672)
(Loss) / Profit for the period		<u>(224,727)</u>	<u>(584,242)</u>	<u>(426,232)</u>	<u>(1,564,899)</u>
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(14,565)	(22,620)	233,472	(615,070)
Total Comprehensive (Loss) / Income for the period		<u>(239,292)</u>	<u>(606,862)</u>	<u>(192,760)</u>	<u>(2,179,969)</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(188,601)	(595,003)	(151,361)	(2,138,297)
Non-controlling interests		(50,691)	(11,859)	(41,399)	(41,672)
		<u>(239,292)</u>	<u>(606,862)</u>	<u>(192,760)</u>	<u>(2,179,969)</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS ⁽ⁱⁱ⁾	31	(0.06)	(0.22)	(0.14)	(0.60)

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023**

	Individual Quarter 3 months ended 31 December 2023 <u>RM</u>	Cumulative 9 months ended 31 December 2023 <u>RM</u>
(a) Interest income	8,644	23,162
(b) Other income including investment income	28,258	74,824
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(639)	21,428
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	16,108	48,460
(g) Depreciation	65,465	195,232
(h) Amortization	309,506	871,913
(i) Provision for and write-off of receivables	-	-
(j) Provision for and write-off of inventories	-	-
(k) Exceptional item	-	-

n/a denotes not applicable

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	31 December 2023 (Unaudited) RM	30 March 2023 (Audited) RM
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		4,136,891	3,566,086
Investment Property		741,892	282,250
Goodwill and Other Intangible Assets		2,244,129	2,482,310
Investment in Associate Company		1,694,414	2,068,366
		<u>8,817,326</u>	<u>8,399,012</u>
Current Assets			
Trade and Other Receivables	26	3,525,678	2,596,301
Inventory	25	577,407	813,969
Current Tax Assets		235,134	269,164
Cash and Cash Equivalents	20	6,124,209	3,889,689
		<u>10,462,428</u>	<u>7,569,123</u>
TOTAL ASSETS		<u>19,279,754</u>	<u>15,968,135</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital		11,475,588	30,400,368
ESOS Reserve		235,821	280,043
Revaluation Reserve		1,421,174	-
Exchange Translation, non-distributable (Accumulated Losses) / Retained Profits		356,817	123,345
		985,802	(19,629,365)
Equity attributable to owners of the Company		<u>14,475,202</u>	<u>11,174,391</u>
Non-controlling Interests		47,146	(430,132)
TOTAL EQUITY		<u>14,522,348</u>	<u>10,744,259</u>
Non-Current Liabilities			
Lease Liabilities	24	-	-
Deferred Tax Liabilities		-	-
		<u>-</u>	<u>-</u>
Current Liabilities			
Trade and Other Payables	26	1,987,511	1,173,593
Other Liabilities		150,652	219,329
Contract Liabilities	23	920,629	1,530,286
Amount due to Director		592,096	592,096
Lease Liabilities	24	-	-
Bank Overdraft	20	1,106,518	1,198,828
Trade Facilities	21	-	500,789
Current Tax Liabilities		-	8,955
		<u>4,757,406</u>	<u>5,223,876</u>
TOTAL LIABILITIES		<u>4,757,406</u>	<u>5,223,876</u>
TOTAL EQUITY AND LIABILITIES		<u>19,279,754</u>	<u>15,968,135</u>
Net assets per share attributable to owners of the Company (sen) ⁽ⁱⁱ⁾		5.33	4.37

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 2023 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 THIRD QUARTER ENDED 31 DECEMBER 2023

Note	Share Capital RM	Exchange Translation Reserve RM	ESOS Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
<i>Audited</i>								
At 1 April 2022	30,400,368	738,165	294,229	-	(18,318,803)	13,113,959	(399,446)	12,714,513
Foreign currency translation differences for foreign operations	-	(614,820)	-	-	-	(614,820)	-	(614,820)
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-
Total other comprehensive income	-	(614,820)	-	-	-	(614,820)	-	(614,820)
Net profit for the financial period	-	-	-	-	(1,324,748)	(1,324,748)	(30,686)	(1,355,434)
Total comprehensive loss	-	(614,820)	-	-	(1,324,748)	(1,939,568)	(30,686)	(1,970,254)
Share-based payment transaction	-	-	-	-	-	-	-	-
Granted	-	-	-	-	-	-	-	-
Lapsed due to resignation	-	-	(14,186)	-	14,186	-	-	-
At 31 March 2023	30,400,368	123,345	280,043	-	(19,629,365)	11,174,391	(430,132)	10,744,259
<i>Audited</i>								
At 1 April 2023	30,400,368	123,345	280,043	-	(19,629,365)	11,174,391	(430,132)	10,744,259
Net profit/(loss) for the year	-	-	-	-	(384,833)	(384,833)	(41,399)	(426,232)
Revaluation of properties	-	-	-	1,421,174	-	1,421,174	-	1,421,174
Private placement	2,075,220	-	-	-	-	2,075,220	-	2,075,220
Capital reduction	(21,000,000)	-	-	-	21,000,000	-	-	-
Other comprehensive loss								
Exchange translation differences	-	233,472	-	-	-	233,472	-	233,472
Deconsolidation of a subsidiary	-	-	-	-	-	-	518,677	518,677
Share-based payment transaction	-	-	(44,222)	-	-	(44,222)	-	(44,222)
At 31 December 2023	11,475,588	356,817	235,821	1,421,174	985,802	14,475,202	47,146	14,522,348

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

Note	9 MONTHS ENDED 31 DECEMBER (UNAUDITED) 2023 RM	YEAR ENDED 31 MARCH (AUDITED) 2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(407,901)	(1,335,244)
Adjustments for:-		
Depreciation of property, plant and equipment	194,874	270,844
Depreciation of investment property	358	477
Depreciation of right-of-use asset	-	-
Amortisation of software development costs	871,913	1,364,721
Amortisation of membership	1,212	1,616
Share of result of associates	373,952	(61,742)
(Write back) / Impairment loss on investment in associate	-	-
(Write back) / Impairment loss on trade receivables	(52,159)	-
Impairment loss on intangible assets	-	-
Impairment loss on trade receivables	-	151,275
Bad debts written off	-	-
Share-based payment transactions	(44,222)	(14,186)
Goodwill written off	-	-
Property, plant and equipment written off	-	-
Realised (gain) / loss on foreign exchange	(21,428)	-
Unrealised (gain) / loss on foreign exchange	5,968	2,388
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Gain on deconsolidation of subsidiary	(114,238)	-
Dividend income	(20,824)	(26,964)
Interest income	(23,161)	(20,790)
Interest expense	48,460	75,241
Lease liabilities interest	-	-
Operating (loss) / profit before working capital changes	812,804	407,636
Receipts from customers	6,436,290	13,586,539
Changes in receivables	(7,049,041)	(11,744,526)
Payments to suppliers, contractors and employees	(5,117,308)	(11,607,264)
Changes in payables	6,554,430	11,404,611
Changes in contract liabilities	(609,657)	74,429
Changes in inventories	236,561	(334,132)
Cash used in operations	1,264,079	1,787,293
Dividend received	20,824	26,964
Interest received	23,161	20,790
Interest paid	(48,460)	(75,241)
Tax (paid) / refund	(18,280)	(117,169)
Net cash used in operating activities	1,241,324	1,642,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,537)	(69,502)
Changes in software development costs	(634,942)	(1,039,197)
Net cash outflow from disposal of subsidiary	-	-
Proceeds from disposal of shares in subsidiary	-	-
Proceeds from other investment	-	-
Net cash used in investing activities	(645,479)	(1,108,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividened paid to non-controlling interest	-	-
Proceeds from share issue	2,075,220	-
Deconsolidation of subsidiary	-	-
Proceeds from share issue in subsidiary	105,000	-
Proceeds from/(payment for) trade facility	(500,789)	410,247
Payment of lease liabilities	-	-
Lease liabilities interest	-	-
Net cash (used in) / from financing activities	1,679,431	410,247
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	2,275,276	944,185
EFFECT OF CHANGES IN EXCHANGE RATES	51,554	(602,962)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,690,861	2,349,638
CASH AND CASH EQUIVALENTS CARRIED FORWARD	5,017,691	2,690,861
Represented by:		
CASH AND BANK BALANCES	6,124,209	3,889,689
BANK OVERDRAFT	(1,106,518)	(1,198,828)
	5,017,691	2,690,861

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 2023 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 2023 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 2023.

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 2023 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 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
Amendments to MFRS 112	International Tax Reform – Pillar two Model Rules

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.

Standards effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

Significant Accounting Policies (continued)

Standards effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121 Lack of Exchangeability

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 other than set out below:

Private placement

On 17 November 2023, the Company announced the completion of the first tranche of the private placement with the listing of and quotation for 16,200,000 new ordinary shares in Ygl on the ACE Market representing about 6.34% of the issued and paid-up share capital of Ygl.

Reduction of issued ordinary share capital of the Company pursuant to Section 117 of the Companies Act 2016

On 5 December 2023, the Company announced that the Company had received notice issued by the Registrar of Companies confirming that the reduction of share capital of the Company. Accordingly, the share capital reduction was effective and deemed completed as at 5 December 2023.

	Number of shares	Share capital RM
Ordinary shares		
As at 1 April 2023	255,514,540	30,400,368
Private placement	16,200,000	2,075,220
Capital reduction	-	(21,000,000)
As at 31 December 2023	<u>271,714,540</u>	<u>11,475,588</u>

**Ygl Convergence Berhad (200401010510 / 649013-W) (“Ygl” or “Group”)
Quarterly report for the third quarter ended 31 December 2023**

8. Dividend Paid

No dividends were paid in the current financial quarter under review.

9. Segmental Information

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

	3 months ended 31 December		Cumulative 9 months ended 31 December	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Segment Revenue</u>				
Revenue from operations:				
Software	1,661,471	1,422,979	4,512,774	3,804,078
Solar	933,548	969,577	2,089,584	5,358,974
Total revenue	2,595,019	2,392,556	6,602,358	9,163,052
Elimination of inter-segment sales	-	-	-	-
External sales	2,595,019	2,392,556	6,602,358	9,163,052
Interest revenue	8,644	5,273	23,162	14,244

	3 months ended 31 December		Cumulative 9 months ended 31 December	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Segment Results</u>				
Results from operations:				
Software	213,735	(308,310)	(33,304)	(752,782)
Solar	(108,124)	(97,958)	47,815	(486,579)
	105,611	(406,268)	14,511	(1,239,361)
Finance cost	(16,108)	(12,861)	(48,460)	(33,443)
Share of associate's profit	(311,179)	(158,536)	(373,952)	(278,030)
Tax expense	(3,051)	(6,577)	(18,331)	(14,065)
Non-controlling interests	50,691	11,859	41,399	41,672
Total results	(174,036)	(572,383)	(384,833)	(1,523,227)

10. Valuations of Property, Plant & Equipment

The was no valuation of property, plant and equipment in the financial current quarter under review. The valuation on the property and investment property of the Company was last performed by an independent professional valuer using the open market value basis in the previous quarter ended 30 June 2023.

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 current financial quarter under review.

13. Changes in Contingent Liabilities

There is no contingent liability as at 23 February 2024 (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 RM2,595,019 which was an increase of 8.5% as compared to a revenue of RM2,392,556 recorded in the preceding year corresponding quarter ended 31 December 2022. There was gross profit of RM759,127 for the quarter under review as compared to gross profit of RM425,286 for the preceding year corresponding quarter ended 31 December 2022. This was mainly due to higher revenue recorded during the quarter under review.

There was net profit from operations of RM105,611 for the quarter under review as compared to net loss of RM406,268 recorded in the preceding year corresponding quarter ended 31 December 2022. This was mainly due to higher revenue and better margin recorded during the quarter under review.

Software Segment

For the quarter under review, the software segment recorded a revenue of RM1,661,471 which was an increase of 16.8% as compared to a revenue of RM1,422,979 recorded in the preceding year corresponding quarter ended 31 December 2022. Net profit from operations for the quarter under review was RM213,735 as compared to net loss from operations of RM308,310 for the preceding year corresponding quarter ended 31 December 2022. This was mainly due to higher revenue and better margin recorded during the quarter under review.

Solar Segment

For the quarter under review, the solar segment recorded a revenue of RM933,548 which was a decrease of 3.7% as compared to a revenue of RM969,577 recorded in the preceding year corresponding quarter ended 31 December 2022.

Net loss from operations for the quarter under review was RM108,124 as compared to net loss from operations of RM97,958 recorded for the preceding year corresponding quarter ended 31 December 2022. This was mainly due to lower revenue recorded during the period under review.

Cumulative Quarters - Group

For the nine months period ended 31 December 2023, Ygl Group recorded a revenue of RM6,602,358 which was a decrease of 27.9% as compared to a revenue of RM9,163,052 recorded in the preceding year nine months period ended 31 December 2022. There was a gross profit of RM2,316,100 for the nine months period as compared to gross profit of RM1,210,986 recorded in the preceding year nine months period ended 31 December 2022. The decrease in revenue was mainly due to fewer projects secured under the solar segment during the period under review however there was improvement in solar project margin during the period under review as compared to the preceding year corresponding period where gross margin was eroded by increase in material costs for the solar projects which contracts were committed to customers.

Net profit from solar operations for the period under review was RM14,511 as compared to net loss of RM1,239,361 recorded in the preceding year corresponding period ended 31 December 2022. This was mainly due to improvement in solar project margin during the period under review as compared to the preceding year corresponding period ended 31 December 2022 where gross margin was eroded by increase in material costs for the solar projects which contracts were committed to customers.

Software Segment

For the nine months period ended 31 December 2023, the software segment recorded a revenue of RM4,512,774 which was an increase of 18.6% as compared to a revenue of RM3,804,078 recorded in the preceding year nine months period ended 31 December 2022. There was net loss from operations of RM33,304 as compared to net loss from operations of RM752,782 recorded in the preceding year nine months period ended 31 December 2022. The was mainly due to higher revenue recorded during the quarter under review.

Solar Segment

For the nine months period ended 31 December 2023, the solar segment recorded a revenue of RM2,089,584 which was a decrease of 61.0% as compared to a revenue of RM5,358,974 recorded in the preceding year nine months period ended 31 December 2022. There was net profit from operations of RM47,815 as compared to net loss from operations of RM486,579 recorded in the preceding year nine months period ended 31 December 2022. This was due improvement in solar project margin during the period under review as compared to the preceding year corresponding period where gross margin was eroded by increase in material costs for the solar projects which contracts were committed to customers.

15. Material Changes in Profit Before Tax Against Preceding Quarter

There was net loss before tax of RM221,676 for the quarter under review as compared to a net loss before tax of RM186,107 recorded in the preceding second quarter ended 30 September 2023. This was mainly due to share of results of associate company which recorded a loss of RM311,179 for the quarter under review as compared to a loss of RM1,363 recorded in the preceding second quarter.

The software segment recorded revenue of RM1,661,471 and net profit of RM231,735 during the quarter under review as compared to the preceding second quarter ended 30 September 2023 which recorded revenue of RM1,200,790 and net loss of RM412,130. This was mainly due to higher revenue and margin recorded during the quarter under review.

The solar segment recorded revenue of RM933,548 and net loss of RM108,124 during the quarter under review as compared to the preceding second quarter ended 30 September 2023 which recorded revenue of RM689,403 and net profit of RM245,060. Despite the higher revenue recorded during the quarter under review, the net loss position was mainly due to the higher costs incurred for different project milestones executed during the current quarter under review.

16. Corporate Proposals

There are no other corporate proposals announced but not completed as at the date of announcement as at 23 February 2024 (the latest practicable date not earlier than 7 days from the date of issue of this financial result) other than set out below:

- a) The first tranche of the private placement was completed on 17 November 2023; and
- b) The reduction of the issued share capital of Ygl pursuant to Section 117 of the Companies Act 2016 was completed on 5 December 2023.

17. Prospects for 2023/2024

Software segment

The software market will remain soft in the short to medium term as major economies in the world are slowing down and global manufacturers and their supply chain have been grappling with rising inflation and high interest rates. Manufacturers including small and medium sized enterprises will remain cautious in their spending and delay their investment in ERP systems as their revenue and cash flow have been affected by the global market which is mired in uncertainties and low growth.

Market sentiment will eventually improve as digitalisation of business and manufacturing processes are crucial in the long term where manufacturers have to confront the issues of the increasing scarcity of resources, rising prices of raw materials and human capital cost. Automation, Artificial Intelligence (“AI”), machine learning (“ML”) will be inevitable for businesses to manage and optimise their resources to stay relevant and competitive into the future. Ygl’s proprietary products such as smart warehouse, smart manufacturing and core ERP systems which include AI, Industry 4.0, robotics and cloud deployment are in line with the 10-year Digital Economy Blueprint of Malaysia for the period 2021 to 2030 with digitalisation grants and incentives provided by the Malaysian government especially to the manufacturing sector.

Ygl is cautiously optimistic that its position as niche solution provider for manufacturers and distributors in Malaysia will be further enhanced.

Solar segment

Renewable energy (“RE”) will be an essential source for many businesses to drive their ESG initiatives where accounting and reporting for reduction in carbon emission will become mandatory in the near future. The Malaysian Investment Development Authority (MIDA) and Sustainable Energy Development Authority Malaysia (SEDA) have offered tax incentives and Net Energy Metering Programme respectively to promote the installation of solar system in Malaysia in line with the National Renewable Energy Policy to achieve 20% RE capacity mix by 2025.

Ygl foresees opportunities for its solar segment to increase its market share in Malaysia.

18. Taxation

	3 months ended 31 December		Cumulative 9 months ended 31 December	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense				
Malaysian income tax	3,051	6,577	18,331	14,065
Foreign tax	-	-	-	-
	<u>3,051</u>	<u>6,577</u>	<u>18,331</u>	<u>14,065</u>
Deferred tax expense	-	-	-	-
Total income tax expense	<u>3,051</u>	<u>6,577</u>	<u>18,331</u>	<u>14,065</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.

19. Status on Utilisation of Proceeds

Private Placement

Pursuant to the private placement exercise undertaken by the Company on 17 November 2023, the Company had raised approximately RM2.075 million which is earmarked for software development, marketing expenses and working capital purposes. 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	200	200
2) Software development	-	1,000
3) Marketing expenses	-	500
4) Working capital	-	375
5) Balance of proceed not yet utilised	1,875	-
	<u>2,075</u>	<u>2,075</u>

20. Cash and cash equivalents

	As at 31 December 2023 RM	As at 31 December 2022 RM
Cash and bank balances	6,124,209	4,352,634
Less: Overdraft	(1,106,518)	(1,002,253)
	<u>5,017,691</u>	<u>3,350,381</u>

Fixed deposit of RM1 million has been pledged to a financial institution to secure trade facilities for one of the subsidiaries.

21. Company Borrowings and Debt Securities

The Group’s borrowings are as follows:

	As at 31 December 2023 RM	As at 31 December 2022 RM
<u>Payable within 12 months</u>		
Secured – Trade Facilities	-	766,544
<u>Payable after 12 months</u>		
Secured – Trade Facilities	-	-
Total	<u>-</u>	<u>766,544</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 23 February 2024 (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 31 December 2023 RM	As at 31 December 2022 RM
Contract liabilities	920,629	1,166,567

24. Lease Liabilities

The Group does not have any lease liabilities.

	As at 31 December 2023 RM	As at 31 December 2022 RM
<u>Payable within 12 months</u> Unsecured	-	-
<u>Payable after 12 months</u> Unsecured	-	-
Total	-	-

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 31 December 2023 RM	As at 31 December 2022 RM
Inventory	577,407	873,271

26. Financial Instruments

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

	As at 31 December 2023 RM	As at 31 December 2022 RM
<u>Financial assets</u>		
Account receivables	1,999,894	1,971,711
Other receivables, prepayments and deposits paid	1,525,784	495,167
Cash and cash equivalents	6,124,209	4,352,634
	<u>9,649,887</u>	<u>6,819,512</u>

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

	As at 31 December 2023 RM	As at 31 December 2022 RM
<u>Financial liabilities at amortised cost</u>		
Account payables	1,745,893	455,324
Other payables, accruals and deposits received	392,270	1,392,904
Bank overdraft	1,106,518	1,002,253
Trade Facilities	-	766,544
Amount owing to directors	592,096	592,096
	<u>3,836,777</u>	<u>4,209,121</u>

All other financial instruments are carried at amounts not materially different from their fair values as at 31 December 2023.

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 31 December 2023 RM	As at 31 December 2022 RM
Up to 90 days	1,718,564	1,160,613
>90 to 180 days	82,449	123,502
>180 to 360 days	179,210	219,804
>360 days	19,671	467,792
Total amount	1,999,894	1,971,711

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 third quarter ended 31 December 2023, 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 31 December		Cumulative 9 months ended 31 December	
	2023	2022	2023	2022
Profits/(Loss) for the period attributable to Owners of the Company (RM)	(188,601)	(572,383)	(384,833)	(1,523,227)
Weighted average number of ordinary shares in issue	271,714,540	255,514,540	271,714,540	255,514,540
Basic earnings/(loss) per share (sen)	(0.06)	(0.22)	(0.14)	(0.60)