

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	Note	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2013 RM	2012 RM	2013 RM	2012 RM
Continuing Operations					
Revenue	13	1,183,738	1,483,847	3,110,199	3,369,557
Cost of Sales		<u>(1,545,808)</u>	<u>(1,355,170)</u>	<u>(3,304,063)</u>	<u>(3,134,300)</u>
Gross (Loss) / Profit		(362,070)	128,677	(193,864)	235,257
Other Operating Income		47,897	36,832	82,643	59,687
Selling and Distribution Costs		-	(8,000)	(8,000)	(8,000)
Administrative Expenses		(186,141)	(191,069)	(356,337)	(351,333)
Other Operating Expenses		(335,732)	(453,763)	(702,606)	(820,338)
(Loss) / Profit for the period from continuing operations		<u>(836,046)</u>	<u>(487,323)</u>	<u>(1,178,164)</u>	<u>(884,727)</u>
Finance Costs		(9,412)	(9,599)	(26,348)	(18,663)
Gain on Financial Assets Measured at Fair Value	22	-	-	-	-
Share of Results of Associate Company		(51,712)	(34,561)	(94,678)	(70,634)
(Loss) / Profit Before Tax	14	<u>(897,170)</u>	<u>(531,483)</u>	<u>(1,299,190)</u>	<u>(974,024)</u>
Income Tax Expense	17	(8,261)	(4,546)	3,754	2,136
(Loss) / Profit for the period		<u>(905,431)</u>	<u>(536,029)</u>	<u>(1,295,436)</u>	<u>(971,888)</u>
Profit attributable to :					
Shareholders of the company		(861,987)	(589,212)	(1,226,574)	(1,047,980)
Minority interests		(43,444)	53,183	(68,862)	76,092
(Loss) / Profit for the period		<u>(905,431)</u>	<u>(536,029)</u>	<u>(1,295,436)</u>	<u>(971,888)</u>
Other comprehensive income					
Exchange differences on translation of foreign operation		13,077	106,529	53,653	38,365
Total Comprehensive (Loss) / Income for the period		<u>(892,354)</u>	<u>(429,500)</u>	<u>(1,241,783)</u>	<u>(933,523)</u>
Total comprehensive (loss) / income attributable to:					
Shareholders of the Parent		(848,910)	(482,683)	(1,172,921)	(1,009,615)
Minority interests		(43,444)	53,183	(68,862)	76,092
		<u>(892,354)</u>	<u>(429,500)</u>	<u>(1,241,783)</u>	<u>(933,523)</u>
Earnings per share attributable to owners of the parent (in sen)					
Basic EPS	27	-0.51	-0.33	-0.74	-0.61

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 JUNE 2013**

	Individual Quarter 3 months ended 30 June 2013 <u>RM</u>	Cumulative 6 months ended 30 June 2013 <u>RM</u>
(a) Interest income	1,168	2,336
(b) Other income including investment income	695	1,392
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(18)	(1,472)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	9,412	26,348
(g) Depreciation	24,047	47,548
(h) Amortization	376,276	707,118
(i) Provision for and write-off of receivables	4,269	712,477
(j) Provision for and write-off of inventories	n/a	n/a
(k) Exceptional item	n/a	n/a

n/a denotes not applicable

YGL CONVERGENCE BERHAD (649013-W)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30 June 2013 (Unaudited) RM	31 December 2012 (Audited) RM
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		5,525,726	5,392,679
Investment Property		286,900	287,138
Goodwill and Other Intangible Assets		6,717,715	6,689,710
Investment in Associate Company		584,409	679,087
		<u>13,114,750</u>	<u>13,048,614</u>
Current Assets			
Trade and Other Receivables	22	3,896,391	4,059,447
Short Term Investment		102,324	100,932
Amount Owing by Associate Company		27,000	21,600
Current Tax Assets		19,542	9,733
Cash and Cash Equivalents	19	1,217,472	648,791
		<u>5,262,729</u>	<u>4,840,503</u>
TOTAL ASSETS		<u>18,377,479</u>	<u>17,889,117</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital		17,597,514	15,997,740
Share Premium Reserve, non-distributable		2,308,629	2,353,327
Exchange Translation Reserve, non-distributable		(107,122)	(160,775)
(Accumulated Loss) / Retained Profit		(5,245,606)	(4,019,032)
Equity attributable to shareholders of the Company		<u>14,553,415</u>	<u>14,171,260</u>
Minority Interests		109,688	178,550
TOTAL EQUITY		<u>14,663,103</u>	<u>14,349,810</u>
Non-Current Liabilities			
Term Loan	20	731,770	740,449
Hire Purchase Liabilities	20	19,493	32,495
Deferred Tax Liabilities		12,997	12,997
		<u>764,260</u>	<u>785,941</u>
Current Liabilities			
Term Loan	20	16,875	16,487
Hire Purchase Liabilities	20	26,003	26,003
Bank Overdraft	20	-	443,609
Trade and Other Payables	22	2,225,574	1,899,046
Deferred Revenue		681,664	368,221
		<u>2,950,116</u>	<u>2,753,366</u>
TOTAL LIABILITIES		<u>3,714,376</u>	<u>3,539,307</u>
TOTAL EQUITY AND LIABILITIES		<u>18,377,479</u>	<u>17,889,117</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)		8.27	8.86

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

YGL CONVERGENCE BERHAD (649013-W)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	Note	Share Capital RM	Share Premium RM	Exchange Translation Reserve RM	Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
<i>Audited</i>								
At 1 January 2012		15,997,740	2,353,327	(129,599)	(1,538,883)	16,682,585	152,816	16,835,401
Other comprehensive loss		-	-	(31,176)	-	(31,176)	-	(31,176)
Net loss for the year		-	-	-	(2,480,149)	(2,480,149)	25,734	(2,454,415)
At 31 December 2012		<u>15,997,740</u>	<u>2,353,327</u>	<u>(160,775)</u>	<u>(4,019,032)</u>	<u>14,171,260</u>	<u>178,550</u>	<u>14,349,810</u>
<i>Unaudited</i>								
At 1 January 2013		15,997,740	2,353,327	(160,775)	(4,019,032)	14,171,260	178,550	14,349,810
Issue of share capital - private placement		1,599,774	(44,698)	-	-	1,555,076	-	1,555,076
Other comprehensive loss		-	-	53,653	-	53,653	-	53,653
Net loss for the year		-	-	-	(1,226,574)	(1,226,574)	(68,862)	(1,295,436)
At 30 June 2013		<u>17,597,514</u>	<u>2,308,629</u>	<u>(107,122)</u>	<u>(5,245,606)</u>	<u>14,553,415</u>	<u>109,688</u>	<u>14,663,103</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013

Note	6 MONTHS ENDED 30 JUNE (UNAUDITED)	YEAR ENDED 31 DECEMBER (AUDITED)
	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,299,190)	(2,430,870)
Adjustments for:-		
Depreciation of property, plant and equipment	47,310	120,684
Depreciation of investment property	238	477
Amortisation of software development costs	706,893	1,373,564
Amortisation of membership	225	2,325
Share of result of associates	94,678	117,384
Bad debts written off	-	22,068
Allowance for doubtful debts	-	-
Allowance for doubtful debts written back	-	(10,437)
Restatement of investment in subsidiary	-	-
Loss on financial instruments measured at fair value	-	-
Unrealised (gain) / loss on foreign exchange	(10,474)	(61,744)
Dividend income	(1,392)	(2,787)
Interest income	(2,336)	(25,097)
Interest expense	25,034	36,836
Hire purchase term charges	1,314	2,049
Operating (loss) / profit before working capital changes	(437,700)	(855,548)
Changes in software development costs	(699,677)	(1,248,995)
Receipts from customers	3,520,249	6,623,461
Changes in receivables	(3,290,399)	(6,885,402)
Payments to suppliers, contractors and employees	(1,871,267)	(5,047,996)
Changes in payables	2,136,645	5,409,422
Changes in deferred revenue	313,443	(47,727)
Cash used in operations	(328,706)	(2,052,785)
Interest received	2,336	25,097
Dividend received	1,392	2,787
Interest paid	(25,034)	(36,836)
Tax paid	3,754	(23,545)
Net cash used in operating activities	(346,258)	(2,085,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(179,129)	(289,668)
Purchase of investment in associate	-	-
Investment in subsidiary	-	-
Purchase of other investment	-	-
Purchase of other investment	-	-
Net cash used in investing activities	(179,129)	(289,668)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from hire purchase	-	78,000
Proceeds from term loan	-	-
Proceeds from share issue	1,555,076	-
Payment of term loan instalments	(8,291)	(15,604)
Payment of hire purchase instalments	(13,002)	(24,080)
Hire purchase term charges paid	(1,314)	(2,049)
Consolidation of subsidiary, net cash	-	55,079
Net cash from / (used in) financing activities	1,532,469	91,346
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	1,007,082	(2,283,604)
EFFECT OF CHANGES IN EXCHANGE RATES	5,208	(5,577)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	205,182	2,494,363
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,217,472	205,182
Represented by:		
TIME DEPOSITS	155,083	152,786
CASH AND BANK BALANCES	1,062,389	496,005
BANK OVERDRAFT	-	(443,609)
	1,217,472	205,182

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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 2012. 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 2012 except for the adoption of the following MFRSs and Amendments to MFRS which are applicable to the financial statements from 1 January 2013 as disclosed therein:

MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
MFRS 9	Financial Instrument
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 16	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investment in Associates and Joint Ventures
MFRS 134	Interim Financial Reporting
Amendments to MFRS 1	First- time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The application of the above MFRSs and Amendments to MFRSs did not result in any significant changes in accounting policies and presentation of the financial results of the Group for the current quarter.

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.

**Ygi Convergence Berhad (649013-W) (“Ygi” or “Group”)
Quarterly report for the second quarter ended 30 June 2013**

5. Material Changes in Estimates

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

6. Issues, Repurchases and Repayment of Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

7. Dividend Paid

No dividends were paid in the current quarter under review.

8. Segmental Information

Segmental information was provided for the operations in Malaysia and Asia Pacific region.

	3 months ended 30 June		Cumulative 6 months ended 30 June	
	2013	2012	2013	2012
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	752,631	452,101	1,791,673	1,469,020
Asia Pacific	431,107	1,031,746	1,318,526	1,900,537
Total revenue	1,183,738	1,483,847	3,110,199	3,369,557
Elimination of inter-segment sales	-	-	-	-
External sales	1,183,738	1,483,847	3,110,199	3,369,557
Interest revenue	1,168	7,180	2,336	17,922

	3 months ended 30 June		Cumulative 6 months ended 30 June	
	2013	2012	2013	2012
<u>Segment Results</u>				
Results from operations:				
Malaysia	(387,067)	(632,776)	(269,384)	(1,179,286)
Asia Pacific	(448,979)	145,453	(908,780)	294,559
	(836,046)	(487,323)	(1,178,164)	(884,727)
Finance cost	(9,412)	(9,599)	(26,348)	(18,663)
Share of associate's profit / (loss)	(51,712)	(34,561)	(94,678)	(70,634)
Tax expense	(8,261)	(4,546)	3,754	2,136
Minority interests	43,444	(53,183)	68,862	(76,092)
Total results	(861,987)	(589,212)	(1,226,574)	(1,047,980)

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 2012.

10. Events After the Statement of Financial Position Date

There were no other material events subsequent to the end of the current financial quarter under review to the date of this announcement.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

12. Changes in Contingent Liabilities

There is no contingent liability as at 28 August 2013 (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 RM1,183,738 which was a decrease of 20.2% as compared to a revenue of RM1,483,847 achieved in the preceding year corresponding quarter ended 30 June 2012. There was gross loss RM362,070 for the quarter under review as compared to gross profit of RM128,677 for the preceding year corresponding quarter which was a decrease of 381.4%. The decrease from gross profit to gross loss was due to the decrease in gross revenue recorded and increase in amortization of development cost and maintenance of direct overhead cost during the quarter.

Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM752,631 which was an increase of 66.5% as compared to a revenue of RM452,101 achieved in the preceding year corresponding quarter ended 30 June 2012. Loss from operations for the quarter under review was RM387,067 as compared to loss from operations of RM632,776 for the preceding year corresponding quarter which was in line with the increase in revenue recorded. Loss from operations in this quarter was due to decrease in sales recorded during this quarter.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM431,107 which was a decrease of 58.2% as compared to a revenue of RM1,031,746 achieved in the preceding year corresponding quarter ended 30 June 2012. Loss from operations for the quarter under review was RM448,979 as compared to profit from operations of RM145,453 for the preceding year corresponding quarter which was a decrease of 408.7%. This was due to the decrease in revenue recorded and the amortization of development cost for certain products developed and gradually released to the Asia Pacific market and maintenance of direct overhead cost.

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Cumulative Quarters - Group

For the six months period ended 30 June 2013, Ygl Group recorded a revenue of RM3,110,199 representing a decrease of 7.7% as compared to a revenue of RM3,369,557 achieved in the six months period ended 30 June 2012. There was gross loss of RM193,864 for the six months period ended 30 June 2013 compared to gross profit of RM235,257 as achieved in the six months period ended 30 June 2012 which was a decrease of 182.4%. The gross loss was due to the decrease in revenue recorded while direct overheads and development work is still carried on.

Malaysia Segment

For the six months ended 30 June 2013, the Malaysia segment recorded a revenue of RM1,791,673 representing an increase of 22% as compared to a revenue of RM1,469,020 achieved in the six months period ended 30 June 2012. Net loss from operations was RM269,384 for the six months period ended 30 June 2013 as compared to a loss of RM1,179,286 recorded in the six months period ended 30 June 2012. This was due to increase in revenue recorded during the period.

Asia Pacific Segment

For the six months ended 30 June 2013, the Asia Pacific segment recorded a revenue of RM1,318,526 representing a decrease of 30.6% as compared to a revenue of RM1,900,537 achieved in the six months period ended 30 June 2012. There was net loss from operations was RM908,780 for the six months period ended 30 June 2013 as compared to a net profit of RM294,559 as recorded in the six months period ended 30 June 2012. The net loss situation was due to decrease in revenue recorded and maintenance of direct overhead.

14. Material Changes in Profit Before Tax Against Preceding Quarter

There was a loss before tax of RM1,299,190 for the quarter under review as compared to a loss of RM402,020 recorded in the preceding first quarter ended 31 March 2013, which was an increase of 223.2%. This was due to decrease in revenue recorded in the current quarter.

15. Corporate Proposals

There are no other corporate proposals announced but not completed as at the date of announcement other than set out below:-

Change of shareholding in associate company

On 16 August 2013, Ygl iBay International Sdn Bhd, the associate company of Ygl, allotted additional 1,680,000 ordinary shares of RM1.00 each to its existing shareholders. Ygl's shareholding remains at RM1,475,000 comprising of 1,475,000 ordinary shares of RM1.00 each as Ygl did not take up any of the additional allotment of shares.

The allotment of additional shares has increased its paid up share capital from RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each to RM6,680,000 comprising of 6,680,000 ordinary shares of RM1.00 each. As such, the shareholding of Ygl has decreased from 29.5% to 22.08%.

16. Prospects for 2013

Even though the enterprise solution market is expected to be slower for the second half of 2013, there are other product line of Ygl niche software solution which can assist businesses to achieve operation efficiency amidst escalating operating overhead costs. Ygl looks forward to offering its niche software solutions to the market after positive response from their initial roll out. The demand for Ygl business solutions will steadily grow as businesses recognizes the usefulness of business automation.

17. Taxation

	Current Quarter 30 June 2013 RM	Cumulative Quarter 30 June 2013 RM
Current tax expense		
Malaysian income tax	7,500	(6,000)
Foreign tax	761	2,246
	<hr/> 8,261	<hr/> (3,754)
Deferred tax	-	-
Total income tax expense	<hr/> <hr/> 8,261	<hr/> <hr/> (3,754)

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 15 March 2013, the Company had raised approximately RM1.599 million which is entirely earmarked for working capital purposes. As at to date, Ygl has utilised approximately RM1.402 million.

19. Cash and cash equivalents

	As at 30 June 2013 RM'000
Time deposits	155
Cash and bank balances	1,062
	<hr/> <hr/> 1,217

20. Company Borrowings and Debt Securities

The Group’s borrowings are as follows:

	As at 30 June 2013 RM	As at 30 June 2012 RM
<u>Payable within 12 months</u>		
Secured - Term Loan	16,875	16,040
Secured - Hire purchase liability	26,003	26,003
	42,878	42,043
 <u>Payable after 12 months</u>		
Secured - Term Loan	731,770	748,707
Secured - Hire purchase liability	19,493	45,496
	751,263	794,203
 Total	794,141	836,246

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 28 August 2013 (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. Financial Instruments

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

	As at 30 June 2013 RM	As at 30 June 2012 RM
<u>Financial assets</u>		
Account receivables	2,058,849	2,066,787
Other receivables, prepayments and deposits paid	1,837,542	2,920,398
Short term investment	102,324	99,541
Cash and cash equivalents	1,217,472	1,698,879
	5,216,187	6,785,605
	=====	=====

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

	As at 30 June 2013	As at 30 June 2012
	RM	RM
<u>Financial liabilities at amortised cost</u>		
Account payables	756,756	694,597
Other payables, accruals and deposits received	1,468,818	1,016,031
Term loan	748,645	764,747
Hire purchase liabilities	45,496	71,499
	-----	-----
	3,019,715	2,546,874
	=====	=====

All other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2013.

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 Company 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:

	RM
Up to 90 days	1,077,232
>90 to 180 days	440,310
>180 to 360 days	162,435
>360 days	378,872
Total amount	<u>2,058,849</u>

The financial assets are classified as impaired asset when they are more than 360 days past due and after impairment tests reveal that their recovery is doubtful. Adequate impairment losses have been allowed for these impairment assets.

Loans and Advances

These non-derivative financial assets and liabilities are measured at amortised cost using the effective interest method where the initial amounts are measured at fair value. Gains or losses arisen from the fair value measurement with the related interest income or expense are recognised in the statement of comprehensive income. The effective discount rate used was 4.7% over expected five years of repayment. The discounted amounts arisen from inter company advances were eliminated in the consolidation of accounts at group level.

23. Significant Related Party Transactions

For the second quarter ended 30 June 2013, there was no significant related party transaction entered by the Group.

24. 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.

25. Profit Estimate/Forecast

Not applicable.

26. Dividend

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

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)
Quarterly report for the second quarter ended 30 June 2013**

27. 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 June		Cumulative 6 months ended 30 June	
	2013	2012	2013	2012
Profits/(Loss) for the period attributable to shareholders (RM)	(897,170)	(531,483)	(1,299,190)	(974,024)
Weighted average number of ordinary shares in issue	175,975,140	159,977,400	175,975,140	159,977,400
Basic earnings/(loss) per share (sen)	(0.51)	(0.33)	(0.74)	(0.61)

28. Realised and Unrealised Accumulated Losses

The disclosure as required by Bursa Malaysia Securities Berhad on the realized and unrealised unappropriated profits or accumulated losses is as follows:

	As at 30 Jun 2013 RM	As at preceding financial year end 31 December 2012 RM
Total accumulated profits / (losses) of Ygl and its subsidiaries:		
Realised	(4,344,541)	(3,161,374)
Unrealised	(10,474)	(61,744)
	(4,355,015)	(3,223,118)
Total share of accumulated losses from associated company:		
Realised	(890,591)	(795,913)
Unrealised	-	-
	(5,245,606)	(4,019,031)
Less: Consolidation adjustments	-	-
Total group accumulated profits / (losses) as per consolidated accounts	(5,245,606)	(4,019,031)