

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	Note	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Continuing Operations</b>					
Revenue	13	1,877,849	1,183,738	4,933,812	3,110,199
Cost of Sales		<u>(1,615,103)</u>	<u>(1,545,808)</u>	<u>(4,117,716)</u>	<u>(3,304,063)</u>
Gross (Loss) / Profit		262,746	(362,070)	816,096	(193,864)
Other Operating Income		19,399	47,897	36,843	82,643
Selling and Distribution Costs		(11,495)	-	(11,495)	(8,000)
Administrative Expenses		(179,373)	(186,141)	(355,687)	(356,337)
Other Operating Expenses		(372,123)	(335,732)	(882,770)	(702,606)
<b>(Loss) / Profit for the period from continuing operations</b>		<u>(280,846)</u>	<u>(836,046)</u>	<u>(397,013)</u>	<u>(1,178,164)</u>
Finance Costs		(17,895)	(9,412)	(35,254)	(26,348)
Gain on Financial Assets Measured at Fair Value	22	-	-	-	-
Share of Results of Associate Company		(46,267)	(51,712)	(95,032)	(94,678)
<b>(Loss) / Profit Before Tax</b>	14	<u>(345,008)</u>	<u>(897,170)</u>	<u>(527,299)</u>	<u>(1,299,190)</u>
Income Tax Expense	17	(7,527)	(8,261)	(13,021)	3,754
<b>(Loss) / Profit for the period</b>		<u>(352,535)</u>	<u>(905,431)</u>	<u>(540,320)</u>	<u>(1,295,436)</u>
<b>Profit attributable to :</b>					
Shareholders of the company		(349,604)	(861,987)	(520,318)	(1,226,574)
Minority interests		(2,931)	(43,444)	(20,002)	(68,862)
<b>(Loss) / Profit for the period</b>		<u>(352,535)</u>	<u>(905,431)</u>	<u>(540,320)</u>	<u>(1,295,436)</u>
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operation		(44,677)	13,077	(78,358)	53,653
<b>Total Comprehensive (Loss) / Income for the period</b>		<u>(397,212)</u>	<u>(892,354)</u>	<u>(618,678)</u>	<u>(1,241,783)</u>
Total comprehensive (loss) / income attributable to:					
Shareholders of the Parent		(394,281)	(848,910)	(598,676)	(1,172,921)
Minority interests		(2,931)	(43,444)	(20,002)	(68,862)
		<u>(397,212)</u>	<u>(892,354)</u>	<u>(618,678)</u>	<u>(1,241,783)</u>
Earnings per share attributable to owners of the parent (in sen)					
Basic EPS	27	-0.20	-0.51	-0.30	-0.74

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014

	Individual Quarter 3 months ended 30 June 2014 <u>RM</u>	Cumulative 6 months ended 30 June 2014 <u>RM</u>
(a) Interest income	98	142
(b) Other income including investment income	n/a	n/a
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	7,299	(11,949)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	17,895	35,254
(g) Depreciation	138,028	158,950
(h) Amortization	363,257	701,443
(i) Provision for and write-off of receivables	(4,372)	844,819
(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 2014

	Note	30 June 2014 (Unaudited) RM	31 December 2013 (Audited) RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		5,527,472	5,588,359
Investment Property		286,423	286,661
Goodwill and Other Intangible Assets		6,486,333	6,533,889
Investment in Associate Company		405,137	500,169
		<u>12,705,365</u>	<u>12,909,078</u>
<b>Current Assets</b>			
Trade and Other Receivables	22	4,031,726	4,045,461
Amount Owing by Associate Company		5,400	37,800
Current Tax Assets		8,905	6,584
Cash and Cash Equivalents	19	532,333	1,056,036
		<u>4,578,364</u>	<u>5,145,881</u>
<b>TOTAL ASSETS</b>		<u>17,283,729</u>	<u>18,054,959</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		17,597,514	17,597,514
Share Premium Reserve, non-distributable		2,308,629	2,308,629
Exchange Translation Reserve, non-distributable (Accumulated Loss) / Retained Profit		(7,111,701)	(6,591,383)
<b>Equity attributable to shareholders of the Company</b>		<u>12,664,385</u>	<u>13,263,061</u>
Minority Interests		59,766	79,768
<b>TOTAL EQUITY</b>		<u>12,724,151</u>	<u>13,342,829</u>
<b>Non-Current Liabilities</b>			
Term Loan	20	714,116	723,603
Hire Purchase Liabilities	20	-	7,077
Deferred Tax Liabilities		-	-
		<u>714,116</u>	<u>730,680</u>
<b>Current Liabilities</b>			
Term Loan	20	17,684	16,846
Hire Purchase Liabilities	20	20,931	27,282
Bank Overdraft	20	654,076	627,963
Trade and Other Payables	22	2,470,657	2,743,894
Amount due to director		22,311	19,120
Deferred revenue		659,803	546,345
		<u>3,845,462</u>	<u>3,981,450</u>
<b>TOTAL LIABILITIES</b>		<u>4,559,578</u>	<u>4,712,130</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,283,729</u>	<u>18,054,959</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)		7.20	7.54

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014**

	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 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		-	-	109,076	-	109,076	-	109,076
On acquisition of subsidiary		-	-	-	-	-	-	-
On disposal of subsidiary		-	-	-	-	-	(1,140)	(1,140)
Net loss for the year		-	-	-	(2,572,351)	(2,572,351)	(97,642)	(2,669,993)
At 31 December 2013		<u>17,597,514</u>	<u>2,308,629</u>	<u>(51,699)</u>	<u>(6,591,383)</u>	<u>13,263,061</u>	<u>79,768</u>	<u>13,342,829</u>
<i>Unaudited</i>								
At 1 January 2014		17,597,514	2,308,629	(51,699)	(6,591,383)	13,263,061	79,768	13,342,829
Other comprehensive loss		-	-	(78,358)	-	(78,358)	-	(78,358)
Net loss for the year		-	-	-	(520,318)	(520,318)	(20,002)	(540,320)
At 30 June 2014		<u>17,597,514</u>	<u>2,308,629</u>	<u>(130,057)</u>	<u>(7,111,701)</u>	<u>12,664,385</u>	<u>59,766</u>	<u>12,724,151</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

Note	6 MONTHS ENDED 30 JUNE (UNAUDITED) 2014 RM	YEAR ENDED 31 DECEMBER (AUDITED) 2013 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(527,299)	(2,684,860)
Adjustments for:-		
Depreciation of property, plant and equipment	158,712	104,469
Depreciation of investment property	238	477
Amortisation of software development costs	701,443	1,488,217
Amortisation of membership	808	908
Share of result of associates	95,032	178,918
Impairment loss on intangible assets	-	2,000
Bad debts written off	-	477
Property, plant and equipment written off	-	1
Allowance for doubtful debts	113,912	14,079
Allowance for doubtful debts written back	-	(11,704)
Unrealised (gain) / loss on foreign exchange	125,394	(47,355)
Gain on acquisition of subsidiary	-	(2,531)
Gain on disposal of subsidiary	-	(5,513)
Dividend income	-	(1,833)
Interest income	(41)	(2,491)
Interest expense	34,366	50,821
Hire purchase term charges	888	4,493
Operating (loss) / profit before working capital changes	<u>703,453</u>	<u>(911,427)</u>
Changes in software development costs	(677,792)	(1,335,304)
Receipts from customers	4,628,697	8,069,800
Changes in receivables	(4,658,598)	(8,011,311)
Payments to suppliers, contractors and employees	(3,379,161)	(5,021,101)
Changes in payables	2,891,613	5,885,069
Changes in deferred revenue	113,458	178,124
Cash used in operations	<u>(378,330)</u>	<u>(1,146,150)</u>
Interest received	41	2,491
Dividend received	-	1,833
Interest paid	(34,366)	(50,821)
Tax (paid) / refund	(13,021)	5,019
Net cash used in operating activities	<u>(425,676)</u>	<u>(1,187,628)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(98,176)	(297,694)
Purchase of investment in associate	-	-
Net cash inflow from acquisition subsidiary	-	34,995
Proceeds from disposal of shares in subsidiary	-	4,000
Purchase of other investment	-	-
Proceeds from disposal of other investment	-	100,932
Net cash used in investing activities	<u>(98,176)</u>	<u>(157,767)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from hire purchase	-	-
Proceeds from term loan	-	-
Proceeds from share issue	-	1,555,076
Payment of term loan instalments	(8,649)	(16,487)
Payment of hire purchase instalments	(13,428)	(24,139)
Hire purchase term charges paid	(888)	(4,493)
Net cash from / (used in) financing activities	<u>(22,965)</u>	<u>1,509,957</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(546,817)	164,562
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>	(2,999)	58,329
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	428,073	205,182
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u>(121,743)</u>	<u>428,073</u>
Represented by:		
<b>CASH AND BANK BALANCES</b>	532,333	1,056,036
<b>BANK OVERDRAFT</b>	(654,076)	(627,963)
	<u>(121,743)</u>	<u>428,073</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2013. 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 2013 except for the adoption of the following MFRSs and Amendments to MFRS which are applicable to the financial statements from 1 January 2014 as disclosed therein:

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements; Investment Entities
Amendments to MFRS 132	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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 are not expected to have significant impact to the financial statements of the Group

Standards effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvement 2011-2013 Cycle)
Amendments to MFRS 2	Share-based Payments (Annual Improvement 2010-2012 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvement 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvement 2010-2012 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvement 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvement 2010-2012 Cycle)
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (Annual Improvement 2010-2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvement 2010-2012 Cycle)
Amendments to MFRS 140	Investment Properties (Annual Improvement 2010-2012 Cycle)

Effective for a date yet to be confirmed

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments – Hedge Accounting an Amendments to MFRS9, MFRS 7 and MFRS 139
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective of MFRS 9 and Transition Disclosures

Effective for financial periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)
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**2. Auditors’ Report of Preceding Annual Financial Statements**

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

**3. Seasonality or Cyclicity of Interim Operations**

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

**4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items in the financial statements in the current financial quarter under review.

**5. Material Changes in Estimates**

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

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

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

**7. Dividend Paid**

No dividends were paid in the current quarter under review.

**Ygi Convergence Berhad (649013-W) (“Ygi” or “Group”)  
Quarterly report for the second quarter ended 30 June 2014**

**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	
	2014	2013	2014	2013
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	1,261,831	752,631	3,659,896	1,791,673
Asia Pacific	616,018	431,107	1,273,916	1,318,526
Total revenue	1,877,849	1,183,738	4,933,812	3,110,199
Elimination of inter-segment sales	-	-	-	-
External sales	1,877,849	1,183,738	4,933,812	3,110,199
Interest revenue	98	1,168	142	2,336

	3 months ended 30 June		Cumulative 6 months ended 30 June	
	2014	2013	2014	2013
<u>Segment Results</u>				
Results from operations:				
Malaysia	26,916	(387,067)	(46,920)	(269,384)
Asia Pacific	(307,762)	(448,979)	(350,093)	(908,780)
	(280,846)	(836,046)	(397,013)	(1,178,164)
Finance cost	(17,895)	(9,412)	(35,254)	(26,348)
Share of associate's profit / (loss)	(46,267)	(51,712)	(95,032)	(94,678)
Tax expense	(7,527)	(8,261)	(13,021)	3,754
Minority interests	2,931	43,444	20,002	68,862
Total results	(349,604)	(861,987)	(520,318)	(1,226,574)

**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 2013.

**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 26 August 2014 (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 RM1,877,849 which was an increase of 58.6% as compared to a revenue of RM1,183,738 achieved in the preceding year corresponding quarter ended 30 June 2013. Gross profit for the quarter under review was RM262,746 as compared to gross loss of RM362,070 for the preceding year corresponding quarter which was an increase of 172.6%. This was due to increase in revenue recorded in the quarter under review.

Net loss from operations for the quarter under review was RM280,846 as compared to net loss from operations in the preceding year corresponding quarter ended 30 June 2013 of RM836,046 which was a decrease of 66.4%. This was due to increase in revenue recorded during the quarter under review.

Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM1,261,831 which was an increase of 66.7% as compared to a revenue of RM752,631 achieved in the preceding year corresponding quarter ended 30 June 2013. Profit from operations for the quarter under review was RM26,916 as compared to loss from operations of RM387,067 for the preceding year corresponding quarter which was an improvement of 106.9%. This was due to increase in revenue recorded in the quarter under review.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM616,018 which was an increase of 42.9% as compared to a revenue of RM431,107 achieved in the preceding year corresponding quarter ended 30 June 2013. Loss from operations for the quarter under review was RM307,762 as compared to loss from operations of RM448,979 for the preceding year corresponding quarter which was a decrease of 31.5%. The decrease in loss from operations was due to increase in revenue recorded in the quarter under review.

Cumulative Quarters - Group

For the six months period ended 30 June 2014, Ygl Group recorded a revenue of RM4,933,812 representing an increase of 58.6% as compared to a revenue of RM3,110,199 achieved in the six months period ended 30 June 2013. There was gross profit of RM816,096 for the six months period ended 30 June 2014 compared to gross loss of RM193,864 as achieved in the six months period ended 30 June 2013 which was an improvement of 521%. The gross profit was due to increase in revenue recorded during the period.

Malaysia Segment

For the six months ended 30 June 2014, the Malaysia segment recorded a revenue of RM3,659,896 representing an increase of 104.3% as compared to a revenue of RM1,791,673 achieved in the six months period ended 30 June 2013. Net loss from operations was RM46,920 for the six months period ended 30 June 2014 as compared to a loss of RM269,384 recorded in the six months period ended 30 June 2013. This was due to increase in revenue recorded during the period.

Asia Pacific Segment

For the six months ended 30 June 2014, the Asia Pacific segment recorded a revenue of RM1,273,916 representing a decrease of 3.4% as compared to a revenue of RM1,318,526 achieved in the six months period ended 30 June 2013. There was net loss from operations was RM350,093 for the six months period ended 30 June 2014 as compared to a net loss of RM980,780 as recorded in the six months period ended 30 June 2013. The decrease in loss from operations was due to sale of different product mix with higher margin.

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

There was a loss before tax of RM345,008 for the quarter under review as compared to a loss of RM182,291 recorded in the preceding first quarter ended 31 March 2014, which was an increase of 89.3%. This was due to lower margin from the sale of different product.

**15. Corporate Proposals**

There are no other corporate proposals announced but not completed as at the date of announcement as at 26 August 2014 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**16. Prospects for 2014**

With the certification of Ygl proprietary enterprise solutions by the Royal Malaysian Customs for advanced GST status, there will be more sales opportunities in the second half of year 2014 as businesses are sourcing for enterprise software to meet the compliance requirements of Malaysian GST which will come into effect on 1 April 2015. Certain features incorporated in Ygl proprietary software will also increase the market opportunity in the neighbouring countries.

**17. Taxation**

	<b>Current Quarter 30 June 2014 RM</b>	<b>Cumulative Quarter 30 June 2014 RM</b>
Current tax expense		
Malaysian income tax	7,550	11,750
Foreign tax	(23)	1,271
	7,527	13,021
Deferred tax	-	-
Total income tax expense	7,527	13,021

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**

Not applicable.

**19. Cash and cash equivalents**

	<b>As at 30 June 2014 RM'000</b>	<b>As at 30 June 2013 RM'000</b>
Time deposits	-	155
Cash and bank balances	532	1,062
	<hr/> 532	<hr/> 1,217
Less: Overdraft	(654)	-
	<hr/> <b>(122)</b>	<hr/> <b>1,217</b>

**20. Company Borrowings and Debt Securities**

The Group's borrowings are as follows:

	<b>As at 30 June 2014 RM</b>	<b>As at 30 June 2013 RM</b>
<u>Payable within 12 months</u>		
Secured - Term Loan	17,684	16,875
Secured - Hire purchase liability	20,931	26,003
Secured - Bank Overdraft	654,076	-
	<hr/> 692,691	<hr/> 42,878
 <u>Payable after 12 months</u>		
Secured - Term Loan	714,116	731,770
Secured - Hire purchase liability	-	19,493
	<hr/> 714,116	<hr/> 751,263
 Total	<hr/> <b>1,406,807</b>	<hr/> <b>794,141</b>

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 26 August 2014 (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:

	<b>As at 30 June 2014</b>	<b>As at 30 June 2013</b>
	<b>RM</b>	<b>RM</b>
<u>Financial assets</u>		
Account receivables	2,355,565	2,058,849
Other receivables, prepayments and deposits paid	1,676,161	1,837,542
Short term investment	-	102,324
Cash and cash equivalents	532,333	1,217,472
	-----	-----
	4,564,059	5,216,187
	=====	=====

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

	<b>As at 30 June 2014</b>	<b>As at 30 June 2013</b>
	<b>RM</b>	<b>RM</b>
<u>Financial liabilities at amortised cost</u>		
Account payables	1,033,801	756,756
Other payables, accruals and deposits received	1,459,167	1,468,818
Bank overdraft	654,076	-
Term loan	731,800	748,645
Hire purchase liabilities	20,931	45,496
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	3,899,775	3,019,715
	=====	=====

All other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2014.

### 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:

	<b>As at 30 June 2014</b>	<b>As at 30 June 2013</b>
	<b>RM</b>	<b>RM</b>
Up to 90 days	1,258,826	1,077,232
>90 to 180 days	210,445	440,310
>180 to 360 days	481,364	162,435
>360 days	404,930	378,872
Total amount	2,355,565	2,058,849

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 2014, 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.

**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	
	2014	2013	2014	2013
Profits/(Loss) for the period attributable to shareholders (RM)	(345,008)	(897,170)	(527,299)	(1,299,190)
Weighted average number of ordinary shares in issue	175,975,140	175,975,140	175,975,140	175,975,140
Basic earnings/(loss) per share (sen)	(0.20)	(0.51)	(0.30)	(0.74)

**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 June 2014 RM	As at preceding financial year end 31 December 2013 RM
Total accumulated profits / (losses) of Ygl and its subsidiaries:		
Realised	(5,916,444)	(5,663,907)
Unrealised	(125,394)	47,355
	(6,041,838)	(5,616,552)
Total share of accumulated losses from associated company:		
Realised	(1,069,863)	(974,831)
Unrealised	-	-
	(7,111,701)	(6,591,383)
Less: Consolidation adjustments	-	-
Total group accumulated profits / (losses) as per consolidated accounts	(7,111,701)	(6,591,383)