

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

	Note	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2014 RM	2013 RM	2014 RM	2013 RM
Continuing Operations					
Revenue	13	1,071,585	2,350,976	6,005,397	5,461,175
Cost of Sales		<u>(1,100,022)</u>	<u>(2,859,270)</u>	<u>(5,217,738)</u>	<u>(6,163,333)</u>
Gross (Loss) / Profit		(28,437)	(508,294)	787,659	(702,158)
Other Operating Income		34,820	37,722	71,663	120,365
Selling and Distribution Costs		16	-	(11,479)	(8,000)
Administrative Expenses		(135,572)	(184,129)	(491,259)	(540,466)
Other Operating Expenses		(308,596)	(375,823)	(1,191,366)	(1,078,429)
(Loss) / Profit for the period from continuing operations		<u>(437,769)</u>	<u>(1,030,524)</u>	<u>(834,782)</u>	<u>(2,208,688)</u>
Finance Costs		(18,242)	(10,671)	(53,496)	(37,019)
Gain on Financial Assets Measured at Fair Value	22	-	-	-	-
Share of Results of Associate Company		(74,964)	(34,756)	(169,996)	(129,434)
(Loss) / Profit Before Tax	14	<u>(530,975)</u>	<u>(1,075,951)</u>	<u>(1,058,274)</u>	<u>(2,375,141)</u>
Income Tax Expense	17	(5,969)	(5,660)	(18,990)	(1,906)
(Loss) / Profit for the period		<u>(536,944)</u>	<u>(1,081,611)</u>	<u>(1,077,264)</u>	<u>(2,377,047)</u>
Profit attributable to :					
Shareholders of the company		(515,950)	(1,061,404)	(1,036,268)	(2,287,978)
Minority interests		(20,994)	(20,207)	(40,996)	(89,069)
(Loss) / Profit for the period		<u>(536,944)</u>	<u>(1,081,611)</u>	<u>(1,077,264)</u>	<u>(2,377,047)</u>
Other comprehensive income					
Exchange differences on translation of foreign operation		(44,677)	88,732	(78,358)	142,385
Total Comprehensive (Loss) / Income for the period		<u>(581,621)</u>	<u>(992,879)</u>	<u>(1,155,622)</u>	<u>(2,234,662)</u>
Total comprehensive (loss) / income attributable to:					
Shareholders of the Parent		(560,627)	(972,672)	(1,114,626)	(2,145,593)
Minority interests		(20,994)	(20,207)	(40,996)	(89,069)
		<u>(581,621)</u>	<u>(992,879)</u>	<u>(1,155,622)</u>	<u>(2,234,662)</u>
Earnings per share attributable to owners of the parent (in sen)					
Basic EPS	27	-0.30	-0.61	-0.60	-1.35

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	Individual Quarter 3 months ended 30 September 2014 <u>RM</u>	Cumulative 9 months ended 30 September 2014 <u>RM</u>
(a) Interest income	89	231
(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	249	(11,700)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	18,242	53,496
(g) Depreciation	80,516	239,466
(h) Amortization	409,577	1,111,020
(i) Provision for and write-off of receivables	3,912	848,731
(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 SEPTEMBER 2014

	Note	30 September 2014 (Unaudited) RM	31 December 2013 (Audited) RM
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		5,451,624	5,588,359
Investment Property		286,304	286,661
Goodwill and Other Intangible Assets		6,384,491	6,533,889
Investment in Associate Company		330,173	500,169
		<u>12,452,592</u>	<u>12,909,078</u>
Current Assets			
Trade and Other Receivables	22	3,431,179	4,045,461
Amount Owing by Associate Company		10,800	37,800
Current Tax Assets		8,905	6,584
Cash and Cash Equivalents	19	378,396	1,056,036
		<u>3,829,280</u>	<u>5,145,881</u>
TOTAL ASSETS		<u>16,281,872</u>	<u>18,054,959</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital		17,597,514	17,597,514
Share Premium Reserve, non-distributable		2,308,629	2,308,629
Exchange Translation Reserve, non-distributable		(103,969)	(51,699)
(Accumulated Loss) / Retained Profit		<u>(7,627,651)</u>	<u>(6,591,383)</u>
Equity attributable to shareholders of the Company		12,174,523	13,263,061
Minority Interests		38,772	79,768
TOTAL EQUITY		<u>12,213,295</u>	<u>13,342,829</u>
Non-Current Liabilities			
Term Loan	20	708,880	723,603
Hire Purchase Liabilities	20	-	7,077
Deferred Tax Liabilities		-	-
		<u>708,880</u>	<u>730,680</u>
Current Liabilities			
Term Loan	20	18,646	16,846
Hire Purchase Liabilities	20	16,443	27,282
Bank Overdraft	20	667,820	627,963
Trade and Other Payables	22	2,095,089	2,743,894
Amount due to director		23,121	19,120
Deferred revenue		538,578	546,345
		<u>3,359,697</u>	<u>3,981,450</u>
TOTAL LIABILITIES		<u>4,068,577</u>	<u>4,712,130</u>
TOTAL EQUITY AND LIABILITIES		<u>16,281,872</u>	<u>18,054,959</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)		6.92	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 THIRD QUARTER ENDED 30 SEPTEMBER 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		-	-	(52,270)	-	-52,270	-	(52,270)
Net loss for the year		-	-	-	(1,036,268)	-1,036,268	(40,996)	(1,077,264)
At 30 September 2014		<u>17,597,514</u>	<u>2,308,629</u>	<u>-103,969</u>	<u>-7,627,651</u>	<u>12,174,523</u>	<u>38,772</u>	<u>12,213,295</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 THIRD QUARTER ENDED 30 SEPTEMBER 2014

Note	9 MONTHS ENDED 30 SEPTEMBER (UNAUDITED)	YEAR ENDED 31 DECEMBER (AUDITED)
	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,058,274)	(2,684,860)
Adjustments for:-		
Depreciation of property, plant and equipment	239,109	104,469
Depreciation of investment property	357	477
Amortisation of software development costs	1,111,020	1,488,217
Amortisation of membership	1,212	908
Share of result of associates	169,996	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	113,405	14,079
Allowance for doubtful debts written back	-	(11,704)
Unrealised (gain) / loss on foreign exchange	60,271	(47,355)
Gain on acquisition of subsidiary	-	(2,531)
Gain on disposal of subsidiary	-	(5,513)
Dividend income	-	(1,833)
Interest income	(231)	(2,491)
Interest expense	52,324	50,821
Hire purchase term charges	1,172	4,493
Operating (loss) / profit before working capital changes	690,361	(911,427)
Changes in software development costs	(966,374)	(1,335,304)
Receipts from customers	6,008,342	8,069,800
Changes in receivables	(5,532,461)	(8,011,311)
Payments to suppliers, contractors and employees	(4,208,172)	(5,021,101)
Changes in payables	3,512,215	5,885,069
Changes in deferred revenue	(7,767)	178,124
Cash used in operations	(503,856)	(1,146,150)
Interest received	231	2,491
Dividend received	-	1,833
Interest paid	(52,324)	(50,821)
Tax (paid) / refund	(18,990)	5,019
Net cash used in operating activities	(574,939)	(1,187,628)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(110,331)	(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	-110,331	-157,767
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from hire purchase	-	-
Proceeds from term loan	-	-
Proceeds from share issue	-	1,555,076
Payment of term loan instalments	(12,923)	(16,487)
Payment of hire purchase instalments	(17,916)	(24,139)
Hire purchase term charges paid	(1,172)	(4,493)
Net cash from / (used in) financing activities	(32,011)	1,509,957
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(717,281)	164,562
EFFECT OF CHANGES IN EXCHANGE RATES	(216)	58,329
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	428,073	205,182
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>(289,424)</u>	<u>428,073</u>
Represented by:		
CASH AND BANK BALANCES	378,396	1,056,036
BANK OVERDRAFT	(667,820)	(627,963)
	<u>(289,424)</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 and 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)
--------	---

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 third quarter ended 30 September 2014**

8. Segmental Information

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

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2014	2013	2014	2013
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	658,452	1,354,493	4,318,348	3,146,166
Asia Pacific	413,133	996,483	1,687,049	2,315,009
Total revenue	1,071,585	2,350,976	6,005,397	5,461,175
Elimination of inter-segment sales	-	-	-	-
External sales	1,071,585	2,350,976	6,005,397	5,461,175
Interest revenue	89	1,161	231	3,497

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2014	2013	2014	2013
<u>Segment Results</u>				
Results from operations:				
Malaysia	(190,529)	(1,048,366)	(237,449)	(1,317,750)
Asia Pacific	(247,240)	17,842	(597,333)	(890,938)
	(437,769)	(1,030,524)	(834,782)	(2,208,688)
Finance cost	(18,242)	(10,671)	(53,496)	(37,019)
Share of associate's profit / (loss)	(74,964)	(34,756)	(169,996)	(129,434)
Tax expense	(5,969)	(5,660)	(18,990)	(1,906)
Minority interests	20,994	20,207	40,996	89,069
Total results	(515,950)	(1,061,404)	(1,036,268)	(2,287,978)

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 25 November 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 RM1,071,585 which was a decrease of 54.4% as compared to a revenue of RM2,350,976 achieved in the preceding year corresponding quarter ended 30 September 2013. Gross loss for the quarter under review was RM28,437 as compared to gross loss of RM508,294 for the preceding year corresponding quarter which was a decrease of 94.4%. The decrease in turnover was due to higher project billing attributable to Maybank job in 2013. The decrease in gross loss was due to lower direct costs recorded in the quarter under review.

Net loss from operations for the quarter under review was RM437,769 as compared to net loss from operations in the preceding year corresponding quarter ended 30 September 2013 of RM1,030,524 which was a decrease of 57.5%. This was due to lower operating costs recorded during the quarter under review.

Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM658,452 which was a decrease of 51.4% as compared to a revenue of RM1,354,493 achieved in the preceding year corresponding quarter ended 30 September 2013. Loss from operations for the quarter under review was RM190,529 as compared to loss from operations of RM1,048,366 for the preceding year corresponding quarter which was an improvement of 81.8%. This was due to lower direct and operating costs recorded in the quarter under review.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM413,133 which was a decrease of 58.5% as compared to a revenue of RM996,483 achieved in the preceding year corresponding quarter ended 30 September 2013. Loss from operations for the quarter under review was RM247,240 as compared to profit from operations of RM17,842 for the preceding year corresponding quarter which was a decrease of 1485%. This was due to the decrease in revenue in the back of certain fixed overheads.

Cumulative Quarters - Group

For the nine months period ended 30 September 2014, Ygl Group recorded a revenue of RM6,005,397 representing an increase of 10% as compared to a revenue of RM5,461,175 achieved in the nine months period ended 30 September 2013. There was gross profit of RM787,659 for the nine months period ended 30 September 2014 compared to gross loss of RM702,158 as achieved in the nine months period ended 30 September 2013 which was an improvement of 212.2%. The gross profit was due to higher revenue and more sales of Ygl proprietary product with a higher profit margin.

Malaysia Segment

For the nine months ended 30 September 2014, the Malaysia segment recorded a revenue of RM4,318,348 representing an increase of 37.3% as compared to a revenue of RM3,146,166 achieved in the nine months period ended 30 September 2013. Net loss from operations was RM237,449 for the nine months period ended 30 September 2014 as compared to a loss of RM1,317,750 recorded in the nine months period ended 30 September 2013. This was due to higher revenue and more sales of Ygl proprietary product with a higher profit margin.

Asia Pacific Segment

For the nine months ended 30 September 2014, the Asia Pacific segment recorded a revenue of RM1,687,049 representing a decrease of 27.1% as compared to a revenue of RM2,315,009 achieved in the nine months period ended 30 September 2013. There was net loss from operations was RM597,333 for the nine months period ended 30 September 2014 as compared to a net loss of RM890,938 as recorded in the nine months period ended 30 September 2013. The decrease in loss from operations was due to the sales of different product mix and certain cost cutting measures implemented overseas.

14. Material Changes in Profit Before Tax Against Preceding Quarter

There was a loss before tax of RM530,975 for the quarter under review as compared to a loss of RM345,008 recorded in the preceding second quarter ended 30 June 2014, which was an increase of 53.9%. This was due to lower revenue recorded in the current period.

15. Corporate Proposals

There are no other corporate proposals announced but not completed as at the date of announcement as at 25 November 2014 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

16. Prospects for 2015

With the certification of Ygl proprietary enterprise solutions by the Royal Malaysian Customs for advanced GST status, there will still be sales opportunities in the year 2015 as businesses that face implementation issues with their software solutions will seek upgrading to alternative enterprise software to match their business requirements to comply with Malaysian GST law. Certain features incorporated in Ygl proprietary software will also increase the market opportunity in the neighbouring countries.

17. Taxation

	Current Quarter 30 September 2014 RM	Cumulative Quarter 30 September 2014 RM
Current tax expense		
Malaysian income tax	5,053	16,803
Foreign tax	916	2,187
	<hr/> 5,969	<hr/> 18,990
Deferred tax	-	-
Total income tax expense	<hr/> 5,969	<hr/> 18,990

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

	As at 30 September 2014 RM'000	As at 30 September 2013 RM'000
Time deposits	-	156
Cash and bank balances	378	438
	<hr/> 378	<hr/> 594
Less: Overdraft	(667)	(371)
	<hr/> (289) <hr/>	<hr/> 223 <hr/>

20. Company Borrowings and Debt Securities

The Group's borrowings are as follows:

	As at 30 September 2014 RM	As at 30 September 2013 RM
<u>Payable within 12 months</u>		
Secured - Term Loan	18,646	17,076
Secured - Hire purchase liability	16,443	26,003
Secured - Bank Overdraft	667,820	371,012
	<hr/> 702,909	<hr/> 414,091
<u>Payable after 12 months</u>		
Secured - Term Loan	708,880	727,495
Secured - Hire purchase liability	-	12,992
	<hr/> 708,880	<hr/> 740,487
Total	<hr/> 1,411,789 <hr/>	<hr/> 1,154,578 <hr/>

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 25 November 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:

	As at 30 September 2014 RM	As at 30 September 2013 RM
<u>Financial assets</u>		
Account receivables	2,056,419	3,571,050
Other receivables, prepayments and deposits paid	1,374,760	1,678,044
Cash and cash equivalents	378,396	594,197
	-----	-----
	3,809,575	5,843,291
	=====	=====

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

	As at 30 September 2014 RM	As at 30 September 2013 RM
<u>Financial liabilities at amortised cost</u>		
Account payables	806,864	1,847,908
Other payables, accruals and deposits received	1,311,346	1,635,536
Bank overdraft	667,820	371,012
Term loan	727,526	744,571
Hire purchase liabilities	16,443	38,995
	-----	-----
	3,529,999	4,638,022
	=====	=====

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

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

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:

	As at 30 September 2014 RM	As at 30 September 2013 RM
Up to 90 days	344,538	1,917,519
>90 to 180 days	720,155	711,504
>180 to 360 days	265,626	584,191
>360 days	726,100	357,836
Total amount	2,056,419	3,571,050

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 4.91% 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 third quarter ended 30 September 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 September		Cumulative 9 months ended 30 September	
	2014	2013	2014	2013
Profits/(Loss) for the period attributable to shareholders (RM)	(530,975)	(1,075,951)	(1,058,274)	(2,375,141)
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)	(0.30)	(0.61)	(0.60)	(1.35)

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 September 2014 RM	As at preceding financial year end 31 December 2013 RM
Total accumulated profits / (losses) of Ygi and its subsidiaries:		
Realised	(6,422,553)	(5,663,907)
Unrealised	(60,271)	47,355
	(6,482,824)	(5,616,552)
Total share of accumulated losses from associated company:		
Realised	(1,144,827)	(974,831)
Unrealised	-	-
	(7,627,651)	(6,591,383)
Less: Consolidation adjustments	-	-
Total group accumulated profits / (losses) as per consolidated accounts	(7,627,651)	(6,591,383)