

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	Note	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Continuing Operations</b>					
Revenue	13	966,920	1,761,935	4,891,070	6,555,156
Cost of Sales		<u>(980,475)</u>	<u>(1,341,878)</u>	<u>(3,649,224)</u>	<u>(5,085,522)</u>
Gross Profit / (Loss)		(13,555)	420,057	1,241,846	1,469,634
Other Operating Income		42,628	30,948	119,220	115,247
Selling and Distribution Costs		-	-	-	(7,547)
Administrative Expenses		(137,174)	(102,557)	(585,091)	(509,210)
Other Operating Expenses		<u>(284,915)</u>	<u>(382,122)</u>	<u>(1,186,766)</u>	<u>(1,235,036)</u>
<b>(Loss) / Profit for the period from continuing operations</b>		<u>(393,016)</u>	<u>(33,674)</u>	<u>(410,791)</u>	<u>(166,912)</u>
Finance Costs		(8,198)	(10,103)	(33,821)	(63,728)
Gain on Financial Assets Measured at Fair Value	22	-	-	-	-
Share of Results of Associate Company		24,898	(53,452)	188,680	118,723
<b>(Loss) / Profit Before Tax</b>	14	<u>(376,316)</u>	<u>(97,229)</u>	<u>(255,932)</u>	<u>(111,917)</u>
Income Tax Expense	17	(27,110)	(46,278)	(71,184)	(63,262)
<b>(Loss) / Profit for the period</b>		<u>(403,426)</u>	<u>(143,507)</u>	<u>(327,116)</u>	<u>(175,179)</u>
<b>Profit attributable to :</b>					
Owners of the Company		(404,360)	(151,443)	(310,572)	(198,922)
Non-controlling interests		934	7,936	(16,544)	23,743
<b>(Loss) / Profit for the period</b>		<u>(403,426)</u>	<u>(143,507)</u>	<u>(327,116)</u>	<u>(175,179)</u>
<b>Other comprehensive income</b>					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		121,698	(53,990)	7,253	510,150
<b>Total Comprehensive (Loss) / Income for the period</b>		<u>(281,728)</u>	<u>(197,497)</u>	<u>(319,863)</u>	<u>334,971</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(282,662)	(205,433)	(303,319)	311,228
Non-controlling interests		934	7,936	(16,544)	23,743
		<u>(281,728)</u>	<u>(197,497)</u>	<u>(319,863)</u>	<u>334,971</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS	27	-0.21	-0.08	-0.16	-0.11

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	Individual Quarter 3 months ended 31 December 2016	Cumulative 12 months ended 31 December 2016
	RM	RM
(a) Interest income	1,143	9,430
(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	33	36,591
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	8,198	33,821
(g) Depreciation	73,496	292,444
(h) Amortization	454,717	1,611,376
(i) Provision for and write-off of receivables	26,057	1,220,414
(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 31 DECEMBER 2016

	Note	31 December 2016 (Unaudited) RM	31 December 2015 (Audited) RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		4,834,888	5,139,489
Investment Property		285,231	285,707
Goodwill and Other Intangible Assets		6,604,045	6,709,645
Investment in Associate Company		705,031	516,351
		<u>12,429,195</u>	<u>12,651,192</u>
<b>Current Assets</b>			
Trade and Other Receivables	22	3,962,470	3,357,606
Amount Owing by Associate Company		-	-
Current Tax Assets		36,560	26,978
Cash and Cash Equivalents	19	1,097,656	1,897,210
		<u>5,096,686</u>	<u>5,281,794</u>
<b>TOTAL ASSETS</b>		<u>17,525,881</u>	<u>17,932,986</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		19,357,214	19,357,214
Share Premium, non-distributable		2,420,349	2,420,349
Exchange Translation, non-distributable		503,306	496,053
(Accumulated Losses) / Retained Profits		(8,347,985)	(8,037,413)
<b>Equity attributable to owners of the Company</b>		<u>13,932,884</u>	<u>14,236,203</u>
Non-controlling Interests		52,151	68,695
<b>TOTAL EQUITY</b>		<u>13,985,035</u>	<u>14,304,898</u>
<b>Non-Current Liabilities</b>			
Term Loan	20	657,989	682,262
Hire Purchase Liabilities	20	-	-
Deferred Tax Liabilities		26,266	24,326
		<u>684,255</u>	<u>706,588</u>
<b>Current Liabilities</b>			
Trade and Other Payables	22	1,378,792	1,512,289
Amount due to director		667,436	709,768
Term Loan	20	20,600	16,896
Hire Purchase Liabilities	20	-	-
Bank Overdraft	20	-	2,105
Deferred revenue		759,263	669,971
Current Tax Liabilities		30,500	10,471
		<u>2,856,591</u>	<u>2,921,500</u>
<b>TOTAL LIABILITIES</b>		<u>3,540,846</u>	<u>3,628,088</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,525,881</u>	<u>17,932,986</u>
Net assets per share attributable to owners of the Company (sen)		7.20	7.87

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 FOURTH QUARTER ENDED 31 DECEMBER 2016

	Note	Share Capital RM	Share Premium RM	Exchange Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
<i>Audited</i>								
At 1 January 2015		17,597,514	2,308,629	(14,097)	(7,838,491)	12,053,555	44,952	12,098,507
Issue of share capital - private placement		1,759,700	111,720	-	-	1,871,420	-	1,871,420
Net loss for the year		-	-	-	(198,922)	(198,922)	23,743	(175,179)
Other comprehensive loss		-	-	510,150	-	510,150	-	510,150
At 31 December 2015		<u>19,357,214</u>	<u>2,420,349</u>	<u>496,053</u>	<u>(8,037,413)</u>	<u>14,236,203</u>	<u>68,695</u>	<u>14,304,898</u>
<i>Unaudited</i>								
At 1 January 2016		19,357,214	2,420,349	496,053	(8,037,413)	14,236,203	68,695	14,304,898
Net profit for the year		-	-	-	(310,572)	(310,572)	(16,544)	(327,116)
Other comprehensive loss Exchange translation differences		-	-	7,253	-	7,253	-	7,253
At 31 December 2016		<u>19,357,214</u>	<u>2,420,349</u>	<u>503,306</u>	<u>(8,347,985)</u>	<u>13,932,884</u>	<u>52,151</u>	<u>13,985,035</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

Note	12 MONTHS ENDED 31 DECEMBER (UNAUDITED)	YEAR ENDED 31 DECEMBER (AUDITED)
	2016 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(255,932)	(111,917)
Adjustments for:-		
Depreciation of property, plant and equipment	291,967	320,035
Depreciation of investment property	477	477
Loss on disposal of PPE	24,329	-
Amortisation of software development costs	1,611,376	1,567,114
Amortisation of membership	1,616	1,622
Share of result of associates	(188,680)	(118,723)
Impairment loss on intangible assets	-	-
Bad debts written off	-	-
Property, plant and equipment written off	-	5,499
Allowance for doubtful debts	-	-
Allowance for doubtful debts written back	-	-
Unrealised (gain) / loss on foreign exchange	(44,095)	(55,078)
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Interest income	(9,430)	(7,383)
Interest expense	33,821	63,657
Hire purchase term charges	-	71
Operating (loss) / profit before working capital changes	1,465,449	1,665,374
Changes in software development costs	(1,464,524)	(1,482,276)
Receipts from customers	4,507,033	6,997,319
Changes in receivables	(5,054,586)	(6,804,612)
Payments to suppliers, contractors and employees	(2,462,287)	(3,860,847)
Changes in payables	2,237,192	3,564,359
Changes in deferred revenue	89,292	40,996
Cash used in operations	(682,431)	120,313
Interest received	9,430	7,383
Interest paid	(33,821)	(63,657)
Tax (paid) / refund	(71,184)	(27,344)
Net cash used in operating activities	(778,006)	36,695
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10,938)	(15,864)
Net cash inflow from acquisition subsidiary	-	-
Proceeds from disposal of shares in subsidiary	-	-
Proceeds from disposal of other investment	-	-
Net cash used in investing activities	(10,938)	(15,864)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	-	1,871,420
Share issuance expenses	-	-
Payment of term loan instalments	(20,568)	(24,326)
Payment of hire purchase instalments	-	(7,077)
Hire purchase term charges paid	-	(71)
Net cash (used in) / from financing activities	(20,568)	1,839,946
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(809,512)	1,860,777
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>	12,063	68,951
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	1,895,105	(34,623)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	1,097,656	1,895,105
Represented by:		
<b>CASH AND BANK BALANCES</b>	1,097,656	1,897,210
<b>BANK OVERDRAFT</b>	-	(2,105)
	1,097,656	1,895,105

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 2015 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 year ended 31 December 2015.

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 2015 except for the adoption of the following MFRSs and Amendments to MFRS which are applicable to the financial statements as disclosed therein:

Standards effective for financial periods beginning on or after 1 January 2016

Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012 - 2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosure (Annual Improvements to MFRSs 2012 – 2014 Cycle)
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 & MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 & MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements to MFRSs 2012 – 2014 Cycle)
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements to MFRSs 2012 – 2014 Cycle)

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.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
Quarterly report for the fourth quarter ended 31 December 2016**

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The Group has not applied the following standards which have been issued by MASB but not yet effective for the current quarter. The initial adoption of these standards is not expected to have significant impact to the financial statements of the Group.

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Disclosure Initiative
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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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.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
Quarterly report for the fourth quarter ended 31 December 2016**

**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 31 December		Cumulative 12 months ended 31 December	
	2016	2015	2016	2015
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	664,391	1,170,879	3,826,712	4,370,669
Asia Pacific	302,529	591,056	1,064,358	2,184,487
Total revenue	966,920	1,761,935	4,891,070	6,555,156
Elimination of inter-segment sales	-	-	-	-
External sales	966,920	1,761,935	4,891,070	6,555,156
Interest revenue	1,143	4,476	9,430	8,837

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2016	2015	2016	2015
<u>Segment Results</u>				
Results from operations:				
Malaysia	(270,287)	(54,014)	91,759	(111,018)
Asia Pacific	(122,729)	20,340	(502,550)	(55,894)
	(393,016)	(33,674)	(410,791)	(166,912)
Finance cost	(8,198)	(10,103)	(33,821)	(63,728)
Share of associate's profit / (loss)	24,898	(53,452)	188,680	118,723
Tax expense	(27,110)	(46,278)	(71,184)	(63,262)
Non-controlling interests	(934)	(7,936)	16,544	(23,743)
Total results	(404,360)	(151,443)	(310,572)	(198,922)

**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 2015.



**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 27 February 2017 (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 RM966,920 which was a decrease of 45.1% as compared to a revenue of RM1,761,935 achieved in the preceding year corresponding quarter ended 31 December 2015. Gross loss for the quarter under review was RM13,555 as compared to gross profit of RM420,057 for the preceding year corresponding quarter which was a decrease of 103.2%. This was due to lower revenue recorded during the quarter under review.

Net loss from operations for the quarter under review was RM393,016 as compared to net loss from operations in the preceding year corresponding quarter ended 31 December 2015 of RM33,674. This was due to lower revenue recorded during the quarter under review whereas work force and development cost were maintained.

Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM664,391 which was a decrease of 43.3% as compared to a revenue of RM1,170,879 achieved in the preceding year corresponding quarter ended 31 December 2015. Loss from operations for the quarter under review was RM270,287 as compared to loss from operations of RM54,014 for the preceding year corresponding quarter which was a decrease of 400.4%. This was due to lower revenue recorded during the quarter under review while overhead costs were maintained.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM302,529 which was a decrease of 48.8% as compared to a revenue of RM591,056 achieved in the preceding year corresponding quarter ended 31 December 2015. Loss from operations for the quarter under review was RM122,729 as compared to profit from operations of RM20,340 for the preceding year corresponding quarter which was a decrease of 703.4%. This was due to lower revenue recorded during the quarter under review.

Cumulative Quarters - Group

For the twelve months period ended 31 December 2016, Ygl Group recorded a revenue of RM4,891,070 representing a decrease of 25.4% as compared to a revenue of RM6,555,156 achieved in the twelve months period ended 31 December 2015. There was gross profit of RM1,241,846 for the twelve months period ended 31 December 2016 compared to gross profit of RM1,469,634 as achieved in the twelve months period ended 31 December 2015 which was a decrease of 15.5%. This was due to lower revenue recorded during the year.

Malaysia Segment

For the twelve months ended 31 December 2016, the Malaysia segment recorded a revenue of RM3,826,712 representing a decrease of 12.5% as compared to a revenue of RM4,370,669 achieved in the twelve months period ended 31 December 2015. Net profit from operations was RM91,759 for the twelve months period ended 31 December 2016 as compared to a net loss of RM111,018 recorded in the twelve months period ended 31 December 2015. This was due to sales from Ygl proprietary products with higher margin during the period.

Asia Pacific Segment

For the twelve months ended 31 December 2016, the Asia Pacific segment recorded a revenue of RM1,064,358 representing a decrease of 51.3 % as compared to a revenue of RM2,184,487 achieved in the twelve months period ended 31 December 2015. There was net loss from operations RM502,550 for the twelve months period ended 31 December 2016 as compared to a net loss of RM55,894 as recorded in the twelve months period ended 30 September 2015. The increase in net loss position was due to lower revenue recorded during the year resulting from the delay of certain projects awarded by the Hong Kong authority.

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

There was a net loss before tax of RM376,316 for the quarter under review as compared to a net loss of RM233,371 recorded in the preceding third quarter ended 30 September 2016. The further decline in net loss position was due to slow market demand for enterprise solution in Malaysia. The Malaysian segment recorded a revenue of RM664,391 during this quarter under review from a revenue of RM790,903 recorded in the preceding quarter revenue representing a decrease of 16.0%.

**15. Corporate Proposals**

There are no other corporate proposals announced but not completed as at the date of announcement as at 27 February 2017 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**16. Prospects for 2017**

Businesses are facing challenging times against the backdrop of falling local currency value, rising operating costs and human capital shortages. Ygl still holds positive outlook for the growth of enterprise solutions and services as corporations today requires information technology to improve productivity and efficiency and increase revenue and constrain costs. YGL is establishing its position as a leader in enterprise solutions for the manufacturing and large distribution sectors in Malaysia. As the cost of Ygl proprietary products are not susceptible to the rise in US Dollar against Malaysian Ringgit, compared to the international enterprise software which are in US Dollar denomination. There are opportunities for Ygl to sell and grow within Malaysia. Ygl is also spending more efforts in promoting its proprietary products to the neighbouring countries and the rest of the world as Malaysian product is more competitively priced due to the falling local currency.

**17. Taxation**

	<b>Current Quarter 31 December 2016 RM</b>	<b>Cumulative Quarter 31 December 2016 RM</b>
Current tax expense		
Malaysian income tax	(43,305)	(87,379)
Foreign tax	-	-
	<hr/>	<hr/>
	(43,305)	(87,379)
Deferred tax	16,195	16,195
Total income tax expense	<hr/> <hr/>	<hr/> <hr/>
	(27,110)	(71,184)

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 22 September 2015, the Company had raised approximately RM1.936 million which is entirely earmarked for working capital purposes. As at to date, Ygl has utilised approximately RM1.807 million.

**19. Cash and cash equivalents**

	<b>As at 31 December 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
Cash and bank balances	1,098	1,897
Less: Overdraft	-	(2)
	<hr/>	<hr/>
	<b>1,098</b>	<b>1,895</b>

**20. Company Borrowings and Debt Securities**

The Group’s borrowings are as follows:

	<b>As at 31 December 2016 RM</b>	<b>As at 31 December 2015 RM</b>
<u>Payable within 12 months</u>		
Secured - Term Loan	20,600	16,896
Secured - Hire purchase liability	-	-
Secured - Bank Overdraft	-	2,105
	20,600	19,001
 <u>Payable after 12 months</u>		
Secured - Term Loan	657,989	682,262
Secured - Hire purchase liability	-	-
	657,989	682,262
 Total	678,589	701,263

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 27 February 2017 (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 31 December 2016 RM</b>	<b>As at 31 December 2015 RM</b>
<u>Financial assets</u>		
Account receivables	2,722,878	2,158,037
Other receivables, prepayments and deposits paid	1,239,592	1,199,569
Cash and cash equivalents	1,097,656	1,897,210
	5,060,126	5,254,816

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

	<b>As at 31 December 2016 RM</b>	<b>As at 31 December 2015 RM</b>
<u>Financial liabilities at amortised cost</u>		
Account payables	313,579	378,071
Other payables, accruals and deposits received	1,065,213	1,134,218
Bank overdraft	-	2,105
Term loan	678,589	699,158
Hire purchase liabilities	-	-
Amount owing to directors	667,436	709,768
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	2,724,817	2,923,320
	=====	=====

All other financial instruments are carried at amounts not materially different from their fair values as at 31 December 2016.

#### 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:

	<b>As at 31 December 2016 RM</b>	<b>As at 31 December 2015 RM</b>
Up to 90 days	418,788	688,813
>90 to 180 days	1,166,743	447,829
>180 to 360 days	528,829	385,102
>360 days	608,518	636,293
Total amount	2,722,878	2,158,037

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 4.95% 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 fourth quarter ended 31 December 2016, 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.

	<b>3 months ended 31 December</b>		<b>Cumulative 12 months ended 31 December</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Profits/(Loss) for the period attributable to shareholders (RM)	(404,360)	(151,443)	310,572	(198,922)
Weighted average number of ordinary shares in issue	193,572,140	180,844,447	193,572,140	180,844,447
Basic earnings/(loss) per share (sen)	(0.21)	(0.08)	(0.16)	(0.11)

**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:

	<b>As at 31 December 2016 RM</b>	<b>As at preceding financial year end 31 December 2015 RM</b>
Total accumulated profits / (losses) of Ygl and its subsidiaries:		
Realised	(7,622,111)	(7,133,842)
Unrealised	44,095	55,078
	(7,578,016)	(7,078,764)
Total share of accumulated losses from associated company:		
Realised	(769,969)	(958,649)
Unrealised	-	-
	(8,347,985)	(8,037,413)
Less: Consolidation adjustments	-	-
Total group accumulated profits / (losses) as per consolidated accounts	(8,347,985)	(8,037,413)