

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	Note	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Continuing Operations</b>					
Revenue	13	1,230,656	1,633,196	1,230,656	1,633,196
Cost of Sales		<u>(1,251,429)</u>	<u>(1,156,271)</u>	<u>(1,251,429)</u>	<u>(1,156,271)</u>
Gross Profit / (Loss)		(20,773)	476,925	(20,773)	476,925
Other Operating Income		54,668	32,051	54,668	32,051
Selling and Distribution Costs		-	-	-	-
Administrative Expenses		(142,576)	(118,297)	(142,576)	(118,297)
Other Operating Expenses		(361,995)	(246,854)	(361,995)	(246,854)
<b>(Loss) / Profit for the period from continuing operations</b>		<u>(470,676)</u>	<u>143,825</u>	<u>(470,676)</u>	<u>143,825</u>
Finance Costs		(8,118)	(8,085)	(8,118)	(8,085)
Share of Results of Associate Company		130,739	35,384	130,739	35,384
<b>(Loss) / Profit Before Tax</b>	14	<u>(348,055)</u>	<u>171,124</u>	<u>(348,055)</u>	<u>171,124</u>
Income Tax Expense	17	(12,733)	(10,398)	(12,733)	(10,398)
<b>(Loss) / Profit for the period</b>		<u>(360,788)</u>	<u>160,726</u>	<u>(360,788)</u>	<u>160,726</u>
<b>Profit attributable to :</b>					
Owners of the Company		(338,740)	173,734	(338,740)	173,734
Non-controlling interests		(22,048)	(13,008)	(22,048)	(13,008)
<b>(Loss) / Profit for the period</b>		<u>(360,788)</u>	<u>160,726</u>	<u>(360,788)</u>	<u>160,726</u>
<b>Other comprehensive income</b>					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(47,581)	(6,466)	(47,581)	(6,466)
<b>Total Comprehensive (Loss) / Income for the period</b>		<u>(408,369)</u>	<u>154,260</u>	<u>(408,369)</u>	<u>154,260</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(386,321)	167,268	(386,321)	167,268
Non-controlling interests		(22,048)	(13,008)	(22,048)	(13,008)
		<u>(408,369)</u>	<u>154,260</u>	<u>(408,369)</u>	<u>154,260</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS	27	-0.15	0.09	-0.15	0.09

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	Individual Quarter 3 months ended 31 March 2018 <u>RM</u>	Cumulative 3 months ended 31 March 2018 <u>RM</u>
(a) Interest income	7,404	7,404
(b) Other income including investment income	23,264	23,264
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(7)	(7)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	8,118	8,118
(g) Depreciation	85,082	85,082
(h) Amortization	359,564	359,564
(i) Provision for and write-off of receivables	81,450	81,450
(j) Provision for and write-off of inventories	n/a	n/a
(k) Exceptional item	n/a	n/a

n/a denotes not applicable

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2018**

	Note	31 March 2018 (Unaudited) RM	31 December 2017 (Audited) RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		4,759,935	4,827,245
Investment Property		284,634	284,754
Goodwill and Other Intangible Assets		6,199,188	6,185,979
Investment in Associate Company		1,253,570	1,122,831
		<u>12,497,327</u>	<u>12,420,809</u>
<b>Current Assets</b>			
Trade and Other Receivables	22	3,406,445	4,024,787
Current Tax Assets		15,995	31,892
Cash and Cash Equivalents	19	5,236,619	5,568,381
		<u>8,659,059</u>	<u>9,625,060</u>
<b>TOTAL ASSETS</b>		<u>21,156,386</u>	<u>22,045,869</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		24,970,802	24,970,802
Share Premium, non-distributable		2,247,330	2,247,330
Exchange Translation, non-distributable		413,383	460,964
(Accumulated Losses) / Retained Profits		(9,000,430)	(8,661,690)
<b>Equity attributable to owners of the Company</b>		<u>18,631,085</u>	<u>19,017,406</u>
Non-controlling Interests		(51,547)	(29,499)
<b>TOTAL EQUITY</b>		<u>18,579,538</u>	<u>18,987,907</u>
<b>Non-Current Liabilities</b>			
Term Loan	20	628,229	635,572
Deferred Tax Liabilities		450	450
		<u>628,679</u>	<u>636,022</u>
<b>Current Liabilities</b>			
Trade and Other Payables	22	733,499	988,045
Amount due to director		644,372	645,538
Term Loan	20	23,445	21,520
Deferred revenue		538,351	766,335
Current Tax Liabilities		8,502	502
		<u>1,948,169</u>	<u>2,421,940</u>
<b>TOTAL LIABILITIES</b>		<u>2,576,848</u>	<u>3,057,962</u>
<b>TOTAL EQUITY AND LIABILITES</b>		<u>21,156,386</u>	<u>22,045,869</u>
Net assets per share attributable to owners of the Company (sen)		8.02	8.19

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 FIRST QUARTER ENDED 31 MARCH 2018**

	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 2017		19,357,214	2,420,349	503,283	-8,332,706	13,948,140	52,151	14,000,291
Issue of share capital - private placement		5,613,588	(173,019)	-	-	5,440,569	-	5,440,569
Net loss for the year		-	-	-	(328,984)	-328,984	(81,650)	(410,634)
Other comprehensive income Exchange translation differences		-	-	(42,319)	-	-42,319	-	(42,319)
At 31 December 2017		<u>24,970,802</u>	<u>2,247,330</u>	<u>460,964</u>	<u>-8,661,690</u>	<u>19,017,406</u>	<u>-29,499</u>	<u>18,987,907</u>
<i>Unaudited</i>								
At 1 January 2018		24,970,802	2,247,330	460,964	-8,661,690	19,017,406	-29,499	18,987,907
Net loss for the year		-	-	-	(338,740)	-338,740	(22,048)	(360,788)
Other comprehensive loss Exchange translation differences		-	-	(47,581)	-	-47,581	-	(47,581)
At 31 March 2018		<u>24,970,802</u>	<u>2,247,330</u>	<u>413,383</u>	<u>-9,000,430</u>	<u>18,631,085</u>	<u>-51,547</u>	<u>18,579,538</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 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

Note	3 MONTHS ENDED 31 MARCH (UNAUDITED)	YEAR ENDED 31 DECEMBER (AUDITED)
	2018 RM	2017 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(348,055)	(359,824)
Adjustments for:-		
Depreciation of property, plant and equipment	84,963	362,760
Depreciation of investment property	119	477
Amortisation of software development costs	359,564	1,631,576
Amortisation of membership	404	1,616
Share of result of associates	(130,739)	(423,189)
Impairment loss on intangible assets	-	-
Bad debts written off	-	51,438
Property, plant and equipment written off	-	-
Allowance for doubtful debts	81,450	325,800
Allowance for doubtful debts written back	-	-
Unrealised (gain) / loss on foreign exchange	(6,934)	18,778
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Interest income	(7,404)	(18,008)
Interest expense	8,118	37,416
Hire purchase term charges	-	-
Operating (loss) / profit before working capital changes	41,486	1,628,840
Receipts from customers	1,330,710	4,132,857
Changes in receivables	(705,793)	(4,748,846)
Payments to suppliers, contractors and employees	(859,704)	(2,251,772)
Changes in payables	562,437	2,003,936
Changes in deferred revenue	(227,984)	7,072
Cash used in operations	141,152	772,087
Interest received	7,404	18,008
Interest paid	(8,118)	(37,416)
Tax (paid) / refund	(12,733)	(71,999)
Net cash used in operating activities	127,705	680,680
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(19,037)	(356,902)
Changes in software development costs	(417,705)	(1,316,871)
Net cash inflow from acquisition subsidiary	-	(90,450)
Proceeds from disposal of shares in subsidiary	-	-
Proceeds from disposal of other investment	-	-
Net cash used in investing activities	-436,742	-1,764,223
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	-	5,611,224
Share issuance expenses	-	-
Payment of term loan instalments	(5,418)	(21,498)
Payment of hire purchase instalments	-	-
Hire purchase term charges paid	-	-
Net cash (used in) / from financing activities	(5,418)	5,589,726
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(314,455)	4,506,183
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>	(17,307)	(35,458)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	5,568,381	1,097,656
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	5,236,619	5,568,381
Represented by:		
<b>CASH AND BANK BALANCES</b>	5,236,619	5,568,381
<b>BANK OVERDRAFT</b>	-	-
	5,236,619	5,568,381

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2017 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 2017.

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 2017 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 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 (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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

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

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 3	Previously Held Interest in a Joint Operation (Business Combinations)
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Previously Held Interest in a Joint Operation (Joint Arrangements)
Amendments to MFRS 112	Income Tax Consequences of Payments on Financial Instruments Classified as Equity
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs Eligible for Capitalisation

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
Quarterly report for the first quarter ended 31 March 2018**

---

Amendments to MFRS 128 IC Interpretation 23	Long-term Interests in Associates and Joint Ventures Uncertainty over Income Tax Treatments
--	--

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Previously Held Interest in a Joint Operation (Joint Arrangements)
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs

**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 quarter under review.

**Ygi Convergence Berhad (649013-W) (“Ygi” or “Group”)  
Quarterly report for the first quarter ended 31 March 2018**

**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 March		Cumulative 3 months ended 31 March	
	2018	2017	2018	2017
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	708,828	1,201,872	708,828	1,201,872
Asia Pacific	521,828	431,324	521,828	431,324
Total revenue	1,230,656	1,633,196	1,230,656	1,633,196
Elimination of inter-segment sales	-	-	-	-
External sales	1,230,656	1,633,196	1,230,656	1,633,196
Interest revenue	7,404	716	7,404	716

	3 months ended 31 March		Cumulative 3 months ended 31 March	
	2018	2017	2018	2017
<u>Segment Results</u>				
Results from operations:				
Malaysia	(462,798)	386,233	(462,798)	386,233
Asia Pacific	(7,878)	(242,408)	(7,878)	(242,408)
	(470,676)	143,825	(470,676)	143,825
Finance cost	(8,118)	(8,085)	(8,118)	(8,085)
Share of associate's profit / (loss)	130,739	35,384	130,739	35,384
Tax expense	(12,733)	(10,398)	(12,733)	(10,398)
Non-controlling interests	22,048	13,008	22,048	13,008
Total results	(338,740)	173,734	(338,740)	173,734

**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 2017.

**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 was no change in the composition of the Group for the quarter under review.



## **12. Changes in Contingent Liabilities**

There is no contingent liability as at 28 May 2018 (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 RM1,230,656 which was a decrease of 24.6% as compared to a revenue of RM1,633,196 achieved in the preceding year corresponding quarter ended 31 March 2017. There was a gross loss for the quarter under review of RM20,773 as compared to gross profit of RM476,925 for the preceding year corresponding quarter. This was due to very low revenue recorded during the quarter under review amidst fixed direct overhead.

Net loss from operations for the quarter under review was RM470,676 as compared to net profit from operations in the preceding year corresponding quarter ended 31 March 2017 of RM143,825. This was due to the lower revenue recorded during the quarter under review.

### Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM708,828 which was a decrease of 41.0% as compared to a revenue of RM1,201,872 achieved in the preceding year corresponding quarter ended 31 March 2017. Loss from operations for the quarter under review was RM462,798 as compared to profit from operations of RM386,233 for the preceding year corresponding quarter. This was due to due to lower revenue recorded during the quarter under review amidst fixed direct overhead.

### Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM521,828 which was an increase of 20.9% as compared to a revenue of RM431,324 achieved in the preceding year corresponding quarter ended 31 March 2017. Loss from operations for the quarter under review was RM7,878 as compared to loss from operations of RM242,408 for the preceding year corresponding quarter which was a decrease of 96.7%. This was due to streamlining of costs for Hong Kong projects.

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

There was a net loss before tax of RM348,055 for the quarter under review as compared to a net profit before tax of RM189,026 recorded in the preceding fourth quarter ended 31 December 2017. This was due to lower revenue recorded in Malaysian segment during the quarter under review.

## **15. Corporate Proposals**

There are no other corporate proposals announced but not completed as at the date of announcement as at 28 May 2018 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**16. Prospects for 2018**

The Malaysian segment has been profitable consistently for the past two years and Ygl proprietary products are in line with the world trend and the corresponding demand for Industry 4.0 solution and Internet of Things. Ygl is focusing on its Ygl e-Manufacturing and Ygl e-Corporate product line and also in the development of internet portals. As internet portals and Big Data are in demand all over the world, the Group is optimistic that these products will also help to strengthen Ygl market reach in Malaysia and improve on Ygl operation overseas. Ygl product offerings which are denominated in Ringgit Malaysia are very attractive and competitive to its targeted customers who are the SMEs both locally and overseas.

**17. Taxation**

	<b>Current Quarter 31 March 2018 RM</b>	<b>Cumulative Quarter 31 March 2018 RM</b>
Current tax expense		
Malaysian income tax	12,733	12,733
Foreign tax	-	-
	<hr/> 12,733	<hr/> 12,733
Deferred tax	-	-
Total income tax expense	<hr/> 12,733	<hr/> 12,733

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 7 July 2017, the Company had raised approximately RM5.614 million which is earmarked for business expansion, R&D expenses and working capital purposes. As at to date, status of utilisation of the proceeds are as follows:

<b>Details</b>	<b>Actual Utilisation RM'000</b>	<b>Expected Utilisation RM'000</b>
1) Listing and placement expenses	173	180
2) Business expansion	97	2,700
3) R&D expenses	335	1,250
4) Working capital	874	1,484
5) Balance of proceed not yet utilised	4,135	-
Total proceeds arising from private placement	<hr/> 5,614	<hr/> 5,614

**19. Cash and cash equivalents**

	<b>As at 31 March 2018 RM'000</b>	<b>As at 31 March 2017 RM'000</b>
Cash and bank balances	5,237	974
Less: Overdraft	-	(96)
	<b>5,237</b>	<b>(878)</b>

**20. Company Borrowings and Debt Securities**

The Group's borrowings are as follows:

	<b>As at 31 March 2018 RM</b>	<b>As at 31 March 2017 RM</b>
<u>Payable within 12 months</u>		
Secured - Term Loan	23,445	20,796
Secured - Hire purchase liability	-	-
Secured - Bank Overdraft	-	96,307
	<b>23,445</b>	<b>117,103</b>
<u>Payable after 12 months</u>		
Secured - Term Loan	628,229	652,338
Secured - Hire purchase liability	-	-
	<b>628,229</b>	<b>652,338</b>
Total	<b>651,674</b>	<b>769,441</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 28 May 2018 (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 March 2018 RM</b>	<b>As at 31 March 2017 RM</b>
<u>Financial assets</u>		
Account receivables	3,022,146	2,728,908
Other receivables, prepayments and deposits paid	384,299	981,992
Cash and cash equivalents	5,236,619	974,715
	-----	-----
	8,643,064	4,685,615
	=====	=====

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

	<b>As at 31 March 2018 RM</b>	<b>As at 31 March 2017 RM</b>
<u>Financial liabilities at amortised cost</u>		
Account payables	146,947	264,938
Other payables, accruals and deposits received	586,552	968,560
Bank overdraft	-	96,307
Term loan	651,674	673,134
Amount owing to directors	644,372	682,204
	-----	-----
	2,029,545	2,685,143
	=====	=====

All other financial instruments are carried at amounts not materially different from their fair values as at 31 December 2017.

### 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.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
Quarterly report for the first quarter ended 31 March 2018**

---

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 March 2018</b>	<b>As at 31 March 2017</b>
	<b>RM</b>	<b>RM</b>
Up to 90 days	415,486	826,215
>90 to 180 days	1,635,586	926,045
>180 to 360 days	369,036	383,474
>360 days	602,037	593,174
Total amount	<u>3,022,145</u>	<u>2,728,908</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 4.95% 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 first quarter ended 31 March 2018, 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.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)  
Quarterly report for the first quarter ended 31 March 2018**

---

**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 31 March		Cumulative 3 months ended 31 March	
	2018	2017	2018	2017
Profits/(Loss) for the period attributable to shareholders (RM)	(348,055)	(171,124)	(348,055)	(171,124)
Weighted average number of ordinary shares in issue	232,286,540	193,572,140	232,286,540	193,572,140
Basic earnings/(loss) per share (sen)	(0.15)	(0.09)	(0.15)	(0.09)