

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

	Note	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2018 RM	2017 RM	2018 RM	2017 RM
Continuing Operations					
Revenue	13	445,967	1,555,877	1,676,623	3,189,073
Cost of Sales		(798,555)	(940,295)	(2,049,984)	(2,096,566)
Gross Profit / (Loss)		(352,588)	615,582	(373,361)	1,092,507
Other Operating Income		55,205	22,177	109,873	54,228
Selling and Distribution Costs		-	-	-	-
Administrative Expenses		(138,830)	(182,050)	(281,406)	(300,347)
Other Operating Expenses		(442,627)	(463,098)	(804,622)	(709,952)
(Loss) / Profit for the period from continuing operations		<u>(878,840)</u>	<u>(7,389)</u>	<u>(1,349,516)</u>	<u>136,436</u>
Finance Costs		(8,269)	(11,191)	(16,387)	(19,276)
Share of Results of Associate Company		101,842	154,893	232,581	190,277
(Loss) / Profit Before Tax	14	<u>(785,267)</u>	<u>136,313</u>	<u>(1,133,322)</u>	<u>307,437</u>
Income Tax Expense	17	(14,997)	(15,597)	(27,730)	(25,995)
(Loss) / Profit for the period		<u>(800,264)</u>	<u>120,716</u>	<u>(1,161,052)</u>	<u>281,442</u>
Profit attributable to :					
Owners of the Company		(781,275)	126,123	(1,120,015)	299,857
Non-controlling interests		(18,989)	(5,407)	(41,037)	(18,415)
(Loss) / Profit for the period		<u>(800,264)</u>	<u>120,716</u>	<u>(1,161,052)</u>	<u>281,442</u>
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		24,501	(47,739)	(23,080)	(54,205)
Total Comprehensive (Loss) / Income for the period		<u>(775,763)</u>	<u>72,977</u>	<u>(1,184,132)</u>	<u>227,237</u>
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(756,774)	78,384	(1,143,095)	245,652
Non-controlling interests		(18,989)	(5,407)	(41,037)	(18,415)
		<u>(775,763)</u>	<u>72,977</u>	<u>(1,184,132)</u>	<u>227,237</u>
Earnings per share attributable to owners of the Company (in sen)					
Basic EPS	27	-0.34	0.07	-0.48	0.15

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 SECOND QUARTER ENDED 30 JUNE 2018**

	Individual Quarter 3 months ended 30 June 2018	Cumulative 6 months ended 30 June 2018
	<u>RM</u>	<u>RM</u>
(a) Interest income	7,771	15,175
(b) Other income including investment income	23,434	46,698
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	-	(7)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	8,269	16,387
(g) Depreciation	85,130	170,212
(h) Amortization	395,194	754,758
(i) Provision for and write-off of receivables	81,450	162,900
(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 30 JUNE 2018**

	Note	30 June 2018 (Unaudited) RM	31 December 2017 (Audited) RM
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		4,674,874	4,827,245
Investment Property		284,515	284,754
Goodwill and Other Intangible Assets		6,183,579	6,185,979
Investment in Associate Company		1,355,412	1,122,831
		<u>12,498,380</u>	<u>12,420,809</u>
Current Assets			
Trade and Other Receivables	22	2,764,841	4,024,787
Current Tax Assets		15,995	31,892
Cash and Cash Equivalents	19	5,272,005	5,568,381
		<u>8,052,841</u>	<u>9,625,060</u>
TOTAL ASSETS		<u>20,551,221</u>	<u>22,045,869</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital		24,970,802	24,970,802
Share Premium, non-distributable		2,247,330	2,247,330
Exchange Translation, non-distributable (Accumulated Losses) / Retained Profits		437,884 (9,781,705)	460,964 (8,661,690)
Equity attributable to owners of the Company		<u>17,874,311</u>	<u>19,017,406</u>
Non-controlling Interests		(70,536)	(29,499)
TOTAL EQUITY		<u>17,803,775</u>	<u>18,987,907</u>
Non-Current Liabilities			
Term Loan	20	622,438	635,572
Deferred Tax Liabilities		450	450
		<u>622,888</u>	<u>636,022</u>
Current Liabilities			
Trade and Other Payables	22	756,833	988,045
Amount due to director		645,384	645,538
Term Loan	20	23,723	21,520
Deferred revenue		690,116	766,335
Current Tax Liabilities		8,502	502
		<u>2,124,558</u>	<u>2,421,940</u>
TOTAL LIABILITIES		<u>2,747,446</u>	<u>3,057,962</u>
TOTAL EQUITY AND LIABILITIES		<u>20,551,221</u>	<u>22,045,869</u>
Net assets per share attributable to owners of the Company (sen)		7.69	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 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		-	-	-	(1,120,015)	-1,120,015	(41,037)	(1,161,052)
Other comprehensive loss Exchange translation differences		-	-	(23,080)	-	-23,080	-	(23,080)
At 30 June 2018		<u>24,970,802</u>	<u>2,247,330</u>	<u>437,884</u>	<u>-9,781,705</u>	<u>17,874,311</u>	<u>-70,536</u>	<u>17,803,775</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 SECOND QUARTER ENDED 30 JUNE 2018

Note	6 MONTHS ENDED 30 JUNE (UNAUDITED)	YEAR ENDED 31 DECEMBER (AUDITED)
	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,133,322)	(359,824)
Adjustments for:-		
Depreciation of property, plant and equipment	169,964	362,760
Depreciation of investment property	238	477
Amortisation of software development costs	754,758	1,631,576
Amortisation of membership	808	1,616
Share of result of associates	(232,581)	(423,189)
Impairment loss on intangible assets	-	-
Bad debts written off	-	51,438
Property, plant and equipment written off	-	-
Allowance for doubtful debts	162,900	325,800
Allowance for doubtful debts written back	-	-
Unrealised (gain) / loss on foreign exchange	(326)	18,778
Gain on acquisition of subsidiary	-	-
Gain on disposal of subsidiary	-	-
Interest income	(15,175)	(18,008)
Interest expense	16,387	37,416
Hire purchase term charges	-	-
Operating (loss) / profit before working capital changes	(276,349)	1,628,840
Receipts from customers	2,565,628	4,132,857
Changes in receivables	(1,377,695)	(4,748,846)
Payments to suppliers, contractors and employees	(1,423,404)	(2,251,772)
Changes in payables	1,125,310	2,003,936
Changes in deferred revenue	(76,219)	7,072
Cash used in operations	537,271	772,087
Interest received	15,175	18,008
Interest paid	(16,387)	(37,416)
Tax (paid) / refund	(27,730)	(71,999)
Net cash used in operating activities	508,329	680,680
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,037)	(356,902)
Changes in software development costs	(766,703)	(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	-785,740	-1,764,223
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	5,611,224
Share issuance expenses	-	-
Payment of term loan instalments	(10,931)	(21,498)
Payment of hire purchase instalments	-	-
Hire purchase term charges paid	-	-
Net cash (used in) / from financing activities	(10,931)	5,589,726
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(288,342)	4,506,183
EFFECT OF CHANGES IN EXCHANGE RATES	(8,034)	(35,458)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	5,568,381	1,097,656
CASH AND CASH EQUIVALENTS CARRIED FORWARD	5,272,005	5,568,381
Represented by:		
CASH AND BANK BALANCES	5,272,005	5,568,381
BANK OVERDRAFT	-	-
	5,272,005	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

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

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7. Dividend Paid

No dividends were paid in the current quarter under review.

8. Segmental Information

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

	3 months Ended 30 June		Cumulative 6 months ended 30 June	
	2018	2017	2018	2017
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	201,644	1,306,723	910,472	2,508,595
Asia Pacific	244,323	249,154	766,151	680,478
Total revenue	445,967	1,555,877	1,676,623	3,189,073
Elimination of inter-segment sales	-	-	-	-
External sales	445,967	1,555,877	1,676,623	3,189,073
Interest revenue	7,771	554	15,175	1,270

	3 months ended 30 June		Cumulative 6 months ended 30 June	
	2018	2017	2018	2017
<u>Segment Results</u>				
Results from operations:				
Malaysia	(826,660)	156,228	(1,289,458)	542,461
Asia Pacific	(52,180)	(163,617)	(60,058)	(406,025)
	(878,840)	(7,389)	(1,349,516)	136,436
Finance cost	(8,269)	(11,191)	(16,387)	(19,276)
Share of associate's profit / (loss)	101,842	154,893	232,581	190,277
Tax expense	(14,997)	(15,597)	(27,730)	(25,995)
Non-controlling interests	18,989	5,407	41,037	18,415
Total results	(781,275)	126,123	(1,120,015)	299,857

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 20 August 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 RM445,967 which was a decrease of 71.3% as compared to a revenue of RM1,555,877 achieved in the preceding year corresponding quarter ended 30 June 2017. There was a gross loss for the quarter under review of RM352,588 as compared to gross profit of RM615,582 for the preceding year corresponding quarter. This was due to very low revenue recorded during the quarter under review against fixed direct overhead.

Net loss from operations for the quarter under review was RM878,840 as compared to net loss from operations in the preceding year corresponding quarter ended 30 June 2017 of RM7,389. This was due to the very low revenue recorded during the quarter under review.

Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM201,644 which was a decrease of 84.6% as compared to a revenue of RM1,306,723 achieved in the preceding year corresponding quarter ended 30 June 2017. Loss from operations for the quarter under review was RM826,660 as compared to profit from operations of RM156,228 for the preceding year corresponding quarter. This was due to lower revenue recorded during the quarter under review against fixed direct overhead.

Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM244,323 which was a decrease of 1.9% as compared to a revenue of RM249,154 achieved in the preceding year corresponding quarter ended 30 June 2017. Loss from operations for the quarter under review was RM52,180 as compared to loss from operations of RM163,617 for the preceding year corresponding quarter which was a betterment of 68.1%. This was due to better margin contribution from project undertaken.

Cumulative Quarters - Group

For the six months period ended 30 June 2018, Ygl Group recorded a revenue of RM1,676,623 representing a decrease of 47.4% as compared to a revenue of RM3,189,073 achieved in the six months period ended 30 June 2017. There was gross loss of RM373,361 for the six months period ended 30 June 2018 compared to gross profit of RM1,092,507 as achieved in the six months period ended 30 June 2017 which was a decrease of 134.2%. This was due to very low revenue recorded during the period.

Net loss from operations for the six months period under review was RM1,349,516 as compared to net profit from operations in the preceding year corresponding quarter ended 30 June 2017 of RM136,436. This was due to very low revenue recorded during the period under review.

Malaysia Segment

For the six months ended 30 June 2018, the Malaysia segment recorded a revenue of RM910,472 representing a decrease of % as compared to a revenue of RM2,508,595 achieved in the six months period ended 30 June 2017. Net loss from operations was RM1,289,458 for the six months period ended 30 June 2018 as compared to a net profit of RM542,461 recorded in the six months period ended 30 June 2017. This was due to very low revenue recorded during the period.

Asia Pacific Segment

For the six months ended 30 June 2018, the Asia Pacific segment recorded a revenue of RM766,151 representing an increase of 12.6% as compared to a revenue of RM680,478 achieved in the six months period ended 30 June 2017. The net loss from operations was RM60,058 for the six months period ended 30 June 2018 as compared to a net loss of RM406,025 as recorded in the six months period ended 30 June 2017. The decrease in net loss was due to better margin contribution from projects undertaken.

14. Material Changes in Profit Before Tax Against Preceding Quarter

There was a net loss before tax of RM785,267 for the quarter under review as compared to a net loss before tax of RM348,055 recorded in the preceding first quarter ended 31 March 2018. This was due to very low 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 20 August 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 market sentiment was that of caution prior to the country's general election in May 2018 while the local economy outlook turned into uncertainty after the unprecedented change in the government and the upcoming Sales and Services Tax regime from September 2018. Many businesses withheld their investment in IT software.

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.

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17. Taxation

	Current Quarter 30 June 2018 RM	Cumulative Quarter 30 June 2018 RM
Current tax expense		
Malaysian income tax	14,997	27,730
Foreign tax	-	-
	<hr/> 14,997	<hr/> 27,730
Deferred tax	-	-
Total income tax expense	<hr/> 14,997	<hr/> 27,730

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:

Details	Actual Utilisation RM'000	Expected Utilisation RM'000
1) Listing and placement expenses	173	180
2) Business expansion	112	2,700
3) R&D expenses	335	1,250
4) Working capital	926	1,484
5) Balance of proceed not yet utilised	4,068	-
Total proceeds arising from private placement	<hr/> 5,614	<hr/> 5,614

19. Cash and cash equivalents

	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
Cash and bank balances	5,272	936
Less: Overdraft	-	(376)
	<hr/> 5,272	<hr/> 560

20. Company Borrowings and Debt Securities

The Group’s borrowings are as follows:

	As at 30 June 2018 RM	As at 30 June 2017 RM
<u>Payable within 12 months</u>		
Secured - Term Loan	23,723	21,069
Secured - Bank Overdraft	-	376,554
	23,723	397,623
 <u>Payable after 12 months</u>		
Secured - Term Loan	622,438	646,632
 Total	646,161	1,044,255

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 20 August 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:

	As at 30 June 2018 RM	As at 30 June 2017 RM
<u>Financial assets</u>		
Account receivables	2,331,729	3,094,487
Other receivables, prepayments and deposits paid	433,112	1,178,708
Cash and cash equivalents	5,272,005	936,348
	8,036,846	5,209,543

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

	As at 30 June 2018	As at 30 June 2017
	RM	RM
<u>Financial liabilities at amortised cost</u>		
Account payables	124,413	288,004
Other payables, accruals and deposits received	632,420	929,596
Bank overdraft	-	376,554
Term loan	646,161	667,701
Amount owing to directors	645,384	675,240
	-----	-----
	2,048,378	2,937,095
	=====	=====

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.

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:

	As at 30 June 2018	As at 30 June 2017
	RM	RM
Up to 90 days	566,894	1,219,175
>90 to 180 days	729,964	207,672
>180 to 360 days	486,940	1,029,385
>360 days	547,931	638,255
Total amount	<u>2,331,729</u>	<u>3,094,487</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 second quarter ended 30 June 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.

25. Profit Estimate/Forecast

Not applicable.

26. Dividend

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

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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	
	2018	2017	2018	2017
Profits/(Loss) for the period attributable to shareholders (RM)	(781,275)	126,123	(1,120,015)	299,857
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)	(0.34)	(0.07)	(0.48)	0.15