

## **NOTES TO THE FINANCIAL STATEMENT**

### **1. Basis of Preparation**

The interim financial report has been prepared in compliance with FRS 134, Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad for the Mesdaq Market. The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Company in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2004.

### **2. Qualification of Financial Statement**

The audit report on the preceding annual financial statements were not subject to any qualification.

### **3. Nature and Amount of Exceptional and Extraordinary Items**

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

### **4. Valuation of Plant and Equipment**

The Company did not revalue any of its plant and equipment.

### **5. Taxation**

The taxation charged is in respect of Ygl Consulting Sdn Bhd (“YGLC”) only. There is no taxation charged on Ygl Multimedia Resources Sdn Bhd (“YGLM”), as the company has been accorded Multimedia Super Corridor (“MSC”) Status and was granted Pioneer Status effective from 2 April 2004, which exempts 100% of the statutory business income from qualifying products from taxation for a period of 5 years. The MSC status is renewable for another 5 years.

### **6. Pre-acquisition Profits**

The acquisition by Ygl of Ygl’s two (2) wholly owned operating subsidiaries namely YGLC and YGLM was completed on 31 May 2005. As such, the profits generated by the aforesaid operating subsidiaries for the 5 month period ended 31 May 2005 amounting to RM982,156 are pre-acquisition profits.

### **7. Profit on sale of Unquoted Investments and/or Properties**

There were no disposal of unquoted investment and properties in the quarter ended 30 September 2005.

**8. Purchase or Disposal of Quoted Securities**

There were no purchases or disposals of quoted securities in the quarter ended 30 September 2005.

**9. Changes in the Composition of the Group**

During the quarter ended 30 September 2005, there were no changes in composition of the Company/Group.

**10. Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this announcement.

The Company had on 17 June 2005 issued a prospectus for the following:-

- (i) Public issue of 8,400,000 new Ygl Shares comprising
- 5,560,000 new Ygl Shares by way of private placement to identified public investors;
  - 2,000,000 new Ygl Shares available for application by public; and
  - 840,000 new Ygl Shares available for application by eligible directors, employees and business associates of Ygl and its subsidiary companies

at an issue price of RM0.90 per ordinary share payable in full on application;

- (ii) Offer of employee share option scheme options in Ygl to its non-executive directors; and
- (iii) Bonus issue of 33,400,000 new Ygl Shares to be credited as fully paid-up to the shareholders of Ygl on the basis of one (1) new Ygl Share for every one (1) existing Ygl Share held in Ygl after the public issue

in conjunction with Ygl's listing on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The new Ygl Shares under the public issue were fully subscribed on its closing date on 27 June 2005. The public and bonus issue shares were issued on 4 July 2005 and 6 July 2005 respectively. The entire share capital of the company was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 July 2005.

**11. Cash and cash equivalents**

	<b>RM'000</b>
Fixed Deposit	5,000
Cash and bank balances	2,531
	<u><u><b>7,531</b></u></u>

**12. Status on Utilisation of Listing Proceeds**

The details of the utilisation of the gross listing proceeds as at 30 September 2005 are as follows:-

<b>Description</b>	<b>Proposed Utilization RM</b>	<b>Actual Utilization RM</b>	<b>Balance RM</b>	<b>Timeframe for Utilization</b>
Future business expansion and capital expenditure	4,130,000	764,689	3,365,311	End 2007
R&D expenditure	1,320,000	-	1,320,000	End 2007
Working Capital	610,000	-	610,000	End 2006
Estimated Listing Expenses	1,500,000	1,464,632	35,368	Mid 2005
<b>Total</b>	<b>7,560,000</b>	<b>2,229,321</b>	<b>5,330,679</b>	

**13. Seasonal or Cyclical Factors**

The business of the Company is not affected by any significant seasonal or cyclical factors.

**14. Issuance and Repayment of Debt and Equity Securities**

Save as disclosed in Note 10, there were no issuance or 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 to date.

**15. Company Borrowings and Debt Securities**

As at 30 September 2005, the Company has no borrowings.

**16. Contingent Liabilities**

There is no contingent liability as at 21 November 2005 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**17. Capital Commitment**

As at 21 November 2005 (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.

**18. Off Balance Sheet Financial Instruments**

The Company does not have any financial instrument with off balance sheet risks as at 21 November 2005 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**19. Significant Related Party Transactions**

For the third quarter ended 30 September 2005, there were no significant related party transactions entered into by the Group.

**20. Review of Performance**

For the third quarter ended 30 September 2005, the Group achieved a revenue and profit after taxation of RM1,238,099 and RM721,312 respectively. The Group managed to achieve a higher profit after taxation compared to the preceding quarter. The improved result is due to the higher contribution of Ygl's proprietary products which capture higher profit margins.

**21. Current Year's Prospect**

The Group continues to undertake joint initiatives with world class Enterprise Resource Planning (“ERP”) principals to enhance its presence and recognition in the ERP industry.

Ygl has on 23 November 2005, been appointed by Sage Asia as the first development partner in Malaysia and second in Asia with product. The appointment will enable Ygl to market its software alongside with Sage Asia providing Ygl a wider access to the worldwide market through Sage Asia's worldwide dealer channel.

The directors are confident that the Group will continue to achieve encouraging results and believe that the performance of the Group will further improve for the financial year ending 31 December 2005.

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

Profit before taxation of RM707,562 for the third quarter ended 30 September 2005 is higher as compared to the preceding second quarter ended 30 June 2005 of RM557,291 by approximately 27%. This is because the Group achieved a sales mix that is mainly contributed by Ygl's proprietary products which capture higher profit margins.

**23. Material Litigation**

The Company/Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Company as at 21 November 2005 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

**24. Segmental Information**

Not applicable. No segmental analysis is prepared as the Group is involved in a single industry relating to software solution. The business of the Group is principally carried out in Malaysia.

**25. Profit Estimate/Forecast**

Not applicable.

**26. Dividend**

The Board is declaring a tax-exempt interim dividend of 1.5 sen per share for the nine months ended 30 September 2005.

**27. Earnings Per Share**

The earnings per share of the Group is calculated by dividing the profit after taxation and pre-acquisition profits for the quarter to date of RM721,312 and year to date of RM1,040,816 by the weighted average number of shares in issue for the quarter to date of 64,000,000 shares and year to date of 26,888,910 shares respectively.

**28. Comparison With Previous Year’s Results**

Ygl is in its first year of listing on the MESDAQ Market of Bursa Malaysia Securities Berhad and as such no corresponding figures for the year 2004 have been included.