

YGL CONVERGENCE BERHAD (649013-W)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	Note	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue		1,830,655	477,519	8,026,185	8,448,611
Cost of Sales		<u>(2,042,614)</u>	<u>(1,196,828)</u>	<u>(7,749,421)</u>	<u>(7,238,141)</u>
Gross Profit / (Loss)		(211,959)	(719,309)	276,764	1,210,470
Other Operating Income		39,353	231,826	166,775	566,809
Selling and Distribution Costs		(2,900)	(76,222)	(20,082)	(183,210)
Administrative Expenses		(257,354)	(2,354,799)	(969,360)	(3,024,467)
Other Operating Expenses		(566,424)	(532,368)	(2,067,071)	(2,599,658)
Finance Costs		(1,847)	(5,179)	(8,002)	(12,151)
Share of Results of Associated Company		(39,839)	(177,780)	(129,067)	(177,780)
Profit / (Loss) Before Tax		<u>(1,040,970)</u>	<u>(3,633,831)</u>	<u>(2,750,043)</u>	<u>(4,219,987)</u>
Income Tax Expense	17	(24,136)	(2,949)	(37,000)	(25,426)
Profit / (Loss) for the period		<u>(1,065,106)</u>	<u>(3,636,780)</u>	<u>(2,787,043)</u>	<u>(4,245,413)</u>
Attributable to:					
Equity Holders of the Parent		(1,066,408)	(3,564,985)	(2,748,571)	(4,144,719)
Minority Interests		1,302	(71,795)	(38,472)	(100,694)
		<u>(1,065,106)</u>	<u>(3,636,780)</u>	<u>(2,787,043)</u>	<u>(4,245,413)</u>
Basic earnings per share attributable to equity holders of the parent (sen)	29	-0.73	-2.45	-1.89	-2.85

This condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

The results for the fourth quarter ended 31 December 2008 excluded the results of Ygl Convergence (Asia Pacific) Pte Ltd due to loss of control.

YGL CONVERGENCE BERHAD (649013-W)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	31 December 2009 (Unaudited) RM	31 December 2008 (Audited) RM
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		4,899,716	4,760,079
Investment Property		288,569	289,046
Intangible Assets (R&D, Goodwill)		4,384,318	3,062,651
Investment in Associate Company		693,031	322,220
Other Investments		1	990,932
Deferred Tax Assets		29,343	-
		<u>10,294,978</u>	<u>9,424,928</u>
Current Assets			
Trade Receivables		1,611,975	1,743,764
Other Receivables		1,999,829	1,970,031
Deposits & Prepayments		134,822	230,232
Current Tax Assets		202,290	214,888
Time Deposits		2,219,861	5,972,987
Cash and Bank Balances		971,965	1,550,122
		<u>7,140,742</u>	<u>11,682,024</u>
Total Assets		<u>17,435,720</u>	<u>21,106,952</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share Capital		14,543,400	14,543,400
Share Premium		2,335,128	2,335,128
Exchange Translation Reserve		(121,584)	16,704
(Accumulated Loss) / Unappropriated Profit		(2,718,133)	30,438
Equity Attributable to shareholders of the parent		<u>14,038,811</u>	<u>16,925,670</u>
Minority Interests		113,204	151,676
Total Equity		<u>14,152,015</u>	<u>17,077,346</u>
Non Current Liabilities			
Hire Purchase Liabilities		58,295	134,205
Deferred Tax Liabilities		15,563	15,563
Total Non Current Liabilities		<u>73,858</u>	<u>149,768</u>
Current Liabilities			
Trade & Other Payables		2,113,880	2,473,812
Hire Purchase Liabilities		68,965	72,868
Current Tax Liabilities		30,981	14,314
Deferred Revenue		996,021	1,318,844
		<u>3,209,847</u>	<u>3,879,838</u>
Total Equity and Liabilities		<u>17,435,720</u>	<u>21,106,952</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)		9.65	11.64

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

The results for the fourth quarter ended 31 December 2008 excluded the results of Ygl Convergence (Asia Pacific) Pte Ltd due to loss of control.

YGL CONVERGENCE BERHAD (649013-W)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

	Note	Share Capital RM	Share Premium RM	Exchange Translation Reserve RM	Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
<i>Audited</i>								
At 1 January 2008		7,271,700	9,606,828	6,817	4,233,201	21,118,546	343,788	21,462,334
Issue of share capital		7,271,700	(7,271,700)	-	-	-	-	-
Exchange translation differences		-	-	10,356	-	10,356	-	10,356
Net loss for the year		-	-	-	(4,144,719)	(4,144,719)	(100,694)	(4,245,413)
Deconsolidation of subsidiary		-	-	(469)	(58,044)	(58,513)	(91,418)	(149,931)
At 31 December 2008		<u>14,543,400</u>	<u>2,335,128</u>	<u>16,704</u>	<u>30,438</u>	<u>16,925,670</u>	<u>151,676</u>	<u>17,077,346</u>
<i>Unaudited</i>								
At 1 January 2009		14,543,400	2,335,128	16,704	30,438	16,925,670	151,676	17,077,346
Issue of share capital		-	-	-	-	-	-	-
Exchange translation differences		-	-	(138,288)	-	(138,288)	-	(138,288)
Net loss for the year		-	-	-	(2,748,571)	(2,748,571)	(38,472)	(2,787,043)
At 31 December 2009		<u>14,543,400</u>	<u>2,335,128</u>	<u>(121,584)</u>	<u>(2,718,133)</u>	<u>14,038,811</u>	<u>113,204</u>	<u>14,152,015</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 2008 and the accompanying explanatory notes attached to this interim report.

The results for the fourth quarter ended 31 December 2008 excluded the results of Ygl Convergence (Asia Pacific) Pte Ltd due to loss of control.

YGL CONVERGENCE BERHAD (649013-W)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

	12 MONTHS ENDED 31 DECEMBER	
	(UNAUDITED)	(AUDITED)
Note	2009	2008
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(2,750,043)	(4,219,987)
Adjustment for:-		
Depreciation	255,771	292,231
Amortisation of development costs	814,638	659,610
Share of result of associates	129,067	177,780
Inventories written off	-	178,233
Allowance for doubtful debts	217,003	658,248
Allowance for diminution in value of other investment	-	1,314,403
Foreign Exchange Gain	(30,305)	14,429
Interest Expense	8,002	12,151
Interest Income	(125,609)	(296,941)
Operating loss before working capital changes	(1,481,476)	(1,209,843)
(Increase)/Decrease in inventories	-	12,500
(Increase)/Decrease in receivables	(115,457)	(611,100)
Increase/(Decrease) in payables	(676,346)	714,704
Cash utilised in operations	(2,273,279)	(1,093,739)
Interest received	125,609	296,941
Interest paid	(8,002)	(12,151)
Tax paid	(37,000)	(40,452)
NET CASH USED IN OPERATING ACTIVITIES	(2,192,672)	(849,401)
CASH FLOW FROM INVESTING ACTIVITIES		
Development costs incurred	(2,152,307)	(1,522,342)
Purchase of property, plant and equipment	(397,423)	(2,013,788)
Purchase of investment in associate	(500,000)	(500,000)
Disposal / (purchase) of other investment	990,932	(338,851)
NET CASH USED IN INVESTING ACTIVITIES	(2,058,798)	(4,374,981)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Hire Purchase	(79,813)	(69,309)
NET CHANGE IN CASH AND BANK BALANCES	(4,331,283)	(5,293,691)
CASH AND BANK BALANCES AT 1 JANUARY	7,523,109	12,816,800
CASH AND BANK BALANCES AT 31 DECEMBER	3,191,826	7,523,109
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents comprise of:		
Fixed Deposits	2,219,861	5,972,987
Cash and bank balances	971,965	1,550,122
	3,191,826	7,523,109

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

The results for the fourth quarter ended 31 December 2008 excluded the results of Ygl Convergence (Asia Pacific) Pte Ltd due to loss of control.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of the 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 2008. 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 2008 as well as those policies adopted from the financial year beginning 1 January 2009 as disclosed therein (where applicable).

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. Issuance and Repayment of Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

7. Dividend Paid

No dividends were paid in the current quarter under review.

**Ygi Convergence Berhad (649013-W) (“Ygi” or “Group”)
Quarterly report for the fourth quarter ended 31 December 2009**

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	
	2009	2008	2009	2008
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	672,522	48,026	2,637,399	2,682,370
Asia Pacific	1,355,132	394,449	5,599,950	5,479,300
	<u>2,027,654</u>	<u>442,475</u>	<u>8,237,349</u>	<u>8,161,670</u>
Interest revenue	30,213	66,169	125,609	296,941
Total revenue	<u>2,057,867</u>	<u>508,644</u>	<u>8,362,958</u>	<u>8,458,611</u>
Elimination of inter-segment sales	(227,212)	(31,125)	(336,773)	(10,000)
Total	<u>1,830,655</u>	<u>477,519</u>	<u>8,026,185</u>	<u>8,448,611</u>

	3 months ended 31 December		Cumulative 12 months ended 31 December	
	2009	2008	2009	2008
<u>Segment Results</u>				
Results from operations:				
Malaysia	(820,571)	(2,940,569)	(1,785,367)	(2,706,317)
Asia Pacific	(178,713)	(510,303)	(827,607)	(1,323,739)
	<u>(999,284)</u>	<u>(3,450,872)</u>	<u>(2,612,974)</u>	<u>(4,030,056)</u>
Finance cost	(1,847)	(5,179)	(8,002)	(12,151)
Share of associate's profit / (loss)	(39,839)	(177,780)	(129,067)	(177,780)
Tax expense	(24,136)	(2,949)	(37,000)	(25,426)
Minority interest	(1,302)	71,795	38,472	100,694
Total results	<u>(1,066,408)</u>	<u>(3,564,985)</u>	<u>(2,748,571)</u>	<u>(4,144,719)</u>

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 2008.

10. Material Events subsequent to the Balance Sheet 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 22 February 2010 (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

For the quarter under review, Ygl Group recorded a revenue of RM1,830,655 which was an increase of 383.4% as compared to a revenue of RM477,519 achieved in the preceding year corresponding quarter ended 31 December 2008. Gross loss for the quarter under review was RM211,959 as compared to gross loss of RM719,309 for the preceding year corresponding quarter. This was mainly due to the revenue for Ygl Group both from Malaysia and the Asia Pacific had picked up in the fourth quarter. The corresponding decrease in gross loss was attributable to the higher revenue recorded.

For the twelve months period ended 31 December 2009, Ygl Group recorded a revenue of RM8,026,185 representing a decrease of 5% as compared to a revenue of RM8,448,611 achieved in the twelve months period ended 31 December 2008. Gross profit decreased by 77.1% to RM276,764 for the twelve months period ended 31 December 2009 from RM1,210,470 as achieved in the twelve months period ended 31 December 2008. This was due to decrease in overall revenue, the increase in direct cost for project in the new business unit and the amortization of development cost for Ygl owned developed software the market of which has not been fully opened up.

14. Material Changes in Profit Before Tax Against Preceding Quarter

There was a loss before taxation (“LBT”) of RM1,040,970 for the quarter under review which was consistent as compared to LBT of RM1,020,569 recorded in the preceding third quarter ended 30 September 2009.

15. Corporate Proposals

There are no other corporate proposals announced but not completed as at the date of announcement other than set out below:-

On 9 February 2010, the Company announced the proposed private placement of new ordinary shares of RM0.10 each in Ygl of not more than 10% of its issued and paid-up share capital.

16. Prospects for 2010

The revenue prospect for 2010 is cautiously optimistic as compared with 2009. Ygl Group investment on the management team, corporate customers and Ygl developed software will pay off in terms of more revenue and profits in the background of improving world and regional economies.

17. Taxation

	Current Quarter 31 December 2009	Cumulative Quarter 31 December 2009
	RM	RM
Current tax expense/(tax recoverable)	24,136	37,000

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)
Quarterly report for the fourth quarter ended 31 December 2009**

The effective tax rate is lower than the statutory tax rate as there is no taxation charged on Ygl Multimedia Resources Sdn. Bhd., 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. Renewal application to the Ministry of Finance and Multimedia Development Corporation (MDEC) is pending their approval.

18. Profit on sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and properties in the current financial quarter under review and the financial year to date.

19. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities in the current financial quarter under review.

20. Status on Utilisation of Proceeds

Private Placement

Pursuant to the private placement exercise undertaken by the Company in May 2007, the Company had raised approximately RM8.482 million which is entirely earmarked for working capital purposes. As at 31 December 2009, Ygl has fully utilised the proceeds raised.

21. Cash and cash equivalents

	As at 31 December 2009 RM'000
Fixed deposit	2,220
Cash and bank balances	972
	<hr/> 3,192 <hr/>

22. Company Borrowings and Debt Securities

Unsecured	As at 31 December 2009 RM
<u>Payable within 12 months</u>	
Hire purchase liability	68,965
<u>Payable after 12 months</u>	
Hire purchase liability	58,295
Total	<hr/> 127,260 <hr/>

The Group does not have any foreign currency borrowings.

23. Capital Commitment

As at 22 February 2010 (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.

24. Off Balance Sheet Financial Instruments

The Company does not have any financial instrument with off balance sheet risks as at 22 February 2010 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

25. Significant Related Party Transactions

For the fourth quarter ended 31 December 2009, there was no significant related party transaction entered by the Group.

26. 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.

Negotiation among Ygl Convergence (Asia Pacific) Pte. Ltd., Toh Keng Ching and Heng Su Lin ensued after an affidavit in support of the Originating Summons dated 11 May 2009 was served. An extraordinary general meeting of Ygl Convergence (Asia Pacific) Pte. Ltd. was eventually held on 18 February 2010 for the following resolutions:-

- (i) That Mr. Yeap Kong Chean was appointed as the Chairman of the meeting.
- (ii) That Mr. Tan Hui Meng of Alpha Asia Management Services Pte. Ltd. was removed as the Company Secretary and that Mr Ramasamy Jayapal of Hallmark Nominees Services Pte. Ltd. was appointed as the new Company Secretary with immediate effect.
- (iii) That the Toh Keng Ching and Heng Su Lin were removed as directors of the company with immediate effect and Yeap Kong Chean, Tan Hoay Leng and Ho Siew Bee were appointed as the new directors with immediate effect.
- (iv) That the one ordinary share from Ygl Convergence Berhad was transferred to Yeap Kong Chean.
- (v) That with the removal of Toh Keng Ching as a director, all the company's accounting, bank sales, forecast, purchases records, relevant supporting documents and cheque books and other company property in her possession custody and control such as computers and laptops be immediately handed over from her to the new management.

The new company secretary will do the necessary to effect the said resolutions.

**Ygl Convergence Berhad (649013-W) (“Ygl” or “Group”)
Quarterly report for the fourth quarter ended 31 December 2009**

27. Profit Estimate/Forecast

Not applicable.

28. Dividend

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

29. 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 December		Cumulative 12 months ended 31 December	
	2009	2008	2009	2008
Profits/(Loss) for the period attributable to shareholders (RM)	(1,066,408)	(3,564,985)	(2,748,571)	(4,144,719)
Weighted average number of ordinary shares in issue	145,434,000	145,434,000	145,434,000	145,434,000
Basic earnings/(loss) per share (sen)	(0.73)	(2.45)	(1.89)	(2.85)