

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	Note	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2012 RM	2011 RM	2012 RM	2011 RM
<b>Continuing Operations</b>					
Revenue	13	1,156,360	2,096,738	4,525,917	7,069,150
Cost of Sales		<u>(1,298,391)</u>	<u>(1,464,948)</u>	<u>(4,432,691)</u>	<u>(4,794,970)</u>
Gross (Loss) / Profit		(142,031)	631,790	93,226	2,274,180
Other Operating Income		27,730	33,930	87,417	1,399,301
Selling and Distribution Costs		-	(1,944)	(8,000)	(7,944)
Administrative Expenses		(179,973)	(189,637)	(531,306)	(645,646)
Other Operating Expenses		(491,093)	(265,269)	(1,311,431)	(840,827)
<b>(Loss) / Profit for the period from continuing operations</b>		<u>(785,367)</u>	<u>208,870</u>	<u>(1,670,094)</u>	<u>2,179,064</u>
Finance Costs		(9,657)	(12,257)	(28,320)	(18,450)
Gain on Financial Assets Measured at Fair Value	22	-	670	-	12,209
Share of Results of Associate Company		(29,469)	(26,459)	(100,103)	(81,676)
<b>(Loss) / Profit Before Tax</b>	14	<u>(824,493)</u>	<u>170,824</u>	<u>(1,798,517)</u>	<u>2,091,147</u>
Income Tax Expense	17	(11,397)	17,110	(9,261)	(2,846)
<b>(Loss) / Profit for the period</b>		<u>(835,890)</u>	<u>187,934</u>	<u>(1,807,778)</u>	<u>2,088,301</u>
<b>Profit attributable to :</b>					
Shareholders of the company		(843,556)	206,393	(1,891,536)	2,149,241
Minority interests		7,666	(18,459)	83,758	(60,940)
<b>(Loss) / Profit for the period</b>		<u>(835,890)</u>	<u>187,934</u>	<u>(1,807,778)</u>	<u>2,088,301</u>
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operation		(89,561)	129,917	(51,196)	88,278
<b>Total Comprehensive (Loss) / Income for the period</b>		<u>(925,451)</u>	<u>317,851</u>	<u>(1,858,974)</u>	<u>2,176,579</u>
Total comprehensive (loss) / income attributable to:					
Shareholders of the Parent		(933,117)	336,310	(1,942,732)	2,237,519
Minority interests		7,666	(18,459)	83,758	(60,940)
		<u>(925,451)</u>	<u>317,851</u>	<u>(1,858,974)</u>	<u>2,176,579</u>
Earnings per share attributable to owners of the parent (in sen)					
Basic EPS	27	-0.52	0.11	-1.12	1.31

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Individual Quarter 3 months ended 30 September 2012 <u>RM</u>	Cumulative Quarter 9 months ended 30 September 2012 <u>RM</u>
(a) Interest income	6,037	23,959
(b) Other income including investment income	693	2,089
(c) Gain / (Loss) on disposal of quoted / unquoted investment or properties	n/a	n/a
(d) Gain / (Loss) on foreign exchange	(11)	(2,059)
(e) Gain / (Loss) on derivatives	n/a	n/a
(f) Interest expense	9,657	28,320
(g) Depreciation	29,762	89,159
(h) Amortization	366,955	984,053
(i) Provision for and write-off of receivables	14,504	553,543
(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 SEPTEMBER 2012**

	Note	30 September 2012 (Unaudited) RM	31 December 2011 (Audited) RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		5,382,715	5,226,058
Investment Property		287,258	287,615
Goodwill and Other Intangible Assets		6,206,132	6,286,908
Investment in Associate Company		696,368	796,471
Other Investments		1	1
		<u>12,572,474</u>	<u>12,597,053</u>
<b>Current Assets</b>			
Trade and Other Receivables	22	4,451,442	4,430,447
Short Term Investment		100,234	98,145
Amount Owing by Associate Company		16,200	-
Current Tax Assets		18,509	18,285
Cash and Cash Equivalents	19	929,908	2,494,363
		<u>5,516,293</u>	<u>7,041,240</u>
<b>TOTAL ASSETS</b>		<u>18,088,767</u>	<u>19,638,293</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		15,997,740	15,997,740
Share Premium Reserve, non-distributable		2,353,327	2,353,327
Exchange Translation Reserve, non-distributable		(180,795)	(129,599)
(Accumulated Loss) / Retained Profit		(3,430,419)	(1,538,883)
<b>Equity attributable to shareholders of the Company</b>		<u>14,739,853</u>	<u>16,682,585</u>
Minority Interests		236,574	152,816
<b>TOTAL EQUITY</b>		<u>14,976,427</u>	<u>16,835,401</u>
<b>Non-Current Liabilities</b>			
Loan	20	744,572	756,967
Hire Purchase Liabilities	20	38,995	-
Deferred Tax Liabilities		3,840	409
		<u>787,407</u>	<u>757,376</u>
<b>Current Liabilities</b>			
Loan	20	16,293	15,573
Hire Purchase Liabilities	20	26,003	4,578
Trade and Other Payables	22	1,721,024	1,609,417
Current Tax Liabilities		-	-
Deferred Revenue		561,613	415,948
		<u>2,324,933</u>	<u>2,045,516</u>
<b>TOTAL LIABILITIES</b>		<u>3,112,340</u>	<u>2,802,892</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>18,088,767</u>	<u>19,638,293</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)		9.21	10.43

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	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 2011		15,997,740	2,353,327	(229,331)	(3,212,550)	14,909,186	114,928	15,024,114
Reconsolidation of subsidiary		-	-	3,912	(511,577)	(507,665)	53,506	(454,159)
Total comprehensive income		-	-	95,820	2,185,244	2,281,064	(15,618)	2,265,446
At 31 December 2011		<u>15,997,740</u>	<u>2,353,327</u>	<u>(129,599)</u>	<u>(1,538,883)</u>	<u>16,682,585</u>	<u>152,816</u>	<u>16,835,401</u>
<i>Unaudited</i>								
At 1 January 2012		15,997,740	2,353,327	(129,599)	(1,538,883)	16,682,585	152,816	16,835,401
Other comprehensive loss		-	-	(51,196)	-	(51,196)	-	(51,196)
Net loss for the year		-	-	-	(1,891,536)	(1,891,536)	83,758	(1,807,778)
At 30 September 2012		<u>15,997,740</u>	<u>2,353,327</u>	<u>(180,795)</u>	<u>(3,430,419)</u>	<u>14,739,853</u>	<u>236,574</u>	<u>14,976,427</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

Note	9 MONTHS	YEAR ENDED
	ENDED 30 SEPTEMBER (UNAUDITED)	31 DECEMBER (AUDITED)
	2012	2011
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(1,798,517)	2,173,274
Adjustments for:-		
Depreciation of property, plant and equipment	88,801	185,105
Depreciation of investment property	358	477
Amortisation of software development costs	984,053	1,216,539
Share of result of associates	100,103	151,479
Bad debts written off	16,093	40,420
Allowance for doubtful debts	-	-
Allowance for doubtful debts written back	-	(9,225)
Restatement of investment in subsidiary	-	(1,314,404)
Loss on financial instruments measured at fair value	-	-
Unrealised (gain) / loss on foreign exchange	(7,872)	55,871
Dividend income	(2,089)	(2,704)
Interest income	(23,959)	(34,848)
Interest expense	27,006	26,887
Hire purchase term charges	1,314	925
Operating (loss) / profit before working capital changes	(614,709)	2,489,796
Changes in software development costs	(941,524)	(1,295,810)
Receipts from customers	5,400,926	5,566,067
Changes in receivables	(5,523,847)	(7,122,296)
Payments to suppliers, contractors and employees	(3,975,578)	(3,943,485)
Changes in payables	4,161,397	4,369,016
Changes in deferred revenue	145,665	(186,153)
Cash used in operations	(1,347,670)	(122,865)
Interest received	23,959	34,848
Dividend received	2,089	2,704
Interest paid	(27,006)	(26,887)
Tax paid	(9,261)	(3,648)
Net cash used in operating activities	(1,357,889)	(115,848)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(247,840)	(342,007)
Purchase of investment in associate	-	-
Investment in subsidiary	-	-
Purchase of other investment	-	-
Purchase of other investment	-	-
Net cash used in investing activities	(247,840)	(342,007)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from hire purchase	78,000	-
Proceeds from term loan	-	780,000
Payment of term loan instalments	(11,675)	(7,460)
Payment of hire purchase instalments	(17,580)	(55,534)
Hire purchase term charges paid	(1,314)	(925)
Consolidation of subsidiary, net cash	-	80,621
Net cash from / (used in) financing activities	47,431	796,702
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,558,298)	338,847
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>	(6,157)	14,017
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	2,494,363	2,141,499
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	929,908	2,494,363
Represented by:		
<b>TIME DEPOSITS</b>	561,471	1,454,690
<b>CASH AND BANK BALANCES</b>	368,437	1,039,673
	929,908	2,494,363

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

**1. First-Time Adoption of Malaysian Financial Reporting Standards (“MFRSs”)**

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. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRSs”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. 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 2011.

This interim financial report is the Group’s first MFRS condensed consolidated interim financial report for part of the period covered by the Group’s first MFRS annual financial report for the year ending 31 December 2012 and MFRS 1 First - Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied. In presenting its opening MFRS Statement of Financial Position as at 1 January 2011, which is also the transition date, the Group is required to restate the comparative financial statements to amounts reflecting the application of the MFRS framework. The adjustments on transition will be made directly in opening retained earnings. The transition to MFRS framework does not have any financial impact to this interim report.

The following new MFRSs, Amendments to MFRS and IC Interpretations are applicable from the financial year beginning on 1 January 2012:

MFRS 1,	First Time Adoption of Malaysian Financial Reporting Standards
MFRS 2,	Share-based Payment Transactions
MFRS 3,	Business Combinations
MFRS 5,	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7,	Financial Instruments: Disclosures
MFRS 8,	Operating Segments
MFRS 101,	Presentation of Financial Statements
MFRS 102,	Inventories
MFRS 107,	Statement of Cash Flows
MFRS 108,	Accounting Policies, Changes in accounting Estimates and Errors
MFRS 110,	Events After the Reporting Period
MFRS 112,	Income Taxes
MFRS 116,	Property, Plant and Equipment
MFRS 117,	Leases
MFRS 118,	Revenue
MFRS 119,	Employee Benefits
MFRS 121,	The Effect of Changes in Foreign Exchange Rates
MFRS 123,	Borrowing Costs
MFRS 124,	Related Party Disclosures
MFRS 132,	Financial Instruments: Presentation
MFRS 133,	Earnings Per Share
MFRS 134,	Interim Financial Reporting
MFRS 136,	Impairment of Assets
MFRS 137,	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138,	Intangible Assets
MFRS 139,	Financial Instruments: Recognition and Measurement
MFRS 140,	Investment Property

Amendments to MFRS 1,	Severe Hyper inflation and removal of fixed dates for First-time Adopters
Amendments to MFRS 7,	Disclosures – Transfer of Financial Assets
Amendments to MFRS 101,	Presentation of Items of Other Comprehensive Income
Amendments to MFRS 112,	Deferred Tax: Recovery of Underlying Assets
IC Interpretation 4,	Determining whether an Arrangement contains a Lease
IC Interpretation 10,	Interim Financial Reporting and Impairment
IC Interpretation 17,	Distribution of Non-cash Assets to Owners
IC Interpretation 18,	Transfer of Assets from Customers
IC Interpretation 19,	Extinguishing Financial Liabilities with Equity Instruments

The application of the above MFRSs, Amendments to MFRSs and Interpretations did not result in any significant changes in accounting policies and presentation of the financial results of the Group.

**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 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 third quarter ended 30 September 2012**

**8. Segmental Information**

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

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2012	2011	2012	2011
<u>Segment Revenue</u>				
Revenue from operations:				
Malaysia	403,625	1,212,060	1,872,645	4,265,028
Asia Pacific	752,735	884,678	2,653,272	2,804,122
Total revenue	1,156,360	2,096,738	4,525,917	7,069,150
Elimination of inter-segment sales	-	-	-	-
External sales	1,156,360	2,096,738	4,525,917	7,069,150
Interest revenue	6,037	9,353	23,959	25,463

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2012	2011	2012	2011
<u>Segment Results</u>				
Results from operations:				
Malaysia	(796,325)	114,537	(1,975,611)	2,311,086
Asia Pacific	10,958	94,333	305,517	(132,022)
	(785,367)	208,870	(1,670,094)	2,179,064
Finance cost	(9,657)	(12,257)	(28,320)	(18,450)
Share of associate's profit / (loss)	(29,469)	(26,459)	(100,103)	(81,676)
Tax expense	(11,397)	17,110	(9,261)	(2,846)
Loss on financial instruments	-	670	-	12,209
Minority interests	(7,666)	18,459	(83,758)	60,940
Total results	(843,556)	206,393	(1,891,536)	2,149,241

**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 2011.

**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 26 November 2012 (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 RM1,156,360 which was a decrease of 44.8% as compared to a revenue of RM2,096,738 achieved in the preceding year corresponding quarter ended 30 September 2011. Gross loss for the quarter under review was RM142,031 as compared to gross profit of RM631,790 for the preceding year corresponding quarter which was a decrease of 122.5%. The gross loss was due to reduction in revenue during the quarter while the direct overheads were maintained.

### Malaysia Segment

For the quarter under review, the Malaysia segment recorded a revenue of RM403,625 which was a decrease of 66.7% as compared to a revenue of RM1,212,060 achieved in the preceding year corresponding quarter ended 30 September 2011. Loss from operations for the quarter under review was RM796,325 as compared to profit from operations of RM114,537 for the preceding year corresponding quarter which was a decrease of 795%. The loss from operations in this quarter is due to a decrease in revenue attained.

### Asia Pacific Segment

For the quarter under review, the Asia Pacific segment recorded a revenue of RM752,735 which was a decrease of 14.9% as compared to a revenue of RM884,678 achieved in the preceding year corresponding quarter ended 30 September 2011. Profit from operations for the quarter under review was RM10,958 as compared to profit from operations of RM94,333 for the preceding year corresponding quarter which was a decrease of 88.4%. The decrease in profit from operations was due to lower revenue recorded whereas the workforce was maintained.

### Cumulative Quarters - Group

For the nine months period ended 30 September 2012, Ygl Group recorded a revenue of RM4,525,917 representing a decrease of 36% as compared to a revenue of RM7,069,150 achieved in the nine months period ended 30 September 2011. Gross profit for the nine months period ended 30 September 2012 was RM93,226 compared to gross profit of RM2,274,180 as achieved in the nine months period ended 30 September 2011 which was a decrease of 95.9%. The decrease in gross profit due to the decrease in revenue recorded while direct overheads and development work is still carried on.

### Malaysia Segment

For the nine months ended 30 September 2012, the Malaysia segment recorded a revenue of RM1,872,645 representing a decrease of 56.1% as compared to a revenue of RM4,265,028 achieved in the nine months period ended 30 September 2011. Net loss from operations was RM1,975,611 for the nine months period ended 30 September 2012 as compared to a profit of RM2,311,088 part of which was RM1,314,403 being restatement of investment in subsidiary recorded in the nine months period ended 30 September 2011, and also revenue shortfall in 2012 arising from deferment of many sales deals by customers against the backdrop of slowdown in market economy.

Asia Pacific Segment

For the nine months ended 30 September 2012, the Asia Pacific segment recorded a revenue of RM2,653,272 representing a decrease of 5.4% as compared to a revenue of RM2,804,122 achieved in the nine months period ended 30 September 2011. Net profit from operations was RM305,517 for the nine months period ended 30 September 2012 as compared to a loss of RM132,022 as recorded in the nine months period ended 30 September 2011. The turn around from loss to profit position was due to the efforts in productising certain Ygl software in the overseas market.

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

There was a loss before tax of RM824,493 for the quarter under review as compared to a loss of RM531,483 recorded in the preceding second quarter ended 30 June 2012, which was an increase of 55.1%. This was due to lower revenue achieved during the quarter with no significant changes to the direct cost structure.

**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 23 October 2012, 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. Approval from Bursa Malaysia Securities Berhad was obtained on 30 October 2012.

**16. Prospects for 2012 / 2013**

Malaysia’s manufacturing sector will still face challenging time in the coming quarters due to weak external demand. The impact of economic crisis in Europe and slowdown in China and US affects output. Though revenue for Ygl contracted drastically this year due to deferment of investment by customers, Ygl is optimistic of the potential for its niche proprietary software solutions which are price competitive as compared to US and European product offerings. We are confident that there will be increase in demand from the Asia Pacific market for Ygl products.

**17. Taxation**

	Current Quarter 30 September 2012 RM	Cumulative Quarter 30 September 2012 RM
Current tax expense		
Malaysian income tax	10,751	8,747
Foreign tax	1,739	1,607
	12,490	10,354
Deferred tax	(1,093)	(1,093)
Total income tax expense	(11,397)	9,261

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**

Not applicable.

**19. Cash and cash equivalents**

	<b>As at 30 September 2012 RM'000</b>
Time deposits	561
Cash and bank balances	368
	<u>929</u>

**20. Company Borrowings and Debt Securities**

The Group's borrowings are as follows:

	<b>As at 30 September 2012 RM</b>	<b>As at 30 September 2011 RM</b>
<u>Payable within 12 months</u>		
Secured - Term Loan	16,293	15,451
Secured - Hire purchase liability	26,003	18,462
	<u>42,296</u>	<u>33,913</u>
<u>Payable after 12 months</u>		
Secured - Term Loan	744,572	760,834
Secured - Hire purchase liability	38,995	-
	<u>783,567</u>	<u>760,834</u>
<b>Total</b>	<u>825,863</u>	<u>794,747</u>

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 26 November 2012 (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:

	At Fair Value through profit or loss RM	Loans and Receivables RM	Total RM
<b>As at 30 September 2012</b>			
Account receivables	-	1,624,052	1,624,052
Other receivables, prepayments and deposits paid	-	2,827,390	2,827,390
Short term investment	100,234	-	100,234
Cash and cash equivalents	-	929,908	929,908
	-----	-----	-----
	100,234	5,381,350	5,481,584
	=====	=====	=====

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

	Financial Liabilities at amortised cost RM
<b>As at 30 September 2012</b>	
Account payables	625,307
Other payables, accruals and deposits received	1,095,717
Term loan	760,865
Hire purchase liabilities	64,998
	-----
	2,546,887
	=====

All other financial instruments are carried at amounts not materially different from their fair values as at 30 September 2012.

**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 Company 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**

Analysis of financial assets past due but not impaired:

Past due	RM
Up to 90 days	620,511
>90 to 180 days	173,125
>180 to 360 days	512,783
>360 days	317,633
Total past due amount	<u>1,624,052</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 4.7% 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 third quarter ended 30 September 2012, 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.

	3 months ended 30 September		Cumulative 9 months ended 30 September	
	2012	2011	2012	2011
Profits/(Loss) for the period attributable to shareholders (RM)	(824,493)	170,824	(1,798,517)	2,091,147
Weighted average number of ordinary shares in issue	159,977,400	159,977,400	159,977,400	159,977,400
Basic earnings/(loss) per share (sen)	(0.52)	0.11	(1.12)	1.31

**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:

	As at 30 September 2012 RM	As at 31 December 2011 RM
Total accumulated profits / (losses) of Ygl and its subsidiaries:		
Realised	(2,659,659)	(804,483)
Unrealised	7,872	(55,871)
	(2,651,787)	(860,354)
Total share of accumulated losses from associated company:		
Realised	(778,632)	(678,529)
Unrealised	-	-
	(3,430,419)	(1,538,883)
Less: Consolidation adjustments	-	-
Total group accumulated profits / (losses) as per consolidated accounts	(3,430,419)	(1,538,883)