ANNUAL REPORT 2007

Ygl Convergence Berhad
649013-W

CONTENTS

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth (4th) Annual General Meeting of YGL Convergence Berhad ("the Company") will be held at G Hotel, 168-A Persiaran Gurney, 10250 Penang on Wednesday, 18 June 2008 at 11.00 a.m. for the following purposes:-

As Ordinary Business:-

1. To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2007 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of RM40,000 for the financial year ended 31 December 2007. **Resolution 2**

3. To re-elect Mr. Yeap Kong Tai who is retiring in accordance with Article 29.1 of the Company's Articles of Association and is offering himself for re-election. **Resolution 3**

4. To re-elect Mr. Lim Hoo Teck who is retiring in accordance with Article 29.6 of the Company's Articles of Association and is offering himself for re-election. **Resolution 4**

5. To re-appoint Messrs. Moores Rowland as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business:-

6. To consider and if thought fit, to pass the following resolution with or without modification:-

   Ordinary Resolution:-
   Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

   "**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

By Order of the Board

OOI ENG CHOO (BC/O/102)
THUM SOOK FUN (MAICSA 7025619)
Company Secretaries

Penang
27 May 2008

Notice of Annual General Meeting (cont'd)

Explanatory Note to Special Business:-

Resolution 6-Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

The Resolution 6 above, if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors may consider to be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration within which the next Annual General Meeting is required by law to be held, whichever is earlier.

Notes:-

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint up to 2 proxies to attend and vote in his stead. A proxy may, but need not be a Member and the provision of Section 149(1)(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy or (in the case of a power of attorney appointing an attorney) such power of attorney or a notarially certified copy of such power of attorney and any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Registered Office of the Company at No. 10, China Street, 10200 Penang at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.

Statement Accompanying Notice of Annual General Meeting

DIRECTORS STANDING FOR RE-ELECTION

The Directors standing for re-election at the 4th Annual General Meeting of the Company to be held at G Hotel, 168-A Persiaran Gurney, 10250 Penang on Wednesday, 18 June 2008 at 11.00 a.m. are as follow:-

Name of Directors	Details of individual Director standing for re-election
Mr. Yeap Kong Tai	Refer to page 6, 8 and 74 of the Annual Report
Mr. Lim Hoo Teck	Refer to page 7, 8 and 74 of the Annual Report

Corporate Information

BOARD OF DIRECTORS

Yeap Kong Chean
Chief Executive Officer
Yeap Kong Tai
Chief Operating Officer
Dato' Muhammad Farid bin Haji Ahmad Ridhwan
Independent Non-Executive Director
Chong Kai Min
Independent Non-Executive Director
Lim Hoo Teck
Independent Non-Executive Director

COMPANY SECRETARIES

Ooi Eng Choo (BC/O/102)
Thum Sook Fun (MAICSA 7025619)

REGISTERED OFFICE

No. 10 China Street
10200 Penang
Tel: 04-2610 619
Fax: 04-2625 599

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar, 10200 Penang
Tel: 04-2631 966
Fax: 04-2628 544

SPONSOR

Kenanga Investment Bank Berhad
801, 8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2164 6689
Fax: 03- 2164 6690

AUDITORS

Moores Rowland (AF 0539)
Wisma Selangor Dredging
7th Floor, South Block
142-A Jalan Ampang
50450 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Bhd
Ground Floor, MWE Plaza
No. 8, Lebuh Farquhar
10200 Penang
Tel: 04-2636 685 / 2637 319
Fax: 04-2636 645

Hong Leong Bank Berhad
No. 1, Light Street, Georgetown
10200 Penang
Tel: 04-2615 022
Fax: 04-2626 360

CIMB Bank Berhad
43, Lebuh Pantai, 10300 Penang
Tel: 04-2407 868
Fax: 04-2267 822

STOCK EXCHANGE LISTING

The MESDAQ Market of
Bursa Malaysia Securities Berhad
Stock Name: YGL
Stock Code: 0086

WEBSITE

www.yglworld.com

Profile of Directors

YEAP KONG CHEAN
Chief Executive Officer
Aged 46, Malaysian

Yeap Kong Chean was appointed to the Board on 1 June 2005. He is presently the Chief Executive Officer of the Company and also acting as director of the subsidiary companies namely Ygl Convergence Malaysia Sdn Bhd and Ygl Multimedia Resources Sdn Bhd.

He graduated with a Bachelor's degree in Commerce from University of Melbourne in 1984, with a double major in Accounting and Computer Science. He is an Associate member of the Institute of Chartered Accountant in Australia and Malaysian Institute of Accountants.

He commenced his career in 1985 with Ernst & Young Malaysia, and had spent seven (7) years in serving Ernst & Young Malaysia and Australia. He had consulted both local and foreign companies of various industries and sizes whilst with Ernst & Young. He was appointed as a consultant on advisory role with Ygl Convergence Malaysia Sdn Bhd in 1993, assisting Ygl Convergence Malaysia Sdn Bhd in business re-engineering and ERP deployment work.

YEAP KONG TAI
Chief Operating Officer
Aged 45, Malaysian

Yeap Kong Tai was appointed to the Board on 1 June 2005. He is presently the Chief Operating Officer of the Company. He was a member of the Audit Committee of the Company until his subsequent resignation of the said post on 7 April 2008. He is also acting as director of the subsidiary companies namely Ygl Convergence Malaysia Sdn Bhd and Ygl Multimedia Resources Sdn Bhd.

He graduated with a Bachelor of Commerce degree from University of Melbourne in 1985, with a double major in Accounting and Computer Science. He is an Associate member of the Institute of Chartered Accountant in Australia, Malaysian Institute of Accountants and Malaysian Institute of Taxation.

He commenced his career in 1986 with Price Waterhouse Malaysia and was subsequently seconded to Price Waterhouse Australia. Throughout the seven (7) years in Price Waterhouse, he had consulted a number of companies, both local and foreign of various sizes and industries. He joined Ygl Convergence Malaysia Sdn Bhd in 1993 as a Director, initially overseeing the Consulting business, and thereafter directing the Group's own software development and deployment.

DATO' MUHAMMAD FARID BIN HAJI AHMAD RIDHWAN
Independent Non-Executive Director
Aged 52, Malaysian

Dato' Muhammad Farid Bin Haji Ahmad Ridhwan was appointed to the Board on 1 June 2005. He is also the Chairman of the Audit Committee of the Company.

He graduated as a mechanical engineer with a marketing degree from the University of Bristol, United Kingdom. He was previously a Director of LB Aluminium Berhad and played a key role in the listing of the company on the then Kuala Lumpur Stock Exchange in 2001. Dato' Farid was awarded the Anugerah "Usahawan Cemerlang 2001" by Bank Pembangunan & Infrastructur Malaysia Berhad. Dato' Farid is the inventor of the Prefix phone, the world's first line powered chip-card based prepaid fixed line telephone which won PIKOM-Computimes Product of the Year 2004 and which is the first locally developed product with 2 patents already granted. Most recently one of his companies, Alif R&D won the MSC-APICTA Award 2006 for Best in Research and Development.

Profile of Directors (cont'd)

CHONG KAI MIN
Independent Non-Executive Director
Aged 43, Malaysian

Chong Kai Min was appointed to the Board on 1 June 2005. He is also a member of the Audit Committee of the Company.

He holds a Bachelor of Science (Information Technology and Computer Science) from the National University of Singapore. In 1990, he joined Microsoft Singapore Pte Ltd as one of its pioneer employees and was with Microsoft for more than eight (8) years culminating as the Regional Marketing Manager for the Windows platform. After that, he served as the Vice-President for Investments at OptixLab, a Malaysian venture capital company and he is currently a Director at I-Futures Malaysia Sdn Bhd, a business consulting company.

LIM HOO TECK
Independent Non-Executive Director
Aged 43, Malaysian

Lim Hoo Teck was appointed to the Board on 7 April 2008. He is also a member of the Audit Committee of the Company.

He is a member of the Malaysian Institute of Accountants ("MIA"), Malaysian Institute of Taxation ("MIT") and Malaysian Institute of Certified Public Accountants ("MICPA").

He commenced his accounting profession in 1984 as an Audit Assistant with Messrs Mustapha Law, where he served for 5 years. In 1989, he joined the international accounting firm of Price Waterhouse (now known as PricewaterhouseCoopers), Kuala Lumpur for about 2 years. He then joined Coopers & Lybrand, Singapore as an Audit Manager in 1991. Currently, he is the Managing Partner of Messrs. Steven Lim & Associates. He has more than 15 years experience in public accounting which includes, handling large audits of multinational and public listed companies as well as small and medium-sized audit for companies engaged in trading, manufacturing, banking, plantation, hotel, construction, property holding and service industries. He has also been involved in initial public offer (IPO) assignment, acquisition review and investigation works.

At present, he is an Independent Non-Executive Director of Malaysia Steel Works (KL) Bhd, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

Profile of Directors (cont'd)

Notes:

i. Family Relationships and Substantial Shareholders

Directors	Relationship	Substantial Shareholder
Yeap Kong Chean	Brother of Yeap Kong Tai, a substantial shareholder of the Company	Yes
Yeap Kong Tai	Brother of Yeap Kong Chean, a substantial shareholder of the Company	Yes

Save as disclosed above, none of the other Directors has family relationship with any other Director or substantial shareholders of the Company.

ii. Directors' Shareholdings

Details of the Directors' shareholdings in the Company can be found in the Analysis of Shareholdings section in the Annual Report.

iii. No Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

iv Non-conviction of Offences

All the Directors have not been convicted of any offences within the past 10 years.

v. Attendance at Board Meetings

Directors	No. of Board Meetings attended by Directors	No. of Board Meetings held during the financial year ended 31 December 2007	% of attendance
Yeap Kong Chean	4	5	80
Yeap Kong Tai	5	5	100
Dato' Muhammad Farid bin Haji Ahmad Ridhwan	5	5	100
Chong Kai Min	5	5	100
Lim Hoo Teck*	N/A	N/A	N/A

Note:

* Mr. Lim Hoo Teck did not attend any Board Meetings of the Company held in the financial year ended 31 December 2007 as his appointment was made subsequent to the said year end.

Chief Executive Officer's Statement

Ygl Convergence Forges Global Alliance With Parker Randall
Ygl Convergence sees a third of revenue from JV. Ygl Parker Randall World Alliance, to contribute one-third to group revenue by 2010

The Board of Directors and the management team of Ygl Convergence Berhad ("Ygl") are pleased to present the Annual Report and Financial Statements of the Group and Company for the financial year ended 31 December 2007.

The acquisitions into Hong Kong and China have posed interesting challenges to Ygl Group. There was this period of consolidation, and alignment of business directions; and I am glad to say that the integrated Group now has the common understanding to move forward and do more business. The Greater China market presents exciting opportunities in terms of territorial expansion and product diversification. Accordingly Ygl will continue to invest in human capital and Research and Development ("R&D") to prepare ourselves for greater penetration in the Greater China and South East Asia market.

Financial Overview

Ygl recorded revenue of RM12.410 million for the year ended 2007, and this represents an increase of 14% as compared with the revenue of RM10.903 million for the year ended 2006. Net profit after tax has decreased by 56% from RM3.053 million for the year ended 2006 to RM1.328 million for the year ended 2007. Correspondingly, Ygl's earnings per share have decreased from 2.17 sen per share for the year ended 2006 to 0.86 sen per share for the year ended 2007. This is mainly attributable to the loss registered in subsidiary of Hong Kong, as a result of an increase in operating expenses due to human capital expansion, the benefits of which will not be enjoyed as yet.

Corporate Development

In September 2007, Ygl signed a joint venture agreement with Carterton Group Limited, a subsidiary of Kingdee Software (China) Co. Ltd. ("Kingdee China") for the purpose of setting up a joint venture company in Malaysia under the name of Kingdee South East Asia Software Group Sdn. Bhd. Kingdee China is a wholly owned subsidiary of Kingdee International Software Group Company Limited ("Kingdee International"). Kingdee International is a leading provider of enterprise management software and e-commerce application solutions in the Asia Pacific region. This joint venture is a major step in the business development plan of Ygl in penetrating the Southeast Asian markets which will extend pathways for the localisation development, promotion, marketing, distribution and provision of technical support for Kingdee K/3 products and relevant ERP products in the ASEAN markets on an exclusive basis.

In December 2007, Ygl entered into a joint venture agreement with Parker Randall for the establishment of a joint venture company under the name of Ygl Parker Randall World Alliance Sdn. Bhd. This joint venture is an alliance aimed at merging the world of information technology with professional consultancy in best business practices.

In March 2008, Ygl entered into a joint venture contract with Vista Investment Management Limited for the establishment of a joint venture company incorporated in Malaysia under the proposed name of Ygl iBay International Sdn. Bhd. The joint venture will encompass the provision of professional advisory on consulting, procurement and outsourcing, software development and marketing and renting of software, to acquire master agency and to develop and market eProcurement IT solutions.

Ygl KL office.

Chief Executive Officer's Statement (cont'd)

Ygl Convergence in JV to market IT solutions
Ygl Convergence Bhd has teamed up with leading China software maker Kingdee International Software Group Co Ltd to market IT solutions in the South East Asian region.

Ygl rolled out deferred tax software
Taxcom Deferred Taxation software, a new product under Taxcom group has been developed and tested with our distinguished authority on the subject of deferred taxation, Professor Tan Liong Tong.

R&D

For the year ended 2007, Ygl had invested RM1.32 million in the new module development and feature enhancement of Ygl existing proprietary product line; and the new development of vertical solutions for specific industries. This represents an increase of 52% over R&D expenditure of RM865k in 2006.

Prospect

Looking ahead, 2008 will be a year of moderate growth for the information technology sector in the world and the Asia region. Ygl has the advantage of processing the in-depth know-how of business applications development and deployment. Coupled with the contacts established in the South East Asia and Greater China region, Ygl is well positioned to be the dominating business application provider in the Asia region. I expect the momentum of growth in 2008 to be in line with our market understanding and expectations; and Ygl will move ahead in accordance with our strategic expansion framework. Ygl will continue to provide effective business solutions to our customers.

Appreciation

I wish to take this opportunity to extend my appreciation to:

- our valued customers for believing in Ygl's solutions;
- our business partners for working with us in providing the most effective business solutions;
- my fellow Board members for their wisdom and advice;
- the management team and employees for their dedication and contribution; and
- our shareholders for their confidence in us.

I would also like to welcome Mr. Lim Hoo Teck who joined the Board on 7 April 2008.

Yeap Kong Chean
Chief Executive Officer

Audit Committee Report

MEMBERSHIP

The Audit Committee comprises the following members:

Chairman
Dato' Muhammad Farid Bin Haji Ahmad Ridhwan *(Independent Non-Executive Director)*

Members
Chong Kai Min *(Independent Non-Executive Director)*
Lim Hoo Teck *(Independent Non-Executive Director) (Appointed on 7 April 2008)*
Yeap Kong Tai *(Chief Operating Officer, Executive Director) (Resigned on 7 April 2008)*

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. COMPOSITION
(revised with effect from 7 April 2008)

1.1 The Audit Committee members shall be appointed by the Board of Directors with at least three members, of which all the Audit Committee members must be non-executive directors, with a majority of them being Independent Directors.

The definition of "Independent Directors" shall have the meaning given in Rule 1.01 of the Listing Requirements of Bursa Securities for MESDAQ Market.

1.2 The members of the Audit Committee shall select a Chairman from among its number who shall be an Independent Director. In the event that the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the Meeting.

1.3 If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new member as may be required to make up the minimum number of three (3) members.

2. AUTHORITY

2.1 The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

a) have explicit authority to investigate any matters within its term of reference;
b) have full and unrestricted access to any information it seeks as relevant to its activities from any employee of the Company or the Group and all employees are directed to co-operate with any request by the member of the Audit Committee;
c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities (if any);
d) be able to obtain independent professional or other advice in the performance of its duties; and
e) where the Audit Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactory resolved resulting in a breach of the Listing Requirements for MESDAQ Market, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

Audit Committee Report (cont'd)

3. DUTIES AND RESPONSIBILITIES

3.1 The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries and the sufficiency of auditing relating thereto.

3.2 The duties of the Audit Committee shall include reviewing of the following and reporting the same to the Board of Directors of the Company:

a) with the external auditor, the audit plan and their management letter (if any);
b) with the external auditor, their evaluation of the internal controls and management information systems;
c) with the external auditor, their audit report and actions to be taken;
d) the assistance given by the employees of the Company to the external auditor;
e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out the work;
f) the internal audit programme, process, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
   i) changes in or implementation of major accounting policy changes
   ii) significant adjustments arising from the audit;
   iii) the going concern assumption;
   iv) significant and unusual events; and
   v) compliance with accounting standards and other legal requirements;
h) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
i) any letter of resignation from the external auditors of the Company; and
j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

3.3 to do the following, in relation to the internal audit function:
a) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out the work;
b) review the internal audit programme, process, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
c) review any appraisal or assessment of the performance of members of the internal audit function;
d) approve any appointment or termination of senior staff members of the internal audit function;
e) take cognisance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

3.4 To recommend the nomination of a person or persons as external auditors, the audit fee and any questions of resignation or dismissal.

3.5 To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any.

3.6 To consider other topics as defined by the Board of Directors.

3.7 To consider and examine such other matters as the Audit Committee considers appropriate.

Audit Committee Report (cont'd)

4. MEETINGS & QUORUM

4.1 Meetings shall be held not less than four times a year with a due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In order to form a quorum, a majority of members present whom must be independent directors.

4.2 Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

4.3 The presence of the external auditors will be requested if required.

4.4 The Chairman of the Audit Committee shall engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed on matters affecting the Company.

4.5 The Finance Manager, the head of internal audit and representatives of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors, the internal auditors or both, without other Board members and management present at least twice a year and whenever deemed necessary.

4.6 Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. REPORTING PROCEDURES

5.1 The Chairman of the Audit Committee shall report on each meeting to the Board of Directors.

5.2 The Company Secretaries shall be the secretaries of the Audit Committee.

5.3 Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board.

5.4 The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

The Audit Committee had held five (5) meetings during the financial year 2007 which were attended by the following Audit Committee members:-

Directors	No. of Meetings attended	Total No. of Meetings held	%
Dato' Muhammad Farid Bin Haji Ahmad Ridhwan	5	5	100
Chong Kai Min	5	5	100
Yeap Kong Tai *(Resigned on 7 April 2008)*	5	5	100
Lim Hoo Teck *(Appointed on 7 April 2008)*	N/A	N/A	N/A

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES

During the financial year 2007, the Audit Committee carried out the following activities in the discharge of its functions and duties:-

1. Reviewed the quarterly and annual reports of the Group and the Company prior to submission to the Board of Directors for consideration and approval;

2. Reviewed the related party transactions of the Company;

3. Reviewed the audit reports prepared by the external auditors for the Group and the Company;

4. Reviewed the improvements recommended by the Capability Maturity Model® Integration (CMMI) quality assurance processes which aimed at improving the standard of software implementation; and

5. Made recommendation to the Board on the re-appointment of the external auditors.

INTERNAL AUDIT

The functions of Internal Audit cover review and appraisal of the effectiveness, adequacy and application of accounting, financial and internal controls of the Group.

The Internal Audit also identified the opportunities to improve the standard and facilitate the operation of software projects.

Statement on Corporate Governance

The Board of Ygl Convergence Berhad ("Ygl") recognises and fully subscribes to the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code") as a key factor towards achieving an optimal governance framework and enhancing shareholders' value and the performance of the Group. With this in mind, the Board has taken relevant measures to apply the key principles and conform to the best practices as set out in the Code.

BOARD OF DIRECTORS

The Board

The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders and also to steer the Group towards achieving its maximum economic value.

The Board's principal focus is the overall strategic direction, development and control of the Group. The Board is responsible for the protection and enhancement of long-term value and returns for the shareholders. The Board also reviews the action plans that are implemented by the Management to achieve business targets, provides corporate direction and reviews financial results of the Group.

Board Balance

The Board consists of five (5) Directors, comprising two (2) Executive Directors and three (3) Independent Non-Executive Directors. Collectively, the composition equips the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. A brief profile of each Director is set out on pages 6 to 8 of this Annual Report.

The Board complies with Rule 15.02 of Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market which states that a listed company must have least 2 directors or 1/3 of the board of directors, whichever is the highest, are independent directors.

The Executive Directors, Mr. Yeap Kong Chean and Mr. Yeap Kong Tai, are primarily responsible for the implementation of the Board's policies and decisions and keeps the Board informed of the overall operations of the Group. The Independent Non-Executive Directors, Dato' Muhammad Farid bin Haji Ahmad Ridhwan, Mr. Chong Kai Min and Mr. Lim Hoo Teck, are all of sufficient caliber and experience to bring objectivity, balance and independent judgement to Board's decision.

Board Meetings

The Board meetings are held at quarterly intervals and additional meetings are held should the need arise. For the financial year ended 31 December 2007, the Board had held five meetings which were attended by the following Directors of the Company:-

Directors	No. of Meetings attended	Total No. of Meetings held	%
Yeap Kong Chean	4	5	80
Yeap Kong Tai	5	5	100
Dato' Muhammad Farid Bin Haji Ahmad Ridhwan	5	5	100
Chong Kai Min	5	5	100
Lim Hoo Teck *(appointed on 7 April 2008)*	N/A	N/A	N/A

Statement on Corporate Governance (cont'd)

Supply of and Access to information

The Board is provided with notice of meetings that set out the agenda, which include relevant Board papers prior to board meetings to give them sufficient time to deliberate on issues to be raised at meetings.

The proceedings at all Board meetings are duly minuted. The Minutes of these proceedings are kept at the registered office of the company. The Company Secretary attends all Board meetings and ensures Board procedures and all other rules and regulations applicable to the Company are complied with.

All Directors have direct access to the advice and services of the Company Secretaries, the Sponsor and senior management in carrying out their duties. The Directors may obtain independent professional advice in the event such services are required.

Appointment to the Board and Re-election

In accordance with Article 29.1 of the Company's Articles of Association, an election of the Directors shall take place each year. At every Annual General Meeting ("AGM"), one-third of the Directors who are subject to retirement by rotation or, if their number is not 3 or multiple of 3, the number nearest to one-third shall retire from office, and if there is only 1 Director who is subject to retirement by rotation, he shall retire provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

Article 29.6 of the Company's Articles of Associations also provides that a newly appointed Director shall hold office only until the next AGM and shall then be eligible for re-election, and shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

All the Directors including newly appointed Director, Mr. Lim Hoo Teck have attended the Mandatory Accreditation Programme as required by Bursa Securities on all Directors of listed companies.

Directors are encouraged to attend talks, seminars, workshops, conferences and other training programmes to update themselves on new developments in business development.

Description of the type of training(s) attended by the Directors are as follows:-

Directors	Title of Seminar/Workshop/Conference	Mode of Training	No. of Hours/ Days Spent
Yeap Kong Chean	Engage Malaysia 2007 APJ Partner Summit 2007 Infor Asia Pacific Partner Summit 2007	Seminar Conference Conference	1 Day 2 Days 2 Days
Yeap Kong Tai	Seminar on outsourcing opportunities for SMEs' 2007 7th BNI Annual Conference Industrial Consultation 2007 Malaysian Institute of Taxation Workshop Trade & Investment Promotion Mission to India	Seminar Conference Seminar Workshop Conference	1 Day 1 Day 3 hours 1 hour 3 Days
Chong Kai Min	Audit Committee Role and the Internal Audit Function	Seminar	1 Day

Note:
Dato' Muhammad Farid bin Haji Ahmad Ridhwan, an Independent Non-Executive Director of the Company was unable to attend any training due to his hectic schedule.

Statement on Corporate Governance (cont'd)

Directors' Remuneration

The Board as a whole determines the remuneration of Executive Directors. The individual Directors concerned have abstained from decisions in respect of their own remuneration package.

In accordance with the Company's Articles of Association, the fees of the Directors shall from time to time be determined by the Company in the general meeting.

In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Directors.

As for the Non-Executive Directors, the level of remunerations reflects the experience and level of responsibilities undertaken individually by the Director concerned.

The details of the Directors' remuneration for the financial year ended 31 December 2007 are:-

Directors	Company			Group		
	Salaries RM	Bonus RM	Fee RM	Salaries RM	Bonus RM	Fee RM
Executive	-	-	-	135,640	-	-
Non-Executive	-	-	40,000	-	-	-
Total	-	-	40,000	135,640	-	-

The Directors whose remuneration falls within the following bands as:-

Range	Executive	Non-Executive
Below RM50,000	-	2
RM50,001 – RM100,000	2	-

SHAREHOLDERS

Investors' Relations and Shareholders' Communication

The Group values the importance of high-level accountability and corporate transparency between the Group and its investors. As such, communications are made through proper, timely and adequate dissemination of information on the Group's performance and other development. The communication with its shareholders and investors are made through AGM, Annual Report, Quarterly Results, Research Reports and various announcements made to Bursa Securities.

At the AGM, shareholders are encouraged to participate and to raise questions pertaining to resolutions proposed and future prospects of the Group in general.

AGM

The Company's AGM serves as a principal forum for dialogue between the Directors and Sponsors with the shareholders. At each AGM, notice of AGM and annual reports will be sent to the shareholders at least twenty-one (21) days before the AGM. The notice of the AGM is also published in widely circulated newspapers.

Each item of special business included in the Notice of the meeting will be accompanied by an explanatory statement for the effects of a proposed resolution to facilitate full understanding and evaluation of issues involved.

At the AGM, shareholders are encouraged to participate in the question-and-answer session on the resolutions being proposed or to share viewpoints and acquire information on issues relevant to the Group's business operations in general.

Statement on Corporate Governance (cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are aware of their responsibilities to present a balanced assessment of the Group's financial performance and prospect.

In this respect, the Audit Committee assists the Board to scrutinise information for disclosure to ensure accuracy, adequacy and completeness of the financial information to be disclosed. The financial reports will be reviewed by the Audit Committee prior to tabling them to the Board of Directors for approval and subsequent release to Bursa Securities.

In addition, the Group has adopted the appropriate accounting policies that have been consistently applied in the preparation of its accounting records to present a true and fair view of its financial performance.

The report of the Audit Committee is separately set out on pages 11 to 14 of this Annual Report.

Internal Control

The Board has the responsibility to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets. Proper internal control systems are designed to manage and mitigate the risks to which the Group is exposed.

The Board, through the Audit Committee, will continuously review the adequacy and integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Statement on Internal Control is set out on page 19 of this Annual Report.

Relationship with the External Auditors

The Board maintains a formal and good working relationship with the external auditors, Messrs. Moores Rowland in seeking their professional advice and towards ensuring compliance with the accounting standards through Audit Committee.

The Independent Non-Executive Directors had held a dialogue session with the external auditors on 28 April 2008 in compliance with the best practices of the Code.

The external auditors will continue to report to the members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The Audit Committee recommends the appointment of the external auditors. The appointment of the external auditors is subject to the approval of the shareholders at the AGM. The external auditors shall report to the Audit Committee on all matters relating to the financial audit of the Group. They are also invited to attend the Audit Committee Meetings as and when necessary.

Compliance with the Best Practices of the Code

Save for the exceptions set out above, the Group is in substantial compliance through the financial year with the principles and best practices of the Code.

This statement is made in accordance with a resolution of the Board of Directors dated 28 April 2008.

Statement on Internal Control

1. Board Responsibilities

The Board has overall responsibilities to safeguard shareholders' investment and the Group's assets, and to review the adequacy and integrity of the system.

These are the desired business objectives to be achieved in establishing the internal control systems:-

- Effectiveness and efficiency of operations
- Reliability, accuracy, and timely financial reporting
- Compliance with applicable laws, regulations, rules, directives and guidelines

However, the internal control systems are designed to manage rather than to eliminate the risk to achieve business objectives. As such, the system can only provide reasonable but not absolute assurance against material misstatement, fraud or losses.

2. Internal Control

The Group has a well defined organisational structure with clear lines of accountability and documented delegation of authority that sets out the decisions needed to be taken and the appropriate authority levels for major capital expenditure projects, acquisitions and disposals of businesses and other significant transactions that require Board approval as follows:-

- Dissemination of comprehensive financial reports to the Board and Audit Committee on a quarterly basis for review to formulate action plans to address any areas of concern

- Involvement of the Executive Directors in the weekly operational meetings attended by respective senior management to highlight significant matters arising on a timely basis

- Maintain demanding recruitment standards to ensure competent personnel are employed for the operating units to function efficiently

The Board has engaged an Internal Auditor to review the work processes of the Group to ensure its effectiveness and efficiencies. The Audit Committee meetings were held quarterly to discuss significant issues found and make necessary recommendations to the Board.

The existing system or internal control is viewed by the Board as sound and adequate at the current level of operations. There were no significant problems or material weaknesses in the internal control procedures that had arisen during the financial year.

This statement is made in accordance with a resolution of the Board of Directors dated 28 April 2008.

Directors' Responsibility Statement on Financial Statements

In accordance with the Companies Act, 1965, the Directors of the Company are required to prepare financial statements for each financial year which shall give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

The Directors are responsible to ensure that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement in the financial statements, the financial position and the profit and loss of the Company and the Group. The Directors are also responsible to ensure that the financial statements comply with the Companies Act, 1965 and the relevant accounting standards.

In preparing the financial statements for the financial year ended 31 December 2007, the Directors have:-

– adopted the Financial Reporting Standards issued by the Malaysian Accounting Standards Board which came into effect from 1 January 2006 and new applicable Financial Reporting Standards thereof;

– made judgments and estimates that are reasonable and prudent;

– ensured applicable accounting standards have been followed, subject to any material departures which were disclosed and explained in the financial statements; and

– prepared the financial statements on the assumption that the Company and the Group will operate as a going concern.

The Directors have provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations considered to be appropriate for the purpose of enabling them to give their audit report on the financial statements.

This statement is made in accordance with a resolution of the Board of Directors dated 28 April 2008.

Additional Compliance Information

PROCEEDS UTILISATION

As at 31 December 2007, Ygl Convergence Berhad ("Ygl") Group has utilised 100% of the proceeds raised from initial public offering in July 2005. The details of the utilisation of the gross listing proceeds as at 31 December 2007 are as follows:-

Description	Proposed Utilisation RM	Actual Utilisation RM	Balance RM	Timeframe for Utilisation RM
Future business expansion and capital expenditure	4,130,000	4,130,000	-	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	1,500,000	-	Mid 2005
Total	**7,560,000**	**7,560,000**	**-**	

PRIVATE PLACEMENT

The Company's private placement exercise ("Private Placement") approved by the Securities Commission ("SC") and the Foreign Investment Committee ("FIC") on 11 April 2007 involved the placement of up to 10% of the issued and fully paid-up share capital of Ygl, comprising up to 6,680,000 new ordinary shares of RM0.10 each ("Ygl Shares") to investors to be identified.

The Company had completed implementation of the first tranche of the Private Placement as set out below:

Date of announcement	Placement tranche	No. of Ygl Shares	Issue price	Date of allotment
4 May 2007	First tranche	5,917,000	1.44	24 May 2007

A net amount of RM8,481,874 was raised through the private placement of 5,917,000 ordinary shares at RM1.44 per share after deducting listing and placement expenses of RM38,606. The proceeds raised from the private placement was for working capital purpose. As at 31 December 2007, Ygl has not utilised this fund yet.

The Company had further made an announcement to Bursa Securities on 12 October 2007 stated that the approval granted by SC and FIC for the Private Placement had lapsed on 10 October 2007 and consequently, the remaining 763,000 Ygl Shares under the Private Placement will not be placed out.

SHARE BUY-BACK

During the financial year, there was no share buy-back made by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants and convertible securities during the financial year.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR Programme.

Additional Compliance Information (cont'd)

IMPOSITION OF SANCTIONS AND PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year.

NON-AUDIT FEES

There were no non-audit fees paid to the external auditors by the Group and by the Company for the financial year 31 December 2007.

VARIATION OF ACTUAL PROFIT FROM THE UNAUDITED RESULTS

There were no material variations between the audited results for the financial year ended 31 December 2007 and the unaudited results for the quarter ended 31 December 2007 of the Group as previously announced.

PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year.

MATERIAL CONTRACTS INVOLVING DIRECTORS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders.

REVALUATION POLICY

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

CORPORATE SOCIAL RESPONSIBILITY

The Group takes steps to adopt certain corporate responsibility practices in its operations by implementing policies to reduce wastage in the office and recycle used resources. A trainee placement programme has also been developed to provide opportunities for students at higher institutions of learning to assimilate experience and realise their potential through practical training with Ygl. Ygl has also provided the TAXCOM software and the relevant training materials to certain universities and training institutions, to be incorporated into their syllabus. This adds value to the students in terms of early exposure to commercial software and practical applications.

Directors' Report
for the year ended 31 December 2007

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are indicated in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year	1,328,803	1,100,671
Attributable to:		
Shareholders of the Company	1,232,853	1,100,671
Minority interests	95,950	-
	1,328,803	1,100,671

DIVIDEND

Dividend paid or declared by the Company since the end of the previous financial year was as follows:

In respect of the financial year ended 31 December 2007	
- Interim dividend of 14% tax exempt paid on 21 September 2007	RM1,018,038

The directors do not recommend the payment of any further dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 5,917,000 new ordinary shares of RM0.10 each at an issue price of RM1.44 per share under a private placement. The purpose of the private placement is to raise financing for working capital requirements of the Group.

No debentures were issued by the Company during the financial year under review.

Directors' Report
for the year ended 31 December 2007 (cont'd)

DIRECTORS

The directors in office since the date of last report are:

Yeap Kong Chean
Yeap Kong Tai
Dato' Muhammad Farid Bin Haji Ahmad Ridhwan
Chong Kai Min
Lim Hoo Teck (appointed on 7-4-2008)

In accordance with the Company's Articles of Association, Mr Lim Hoo Teck who was appointed to the board subsequent to the date of the last annual general meeting, retires from the board at the forthcoming annual general meeting together with Mr Yeap Kong Tai who retires by rotation. Both the retiring directors, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings required to be kept under section 134 of the Companies Act, 1965, none of the directors held any shares or had any interests in shares in the Company or its related corporations during the financial year except as follows:

	---- Number of ordinary shares of RM0.10 each ----			
The Company	**At 1-1-2007**	**Bought**	**Sold**	**At 31-12-2007**
Yeap Kong Chean	20,333,334	-	-	20,333,334
Yeap Kong Tai	19,733,332	-	-	19,733,332
Chong Kai Min	5,000	-	-	5,000

By virtue of their interests in shares in the Company, Yeap Kong Chean and Yeap Kong Tai are deemed to be interested in shares in all the subsidiaries to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report
for the year ended 31 December 2007 (cont'd)

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts but that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:

(i) which would render it necessary to write off any debt or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Company or its subsidiaries which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability of the Company or its subsidiaries which has arisen since the end of the financial year.

(d) No contingent or other liability of the Company or its subsidiaries has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiaries to meet their obligations as and when they fall due.

(e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made except as disclosed in Note 29 to the financial statements.

Directors' Report
for the year ended 31 December 2007 (cont'd)

AUDITORS

The auditors, Moores Rowland, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the directors in accordance
with a resolution of the directors

YEAP KONG CHEAN
Director

YEAP KONG TAI
Director

28 April 2008

Report of the Auditors to the Members

Financial Statements - 31 December 2007

We have audited the financial statements of the Company set out on pages 28 to 70. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities so as to give a true and fair view of:

    (i) the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the year ended on that date; and

    (ii) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification, and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under section 174 (3) of the Act.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

GAN MORN GHUAT
No. 1499/5/09 (J)
Partner

Kuala Lumpur

28 April 2008

Balance Sheets
- 31 December 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	3,036,545	1,324,215	1,419,772	11,463
Investment property	4	289,523	-	-	-
Intangible assets	5	3,435,239	2,179,133	-	-
Investment in subsidiaries	6	-	-	5,584,451	4,298,646
Investment in associate	7	-	-	-	-
Other investment	8	659,400	-	-	-
Deferred tax assets	9	19,899	33,373	-	-
		7,440,606	3,536,721	7,004,223	4,310,109
CURRENT ASSETS					
Inventories		190,733	196,695	-	-
Trade and other receivables	10	3,665,192	4,937,476	52,384	820,042
Amount owing by subsidiaries	6	-	-	988,557	357,624
Amount owing by associate	7	155,906	158,884	-	-
Current tax assets		180,962	275,012	-	-
Time deposits	11	9,668,356	5,416,902	9,194,362	2,955,754
Cash and bank balances	12	3,148,444	1,173,011	115,993	69,706
		17,009,593	12,157,980	10,351,296	4,203,126
TOTAL ASSETS		24,450,199	15,694,701	17,355,519	8,513,235

Balance Sheets
- 31 December 2007 (cont'd)

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
EQUITY					
Share capital	13	7,271,700	6,680,000	7,271,700	6,680,000
Share premium, non-distributable		9,606,828	1,727,153	9,606,828	1,727,153
Exchange translation reserve, non-distributable		6,817	24,805	-	-
Unappropriated profit		4,233,201	4,018,386	129,996	47,363
Equity attributable to shareholders of the Company		21,118,546	12,450,344	17,008,524	8,454,516
Minority interests		343,788	82,718	-	-
TOTAL EQUITY		21,462,334	12,533,062	17,008,524	8,454,516
NON-CURRENT LIABILITIES					
Hire purchase liabilities	14	207,073	63,651	-	-
Deferred tax liabilities	15	952	1,661	62	1,205
		208,025	65,312	62	1,205
CURRENT LIABILITIES					
Trade and other payables	16	1,431,069	3,016,831	55,181	15,514
Amount owing to subsidiary	6	-	-	275,252	-
Hire purchase liabilities	14	69,309	21,238	-	-
Current tax liabilities		28,411	58,258	16,500	42,000
Deferred revenue	17	1,251,051		-	-
		2,779,840	3,096,327	346,933	57,514
TOTAL LIABILITIES		2,987,865	3,161,639	346,995	58,719
TOTAL EQUTIY AND LIABILITIES		24,450,199	15,694,701	17,355,519	8,513,235

Notes to and forming part of the financial statements are set out on pages 35 to 70
Auditors' Report - Pages 27

Income Statements
for the year ended 31 December 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Gross revenue	18	12,410,726	10,903,782	1,110,000	1,078,800
Cost of sales		(6,990,502)	(5,890,644)	-	-
Gross profit		5,420,224	5,013,138	1,110,000	1,078,800
Other operating income		398,752	375,727	261,060	155,466
Selling and distribution expenses		(257,912)	(163,258)	-	-
Administrative and general expenses		(990,373)	(982,521)	(260,937)	(150,120)
Other operating expenses		(3,092,319)	(1,078,272)	-	-
Profit from operations		1,478,372	3,164,814	1,110,123	1,084,146
Finance costs		(13,778)	(5,241)	-	-
Profit before tax	19	1,464,594	3,159,573	1,110,123	1,084,146
Tax expense	20	(135,791)	(105,986)	(9,452)	(43,207)
Net profit for the year		1,328,803	3,053,587	1,100,671	1,040,939
Attributable to:					
Shareholders of the Company		1,232,853	3,023,591	1,100,671	1,040,939
Minority interests		95,950	29,996	-	-
Net profit for the year		1,328,803	3,053,587	1,100,671	1,040,939
Earnings per share attributable to equity holders of the Company (sen)	21	0.86	2.17		
Net dividend per ordinary share (sen)	22	1.4	1.6	1.4	1.6

Notes to and forming part of the financial statements are set out on pages 35 to 70
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Consolidated Statement of Changes in Equity

for the year ended 31 December 2007

	------------- Attributable to equity holders of the Company ---------------						
	Share capital RM	Share premium RM	Exchange translation reserve RM	Unappropriated profit RM	Total RM	Minority interests	Total equity RM
At 1 January 2006	6,680,000	1,739,455	-	2,063,595	10,483,050	-	10,483,050
Share issue and listing expenses	-	(12,302)	-	-	(12,302)	-	(12,302)
Exchange translation differences	-	-	24,805	-	24,805	-	24,805
Net gains recognised directly in equity	-	-	24,805	-	24,805	-	24,805
Net profit for the year	-	-	-	3,023,591	3,023,591	29,996	3,053,587
Total recognised income and expenses for the year	-	-	24,805	3,023,591	3,048,396	29,996	3,078,392
Acquisition of subsidiaries	-	-	-	-	-	52,722	52,722
Dividend paid (Note 22)	-	-	-	(1,068,800)	(1,068,800)	-	(1,068,800)
At 31 December 2006	6,680,000	1,727,153	24,805	4,018,386	12,450,344	82,718	12,533,062
Issue of share capital							
- private placement	591,700	7,928,780	-	-	8,520,480	-	8,520,480
Share issue and listing expenses	-	(49,105)	-	-	(49,105)	-	(49,105)
Exchange translation differences	-	-	(17,988)	-	(17,988)	-	(17,988)
Net losses recognised directly in equity	-	-	(17,988)	-	(17,988)	-	(17,988)
Net profit for the year	-	-	-	1,232,853	1,232,853	95,950	1,328,803
Total recognised income and expenses for the year	-	-	(17,988)	1,232,853	1,214,865	95,950	1,310,815
Acquisition of subsidiary	-	-	-	-	-	165,120	165,120
Dividend paid (Note 22)	-	-	-	(1,018,038)	(1,018,038)	-	(1,018,038)
At 31 December 2007	7,271,700	9,606,828	6,817	4,233,201	21,118,546	343,788	21,462,334

Notes to and forming part of the financial statements are set out on pages 35 to 70
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Statement of Changes in Equity
for the year ended 31 December 2007

	Share capital RM	Share premium RM	Unappropriated profit RM	Total RM
At 1 January 2006	6,680,000	1,739,455	75,224	8,494,679
Share issue and listing expenses	-	(12,302)	-	(12,302)
Net profit for the year	-	-	1,040,939	1,040,939
Dividend paid (Note 22)	-	-	(1,068,800)	(1,068,800)
At 31 December 2006	6,680,000	1,727,153	47,363	8,454,516
Issue of share capital				
- private placement	591,700	7,928,780	-	8,520,480
Share issue and listing expenses	-	(49,105)	-	(49,105)
Net profit for the year	-	-	1,100,671	1,100,671
Dividend paid (Note 22)	-	-	(1,018,038)	(1,018,038)
At 31 December 2007	7,271,700	9,606,828	129,996	17,008,524

Notes to and forming part of the financial statements are set out on pages 35 to 70
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Cash Flow Statements
for the year ended 31 December 2007

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	1,464,594	3,159,573	1,110,123	1,084,146
Adjustments for:				
Negative goodwill recognised	-	(94,795)	-	-
Depreciation of property, plant and equipment	243,874	117,703	3,942	2,866
Depreciation of investment property	477	-	-	-
Amortisation of software development costs	402,795	310,021	-	-
(Gain)/Loss on disposal of property, plant and equipment	(160)	2,285	-	-
Unrealised loss on foreign exchange	25,171	-	-	-
Dividend income	-	-	(1,100,000)	(1,068,800)
Interest income	(332,285)	(218,685)	(260,936)	(155,466)
Interest expenses	751	858	-	-
Hire purchase term charges	13,143	4,383	-	-
Operating profit/(loss) before working capital changes	1,818,360	3,281,343	(246,871)	(137,254)
Changes in software development costs	(620,777)	(613,960)	-	-
Changes in inventories	5,962	(253,328)	-	-
Changes in receivables	1,798,983	(1,539,565)	767,658	(830,042)
Changes in payables	(1,868,467)	114,276	39,667	(23,620)
Changes in deferred revenue	1,251,051	-	-	-
Cash generated from/(utilised in) operations	2,385,112	988,766	560,454	(990,916)
Interest received	332,285	218,685	260,936	155,466
Interest paid	(751)	(858)	-	-
Tax paid	(58,699)	(149,853)	(36,095)	(18,652)
Tax refunded	-	24,457	-	-
Net cash from/(used in) operating activities	2,657,947	1,081,197	785,295	(854,102)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,692,662)	(196,345)	(1,412,251)	(14,329)
Purchase of investment property	(290,000)	-	-	-
Purchase of investment in subsidiaries, net of cash (Note 23)	(1,155,700)	(465,942)	(1,285,805)	(1,798,646)
Purchase of other investment	(659,400)	-	-	-
Proceeds from disposal of property, plant and equipment	160	5,413	-	-
Advances to subsidiaries	-	-	(630,933)	(249,624)
Repayment from/(Advances to) associate	2,978	(12,427)	-	-
Dividend received from subsidiary	-	-	1,100,000	1,068,800
Net cash used in investing activities	(3,794,624)	(669,301)	(2,228,989)	(993,799)

Cash Flow Statements
for the year ended 31 December 2007 (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	8,520,480	-	8,520,480	-
Advances from/(Repayment to) subsidiary	-	-	275,252	(41,361)
Dividend paid	(1,018,038)	(1,068,800)	(1,018,038)	(1,068,800)
Payment of hire purchase instalments	(58,507)	(20,216)	-	-
Hire purchase term charges paid	(13,143)	(4,383)	-	-
Payment of share issue and listing expenses	(49,105)	(12,302)	(49,105)	(12,302)
Net cash from/(used in) financing activities	7,381,687	(1,105,701)	7,728,589	(1,122,463)
NET CHANGES IN CASH AND CASH EQUIVALENTS	6,245,010	(694,813)	6,284,895	(2,970,364)
EFFECT OF CHANGES IN EXCHANGE RATES	(18,123)	(41,081)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	6,589,913	7,325,807	3,025,460	5,995,824
CASH AND CASH EQUIVALENTS CARRIED FORWARD	12,816,800	6,589,913	9,310,355	3,025,460
Represented by:				
TIME DEPOSITS	9,668,356	5,416,902	9,194,362	2,955,754
CASH AND BANK BALANCES	3,148,444	1,173,011	115,993	69,706
	12,816,800	6,589,913	9,310,355	3,025,460

The Group acquired property, plant and equipment amounting to RM1,942,662 of which RM250,000 was financed under hire purchase and the balance of RM1,692,662 was paid by cash.

Notes to and forming part of the financial statements are set out on pages 35 to 70
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Notes to and forming part of The Financial Statements
for the year ended 31 December 2007

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board. The significant accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following Financial Reporting Standards ("FRS") which are mandatory and applicable to the Group and the Company for financial periods beginning on or after 1 October 2006:

FRS 117 Leases
FRS 124 Related Party Disclosures

In the opinion of the directors, the adoption of these FRSs does not result in significant changes in the accounting policies of the Group and the Company or has significant impact on the financial statements of the Group and the Company.

The Group has not opted for early adoption of the following revised FRSs which are effective for financial periods beginning on or after 1 July 2007:

FRS 107 Cash Flow Statements
FRS 112 Income Taxes
FRS 118 Revenue
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The Group will adopt these FRSs from the financial year beginning 1 January 2008. These FRSs are not expected to have significant financial impact on the financial statements of the Group when they are adopted.

The Group has also not opted for early adoption of FRS 139 Financial Instruments : Recognition and Measurement, which has been deferred to an effective date yet to be announced.

The measurement bases applied in the preparation of the financial statements of the Group and of the Company include cost, recoverable value, realisable value and fair value as indicated in the accounting policies set out below. Accounting estimates are used in measuring these values.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Group and the Company. The financial statements of foreign operations that have a functional currency other than RM have been translated and are presented in RM.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Use of estimates and judgements (cont'd)

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are in the following notes:

- Note 5 : Measurement of the recoverable amount of cash-generating units containing goodwill
- Note 6 : Measurement of impairment loss on investment in subsidiaries
- Note 10 : Allowance for doubtful debts on trade and other receivables

There are no significant areas of critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the financial statements.

(c) Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's balance sheet, investments in subsidiaries are stated at cost less accumulated impairment losses, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Uniform accounting policies are adopted for like transactions and events in similar circumstances. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

All subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only. Unrealised profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated in full. The temporary differences arising from the elimination of unrealised profits and losses are recognised in accordance with Note 1(u).

Acquisition of subsidiaries are accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of a business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the acquisition.

The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities recognised, over the Group's cost of a business combination is recognised immediately in the consolidated income statement after reassessment.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Basis of consolidation (cont'd)

Minority interests represent the portion of profit or loss and net assets of subsidiaries, attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. Minority interests are presented separately in the consolidated balance sheet within equity while minority interests in the profit or loss of the Group are separately disclosed in the consolidated income statement.

(e) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting unless it is classified as held for sale or included in a disposal group that is classified as held for sale. Under the equity method, the investments in associates are carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such change. In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interests in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investments in the associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the year in which the investments are acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-tem interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has an obligation or has made payments on behalf of the associate.

In applying the equity method of accounting, the post-acquisition results and reserves of the associates accounted for are based on the most recent available audited financial statements of the associates and where the dates of the audited financial statements used is not coterminous with that of the Group, the share of results is derived from the last audited financial statements available and management financial statements made up to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's balance sheet, investments in associates are stated at cost less accumulated impairment losses unless it is classified as held for sale or included in a disposal group that is classified as held for sale.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software development costs

Costs associated with developing computer software programmes that are considered to be capable of generating future economic benefits are capitalised in the financial statements, otherwise they are written off in the income statement. Cost represents staff costs directly incurred in the development of the computer software.

Computer software development costs recognised as assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Computer software development costs, which are regarded to have finite useful lives are amortised on a straight line basis over their estimated useful lives or 5 years, whichever is shorter. The carrying amount of these costs is reviewed annually and will be written down when its value had deteriorated or when it ceases to have any economic useful life. The policy for the recognition and measurement of impairment loss is in accordance with Note 1(m).

(g) Property, plant and equipment

(i) Measurement basis

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, plant and equipment (cont'd)

(ii) Depreciation

Freehold land and construction work-in-progress are not amortised. Depreciation is calculated to write off the cost of other property, plant and equipment on a straight line basis to their residual values over their expected economic useful lives at the following annual rates:

Office lot	2% - 5%
Motor vehicle	20%
Computer equipment	20% - 50%
Furniture, fittings and office equipment	20% - 33 1/3%

Construction work-in-progress will only be depreciated when the assets are ready for their intended use.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(h) Investment property

Investment properties are properties which are held either to earn rentals or for capital appreciation or for both and are measured initially at cost, including transaction costs. Properties that are occupied by the Company and companies in the Group are accounted for as owner-occupied property, plant and equipment rather than as investment properties. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation and impairment losses consistent with the accounting policy for property, plant and equipment as stated in Note 1(g). The investment property is depreciated on the straight line basis to write off the cost of the property over its remaining useful life of 50 years.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the financial year in which they arise.

(i) Other investments

Other investments are stated at cost less any diminution in value of the investments. An allowance for diminution in value is made if the directors are of the opinion that there is a decline in the value of such investments which is other than temporary. The diminution in value is charged to the income statement. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Leases (cont'd)

Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(i) Finance Leases - Assets acquired under hire purchase agreements

Assets financed by hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group, are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. On initial recognition, assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present values of the minimum hire purchase payments at the inception of the hire purchase agreements. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

In calculating the present value of the minimum hire purchase payments, the discount rate is the interest rate implicit in the hire purchase agreements, if this is practicable to determine, if not, the Group's incremental borrowing rates are used.

(ii) Operating leases

The Group as lessee

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term. The aggregate benefits of incentives provided by the lessors, if any, are recognised as a reduction of rental expense over the lease term on a straight line basis.

The Group as lessor

Assets leased out under operating leases are presented on the balance sheet as investment properties. Rental income from operating leases is recognised on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are included as part of the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the first-in first-out basis and represents the landed costs of goods purchased.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Receivables

Receivables are stated at anticipated realisable values. Known bad debts are written off and an estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment of assets

The carrying amounts of assets other than financial assets, other investments, deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. For goodwill that has an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are charged to the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or groups of units on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

Any subsequent increase in recoverable amount of an asset is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(n) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

Dividends on ordinary shares, when declared or proposed by the directors of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year in which the dividends are paid.

(o) Payables

Payables are stated at cost and are recognised when there is a contractual obligation to deliver cash or another financial asset to settle the obligation.

(p) Deferred revenue

Deferred revenue represents technical support income for Infor ERP LN System received in advance from customers. The revenue is recognised in the income statement on a time proportion basis over the contract period.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the functional currency of the primary economic environment in which the entity operates ("the functional currency").

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in the income statement in the Company or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are recognised in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency other than the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rates prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Foreign currencies (cont'd)

(iii) Foreign operations (cont'd)

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

  Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustment which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) Sale of computer software and hardware

Sale of computer software and hardware is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in the income statement when significant risks and rewards of ownership have been transferred to the customers.

(ii) Provision of consulting services

Revenue from consulting services are recognised on an accrual basis when services are rendered.

(iii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(iv) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(v) Management fee

Management fee is recognised on an accrual basis when services are rendered.

(vi) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate applicable.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employees benefits

(i) Short-term benefits

Salaries, allowances, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by the employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlements to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care and other staff related expenses are charged to the income statement as and when incurred.

(ii) Defined contribution plan

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits are called defined contribution plans.

A deferred contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the financial year to which they relate.

(iii) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

(t) Borrowing costs

Interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs. Finance costs comprise interest paid and payable on borrowings. The interest component of hire purchase payments is charged to the income statement over the hire purchase periods so as to give a constant periodic rate of interest on the remaining hire purchase liabilities.

(u) Tax expense

The tax expense in the income statement comprises current tax and deferred tax. Current tax is an estimate of tax payable in respect of taxable profit for the year based on tax rate enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in full, based on the liability method for taxation deferred in respect of all material temporary differences arising from differences between the tax bases of the assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Tax expense (cont'd)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is calculated at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Current and deferred tax is recognised as an income or an expense in the income statement or is credited or charged directly to equity if the tax relates to items that are credited or charged, whether in the same or different period, directly to equity.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, time deposits which exclude those pledged to secure banking facilities and other short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

(w) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The recognised financial instruments of the Group comprise cash and cash equivalents, other investments, receivables and payables, hire purchase liabilities as well as ordinary share capital. These financial instruments are recognised when a contractual relationship has been established. All the financial instruments are denominated in Ringgit Malaysia, unless otherwise stated. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied, are disclosed above. The information on the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes to the financial statements.

There are no financial instruments not recognised in the balance sheet.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objectives and policies are to ensure that the Group creates value and maximises returns to its shareholders.

Financial risk management is carried out through risk review, internal control systems, benchmarking the industry's best practices and adherence to Group's financial risk management policies.

The Group has been financing its operations mainly from internally generated funds. The Group does not find it necessary to enter into derivative transactions based on its current level of operations.

The main risks arising from the financial instruments of the Group are stated below. The management of the Group monitors the financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The management reviews and agrees on policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk

Credit risk arises when sales are made and services are rendered on deferred credit terms.

The entire financial assets of the Group are exposed to credit risk except for cash and bank balances and time deposits which are placed with licensed financial institutions. The Group invests its surplus cash safely and profitably by depositing them with licensed financial institutions.

The Group's exposure to credit risk is monitored on an ongoing basis. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limits, regular monitoring and follow up procedures.

The Group does not require collateral in respect of financial assets and considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

(ii) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in foreign currencies other than its functional currency entered into by the Group. The Group's exposure to foreign currency exchange risk is monitored on an ongoing basis.

The Group has not hedged against the translation exposure as it does not form a significant proportion of the Group's gross assets.

(iii) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group is exposed to interest rate risk in respect of its time deposits placed with licensed financial institutions and hire purchase liabilities.

Interest rate risk arising from time deposits with licensed financial institutions is managed by sourcing for the highest interest rate in the market from amongst licensed financial institutions after taking into account the duration and availability of surplus funds from the Group's operations.

The Group does not consider interest rate risk on hire purchase financing which carries fixed interest rates as having significant impact on the financial statements of the Group as the amounts financed are not significant.

It is the policy of the Group not to trade in interest rate swap agreements.

(iv) Market risk

The Group is exposed to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market prices.

The Group's exposure to market risk is in respect of its quoted investments. The investments are monitored regularly and subject to periodic review. The investments are assessed for any diminution in the carrying values and allowances are made for such diminution in value which is other than temporary.

The Group does not use derivative instruments to manage the risk as the investments are held for long term strategic purposes.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group 2007	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Construction Work in-progress RM	Total RM
Cost						
At 1 January	1,038,825	164,390	926,417	454,842	-	2,584,474
Exchange adjustments	-	-	(44,998)	(13,673)	-	(58,671)
Acquisition of subsidiary	-	-	22,471	2,101	-	24,572
Additions	-	393,390	78,429	63,970	1,406,873	1,942,662
Disposals	-	-	(60,025)	-	-	(60,025)
At 31 December	1,038,825	557,780	922,294	507,240	1,406,873	4,433,012
Accumulated depreciation						
At 1 January	20,064	53,256	861,668	325,271	-	1,260,259
Exchange adjustments	-	-	(41,998)	(6,866)	-	(48,864)
Acquisition of subsidiary	-	-	1,013	210	-	1,223
Charge for the year	5,016	111,556	62,450	64,852	-	243,874
Disposals	-	-	(60,025)	-	-	(60,025)
At 31 December	25,080	164,812	823,108	383,467	-	1,396,467
Net carrying amount At 31 December	1,013,745	392,968	99,186	123,773	1,406,873	3,036,545

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2006	Freehold land and office lot RM	Motor vehicles RM	Computer equipment RM	Furniture, fittings and office equipment RM	Total RM
Cost					
At 1 January	1,038,825	164,390	216,783	236,809	1,656,807
Exchange adjustments	-	-	(20,911)	(3,773)	(24,684)
Acquisition of subsidiaries	-	-	732,028	129,307	861,335
Additions	-	-	73,139	123,206	196,345
Disposals	-	-	(74,622)	(30,707)	(105,329)
At 31 December	1,038,825	164,390	926,417	454,842	2,584,474
Accumulated depreciation					
At 1 January	15,048	32,878	198,445	201,596	447,967
Exchange adjustments	-	-	(20,890)	(3,773)	(24,663)
Acquisition of subsidiaries	-	-	711,520	105,363	816,883
Charge for the year	5,016	20,378	47,215	45,094	117,703
Disposals	-	-	(74,622)	(23,009)	(97,631)
At 31 December	20,064	53,256	861,668	325,271	1,260,259
Net carrying amount At 31 December	1,018,761	111,134	64,749	129,571	1,324,215

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company 2007	**Computer equipment RM**	**Furniture and fittings RM**	**Construction work-in-progress RM**	**Total RM**
Cost				
At 1 January	10,099	4,230	-	14,329
Additions	3,000	2,378	1,406,873	1,412,251
Disposal	-	-	-	-
At 31 December	13,099	6,608	1,406,873	1,426,580
Accumulated depreciation				
At 1 January	2,020	846	-	2,866
Charge for the year	2,620	1,322	-	3,942
At 31 December	4,640	2,168	-	6,808
Net carrying amount				
At 31 December	8,459	4,440	1,406,873	1,419,772
2006				
Cost				
At 1 January	-	-	-	-
Additions	10,099	4,230	-	14,329
Disposal	-	-	-	-
At 31 December	10,099	4,230	-	14,329
Accumulated depreciation				
At 1 January	-	-	-	-
Charge for the year	2,020	846	-	2,866
At 31 December	2,020	846	-	2,866
Net carrying amount				
At 31 December	8,079	3,384	-	11,463

The freehold land and office lot of a subsidiary are charged to a licensed bank for banking facilities granted to the said subsidiary.

The above motor vehicles stated at net carrying amount of RM392,968 (2006: RM111,134) are acquired under hire purchase.

In the previous financial year, the Group revised the residual value of its motor vehicle. The revision was accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge for motor vehicles for the previous financial year had been reduced by RM12,500.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

4. INVESTMENT PROPERTY

	Group 2007 RM	2006 RM
Office lot		
Cost		
At 1 January	-	-
Addition	290,000	-
Disposal	-	-
At 31 December	290,000	-
Accumulated depreciation		
At 1 January	-	-
Charge for the year	477	-
At 31 December	477	-
Net carrying amount		
At 31 December	289,523	-

The fair value of the office lot at the end of the financial year is RM300,000 which was determined by the directors based on various studies conducted which reasonably reflect market conditions of similar properties at the balance sheet date.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

5. INTANGIBLE ASSETS

	Group		
Cost	**Software development costs RM**	**Goodwill RM**	**Total RM**
At 1 January 2006	936,145	-	936,145
Acquisition of subsidiaries	-	1,235,320	1,235,320
Addition	613,960	-	613,960
At 31 December 2006	1,550,105	1,235,320	2,785,425
Acquisition of subsidiary	-	1,038,124	1,038,124
Addition	620,777	-	620,777
At 31 December 2007	2,170,882	2,273,444	4,444,326
Accumulated amortisation and impairment			
At 1 January 2006	296,271	-	296,271
Amortisation for the year	310,021	-	310,021
Impairment loss recognised	-	-	-
At 31 December 2006	606,292	-	606,292
Amortisation for the year	402,795	-	402,795
Impairment loss recognised	-	-	-
At 31 December 2007	**1,009,087**	**-**	**1,009,087**
Net carrying amount At 31 December 2007	1,161,795	2,273,444	3,435,239
Net carrying amount At 31 December 2006	943,813	1,235,320	2,179,133

(a) Impairment test for cash-generating unit ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions at which the goodwill is monitored.

(b) Key assumptions used in indicative values (value-in-use) calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the growth rate stated below. The key assumptions used for value-in-use calculations are as follows:

Gross margin	-	30% - 65%
Growth rate	-	12%
Discount rate	-	9.91% - 14.65%

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

5. INTANGIBLE ASSETS (cont'd)

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is based on expected efficiency improvements achieved in the year immediately before the budgeted year.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflects specific risks relating to the industry.

(iv) Bond rate

The bond rate used is the yield on a ten year Malaysian government bond rate at the beginning of the budgeted year.

With regard to the assessment of value-in-use, the management believes that no reasonable possible changes in any of the above key assumptions would cause the carrying values of respective CGUs to materially exceed their recoverable amounts.

6. INVESTMENT IN SUBSIDIARIES

	2007 RM	2006 RM
Unquoted shares, at cost	5,584,451	4,298,646

The amounts owing by the subsidiaries are as follows:

	2007 RM	2006 RM
Trade receivables	5,000	10,000
Advances	983,557	347,624
	988,557	357,624

The amount owing to a subsidiary is as follows:

	2007 RM	2006 RM
Trade payable	5,000	-
Advances	270,252	-
	275,252	-

The amounts owing by/(to) the subsidiaries are unsecured and interest free. Trade receivables and trade payable have a normal credit period of 30 days while the advances have no fixed term of repayment.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

The subsidiaries are as follows:

	Gross equity interest 2007	Gross equity interest 2006	Country of incorporation	Principal activities
Subsidiaries of the Company				
Ygl Convergence Malaysia Sdn Bhd	100%	100%	Malaysia	Marketing and distribution of computer software and hardware and the provision of professional services
* Ygl Multimedia Resources Sdn Bhd	100%	100%	Malaysia	Developing and selling of software systems
* Ygl Convergence (HK) Limited	100%	100%	Hong Kong	Trading of computer equipment and software and provision of related services
* Ygl Convergence (Asia Pacific) Pte Ltd	60%	60%	Singapore	Provision of software consultancy and computer systems integration services
* Ygl Convergence (China) Limited (formerly known as Computer Processing Services Limited)	60%	-	Hong Kong	Investment holding
Subsidiary of Ygl Convergence (China) Limited				
* King's System (Shanghai) Co Ltd	100%	-	The People's Republic of China	Provision of consultancy services and trading of computer equipment and software

* Subsidiaries not audited by Moores Rowland

(a) Impairment test for investment in subsidiaries in the Company's financial statements

The management reviews the carrying amount of the investment in subsidiaries at each balance sheet date to determine whether there is any indication of impairment. The management's assessment on whether there is an indication is based on external and internal sources of information as well as based on indicative values (value-in-use) calculations. If such indication exists, the recoverable amount of the investment is estimated to determine the impairment loss on the value of such investment.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Key assumptions used in indicative values (value-in-use) calculations

The recoverable amount is determined based on value-in-use calculations using the approved cash flow projections by the management. The following describes the key assumptions on which management has based its cash flow projections to undertake impairment tests:

(i) Budgeted revenue

The growth rate used is the average growth rate for the last 2 years

(ii) Budgeted expenses

Expenses are budgeted to grow at the inflation rate

(iii) Discount rate

The discount rates used are between 9.91% and 14.65%

Management believes that no reasonable possible changes in any of the key assumptions would cause the carrying values of the investment in subsidiaries to exceed their recoverable amounts.

7. INVESTMENT IN ASSOCIATE

	Group	
	2007 RM	**2006 RM**
Unquoted shares, at cost	10	10
Group's share of post-acquisition results	(10)	(10)
	-	-

The amount owing by the associate represents unsecured advances which are interest free and have no fixed terms of repayment.

The associate is Ygl Consulting (Thailand) Co. Ltd, a company incorporated in Thailand, in which a wholly-owned subsidiary of the Company, Ygl Convergence Malaysia Sdn Bhd, holds 39% (2006: 39%) of its issued and paid-up share capital. The principal activities of the associate are marketing and distribution of computer software and the provision of related services.

The financial year end of the financial statements of the associate is co-terminous with that of the Group.

For the purpose of applying the equity method of accounting, the management financial statements made up to the end of the financial year has been used.

The Group has discontinued the recognition of its share of losses in the associate as the share of losses has exceeded the Group's interest in the said associate. The Group's unrecognised share of losses for the current year and cumulative years is RM4,324 (2006: RM801) and RM6,413 (2006: RM2,089) respectively.

The Group does not have any share of the associate's contingent liabilities incurred jointly with other investors or any share of contingent liabilities that arises whereby the Group is severally liable for all or part of the liabilities of the associate.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

7. INVESTMENT IN ASSOCIATE (cont'd)

The summarised financial information of the associate is as follows:

	Group	
	2007 RM	2006 RM
Assets and liabilities		
Current assets	58,235	60,830
Non-current assets	127,697	140,588
Total assets	185,932	201,418
Current liabilities	1,816	1,831
Total liabilities	1,816	1,831
Results		
Revenue	1,473	10,890
Loss for the year	11,087	2,053

8. OTHER INVESTMENT

	Group	
	2007 RM	2006 RM
Unit trusts quoted in Malaysia, at cost	659,400	-
Market value	659,400	-

9. DEFERRED TAX ASSETS

	Group	
	2007 RM	2006 RM
At 1 January	33,373	46,222
Transfer to income statement	(13,474)	(12,849)
At 31 December	19,899	33,373
The deferred tax assets comprise:		
(Taxable)/Deductible temporary differences between net carrying amount and tax written down value of property, plant and equipment	(5,929)	6,415
Other deductible temporary differences	25,828	26,958
	19,899	33,373

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gross trade receivables	2,423,746	3,355,254	-	-
Less:				
Allowance for doubtful debts	129,142	134,790	-	-
	2,294,604	3,220,464	-	-
Other receivables	1,184,325	784,343	-	1,019
Deposits	171,471	922,021	52,384	819,023
Prepayments	14,792	10,648	-	-
	3,665,192	4,937,476	52,384	820,042

The currency profiles of the receivables are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables				
- Ringgit Malaysia	1,426,463	1,303,595	-	-
- Chinese Renminbi	403,356	-	-	-
- Singapore Dollar	246,973	941,654	-	-
- Hong Kong Dollar	217,812	975,215	-	-
	2,294,604	3,220,464	-	-
Other Receivables				
- Ringgit Malaysia	20,688	86,786	-	1,019
- Hong Kong Dollar	924,340	697,557	-	-
- Chinese Renminbi	239,297	-	-	-
	1,184,325	784,343	-	1,019
Deposits				
- Ringgit Malaysia	55,984	822,693	52,384	819,023
- Hong Kong Dollar	115,487	99,328	-	-
	171,471	922,021	52,384	819,023
Prepayments				
- Ringgit Malaysia	2,842	199	-	-
- Hong Kong Dollar	11,950	10,449	-	-
	14,792	10,648	-	-

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

10. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables comprise amounts receivable from sale of computer software and hardware and services rendered to customers. All trade receivables are granted credit periods of between 30 and 90 days.

Other receivables, deposits and prepayments are from the normal business transactions of the Group.

The management analyses and estimates the allowance for doubtful debts on trade and other receivables at the balance sheet date based on the best available facts and circumstances in determining the ultimate realisation of these receivables. Hence, should the actual default rate becomes higher or lower than the estimates made by the management, the Group may be required to charge additional or reverse the allowance made for doubtful debts in the income statement within the next financial year.

11. TIME DEPOSITS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Time deposits				
- in Ringgit Malaysia placed with licensed banks in Malaysia	9,194,362	4,590,047	9,194,362	2,955,754
- in Hong Kong Dollar placed with foreign bank	473,994	826,855	-	-
	9,668,356	5,416,902	9,194,362	2,955,754

The effective interest rates of the time deposits are as follows:

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Time deposits placed with				
- licensed banks in Malaysia	4.00 - 4.05	3.00 - 4.05	4.00 - 4.05	3.85 - 4.05
- foreign bank	3.75	4.70	-	-

All the time deposits have maturity periods of less than one year.

12. CASH AND BANK BALANCES

The currency profiles of cash and bank balances are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	2,434,352	1,040,214	115,993	69,706
Hong Kong Dollar	525,214	126,395	-	-
Singapore Dollar	148,448	6,402	-	-
Chinese Renmimbi	40,430	-	-	-
	3,148,444	1,173,011	115,993	69,706

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

13. SHARE CAPITAL

	2007		2006	
	Number of shares	Nominal value RM	Number of share	Nominal value RM
Authorised				
Ordinary shares of RM0.10 each	100,000,000	10,000,000	100,000,000	10,000,000
Issued and fully paid				
Ordinary shares of RM0.10 each				
At 1 January	66,800,000	6,680,000	66,800,000	6,680,000
Share issue by way of private placement	5,917,000	591,700	-	-
At 31 December	72,717,000	7,271,700	66,800,000	6,680,000

During the financial year, the Company issued 5,917,000 new ordinary shares of RM0.10 each at an issue price of RM1.44 per share under a private placement. The purpose of private placement is to raise financing for working capital requirements of the Group.

14. HIRE PURCHASE LIABILITIES

	Group	
	2007 RM	2006 RM
Outstanding hire purchase instalments due:		
- not later than one year	81,060	24,600
- later than one year and not later than five years	221,770	67,630
	302,830	92,230
Less:		
Unexpired term charges	26,448	7,341
Outstanding principal amount due	276,382	84,889
Less:		
Outstanding principal amount due not later than one year (included in current liabilities)	69,309	21,238
Outstanding principal amount due later than one year and not later than five years	207,073	63,651

The effective interest rates of the hire purchase liabilities are between 2.36% and 2.58% (2006: 2.36%) per annum.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

15. DEFERRED TAX LIABILITIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	1,661	-	1,205	-
Transfer (to)/from income statement	(709)	1,661	(1,143)	1,205
At 31 December	952	1,661	62	1,205

The deferred tax liabilities represent taxable temporary differences between net carrying amount value and tax written down value of property, plant and equipment.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables	167,063	642,287	-	-
Other payables	266,376	1,499,202	42,000	2,614
Accruals	965,398	834,518	13,181	12,900
Deposits	32,232	40,824	-	-
	1,431,069	3,016,831	55,181	15,514
The currency profiles of the payables are as follows:				
Trade payables				
- Ringgit Malaysia	10,471	5,632	-	-
- US Dollar	91,320	-	-	-
- Hong Kong Dollar	47,660	82,040	-	-
- Singapore Dollar	17,612	554,615	-	-
	167,063	642,287	-	-

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

16. TRADE AND OTHER PAYABLES (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables				
- Ringgit Malaysia	84,649	69,711	42,000	2,614
- Hong Kong Dollar	105,539	1,360,764	-	-
- Singapore Dollar	-	68,727	-	-
- Chinese Renminbi	76,188	-	-	-
	266,376	1,499,202	42,000	2,614
Accruals				
- Ringgit Malaysia	298,937	128,111	13,181	12,900
- Hong Kong Dollar	624,813	600,494	-	-
- Singapore Dollar	31,462	105,913	-	-
- Chinese Renminbi	10,186	-	-	-
	965,398	834,518	13,181	12,900
Deposits				
- Ringgit Malaysia	5,000	5,000	-	-
- Hong Kong Dollar	27,232	35,824	-	-
	32,232	40,824	-	-

Trade payables comprise amounts outstanding from trade purchases. The normal credit periods granted by trade suppliers are between 30 and 90 days.

Other payables, deposits and accruals are from the normal business transactions of the Group.

17. DEFERRED REVENUE

Deferred revenue represents technical support income for Infor ERP LN System received in advance from customers. The revenue is recognised in the income statement on a time proportion basis over the contract period.

18. GROSS REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Revenue from sale of computer software and hardware and consulting services	12,410,726	10,903,782	-	-
Dividend income	-	-	1,100,000	1,068,800
Management fees	-	-	10,000	10,000
	12,410,726	10,903,782	1,110,000	1,078,800

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

19. PROFIT BEFORE TAX

Profit before tax is stated after charging:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Amortisation of software development costs	402,795	310,021	-	-
Auditors' remuneration				
- current year	47,029	51,948	7,500	8,000
- overestimated in prior year	-	(500)	(500)	-
Depreciation of property, plant and equipment	243,874	117,703	3,942	2,866
Depreciation of investment property	477	-	-	-
Directors' remuneration				
- fees	40,000	45,804	40,000	40,000
- other emoluments	410,999	250,775	-	-
Finance costs				
- interest expenses	751	858	-	-
- hire purchase term charges	13,143	4,383	-	-
Loss on disposal of property, plant and equipment	-	2,285	-	-
Loss on foreign exchange				
- realised	709	-	-	-
- unrealised	25,171	-	-	-
Rental of premises	52,432	11,143	-	-
Rental of office equipment	-	5,133	-	-
and crediting:				
Gross dividend income from a subsidiary	-	-	1,100,000	1,068,800
Interest income	332,285	218,685	260,936	155,466
Rental income	36,000	35,000	-	-
Gain on disposal of property, plant and equipment	160	-	-	-
Realised gain on foreign exchange	4,687	-	-	-

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

20. TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense				
- current year	145,010	89,422	36,500	42,000
- (over)/underestimated in prior year	(21,984)	2,054	(25,905)	2
	123,026	91,476	10,595	42,002
Deferred tax expense/(income) relating to origination and reversal of temporary differences during the year				
- current year	7,860	3,087	(48)	1,205
- under/(over)estimated in prior year	4,905	11,423	(1,095)	-
	12,765	14,510	(1,143)	1,205
	135,791	105,986	9,452	43,207

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Accounting profit	1,464,594	3,159,573	1,110,123	1,084,146
Tax at the applicable tax rate of 27% (2006: 28%) for the Group and for the Company	395,440	884,680	299,733	303,561
Add:				
Tax effect of expenses not deductible in determining taxable profit	346,229	92,159	62,151	38,908
	741,669	976,839	361,884	342,469
Less:				
Tax effect of income not taxable in determining taxable profit	549,532	847,328	325,432	299,264
Tax effect of different tax rates of subsidiaries	39,267	37,002	-	-
	152,870	92,509	36,452	43,205
Add/(Less):				
Current tax expense (over)/ underestimated in prior years	(21,984)	2,054	(25,905)	2
Deferred tax expense under/ (over)estimated in prior year	4,905	11,423	(1,095)	-
Tax expense for the year	135,791	105,986	9,452	43,207

Based on the prevailing tax rate of 26% applicable to dividends in the year of assessment 2008, approximately RM82,000 out of the unappropriated profit (2006: the entire unappropriated profit) of the Company at year end is covered by estimated tax credits available under section 108 of the Income Tax Act, 1967 for the distribution of dividends. The Company also has approximately RM31,200 (2006: RM31,200) in the tax exempt income account available for distribution of tax exempt dividends.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

21. EARNINGS PER SHARE

The earnings per share is calculated based on the consolidated net profit for the year of RM1,232,853 (2006: RM3,023,591) and on 143,461,667 (2006: 139,517,000) weighted average number of ordinary shares in issue as follows:

	2007	2006
Number of ordinary shares at 1 January	66,800,000	66,800,000
Effects of shares issued pursuant to		
- Bonus issue	72,717,000	72,717,000
- Private placement	3,944,667	-
	143,461,667	139,517,000

The earnings per share have been restated retrospectively for the current and previous financial year as a result of the Bonus issue subsequent to the end of the current financial year referred to in Note 29.

22. DIVIDEND PAID

	2007 RM	2006 RM
Recognised as distribution to equity holders during the year:		
Interim dividend of 14% tax exempt for the financial year ended 31 December 2006 (2006 : Interim dividend of 16% tax exempt for the financial year ended 31 December 2006)	1,018,038	1,068,800
Net dividend per ordinary share (sen)	1.4	1.6

23. ANALYSIS OF ACQUISITION OF SUBSIDIARIES

On 3 May 2007, the Company acquired 60% equity interest, representing 2,760,000 ordinary shares of HKD1 each in Ygl Convergence (China) Limited (formerly known as Computer Processing Services Limited), a company incorporated in Hong Kong, at a total cash consideration, including incidental cost, of HKD 2,730,000 (RM1,285,805). The principal activity of the newly acquired subsidiary is investment holding. The acquisition was accounted for using the acquisition method of accounting. The goodwill on acquisition arising from the acquisition was RM1,038,124.

In the previous financial year, the Company acquired the following subsidiaries:

- 60% equity interest, representing 192,000 ordinary shares of SGD1 each of Ygl Convergence (Asia Pacific) Pte Ltd, a company incorporated in the Republic of Singapore at a cash consideration, including incidental cost, of RM1,314,404.

- the entire equity interest, representing 44,677,200 ordinary shares of HKD1 each, in Ygl Convergence (HK) Ltd, a company incorporated in Hong Kong, at a cash consideration of SGD200,000 (RM484,242).

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

23. ANALYSIS OF ACQUISITION OF SUBSIDIARIES (cont'd)

The effects of acquisition of subsidiaries on the consolidated net profit, the consolidated financial position and consolidated cash flow statement are as follows:

(a) Effect on consolidated net profit for the year

	------ Subsidiaries ------ acquired in	
	2007 **RM**	**2006** **RM**
Gross revenue	535,187	5,678,902
Cost of sales	(168,202)	(4,108,199)
Profit from operations	215,456	296,349
Finance costs	56	-
Profit before tax	215,512	296,349
Tax expense	(10,292)	(16,849)
Profit after tax	205,220	279,500
Minority interest	(2,581)	(29,996)
Increase in Group's net profit	202,639	249,504

(b) Effect on consolidated financial position

	------ Subsidiaries ------ acquired in	
	2007 **RM**	**2006** **RM**
Non-current assets	43,436	156,384
Current assets	778,192	3,683,855
Non-current liabilities	-	(456)
Current liabilities	(154,808)	(2,824,635)
Minority interest	(87,250)	(82,718)
Increase in Group's share of net assets	579,570	932,430

(c) Effect on consolidated cash flow statement

	------ Subsidiaries ------ acquired in	
	2007 **RM**	**2006** **RM**
Net assets acquired		
Non-current assets	23,349	44,452
Current assets	525,560	3,463,980
Current liabilities	(136,108)	(2,797,589)
Goodwill	1,038,124	1,235,320
Negative goodwill	-	(94,795)
Minority interest	(165,120)	(52,722)
Total purchase consideration	1,285,805	1,798,646
Less:		
Cash and cash equivalents acquired	(130,105)	(1,332,704)
Net cash flows on acquisition	1,155,700	465,942

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

24. EMPLOYEES BENEFITS EXPENSE

	Group	
	2007 RM	2006 RM
At 1 January	-	-
Salaries, allowances and bonuses		
- Executive directors	377,561	225,628
- Other employees	3,157,194	2,273,444
Defined contribution plan - EPF contributions	269,240	217,911
Social security contributions	16,053	16,821
Other staff related expenses	82,374	79,321
	3,902,422	2,813,125

No staff costs were incurred by the Company as the Company did not have any employees.

25. RELATED PARTY DISCLOSURES

(a) The Group has controlling related party relationship with subsidiaries referred to in Note 6.

(b) The Group also has related party relationship with the following related parties:

- Associate
- A company in which a director of the Company has financial interest

(c) In addition to information disclosed elsewhere in the financial statements, the Group has the following significant related party transactions with related parties during the financial year:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of software to subsidiaries	29,729	9,802	-	-
Sale of software to a company in which a director of the Company has financial interest	-	50,000	-	-
Management fee received from subsidiaries	-	-	10,000	10,000
Advances from subsidiary	-	-	275,252	-
Repayment of advances from associate	2,978	-	-	-
Advances to subsidiaries	-	-	630,933	249,624
Advances to associate	-	12,427	-	-
Repayment of advances to subsidiary	-	-	-	41,361

Information regarding outstanding balance arising from related party transactions at year end are disclosed in Notes 6 and 7.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

25. RELATED PARTY DISCLOSURES (cont'd)

(d) Compensation of key management personnel

The remuneration of directors and other members of key management personnel of the Group and the Company during the year comprises:

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Short-term employee benefits	1,352,218	271,432	40,000	40,000
Post employment benefits - defined contribution plan	69,334	25,147	-	-
Total compensation	1,421,552	296,579	40,000	40,000

26. SEGMENT ANALYSIS

Segment reporting

(a) Primary reporting format - geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of the assets.

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segment transactions are eliminated.

2007	**Malaysia RM**	**Asia Pacific RM**	**Group RM**
Revenue			
Sales	5,236,756	7,183,970	12,420,726
Less: Inter-segment sales	10,000	-	10,000
External sales	5,226,756	7,183,970	12,410,726

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

26. SEGMENT ANALYSIS (cont'd)

Segment reporting (cont'd)

(a) Primary reporting format - geographical segment (cont'd)

2007	Malaysia RM	Asia Pacific RM	Group RM
Results			
Segment operating profit/(loss)	2,147,686	(669,314)	1,478,372
Finance costs			(13,778)
Profit before tax			1,464,594
Tax expense			(135,791)
Profit after tax			1,328,803
Minority interest			(95,950)
			1,232,853
Other information			
Segment assets	20,959,353	3,490,846	24,450,199
Segment liabilities	710,751	2,277,114	2,987,865
Capital expenditure	1,882,751	59,911	1,942,662
Depreciation and Amortisation	560,854	86,292	647,146
2006			
Revenue			
Sales	5,234,880	5,678,902	10,913,782
Less: Inter-segment sales	10,000	-	10,000
External sales	5,224,880	5,678,902	10,903,782

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

26. SEGMENT ANALYSIS (cont'd)

Segment reporting (cont'd)

(a) Primary reporting format - geographical segment (cont'd)

2006	Malaysia RM	Asia Pacific RM	Group RM
Results			
Segment operating profit	2,868,465	296,245	3,164,814
Finance costs			(5,241)
Profit before tax			3,159,573
Tax expense			(105,986)
Profit after tax			3,053,587
Minority interest			(29,996)
			3,023,591
Other information			
Segment assets	11,854,462	3,840,239	15,694,701
Segment liabilities	336,548	2,825,091	3,161,639
Capital expenditure	645,694	164,611	810,305
Depreciation and amortisation	382,764	44,960	427,724

(b) Secondary reporting format - business segment

No secondary reporting - business segment is presented as the Group is principally engaged in marketing and distribution of computer software and hardware and the provision of professional services.

27. OPERATING LEASE COMMITMENT

The Group as lessee

The Group leases office premises under non-cancellable leases for its operations. These leases have an average tenure of 1 to 5 years, with an option to renew the lease after the expiry of the respective dates. Increase in lease payments, if any, after the expiry dates, are negotiated between the Group and the lessors which will normally reflect market rentals. None of the above leases includes contingent rentals.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

27. OPERATING LEASE COMMITMENT (cont'd)

The Group as lessee (cont'd)

The future aggregate minimum lease payments under these non-cancellable operating leases are as follows:

	Group	
	2007 RM	2006 RM
Future minimum lease payments		
- payable not later than one year	206,484	214,023
- payable later than one year and not later than five years	100,490	343,814
	306,974	557,837

28. SIGNIFICANT EVENTS

During the financial year, the Company entered joint venture agreements to establish the following jointly controlled entities:

(a) Kingdee ASEAN Software Group Sdn Bhd

On 4 September 2007, the Company entered into a joint venture agreement with Carterton Group Limited, a company incorporated in British Virgin Islands, to establish a jointly controlled entity, Kingdee ASEAN Software Group Sdn Bhd, a company incorporated in Malaysia. The principal activity of Kingdee ASEAN Software Group Sdn Bhd is to develop and sell software systems. In accordance with the joint venture agreement, the Company will hold 65% of the issued and paid-up share capital of the jointly controlled entity. At the end of the financial year, the parties to the joint venture agreement have yet to subscribe for the share capital of the Company.

(b) Ygl Parker Randall World Alliance Sdn Bhd

On 21 December 2007, the Company entered into a joint venture agreement with Parker Randall to establish a jointly controlled entity, Ygl Parker Randall World Alliance Sdn Bhd, a company incorporated in Malaysia. The principal activity of Ygl Parker Randall World Alliance Sdn Bhd is to provide enterprise solution to customers. In accordance with the joint venture agreement, the Company will hold 51% of the issued and paid-up share capital of the jointly controlled entity. At the end of the financial year, the parties to the joint venture agreement have yet to subscribe for the share capital of the Company.

Notes to and forming part of The Financial Statements
for the year ended 31 December 2007 (cont'd)

29. SUBSEQUENT EVENTS

(a) On 18 January 2008, the Company increased its authorised share capital from RM10,000,000 to RM20,000,000 by the creation of an additional 100,000,000 new ordinary shares of RM0.10 each.

(b) On 14 February 2008, the Company increased its issued and paid-up share capital from RM7,271,700 to RM14,543,400 by way of Bonus Issue of 72,717,000 new ordinary shares of RM0.10 each, credited as fully paid-up on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Company. The Bonus Issue was effected by way of capitalising an amount of RM7,271,700 from the share premium account of the Company.

(c) On 18 March 2008, the Company entered into a joint venture agreement with Vista Investment Management Limited, a company incorporated in British Virgin Islands, to establish a jointly controlled entity, Ygl iBay International Sdn Bhd, a company incorporated in Malaysia. The principal activity of Ygl iBay International Sdn Bhd is to provide professional advisory on consultancy procurement and outsourcing software development. In accordance with the joint venture agreement, the Company will hold 30% of the issued and paid-up share capital of the jointly controlled entity.

30. FINANCIAL INSTRUMENTS

(a) Credit risk

At balance sheet date, the Group did not have any significant exposure to any individual customer or counter party or any major concentration of credit risk related to any financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at 31 December 2007 approximated their fair values.

31. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company were authorised for issue by the directors on 28 April 2008.

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 28 to 70 are drawn up:

(a) so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the year then ended; and

(b) in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities.

Signed on behalf of the directors in accordance
with a resolution of the directors

YEAP KONG CHEAN
Director

YEAP KONG TAI
Director

28 April 2008

Statutory Declaration

I, Yeap Kong Chean, being the director primarily responsible for the financial management of Ygl Convergence Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 28 to 70 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at)
Kuala Lumpur in the Federal Territory)
)
this 28 April 2008)
)
)
) **YEAP KONG CHEAN**

Before me:

ROBERT LIM HOCK KEE (W092)
Commissioner for Oaths

List of Properties

Location	Description and Existing Use	Tenure	Land area / Built-up area (sq ft)	Date of acquisition / Completion	Approximate age of Building (Years)	Net Book Value (RM)
Unit 9-10, 9th Floor, Wisma UOA II, No.21, Jalan Pinang, 50450 Kuala Lumpur	One office unit held under GRN46212 master issue document for title at HS(D) 87450, PT 35, Section 57, Town of Kuala Lumpur, District of Wilayah Persekutuan Office Use	Freehold	2,508	08/12/2000	8	1,023,777
Unit 5.04, Plaza GM, No.12, Lorong Haji Taib Lima, 50350 Kuala Lumpur	One shop lot held under Geran 54264 Lot 2000 Seksyen 46 (formerly known as H.S (D) 81954 P.T. No. 86, GRN 26997 & 26998 for Lot Nos. 1728 & 1729 all of Seksyen 46) in the town and District of Kuala Lumpur, State of Wilayah Persekutuan Rented Out	Freehold	238.46	29/01/2008	-	289,523

Analysis of Shareholdings
as at 25 April 2008

Authorised Capital	:	RM20,000,000.00
Issued and Fully Paid-up Capital	:	RM14,543,400.00 comprising 145,434,000 Ordinary Shares of RM0.10 each
Class of Equity Securities	:	Ordinary Shares of RM0.10 each ("Shares")
Voting Rights	:	One vote per share

Distribution Schedule of Shareholders

No. of Holders	Size of Shareholdings	No. of Shares	%
-	Less than 100	-	-
110	100 - 1,000	25,500	0.02
253	1,001 - 10,000	1,555,900	1.07
322	10,001 to 100,000 shares	13,560,300	9.32
108	100,001 to less than 5% of issued shares	63,518,968	43.68
2	5% and above of issued shares	66,773,332	45.91
795	Total	145,434,000	100

30 Largest Securities Account Holders

No.	Name	No. of Shares held	%
1	Yeap Kong Chean	33,986,668	23.37
2	Yeap Kong Tai	32,786,664	22.54
3	CIMB Group Nominees (Tempatan) Sdn Bhd *Yeap Geok Lake & Sons Sdn Bhd for Yeap Kong Chean*	6,680,000	4.59
4	CIMB Group Nominees (Tempatan) Sdn Bhd *Yeap Geok Lake & Sons Sdn Bhd for Yeap Kong Tai*	6,680,000	4.59
5	Yeap Chor Beng & Sons Sdn Bhd	4,800,000	3.30
6	Ah Kim @ Leong Chai Yoong	2,951,600	2.03
7	RHB Nominees (Asing) Sdn Bhd *OCBC Securities Private Limited for Chong Kian Fatt Francis*	1,855,000	1.28
8	Lembaga Tabung Haji	1,733,400	1.19
9	Ng Cheng Guan	1,604,100	1.10
10	Chan Chuan Pin	1,449,100	1.00
11	Visage Reserves Sdn. Bhd.	1,391,900	0.96
12	Yeap Kong Yeow	1,290,900	0.89
13	Yeap Teik Ee	1,100,000	0.76
14	Kam Lai Yong	1,100,000	0.76
15	Sarina Binti A Karim	1,000,068	0.69
16	Angela Gan Yen Ni	1,000,000	0.69
17	Yeap Yen Guan	1,000,000	0.69
18	Yeap King Jin	948,000	0.65
19	Yeap Kong Yeow	868,400	0.60
20	Yap Ean Sin	704,000	0.48

Analysis of Shareholdings
as at 25 April 2008 (cont'd)

30 Largest Securities Account Holders (cont'd)

No.	Name	No. of Shares held	%
21	Yeap Lay Hoon	700,000	0.48
22	Yeap Teck Cheong	700,000	0.48
23	Teoh Cheng Siang	700,000	0.48
24	Khoo Yong Ai	670,000	0.46
25	Yeap Geok Lan	660,000	0.45
26	Yap Yok Foo	640,000	0.44
27	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chong Yew Meng*	600,000	0.41
28	Ho Beng Chuan	600,000	0.41
29	Thong Nyok Seen	600,000	0.41
30	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Thoon Soon Ling*	600,000	0.41

Substantial Shareholders
(excluding those who are bare trustees pursuant to Section 69 of the Companies Act, 1965)

		No. of Shares beneficially held			
No.	Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
1	Yeap Kong Chean	40,666,668	27.96	-	-
2	Yeap Kong Tai	39,466,664	27.14	-	-

Directors' Shareholdings

		No. of Shares beneficially held			
No.	Name of Directors	Direct Interest	%	Indirect Interest	%
1	Yeap Kong Chean	40,666,668	27.96	-	-
2	Yeap Kong Tai	39,466,664	27.14	-	-
3	Dato' Muhammad Farid bin Haji Ahmad Ridhwan	-	-	-	-
4	Chong Kai Min	10,000	0.01	-	-
5	Lim Hoo Teck	-	-	-	-

Form of Proxy

No. of Share held	

I / We ______________________________ NRIC / Passport / Company No. ____________________
(BLOCK LETTERS)

of, ____
(full address)
being a member/members of **YGL Convergence Berhad *(Company No. 649013-W)*** hereby appoint ______________

______________________________ NRIC / Passport No. ____________________

of ____

or failing him, ______________________________ NRIC / Passport No. ____________________

of ____
or the Chairman of the Meeting as *my/our proxy to vote in my/our name(s) on *my/our behalf at the Fourth (4th) Annual General Meeting of the Company to be held at G Hotel, 168-A Persiaran Gurney, 10250 Penang on Wednesday, 18 June 2008 at 11.00 a.m. and at any adjournment thereof.

*My / Our proxy is to vote as indicated below:

RESOLUTIONS		For	Against
	Ordinary Business:-		
1.	To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2007 together with the Auditors' Report thereon		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2007		
3.	To re-elect Mr. Yeap Kong Tai who is retiring in accordance with Article 29.1 of the Company's Articles of Association		
4.	To re-elect Mr. Lim Hoo Teck who is retiring in accordance with Article 29.6 of the Company's Articles of Association		
5.	To re-appoint Messrs. Moores Rowland as Auditors for the ensuing year		
	Special Business:		
6.	Ordinary Resolution - Authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		

** Strike out whichever not applicable*

Please indicate your vote by a (X) in the respective box of each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.

As witness *my/our hand(s) this _______ day of ____________, 2008.

____
Signature of Member / Common Seal

Notes:-

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint up to 2 proxies to attend and vote in his stead. A proxy may, but need not be a Member and the provision of Section 149(1)(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy or (in the case of a power of attorney appointing an attorney) such power of attorney or a notarially certified copy of such power of attorney and any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Registered Office of the Company at No. 10, China Street, 10200 Penang at least 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.
5. Any alteration in this form must be initialed.

Affix Stamp

To:

The Company Secretaries
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10 China Street
10200 Penang
Malaysia

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