



YIKON

CORPORATION BHD
(527272-V)

Annual Report 2007



Stylish Elegance

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Enggang Room, Lobby Level, Hotel Equatorial, No.1, Jalan Bukit Jambul, 11900 Penang on Thursday, 27 March 2008 at 11:00 a.m. for the following purposes: -

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 October 2007 and Reports of the Directors and Auditors thereon. Ordinary Resolution 1
- 2a. To re-elect Dato' Noor Ahmad Mokhtar Bin Haniff, who retires pursuant to Article 133 of the Company's Articles of Association. Ordinary Resolution 2
- 2b. To re-elect Mr Tan Sek Yin who retires pursuant to Article 138 of the Company's Articles of Association. Ordinary Resolution 3
- 2c. To re-elect Mr Lai Kwang Hooi @ Lai Bah Eng, who retires pursuant to Section 129 of the Companies Act, 1965. Ordinary Resolution 4
3. To approve Directors' fees for the year ended 31 October 2007. Ordinary Resolution 5
4. To re-appoint Messrs. KPMG and to authorise the Directors to fix their remuneration. Ordinary Resolution 6
5. As Special Business
 - a. To consider, and if thought fit, to pass the following Ordinary Resolution:-

SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorized to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

Ordinary Resolution 7

- b. To consider, and if thought fit, to pass the following Special Resolution:-

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved."

Special Resolution 1

6. To transact any other business of which due notice shall have been given.

By Order of the Board

Lam Voon Kean
(MIA 4793)
Company Secretary

Penang, 5 March 2008.

Notice of Annual General Meeting (cont'd)

Notes :

1. A Member may appoint two (2) proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints two (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 (1) 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. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
4. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.
5. The details of the Directors standing for re-election as in Agenda 2 are as more particularly disclosed in Pages 6 to 8 of the Annual Report of the Company.

Explanatory Notes on Special Business:

1. The Ordinary Resolution 7, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.
2. The Special Resolution 1, if passed, will amend the Articles of Association of the Company to be in compliance with the amendments to Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad.

Special Resolution 1

Proposed Amendments to the Articles of Association of the Company

"Appendix I"

THAT the Articles of Association of the Company be amended in the following manner:-

1. (a) Existing Article 2(b) :-

2.(b) "Approved Market Place" means a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order, 1998.

(b) The existing Article 2(b) be deleted in its entirety.

2. (a) Existing Article 60(1)

"Where:-

(a) the securities of a company are listed on an Approved Market Place; and

(b) the Company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the Registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities."

(b) The existing Article 60(1) be amended to read as follows:-

"Where:-

(a) the Securities of the Company are listed on another stock exchange; and

(b) the company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of Securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities."

3. (a) Existing Article 60(2)

"For the avoidance of doubt, the Company which fulfils the requirements of subparagraphs (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register"

(b) The existing Article 460(2) be deleted in its entirety.

Corporate Information

BOARD OF DIRECTORS

Dato' Noor Ahmad Mokhtar Bin Haniff
(Chairman / Independent Non-Executive Director)

Chin Kok On
(Managing Director)

Chin Poh On
(Executive Director)

Daniel Choong Yew Chee
(Executive Director)

Haniff Dato' Mahmood
(Executive Director)

Lai Kwang Hooi @ Lai Bah Eng
(Independent Non-Executive Director)

Tan Sek Yin
(Independent Non-Executive Director, appointed on 1.12.2007)

AUDIT COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff – Chairman

Chin Kok On – Member *(Ceased on 28.12.2007)*

Lai Kwang Hooi @ Lai Bah Eng – Member

Tan Sek Yin – Member *(Appointed on 1.12.2007)*

NOMINATING COMMITTEE

Lai Kwang Hooi @ Lai Bah Eng – Chairman

Dato' Noor Ahmad Mokhtar Bin Haniff – Member

Tan Sek Yin – Member *(Appointed on 1.12.2007)*

REMUNERATION COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff – Chairman

Lai Kwang Hooi @ Lai Bah Eng – Member

Chin Kok On – Member

Tan Sek Yin – Member *(Appointed on 1.12.2007)*

EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff – *Chairman*

Chin Kok On – *Member*

Lew Woo Sang – *Member*

Chin Poh On – *Member (Alternate to Chin Kok On)*

Othman Bin Desa – *Member (Alternate to Lew Woo Sang)*

REGISTERED OFFICE

Suite 2-1, 2nd Floor, Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

Telephone No. : 04-2294390
Facsimile No. : 04-2265860
E-mail : mcsvpg@boardroomlimited.com

SHARE REGISTRAR

AGRITEUM Share Registration Services Sdn. Bhd.
(578473-T)
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

Telephone No. : 04-2282321
Facsimile No. : 04-2272391

COMPANY SECRETARY

Lam Voon Kean (MIA 4793)

AUDITORS

KPMG
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd
RHB Bank Berhad
EON Bank Berhad
CIMB Bank Berhad
AmBank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad ("Bursa Securities")
Second Board
Stock Code : 7139
Stock Name : YIKON

Directors' Profiles

DATO' NOOR AHMAD MOKHTAR BIN HANIFF *Malaysian, aged 68*

Dato' Noor Ahmad Mokhtar Bin Haniff was appointed to the Board as the Chairman/ Independent Non-Executive Director on 2 March 2002. He was the General Manager of Penang Development Corporation ("PDC") until 1997 when he retired from the service. He started working in PDC in 1972 as the Director of the first Free Industrial Zone in the country that he helped to plan, develop and manage.

He received a Bachelor of Arts Degree (Hons) in Economics from University Malaya in 1964 and a year later a post-graduate Diploma in Education, from the same university. He also obtained a certificate in Top Management from the Asian Institute of Management in Manila in 1977 and he pursued a course in Development Economics organised by the World Bank in Tokyo in 1980.

While in the service, he has gained wide experience whilst holding various positions and sat on numerous councils dealing with economic planning, investment, tourism, education and environment conservation matters in the state of Penang.

Currently he holds directorships in a few public companies, namely Yikon Corporation Bhd (YCB), Globetronics Technologies Bhd and Eurospan Holdings Berhad.

CHIN KOK ON *Malaysian, aged 45*

Chin Kok On is the founder and Managing Director of the Company and was appointed to the Board on 2 March 2002. He has over 20 years of vast experience in the gold jewellery business. Coupled with his entrepreneur skills, he has steered the Group from a small-scale goldsmith to become one of the leading gold jewellery manufacturers and exporters in Malaysia. He is responsible for the overall sales and marketing as well as strategic planning of the Group. He also sits on the Board of several private limited companies.

CHIN POH ON *Malaysian, aged 44*

Chin Poh On is the Executive Director of the Company and was appointed to the Board on 2 March 2002. He has more than 20 years of extensive experience and knowledge in the gold jewellery business. He participates in trade exhibitions to broaden his knowledge and to keep himself abreast with the latest development in the manufacturing technology in relation to the gold jewellery industry.

His responsibilities include overseeing the production sections and manufacturing techniques as well as quality functions of the Group. He also heads the Group's research and development team and provides support to new product development and enhancing the manufacturing capabilities of the Group. He also sits on the Board of several private limited companies.

DANIEL CHOONG YEW CHEE *Malaysian, aged 39*

Daniel Choong Yew Chee was appointed to the Board as an Executive Director on 8 May 2006. He graduated from the University of Newcastle with a Masters in Business Administration.

Mr Daniel Choong has more than 10 years of wide experience in diamonds, precious stones trading and precious metal industry. He started his business career by running his family business involved in the extraction and marketing of limestone under license granted to Paramount Limestone Private Limited. Subsequently he expanded the family business into one of the leading gold jewellery and ornaments manufacturers and traders in Malaysia.

Currently, Mr Daniel Choong sits on the Board of several private limited companies.

Directors' Profiles (cont'd)

HANIFF BIN DATO' MAHMOOD *Malaysian, aged 46*

Haniff Bin Dato' Mahmood was appointed to the Board as the Vice Chairman/Independent Non-Executive Director on 8 May 2006. Subsequently, he was appointed as the Executive Director of the Company on 1 July 2007 and relinquished his former position in the Company.

En Haniff completed his secondary school education in La Salle Secondary School, Petaling Jaya, Selangor in 1978 before he embarked on his career in business. He has gained wide experience in the various industries namely in tourism & travel, telecommunications, infrastructure works, aqua-farming and recreational sports. In 1997, En Haniff, who is a member of BUMITRA (Association of Bumiputra Travel Agents) was involved in the development of Bumiputra's involvement in the travel industry. In year 2003, En Haniff was involved in the aqua-farming sector whereby he brought together the Malaysian Government and a local bio-tech company to successfully improve the yield of an aquaculture project in the Northern region of the country.

In the area of recreational sports, En Haniff introduced the game of paintball to Malaysians and Malaysia to the world at large as the paintball hub of Asia. In year 2003, En Haniff was instrumental in launching the Paintball Asia League Series (PALS). This League has been internationally recognised as a major league of the Asia region. Apart from these, En Haniff was also involved in organizing other major international events such as the Nation Cup 2004 and the Asia Pacific Paintball Championship 2005. The success of the mentioned events led Malaysia to be the host of the World Cup Asia 2006 which received endorsement of the Ministry of Tourism as one of the top 50 events for the Visit Malaysia Year 2007.

Currently, En Haniff is also a director of several private limited companies.

LAI KWANG HOUI @ LAI BAH ENG *Malaysian, aged 75*

Lai Kwang Hooi @ Lai Bah Eng was appointed to the Board as an Independent Non-Executive Director on 2 March 2002. He was with the Tax Division of the Inland Revenue Department as an Assistant Examiner and served in Kedah, Perak, Kuala Lumpur and Penang for 22 years. During the course of his work, he took a corresponding course to study Accountancy conducted by Australia Society of Accountants [now known as Certified Public Accountants, Australia ("CPA, Australia")] and obtained his accountancy qualification in 1972. Subsequently, he became an Associate Member of CPA, Australia in 1973, a Member of the Malaysian Institute of Accountants in 1973 and Member of the Malaysian Institute of Certified Public Accountants in 1975.

He set up his own audit firm under the name of Lai Kwang Hooi & Co. and started practicing since 1988. He also sits on the Board of a private limited company.

TAN SEK YIN *Singaporean, aged 51*

Tan Sek Yin, David was appointed to the Board as an Independent Non Executive Director on 1 December 2007. He holds a Master of Arts Degree in Corporate and Manpower studies and a Bachelor Of Science (Honours) Degree in Economics and Accountancy from City University London.

Mr Tan has more than 18 years of experience in financial, marketing, operations and management in the cement industry. He was an executive director of Tasek Corporation Bhd from 1986 to 2004. From 1990 to 2005, he was also a director of Cement Industries Sabah, overseeing the technical and marketing aspects of the company. From 1989 to 2007, Mr Tan was also appointed a director in Jurong Cement Ltd, a cement manufacturing plant based in Singapore.

In addition to the cement industry, Mr Tan also specialises in precious metals and stones like gold and jade. He is currently the Chief Executive Officer of Top Gold Resources Sdn Bhd, an investment holding company. Mr Tan is also a trustee to the Board of Directors of the Sultan Azlan Shah Rehabilitation Centre in Perak, Malaysia, since 1991.

Currently, Mr Tan sits on the Board of several private limited companies.

Directors' Profiles (cont'd)

Notes:

1. None of the Directors has any family relationship with other Directors or substantial shareholders of the Company except for Mr Chin Kok On and Mr Chin Poh On who are brothers.
2. None of the Directors has any conflict of interest with the Group other than as disclosed in the Notes to the Financial Statement under Note 24.
3. None of the Directors has been convicted for any offences within the past 10 years other than for traffic offences if any.

Chairman's Statement

On behalf of the Board of Directors of Yikon Corporation Bhd, it is my pleasure to present the Annual Report and Audited Accounts of the Group for the financial year ended 31 October 2007.

Financial Performance

The Group achieved a sales turnover of RM191.5 million which is a decline of 16.4% as compared to the previous year. The weakening of the US Dollars has contributed to the rise in gold price which has affected demand for jewellery in the Middle East market. The volatility of the gold price added further uncertainty to the market demand.

Loss before tax for the financial year ended 31 October 2007 was RM19 million. This loss was contributed mainly by the provision of doubtful debts amounting to RM 9.44 million from a debtor of cupro nickel materials. There is also a provision in diminution in value of stocks of RM 1.5 million and an amount of RM 1.86 million was also provided due to the increase in gold price as one debtor has failed to increase the deposit paid for the purpose of purchasing gold. The balance of approximately RM 6.2 million losses are due to operational losses including the finance cost of RM 1.2 million.

Operations Review

Demand for gold jewellery in the Middle East market further dropped as gold price continued to climb during the financial year. Coupled with the continued increase in oil price and the political uncertainty in the Middle East, business sentiments remained gloomy in the jewellery market. Sales in this segment dropped by 1.31% as compared to the previous year.

A wholly owned subsidiary, Yikon Jewellery Industry Sdn Bhd started to supply cupro nickel materials to The Royal Mint of Malaysia Sdn Bhd ("Royal Mint") during the financial year under review. This business did not turn out well when Royal Mint failed to pay for the materials supplied. Legal action was initiated against the company and the guarantors. A provision for doubtful debts of approximately 50% amounting to RM 9.44 million was made on this case. However, management is of the opinion that a major portion of the debt would be recoverable.

Some of the cupro nickel materials, which were held back from delivery due to Royal Mint's failure to pay, have dropped in value since it was first purchased. A provision of diminution in value of RM 1.5 million was made on this stock.

China operations, however, showed some improvement. Sales in retail outlets increased by 74% as compared to the previous year. The number of retail outlets in China have increased to 16 currently and some of the outlets which have not performed well were relocated to better locations. The Group continues to focus the expansion in 3 strategic provinces in China, namely, Xin Jiang, Jiang Su and Fu Jian .

Corporate Social Responsibility

As part of its corporate social responsibility, the Company, realises the importance of its social responsibility and continued its humble contributions during the financial year. The Company, again, organised a blood donation campaign in its factory in Bayan Lepas, Penang in December 2007.

Chairman's Statement (cont'd)

Dividends

The Board of Directors does not recommend any dividend for the financial year ended 31 October 2007.

Corporate Governance

The Board of Directors has reviewed and considered the principles and best practices of the Code on Corporate Governance and recognized the importance of adopting good corporate governance. In the Corporate Governance Survey Report 2007 for Second Board and Mesdaq Plcs, carried out by the Minority Shareholder Watchdog Group and the University of Nottingham, Malaysia Campus, Yikon ranks number 12 among the companies surveyed in terms of the level of compliance with the Corporate Governance Principles and Best Practices and number 1 within the consumer products sector. The Board will also ensure the requirements of the Bursa Securities Listing Requirements are complied with by the Company.

Prospects

The Middle East market is expected to remain weak in view of the high and volatile gold price. However, the Company will focus more on developing higher value added designs. The Group will continue to build its presence in the China Jewellery Retail sector. Barring any unforeseen circumstances, the Board of Directors do not expect the manufacturing division to improve significantly due to the current gold price fluctuation but retail operations in China is expected to perform better in the coming year.

Appreciation

I would like to take this opportunity to express our sincere appreciation for the confidence and support given by our shareholders, customers, bankers, business associates and government authorities.

I especially thank the great team members of the Board, the management and staff who have worked with dedication and commitment. With their continued contribution, I look forward to achieving sustained success together in future.

DATO' NOOR AHMAD MOKHTAR BIN HANIFF

Chairman

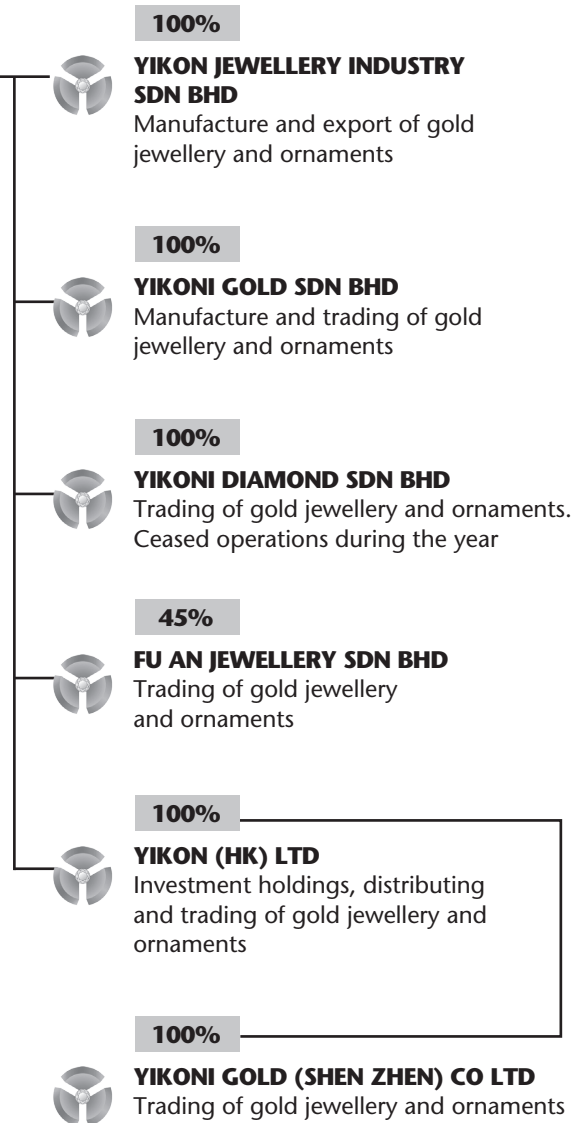
18 February 2008

Group Structure



YIKON

CORPORATION BHD



Corporate Governance Statement

The Board of Directors of Yikon Corporation Bhd recognises the importance of maintaining good corporate governance as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value. The Board is thus pleased to report that, the Group continues to be fully committed in adherence towards the Principles and Best Practices in Corporate Governance, as set out in the Malaysian Code on Corporate Governance. The Group has adopted the key principles and practise that are deemed fit for the Group which operates in the nation as well as in the People's Republic of China.

The following statement sets out how the Group has applied the Principles of Corporate Governance and the extent of compliance with the Best Practices during the year ended 31 October 2007.

BOARD OF DIRECTORS

Composition and Balance

The Group is led and directed by an experienced Board which is primarily entrusted with the responsibility of charting the direction of the Group. The Directors collectively bring to the Board diversity in business experience, in-depth financial and technical expertise, which is sufficient to deal with all the business matters of the Group effectively.

The Board is responsible for the overall control and proper management of the Group as well as the strategic direction, establishing goals for the management and monitoring the achievement of these goals.

There is a clear division of responsibility between the Chairman, who is an Independent Non-Executive Director and the Managing Director who is the Chief Executive Officer. The Chief Executive Officer is responsible for the group's business operation, organizational effectiveness and the implementation of Board policies and decision-making process of the Board. The Independent Non-Executive Directors contribute by the exercise of independent judgment and objective participation in the proceedings and decision-making process of the Board.

With the adoption of the amendments in the Malaysian Code of Corporate Governance, executive directors of public listed companies will no longer be allowed to be members of the audit committee. In compliance with this requirement, the Board has accepted the recommendation from the Nominating Committee whereby an additional Independent Non-Executive Director has been appointed to replace one of the existing Audit Committee members who is an Executive Director of the Company.

The Board presently comprises of seven (7) members, of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The ratio of Independent Directors throughout the financial year is in accordance with the paragraph 15.02 of the Listing Requirements. The composition of the Board not only reflects the broad range of experiences and skills essential for the working of the Group but also the importance of independence in decision making at the Board level.

Board Meetings

The Board met regularly on a quarterly basis, with additional meetings convened as required between the scheduled meetings. During the financial year ended 31 October 2007, the Board held five (5) meetings to deliberate on various matters and to decide and advise on important issues. The major deliberations, in terms of issues discussed and the conclusions arrived by the Board in the meetings are recorded by the Company Secretary.

The attendances of each individual Director are as follows:

Directors	Dec 06	Feb 07	Mar 07	June 07	Sept 07
Dato' Noor Ahmad Mokhtar Bin Haniff	√	√	√	√	√
Chin Kok On	√	√	√	√	√
Chin Poh On	√	√	√	√	√
Daniel Choong Yew Chee	√	√	√	√	√
Haniff Dato' Mahmood	√	√	√	√	√
Lai Kwang Hooi @ Lai Bah Eng	√	√	√	√	√
Tan Sek Yin (Appointed on 1.12.2007)	NA	NA	NA	NA	NA

Corporate Governance Statement (cont'd)

Supply of Information

Sufficient notice has always been given for all Board and Committee meetings. All Directors are provided with an agenda and a set of Board paper to review prior to the Board meeting to enable them to peruse and if required to obtain further information on issues to be deliberated.

All corporate announcements are reviewed and approved by the Board prior to any announcement being made to the Bursa Securities.

In discharging of their duties, the Directors have unrestricted access to all information within the Group and have utilized fully the advice and services of the Company Secretary as well as other professional advisors.

The Management of the Group usually updates the Board in regards to business matters relevant to the Group at the meeting as well as other occasions. Verbal explanations and briefings are also provided by the management to enhance understanding of the matters. This is also to facilitate decision making by the Board.

Board Committees

There are three main committees to assist the Board to discharge its fiduciary duties, namely:- Nominating, Remuneration and Audit Committees. The Committees are empowered by the Board with approved terms of reference to put forward recommendations and report to the Board. Final decision making has always been the responsibility of the Board.

Nominating Committee

The Nominating Committee was set up on 16 September 2002 with the main objective of ensuring the process of nominating, appointing and performance assessment of Board members is fair and transparent. The members of the Committee are set forth below:

Name	Designation	Directorship
Lai Kwang Hooi @ Lai Bah Eng	Chairman	Independent Non-Executive Director
Dato' Noor Ahmad Mokhtar Bin Haniff	Member	Independent Non-Executive Director
Tan Sek Yin (Appointed on 1.12.2007)	Member	Independent Non-Executive Director

A formal set of terms of reference has been adopted by the Committee to carry out its functions.

The Nominating Committee assists the Board on the following functions:

1. Consider candidates and recommends to the Board candidates for Directorships. In this regards, the nominating committee normally considers the candidates' skill, knowledge, expertise, experience, professionalism and integrity.
2. Recommend candidates for Board committees to the Board.
3. Reviews the Board structure, size and composition and assess the effectiveness of the Board.

The Nominating Committee holds at least one meeting per year in carrying out an annual review of the above. All assessment and evaluations carried out by the nominating committee in the discharge of all its functions are properly documented by the Company Secretary. The final decision on appointments rests with the Board.

At the meeting held on 17 September 2007, the Nominating Committee evaluated and recommended a new appointee to the Board who were subsequently appointed as additional member to the Board as well as a member of Audit Committee, Nominating Committee and Remuneration Committee in December 2007. The appointment process was transparent and consistent with the Articles of Association of the Company. The Company secretary has ensured that the appointment was properly made and all legal and regulatory obligations were met accordingly.

During the financial year ended 31 October 2007, three (3) meetings were held and the attendance at the meeting is as follows:

Directors	Dec 06	June 07	Sept 07
Dato' Noor Ahmad Mokhtar Bin Haniff	√	√	√
Lai Kwang Hooi @ Lai Bah Eng	√	√	√
Tan Sek Yin (Appointed on 1.12.2007)	NA	NA	NA

Corporate Governance Statement (cont'd)

Re-election of Directors

In accordance with the Articles of Association, one third of the Directors who are subject to retirement by rotation shall retire at the annual general meeting. The Articles further provide that all the Directors shall retire from office at least once every three years and shall be eligible for re-election. At the last Annual General Meeting held on 26 March 2007, Mr Chin Poh On retired and was re-elected to the Board.

Pursuant to Section 138 of the Company's Article of Association, the newly appointed directors during the year shall retire from office at the next following Annual General Meeting. At the last Annual General Meeting held on 26 March 2007, Mr Daniel Choong Yew Chee and Encik Haniff Bin Dato' Mahmood retired in accordance with this section and were re-elected to the Board.

Pursuant to Section 129(6) of the Companies Act 1965, Directors who are over the age of seventy (70) years shall retire at every annual general meeting and may submit themselves for re-appointment to hold office until the next Annual General Meeting. At the last Annual General Meeting held on 26 March 2007, Mr Lai Kwang Hooi @ Lai Bah Eng retired in accordance with this section and was re-elected to the Board.

The Company Secretary had ensured that the Company meets all the legal and regulatory requirements before the appointments of Directors are made.

Remuneration Committee

The Remuneration Committee was formed on 16 September 2002. The Remuneration Committee recommends, to the Board for approval the remuneration package of Directors. Individual performance, the Group profitability and responsibilities of the Directors as well as prevailing market rates in the market are taken into consideration in determining the remuneration package for executive and non-executive directors. This is to ensure that rewards commensurate with their contribution to the growth of the Group.

Directors fee for directors are proposed by the Remuneration Committee, determined by the Board and subject to shareholders approval in the Annual General Meeting.

One additional Independent Non-Executive Director was appointed as a member of Remuneration Committee subsequent to the financial year end in December 2007, and the members of the Committee are set forth as below:

Name	Designation	Directorship
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman	Independent Non-Executive Director
Lai Kwang Hooi @ Lai Bah Eng	Member	Independent Non-Executive Director
Chin Kok On	Member	Executive Director
Tan Sek Yin (Appointed on 1.12.2007)	Member	Independent Non-Executive Director

The Remuneration Committee is expected to hold at least one meeting per year. During the financial year ended 31 October 2007, three (3) meetings were held on 27 December 2006, 26 June 2007 and 17 September 2007. The attendance of the meeting is tables as follow:

Directors	Dec 06	June 07	Sept 07
Dato' Noor Ahmad Mokhtar Bin Haniff	√	√	√
Chin Kok On	√	√	√
Lai Kwang Hooi @ Lai Bah Eng	√	√	√
Tan Sek Yin (Appointed on 1.12.2007)	NA	NA	NA

Details of the Directors' remuneration during the year are as follows:

Category	Fees	Allowance	Salaries	Bonuses	EPF	Total
Executive Directors	68,666	86,000	1,046,000	71,500	143,974	1,416,140
Non-Executive Directors	76,000	20,000	–	–	–	96,000
Total	144,666	106,000	1,046,000	71,500	143,974	1,512,140

Corporate Governance Statement (cont'd)

Remuneration Committee (cont'd)

The number of Directors whose remuneration falls into the following bands comprises:-

Range of Remuneration RM	Number of Directors	
	Executive	Non-Executive
50,000 and below	–	1
50,001 – 100,000	1	1
100,001 – 150,000	–	–
150,001 – 200,000	–	–
200,001 – 250,000	–	–
250,001 – 300,000	–	–
300,001 – 350,000	–	–
350,001 – 400,000	1	–
400,001 – 450,000	–	–
450,001 – 500,000	1	–
500,001 – 550,000	1	–

Employees' Share Option Scheme Committee (ESOS)

The ESOS Committee was appointed by the Board on 3 November 2003 with the principal objective to administer the ESOS in accordance with the Bye-Laws. The members of the Committee are set forth as below:

Name	Designation
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman
Chin Kok On	Member
Lew Woo Sang	Member
Chin Poh On	Alternate to Chin Kok On
Othman Bin Desa	Alternate to Lew Woo Sang

The ESOS Committee is empowered to administer the Scheme in such manner as it shall in its discretion deem fit subject to the provisions of the Bye-Laws.

Three batches of options have been granted to take up unissued ordinary shares of RM1 each of the Company and the details are as follows:

Date of offer	Option price (RM)	Number of options Granted	Exercised	Terminated	Balance at 31.10.2007
20.11.2003	1.21	3,328,000	(1,946,400)	(1,058,000)	323,600
07.06.2005	1.66	966,800	(513,800)	(170,200)	282,800
22.09.2005	2.51	870,400	(244,700)	(78,600)	547,100

Directors' Training

As of the date of this statement, all the Directors have duly complied with the Listing Requirements in relation to the Mandatory Accreditation Programme. Subsequent to the repeal of the CEP programme in 2005 and the inception of the new requirement that the Board identifies and determines the training needs of its members, the Directors have attended some relevant training programs during the year to enhance their knowledge and expertise in the Group core business and management strategies. Apart from that, frequent visits to the various operational sites have equipped the Executive Directors with a through understanding of the Group's operations.

New Board members will be first introduced to the existing Board members and the management team. They will visit the business operation to get a better understanding of the Group's business and its direction.

Corporate Governance Statement (cont'd)

Relationship with shareholders and investors

The Company acknowledges the importance of regular and timely dissemination of material information and quarterly financial results to shareholders and investors of the Company.

As such, the Company through press releases, annual report, announcements via Bursa Link and other channel of communications promptly delivers announcements on important events and financial performance of the Company to the shareholders and investors. Nevertheless, it is also mindful of the legal and regulatory frame work governing the release of material and price sensitive information.

The Company has also updated its website, www.yikon.com.my and www.yikonhk.com from time to time during the year, for shareholders and public to access corporate information, news and events to the Company as well as its foreign subsidiaries.

Annual General Meeting ("AGM")

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with shareholders and to inform shareholders and investors of current developments. Historically, the AGM have been fairly well attended. During the meeting, the Chairman of the Board gave adequate chances for the shareholders to raise questions pertaining to the Group's operations in the reporting financial year as well as its prospects for the next financial year. Comments and concerns from the shareholders are noted by the management for consideration. It has been the Company's practice to send notice of AGM and the Annual Reports to its shareholders at least 21 days before the date of the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Audit Committee scrutinised the information in the annual financial statements and quarterly financial results in order to assist the Directors to present a balanced and understandable assessment of the Group's position and prospects to the shareholders.

Directors' Responsibility Statement

The Board has the responsibility to ensure that the financial statements gives a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and the results and cash flows of the Company and Group for the financial year. In preparing the financial statements, the Directors have ensured that all the applicable approved accounting standards in Malaysia and the provision of the Companies Act, 1965 have been applied consistently. In addition, reasonable, prudent judgements and estimates are adopted by the Directors in the financial statements reporting.

The Directors also have a general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group, all transactions that the Group entered into are properly authorised and recorded. Apart from that, the Directors are responsible to establish and maintain an internal control system that will provide reasonable assurance in preventing and detecting fraud and other irregularities.

State Of Internal Control

The Board recognise the importance of their role in maintaining a sound system of internal control whereby shareholders' investment and the Company's assets can be safeguarded.

The Internal Control Statement furnish on pages 22 to 23 of this Annual Report provides an overview of the state of the internal controls within the Group.

Corporate Governance Statement (cont'd)

Relationship with the Auditors

The Board through the Audit Committee has established a formal and transparent relationship with the external auditors of the Company.

The Audit Committee serves as an independent channel of communication with the external auditors. In compliance with the Malaysian Code on Corporate Governance, The Audit Committee has held a separate meeting with the external auditor, without the presence of the executive board members and management of the Company during the year to discuss and respond to the audit findings. It is the practise of the Audit Committee to be responsive to the auditors' enquiries and their recommendations in order to ensure compliance with the approved accounting standards in preparing the Company's financial statements.

Corporate social responsibility

It is always the mission of the Company to conduct its business operation without neglects the importance of safety, health and environment as well as community responsibilities.

As part of its Corporate Social Responsibilities efforts, the Company has worked with the General Hospital of Prai, Penang State in carrying out a blood donation campaign in the factory. The campaign was successful with the good support from the employees.

In the year ahead, the Board will continue to participate and encourage its employees to involve themselves in other charitable activities.

Compliance Statement

The Group has complied with all the Best Practices of Corporate Governance set out in Part 2 of the Code on a continuing basis except for the following:-

The Board does not have a formal schedule of matters reserved to it for decision. However, it has been the practice for the Board to deliberate on significant matters that concern the overall strategy of the Group such as major investment and divestment decisions, financial and operating performance, acquisition and disposal of fixed assets.

This statement is issued in accordance with a resolution of the Directors dated 18 February 2008.

Audit Committee Report

Members

The Committee consists of three (3) members of which all of them are Independent Directors. One of the members is a member of the Malaysian Institute of Accountants. The Chairman is an Independent Director. No alternate director has been appointed as member. One new member has been appointed subsequent to the financial year end in December 2007 to substitute one of the existing member, an Executive Director who is no longer allowed to be an Audit Committee member in accordance with the revised requirement under the Malaysian Code of Corporate Governance. A meeting was held on 27 December 2007 whereby the terms of office and performance of the members of the Audit Committee were reviewed and the Board was satisfied with the committee's performance. The Members of the Audit Committee are:

Name	Designation	Directorship
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman	Independent Non-Executive Director
Chin Kok On (Ceased on 28.12.2007)	Member	Executive Director
Lai Kwang Hooi @ Lai Bah Eng	Member	Independent Non-Executive Director
Tan Sek Yin (Appointed on 1.12.2007)	Member	Independent Non-Executive Director

ACTIVITIES OF THE AUDIT COMMITTEE

Meetings

Five (5) meetings were convened by the Audit Committee during the financial year ended 31 October 2007. These meetings were appropriately structured through the use of agendas, which were distributed to members. The Company Secretary acted as the Secretary for the Committee at all the meetings held. Other directors and senior management of the group were also present at these meetings upon invitation.

The attendance at the meetings is tabled as below:

Directors	Dec 06	Feb 07	Mar 07	June 07	Sept 07
Dato' Noor Ahmad Mokhtar Bin Haniff	√	√	√	√	√
Chin Kok On	√	√	√	√	√
Lai Kwang Hooi @ Lai Bah Eng	√	√	√	√	√
Tan Sek Yin (Appointed on 1.12.2007)	NA	NA	NA	NA	NA

Summary of Activities

The Audit Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans
- Reviewed with the external auditors the results of the audit and the audit report.
- Reviewed the Internal Audit programmes and plans for the financial year and the annual assessment of the Internal Auditor's performance.
- Reviewed the internal audit reports on a quarterly basis, which highlighted the audit issues, recommendations and management's response. Discussed with management actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- Reviewed the status of Management-agreed action plan implementation for the previous internal audit findings.
- Reviewed the annual financial statements of the Group and the Company with the external auditors, prior to submission to the Board for their consideration and approval.
- Reviewed the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Reviewed the Company's compliance, in particular, the quarterly and year end financial statements with the Listing Requirements of the Bursa Securities, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements.
- Reviewed the quarterly unaudited financial results announcements before recommending them for Board's approval. The review and discussions were conducted with the senior management of the Company.

Audit Committee Report (cont'd)

Summary of Activities (cont'd)

- Reviewed the related party transactions entered into by the Group.
- Reviewed the allocation of shares under the Employee Share Option Scheme ("ESOS").

TERMS OF REFERENCE

Functions of the Audit Committee

- (1) To consider the appointment of external auditors, the audit fee and any question of resignation or dismissal including recommending and nominating of person or persons as external auditors;
- (2) To discuss with the external auditors when necessary on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
- (3) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:-
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgmental areas
- (4) To prepare the Audit Committee Report at the end of each financial year;
- (5) To discuss problems and reservations arising from the interim and final external auditors, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- (6) To review the external auditors' management letter and management's response;
- (7) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (8) To 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 its work;
- (9) To review the Internal Auditor's programmes and plans for the financial year and the annual assessment of the Internal Auditor's performance;
- (10) To approve any appointment or termination of senior staff members of the internal audit functions;
- (11) To take cognisance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (12) To review the Internal Audit reports, which highlighted the audit issues, recommendations and management response and ensure that material findings are adequately addressed by management;
- (13) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Committee and the Board from time to time;
- (14) In compliance with Paragraph 15.17 of the Bursa Securities Listing Requirements, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to the Bursa Securities; and
- (15) To verify the allocation of options pursuant to the ESOS of the Company in compliance with the criteria stipulated in the By-Laws.

Audit Committee Report (cont'd)

Membership

- a) The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements: -
- i) the Committee must be composed of no fewer than three (3) members;
 - ii) all members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors; and
 - iii) at least one member of the Committee :
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - * he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - * he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by the Bursa Securities.
- b) The members of the Committee shall elect a Chairman from among themselves who is an independent director.
- c) No alternate director should be appointed as a member of the Committee.
- d) In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Bursa Securities pertaining to composition of Audit Committee, the Board of Directors shall within three months of that event appoint such number of new members as may be required to fill the vacancy.
- e) The Board of Directors shall review the terms of office and performance of the Committee and each of its members at least once every three years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Meetings

The Committee shall meet at least four (4) times a year.

A quorum shall consist of a majority of independent directors.

The Company Secretary shall be the Secretary of the Committee or in her absence, another person authorized by the Chairman of the Committee.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The external auditors may be required to attend the meetings when it is necessary. At least once a year, the Committee shall meet with the external auditors without the presence of executive board member and management.

The chairman may engage on a continuous basis with senior management in order to be kept informed of matters affecting the Company in a timely manner.

Authority

The Committee in performing its duties, is granted the authority to:

- i) investigate any issues within its terms of reference;
- ii) have the necessary resources which are required to perform its duties;
- iii) have unrestricted access to any information pertaining to the Company;
- iv) directly communicate with the external auditors, persons carrying out the internal audit function and the employees of the Group;
- v) be able to obtain independent professional or other advice; and
- vi) have meetings with external auditors, without the attendance of the executive members of the committee, whenever it is deemed necessary.

Other Corporate Disclosure

1. Share Buybacks, Options, Warrants or Convertible Securities

During the financial year, no Warrants or Convertible Securities were exercised by the Company. However, 410,600 new ordinary shares of RM 1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's ESOS.

2. American Depository Receipt (ADR) Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programmes during the financial year.

3. Sanctions and/or Penalties

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

4. Non-Audit Fees

During the financial year ended 31 October 2007, an amount of RM90,504 was payable to the external auditors for non-audit services rendered.

5. Profit Estimate, Forecast, Projection or Unaudited Results

There was no significant variance between the results for the financial year and the unaudited results previously announced.

6. Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

7. Material Contracts

There were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest.

8. Revaluation Policy on Landed Properties

The Company does not have a policy of revaluation on landed properties.

Internal Control Statement

Pursuant to Paragraph 15.27(b) of the Listing Requirements (“Requirements”) of Bursa Securities, the Board of Directors of Yikon Corporation Bhd is pleased to provide the following statement on the state of internal control of the Group. This statement takes into consideration the recommendations of the “Statement on Internal Control: Guidance for Directors of Public Listed Companies (“Internal Control Guidance”), a publication of the Task Force on internal control.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a sound system of internal control and a structured risk management framework on good corporate governance. The Board affirms its ultimate responsibilities for the Group’s system of internal control and for reviewing the adequacy and integrity of these systems. The system of internal control includes risk management, financial, organisational, and operational and compliance control. Because of the limitations that are inherent in any system of internal control, these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board continues to maintain a sound system of internal control to ensure reasonable assessment and management of risk through internal operating procedures, company guidelines and policies as well as compliance with applicable laws and regulations. This system has been further improved throughout the financial year under review.

RISK MANAGEMENT

The Board and Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment. Management is responsible for the identification and evaluation of significant risks applicable to their areas of business with the design and implementation of suitable internal controls.

Adequate risk management processes are in place to ensure structured and consistent approach and methods are practised in the on-going process of identifying, assessing, managing and monitoring the principal risks across the local and overseas operating units. In view of the business risk associated with a variety of changing business environments, the management continues to improve the measures which are deployed on appropriate risk response strategies and controls. This is to ensure risk is properly monitored and managed to an acceptable level.

INTERNAL AUDIT FUNCTION

The Board is fully aware of the importance of the internal audit function and has outsourced this function to an independent professional accounting and consulting firm. The internal auditor reports directly to the Audit Committee. The presence of internal audit function has provided the required level of assurance as to the effectiveness of the operation and validity of the Group’s internal control system.

In accordance with the audit plan approved by the Audit Committee, the internal auditors have conducted periodic reviews on the internal control and the effectiveness of the processes that are in place to identify, manage and report risk. The routine reviews are being conducted on the Group’s local as well as overseas major core business units.

Internal audit findings, with recommendations for improvement and Management’s comments were incorporated in the audit reports and circulated to members of the Audit Committee who considered the implementation of action plans to address control deficiencies noted.

In addition, follow up on the implementation of correction action plan of the preceding audit findings was carried out to update the Audit Committee on status of Management-agreed action plan implementation.

Internal Control Statement (cont'd)

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organisation structure with a well-defined scope of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- An established set of internal policies and procedures for operational, financial and human resource management, which is subject to regular reviews and improvement;
- Regular and comprehensive information is provided to Management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units are made by executive members of the Board and Senior Management; and
- Regular management meetings chaired by the Executive Director are conducted to review the financial performance, credit control, business development and deliberate on operational issues.

Weakness in internal controls that result in material losses

Based on findings in the internal auditors' report for the financial year ended 31 October 2007, the Board is of the opinion that the general system of internal control is adequate and appeared to be working satisfactorily. A number of minor internal control weaknesses were identified during the year, all of which have been, or are being, addressed by Management. There were no material losses, contingencies or uncertainties incurred during the financial year as a result of weakness in internal control.

However, during the year, one of the subsidiaries of the Group has made a provision on doubtful debts against an amount due from a customer, The Royal Mint of Malaysia Sdn Bhd. The doubtful debts provided in the financial statements was solely attributable to business risk and is not due to the shortfall in the Group's internal control system.

The Board is committed to put in more appropriate action plans, to ensure that the internal control system could continuously evolve to support the type of business and size of the operations of the Group.

This statement is issued in accordance with a resolution of the Directors dated 18 February 2008.

Analysis of Shareholdings

As at 28 January 2008

AUTHORISED SHARE CAPITAL	:	RM50,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:	RM43,064,800
CLASS OF SHARE	:	Ordinary shares of RM1 each fully paid
VOTING RIGHT	:	On a show of hands one vote for every shareholder On a poll one vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS - AS AT 28 JANUARY 2008

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	2	0.19	100	0.00
100 - 1,000	680	64.21	269,900	0.63
1,001 - 10,000	221	20.87	922,100	2.14
10,001 - 100,000	94	8.88	3,495,365	8.12
100,001 - 37,119,499	62	5.85	38,377,335	89.11
37,119,500 - 43,064,800	0	0.00	0	0.00
TOTAL	1,059	100.00	43,064,800	100.00

DIRECTORS' SHAREHOLDINGS - AS AT 28 JANUARY 2008

No.	Name	Direct No. of Shares	interest %	Deemed No. of Shares	interest %
1	Dato' Noor Ahmad Mokhtar Bin Haniff	–	–	–	–
2	Chin Kok On	3,091,500	7.18	–	–
3	Chin Poh On	3,091,500	7.18	13,100	0.03
4	Daniel Choong Yew Chee	898,000	2.09	2,353,100	5.46
5	Haniff Bin Dato' Mahmood	–	–	–	–
6	Lai Kwang Hooi @ Lai Bah Eng	1,000	0.00	–	–
7	Tan Sek Yin	390,000	0.91	960,000	2.23

SUBSTANTIAL SHAREHOLDERS - AS AT 28 JANUARY 2008

No.	Name	Direct No. of Shares	interest %	Deemed No. of Shares	interest %
1	Chin Kok On	3,091,500	7.18	–	–
2	Chin Poh On	3,091,500	7.18	13,100	0.03
3	Rosline Ang @ Ang Poh Hiok	3,907,500	9.07	2,027,100	4.71
4	Global Gold Holdings Ltd.	5,000,000	11.61	300,000	0.70

Analysis of Shareholdings (cont'd)

As at 28 January 2008

THIRTY LARGEST SHAREHOLDERS AS AT 28 JANUARY 2008

No.	Name	No. of Shares	% of Issued Share Capital
1	Global Gold Holdings Limited	5,000,000	11.61
2	Chin Poh On	3,091,500	7.18
3	Chin Kok On	3,091,500	7.18
4	Daniel M Holdings Sdn. Bhd.	2,027,100	4.71
5	Paramsothy A/L A Sivapakiam	2,019,700	4.69
6	Rosline Ang @ Ang Poh Hiok	1,657,400	3.85
7	John Richard Khoo	1,400,000	3.25
8	Chon Moi	1,216,000	2.82
9	AmSec Nominees (Tempatan) Sdn. Bhd. Rosline Ang @ Ang Poh Hiok (9970-1101)	1,200,000	2.79
10	RC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rosline Ang @ Ang Poh Hiok (T)	1,000,100	2.32
11	Jeffrey Loh Boon Hong	965,400	2.24
12	Top-Gold Resources Sdn. Bhd.	960,000	2.23
13	Chandrasekar A/L Velusamy	673,100	1.56
14	RC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Yan Huat (T)	663,100	1.54
15	RC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Eng Yan Chun @ Ng Yan Chan (T)	639,800	1.48
16	Subramaniam A/L John Kannan	597,800	1.39
17	Khoo Ban Sean Benny	558,000	1.29
18	Khoo Kay Seng Terry	497,700	1.16
19	Chandrasekar A/L Velusamy	496,135	1.15
20	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Ban Sean Benny	495,800	1.15
21	HDM Nominees (Asing) Sdn. Bhd. UOB Kay Hian Pte. Ltd. for Seah Swee Hock	419,000	0.97
22	RC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Daniel Choong Yew Chee (M)	394,800	0.92

Analysis of Shareholdings

As at 28 January 2008

THIRTY LARGEST SHAREHOLDERS AS AT 28 JANUARY 2008 (cont'd)

No.	Name	No. of Shares	% of Issued Share Capital
23	Wan Mohd Ismail Bin Wan Hussain	358,000	0.83
24	Loh Wee Keong	354,300	0.82
25	Azizah Binti Ali	325,700	0.76
26	Lim Choon Huat	310,000	0.72
27	Tan Sek Yin	300,000	0.70
28	G-Vest Corporation Sdn. Bhd.	300,000	0.70
29	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Vernon Victor Vijiyasingam Lee (MM1247)	300,000	0.70
30	Ong Cheow Suan	286,800	0.67
		<hr/>	
		31,598,735	73.38

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Directors' Report

for the year ended 31 October 2007

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year	17,934,290	352,544

RESERVES AND PROVISIONS

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

DIVIDEND

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are :

Dato' Noor Ahmad Mokhtar Bin Haniff	- Chairman
Chin Kok On	- Managing Director
Chin Poh On	
Lai Kwang Hooi @ Lai Bah Eng	
Haniff Bin Dato' Mahmood	
Daniel Choong Yew Chee	
Tan Sek Yin	(Appointed on 1.12.2007)

Directors' Report (cont'd)

for the year ended 31 October 2007

DIRECTORS' INTEREST IN SHARES

The interests and deemed interests in the ordinary shares and options of the Company and of its related corporations of those who were Directors at year end (including the interest of the spouses or children of the Director who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM1 each			Balance at 31.10.2007
	Balance at 1.11.2006/#	Bought	(Sold)	
Chin Kok On				
Interest in the Company :				
– own	3,800,000	80,000	–	3,880,000
Deemed interest in the Company :				
– own	3,263,000	–	–	3,263,000
Chin Poh On				
Interest in the Company :				
– own	3,800,000	80,000	–	3,880,000
– others *	100	–	–	100
Deemed interest in the Company :				
– own	3,263,000	–	–	3,263,000
Lai Kwang Hooi @ Lai Bah Eng				
Interest in the Company :				
– own	1,000	–	–	1,000
Daniel Choong Yew Chee				
Interest in the Company :				
– own	898,000	–	–	898,000
– others *	2,027,100	–	–	2,027,100
Deemed interest in the Company :				
– own	326,000	–	–	326,000

Name of Director	Number of options for ordinary shares of RM1 each			Balance at 31.10.2007
	Balance at 1.11.2006	Granted	(Exercised)	
Chin Kok On	160,000	–	(80,000)	80,000
Chin Poh On	160,000	–	(80,000)	80,000

At 15 August 2007, the effective date of the amendments to Companies Act, 1965.

* These are shares held in the name of the spouse and are treated as interest of the respective Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of their interests of more than 15% in the shares of the Company, Messrs Chin Kok On and Chin Poh On are also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at 31 October 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report (cont'd)

for the year ended 31 October 2007

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements and the fixed salary of a full time employee of the Company or of related companies) 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 other than :

- i) rental expense of RM76,032 paid by a subsidiary to companies in which certain Directors have substantial financial interests;
- ii) rental expense of RM13,478 paid by a subsidiary to a Director;
- iii) interest expense of RM25,303 payable by a subsidiary to certain Directors; and
- iv) purchase of a motor vehicle by a subsidiary from a Director amounting to RM646,000.

There were no arrangements during and at the end of the financial year which had the object of enabling 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 apart from the issuance of options pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from RM42,294,300 to RM42,704,900 through the issuance of 410,600 new ordinary shares of RM1.00 each as follows :

	Option price RM	No. of ordinary shares of RM1.00 each issued
Exercise of options under ESOS	1.21	341,000
	1.66	69,600

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS of the Company.

At an Extraordinary General Meeting held on 10 October 2003, the Company's shareholders approved the establishment of an ESOS of not more than 10% of the issued share capital of the Company, to eligible employees of the Group.

The options granted to take up unissued ordinary shares of RM1 each and the exercise price are as follows :

Date of offer	Exercise price RM	Number of options over ordinary shares of RM1 each				Balance at 31.10.2007
		Balance at 1.11.2006	Granted and accepted	Lapsed due to resignation/ termination	(Exercised)	
20.11.2003	1.21	712,400	–	(47,800)	(341,000)	323,600
7.6.2005	1.66	409,600	–	(57,200)	(69,600)	282,800
22.9.2005	2.51	581,900	–	(34,800)	–	547,100

There were no ESOS granted during the financial year.

Directors' Report (cont'd)

for the year ended 31 October 2007

OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

The salient features of the ESOS are as follows :

- i) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;
- ii) The ESOS shall continue to be in force for a period of five (5) years commencing 11 November 2003 ("Option period");
- iii) The option is personal to the grantee and is not assignable, transferable, disposable or changeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are employees and executive Directors of the Group who have been confirmed on the date of offer and fall within any other criteria that the ESOS Committee may, from time to time, determine at its discretion;
- v) Each offer shall be in multiple of 100 options and accepted in multiples of 100 shares;
- vi) The option price shall be the higher of the following :
 - a) a discount of not more than 10% on the weighted average market price of the shares as quoted and shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) Market Days preceding the date of the offer; and
 - b) the par value of the shares.
- vii) The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option and will be subject to all the provisions of the Articles of Association of the Company; and
- viii) In the event of any alteration in the capital structure of the Company during the Option period, whether by way of capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of shares or otherwise howsoever, taking place, such corresponding alterations (if any) shall be made in the number of shares relating to the unexercised Options and Option price.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances :

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value 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, or
- iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report (cont'd)

for the year ended 31 October 2007

OTHER STATUTORY INFORMATION (cont'd)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, and
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the write down of raw materials to its net realisable value amounting to RM1.5 million as disclosed in Note 9 to the financial statements and the allowance for doubtful debts made during the year amounting to RM9.44 million as disclosed in Note 8 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 October 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Details of such events are disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Chin Kok On

Chin Poh On

Penang,

Date : 18 February 2008

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 36 to 76 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2007 and the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors :

Chin Kok On

Chin Poh On

Penang,

Date : 18 February 2008

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Chin Kok On, the Director primarily responsible for the financial management of Yikon Corporation Bhd, do solemnly and sincerely declare that the financial statements set out on pages 36 to 76 are, to the best of my knowledge and belief, 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 by the abovenamed at Georgetown in the State of Penang on 18 February 2008.

Chin Kok On

Before me :

Cheah Beng Sun (No. P.103)
DJN, AMN, PKT, PJK, PJM, PK
Commissioner for Oaths

Report of the Auditors

to the Members of Yikon Corporation Bhd (Company No. 527272 – V) (Incorporated in Malaysia)

We have audited the financial statements set out on pages 36 to 76. The preparation of the financial statements is 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. Those 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 financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :

i) the state of affairs of the Group and of the Company at 31 October 2007 and the results of their operations 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 the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 6 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

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 audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number : AF 0758

Chartered Accountants

Penang,

Date : 18 February 2008

Lee Kean Teong

Partner

Approval Number : 1857/02/10 (J)

Consolidated Balance Sheet

at 31 October 2007

	Note	2007 RM	2006 RM (Restated)
Assets			
Property, plant and equipment	3	14,953,453	16,382,089
Prepaid lease payments	4	2,143,972	2,195,972
Investment properties	5	826,797	837,767
Investment in an associate	7	1,125,000	–
Total non-current assets		19,049,222	19,415,828
Receivables, deposits and prepayments	8	55,870,587	41,313,767
Inventories	9	25,483,600	26,699,268
Current tax assets		764,968	935,223
Cash and cash equivalents	10	2,643,322	24,105,609
Total current assets		84,762,477	93,053,867
Total assets		103,811,699	112,469,695
Equity			
Share capital	11	42,704,900	42,294,300
Reserves (Accumulated losses)/Retained earnings	11	4,324,114 (13,896,933)	5,428,977 4,037,357
Total equity		33,132,081	51,760,634
Liabilities			
Deferred tax liabilities	12	586,724	1,683,547
Total non-current liabilities		586,724	1,683,547
Payables and accruals	13	43,683,591	59,025,514
Amount due to Directors	14	5,595,303	–
Borrowings	15	20,814,000	–
Total current liabilities		70,092,894	59,025,514
Total liabilities		70,679,618	60,709,061
Total equity and liabilities		103,811,699	112,469,695

The notes on pages 45 to 76 are an integral part of these financial statements.

Consolidated Income Statement

for the year ended 31 October 2007

	Note	2007 RM	2006 RM (Restated)
Continuing operations			
Revenue	16	191,553,406	229,209,355
Cost of goods sold		(190,032,986)	(221,539,776)
Gross profit		1,520,420	7,669,579
Administrative expenses		(8,459,342)	(6,880,821)
Other operating expenses		(11,353,149)	(204,737)
Other operating income		504,521	740,332
Operating (loss)/profit	17	(17,787,550)	1,324,353
Finance costs	20	(1,266,061)	(875,019)
(Loss)/Profit before tax		(19,053,611)	449,334
Tax income/(expense)	21	1,119,321	(243,479)
(Loss)/Profit for the year		(17,934,290)	205,855
Basic (loss)/earnings per ordinary share (sen)	22	(42.02)	0.491
Diluted (loss)/earnings per ordinary share (sen)	22	(42.02)	0.481

The notes on pages 45 to 76 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 October 2007

	← Non-distributable →			Distributable	
	Share capital	Share premium	Exchange fluctuation reserve	Retained earnings/ (Accumulated losses)	Total
	RM	RM	RM	RM	RM
At 1 November 2005	40,975,500	5,020,678	209,951	3,831,502	50,037,631
Translation of the opening net investment in foreign subsidiaries at year end's exchange rate #	-	-	(500,795)	-	(500,795)
Issue of share capital (Note 11) - exercise of ESOS	1,318,800	699,143	-	-	2,017,943
Profit for the year	-	-	-	205,855	205,855
At 31 October 2006	42,294,300	5,719,821	(290,844)	4,037,357	51,760,634
Translation of the opening net investment in foreign subsidiaries at year end's exchange rate #	-	-	(1,222,409)	-	(1,222,409)
Issue of share capital (Note 11) - exercise of ESOS	410,600	117,546	-	-	528,146
Loss for the year	-	-	-	(17,934,290)	(17,934,290)
At 31 October 2007	42,704,900	5,837,367	(1,513,253)	(13,896,933)	33,132,081

represents net gain/(loss) not recognised in the consolidated income statement.

The notes on pages 45 to 76 are an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 October 2007

	Note	2007 RM	2006 RM (Restated)
Cash flows from operating activities			
(Loss)/Profit before tax from continuing operations		(19,053,611)	449,334
Adjustments for :			
Depreciation of property, plant and equipment	3	1,972,001	1,914,999
Amortisation of prepaid lease payment	4	52,000	52,000
Depreciation of investment property	5	10,970	10,970
Loss on disposal of property, plant and equipment		163,416	–
Interest expense		1,266,061	875,019
Interest income		(699,025)	(850,960)
Plant and equipment written off		25,217	67,199
Gain on liquidation of a subsidiary		–	(35,310)
Operating (loss)/profit before working capital changes		(16,262,971)	2,483,251
Changes in working capital :			
Inventories		780,917	(16,102,803)
Receivables, deposits and prepayments		(15,436,388)	17,020,537
Payables and accruals		(15,205,021)	17,979,605
Cash (used in)/generated from operations		(46,123,463)	21,380,590
Interest received		699,025	850,960
Interest paid		(1,266,061)	(875,019)
Tax refunded/(paid)		192,753	(627,031)
Net cash (used in)/generated from operating activities		(46,497,746)	20,729,500
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		52,176	–
Purchase of property, plant and equipment		(821,802)	(1,259,798)
Net outflow on liquidation of a subsidiary	A	–	(7,218)
Investment in an associate		(1,125,000)	–
Net cash used in investing activities		(1,894,626)	(1,267,016)
Cash flows from financing activities			
Advances from Director		5,595,303	–
Bankers' acceptances, net		20,814,000	(1,300,000)
Proceeds from issuance of shares		528,146	2,017,943
Net cash generated from financing activities		26,937,449	717,943
Net (decrease)/increase in cash and cash equivalents		(21,454,923)	20,180,427
Cash and cash equivalents at 1 November		24,105,609	4,088,635
Effect of exchange rates on cash and cash equivalents		(7,364)	(163,453)
Cash and cash equivalents at 31 October	B	2,643,322	24,105,609

Consolidated Cash Flow Statement (Cont'd)

for the year ended 31 October 2007

	Note	2007 RM	2006 RM (Restated)
Note :			
A. <i>Analysis on liquidation of a subsidiary</i>			
		2007 RM	2006 RM
Cash and bank balances/Net asset		–	7,218
Exchange fluctuation reserve realised		–	(42,528)
Gain on liquidation		–	35,310
Consideration received		–	–
Cash and cash equivalents disposed of		–	(7,218)
Net outflow		–	(7,218)

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated balance sheet amounts :

	2007 RM	2006 RM (Restated)
Short term deposits with a licensed bank	1,120,000	16,100,000
Short term investments in cash fund with financial institutions	16,505	4,578,296
Cash and bank balances	1,506,817	3,427,313
	2,643,322	24,105,609

The notes on pages 45 to 76 are an integral part of these financial statements.

Balance Sheet

at 31 October 2007

	Note	2007 RM	2006 RM (Restated)
Assets			
Equipment	3	2,623	–
Investments in subsidiaries	6	22,403,424	22,403,424
Investment in an associate	7	1,125,000	–
Amount due from subsidiaries	8	25,999,743	24,059,526
Total non-current assets		49,530,790	46,462,950
Receivables, deposits and prepayments	8	18,663	11,933
Current tax assets		61,656	69,000
Cash and cash equivalents	10	18,062	2,825,349
Total current assets		98,381	2,906,282
Total assets		49,629,171	49,369,232
Equity			
Share capital	11	42,704,900	42,294,300
Reserves	11	5,837,367	5,719,821
Retained earnings		835,291	1,187,835
Total equity		49,377,558	49,201,956
Liability			
Payables and accruals	13	251,613	167,276
Total liability		251,613	167,276
Total equity and liability		49,629,171	49,369,232

The notes on pages 45 to 76 are an integral part of these financial statements.

Income Statement

for the year ended 31 October 2007

	Note	2007 RM	2006 RM
Continuing operations			
Revenue	16	40,249	505,929
Administrative expenses		(392,793)	(298,548)
Other operating income		–	37
Operating (loss)/profit	17	(352,544)	207,418
Tax expense	21	–	(82,000)
(Loss)/Profit for the year		(352,544)	125,418

The notes on pages 45 to 76 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 October 2007

	Share capital RM	Non- distributable Share premium RM	Distributable Retained earnings RM	Total RM
At 1 November 2005	40,975,500	5,020,678	1,062,417	47,058,595
Issue of share capital (Note 11) - exercise of ESOS	1,318,800	699,143	–	2,017,943
Profit for the year	–	–	125,418	125,418
At 31 October 2006	42,294,300	5,719,821	1,187,835	49,201,956
Issue of share capital (Note 11) - exercise of ESOS	410,600	117,546	–	528,146
Loss for the year	–	–	(352,544)	(352,544)
At 31 October 2007	42,704,900	5,837,367	835,291	49,377,558

The notes on pages 45 to 76 are an integral part of these financial statements.

Cash Flow Statement

for the year ended 31 October 2007

	Note	2007 RM	2006 RM (Restated)
Cash flows from operating activities			
(Loss)/Profit before tax from continuing operations		(352,544)	207,418
Adjustments for :			
Interest income		(40,249)	(5,929)
Depreciation	3	22	
Operating (loss)/profit before working capital changes		(392,771)	201,489
Changes in working capital :			
Receivables, deposits and prepayments		(6,730)	(10,933)
Payables and accruals		84,337	57,536
Cash (used in)/generated from operations		(315,164)	248,092
Interest received		40,249	5,929
Tax refunded/(paid)		7,344	(133,000)
Net cash (used in)/generated from operating activities		(267,571)	121,021
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,645)	–
Investment in a newly incorporated subsidiary		–	(2)
Investment in an associate		(1,125,000)	–
(Advances to)/Repayments from subsidiaries		(1,940,217)	639,776
Net cash (used in)/generated from investing activities		(3,067,862)	639,774
Cash flows from financing activity			
Proceeds from issuance of shares		528,146	2,017,943
Net cash generated from financing activity		528,146	2,017,943
Net (decrease)/increase in cash and cash equivalents		(2,807,287)	2,778,738
Cash and cash equivalents at 1 November		2,825,349	46,611
Cash and cash equivalents at 31 October		18,062	2,825,349

Note :

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise cash and bank balances as disclosed in the balance sheet.

The notes on pages 45 to 76 are an integral part of these financial statements.

Notes to the Financial Statements

Yikon Corporation Bhd is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows :

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

Plot 36
Bayan Lepas Industrial Estate
Phase 4
11900 Penang

The consolidated financial statements of the Company as at and for the year ended 31 October 2007 comprise the Company and its subsidiaries and the Group's interest in an associate.

The Company is an investment holding company whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 18 February 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 November 2006 and that have not been applied in preparing these financial statements :

FRSs/Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
Amendment to FRS 119, Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2007
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007

Notes to the Financial Statements (cont'd)

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

FRSs/Interpretations	Effective date
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plan to apply the rest of the above-mentioned FRSs and Interpretations where relevant for the annual period beginning 1 November 2007.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have most significant effect on the amount recognised in the financial statements are described in Note 8.3 to the financial statements on allowance for doubtful debts.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 30).

(a) Basis of consolidation

i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

ii) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

iii) *Changes in Group composition*

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Property, plant and equipment

i) Recognition and measurement

Freehold land is stated at cost. Other items of property, plant and equipment are stated at less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rate for the current and comparative periods based on their estimated useful lives are as follows :

	%
Buildings	2 - 10
Plant and machinery	10
Furniture, fittings and office equipment	10 - 33.33
Motor vehicles	20
Mould	10

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

Operating lease

Operating leases are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 10 to 50 years for buildings. Freehold land is not depreciated.

(ii) Determination of fair value

The Directors estimate the fair values of the Company's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. 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.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment of assets

The carrying amounts of assets except for inventories and financial assets (other than investments in subsidiaries and associates) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful life, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater 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 of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. 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 (groups of units) on a pro rata basis.

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 reporting 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(k) Share capital

Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Employee benefits

i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

ii) Share-based payment transactions

The Group's employees' share option scheme allows Group employees to acquire shares of the Company. In the previous year, share options granted to employees is not recognised as an employee cost. Following the adoption of FRS 2, Share-based Payment, the grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 November 2006 being the effective date of FRS 2 to the Group, as provided in the transitional provision of FRS 2. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The options granted under the Company's ESOS were all vested as at 1 November 2006. As provided in the transitional provision of FRS 2, no amount is to be recognised as an expense.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Revenue recognition

i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii) Workmanship charges

Revenue from workmanship charges are recognised when invoiced and upon services being rendered.

iii) Dividend income

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

iv) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP

Cost	Short term leasehold land		Freehold land	Buildings	Plant and machinery	Furniture, fittings and office equipment		Motor vehicles	Mould	Capital work-in-progress	Total
	RM	RM				RM	RM				
At 1 November 2005											
As previously reported	2,600,000	1,408,000	9,637,841	12,837,070	2,088,257	2,175,714	23,584	355,972	31,126,438		
Effect of adopting FRS 117	(2,600,000)	-	-	-	-	-	-	-	(2,600,000)		
Transfer to investment property	-	(367,600)	(548,481)	-	-	-	-	-	(916,081)		
As restated	-	1,040,400	9,089,360	12,837,070	2,088,257	2,175,714	23,584	355,972	27,610,357		
Additions	-	-	2,300	434,760	713,688	109,050	-	-	1,259,798		
Write-offs	-	-	-	(116,380)	(16,993)	-	-	-	(133,373)		
Exchange differences	-	-	-	-	(22,745)	(1,123)	-	-	(23,868)		
At 31 October 2006/ 1 November 2006, restated	-	1,040,400	9,091,660	13,155,450	2,762,207	2,283,641	23,584	355,972	28,712,914		
Additions	-	-	-	15,556	153,722	650,470	2,054	-	821,802		
Disposals	-	-	-	-	(249,605)	-	-	-	(249,605)		
Write-offs	-	-	-	-	(27,510)	-	-	-	(27,510)		
Exchange differences	-	-	-	(2,931)	(61,388)	(2,663)	-	-	(66,982)		
At 31 October 2007	-	1,040,400	9,091,660	13,168,075	2,577,426	2,931,448	25,638	355,972	29,190,619		

Notes to the Financial Statements (cont'd)

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

Depreciation and impairment loss

At 1 November 2005

As previously reported

- Accumulated depreciation	352,028	-	1,132,042	6,956,487	1,044,917	1,048,357	19,920	-	10,553,751
- Accumulated impairment losses	-	-	-	-	-	-	-	355,972	355,972
	352,028	-	1,132,042	6,956,487	1,044,917	1,048,357	19,920	355,972	10,909,723

Effect of adopting FRS 117

Transfer to investment property	(352,028)	-	-	-	-	-	-	-	(352,028)
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As restated

- Accumulated depreciation	-	-	1,064,698	6,956,487	1,044,917	1,048,357	19,920	-	10,134,379
- Accumulated impairment losses	-	-	-	-	-	-	-	355,972	355,972
	-	-	1,064,698	6,956,487	1,044,917	1,048,357	19,920	355,972	10,490,351

Depreciation for the year

Write-offs	-	-	384,387	867,167	362,674	298,413	2,358	-	1,914,999
Exchange differences	-	-	-	(60,130)	(6,044)	-	-	-	(66,174)
	-	-	-	-	(8,199)	(152)	-	-	(8,351)

At 31 October 2006/

1 November 2006, restated

- Accumulated depreciation	-	-	1,449,085	7,763,524	1,393,348	1,346,618	22,278	-	11,974,853
- Accumulated impairment losses	-	-	-	-	-	-	-	355,972	355,972
	-	-	1,449,085	7,763,524	1,393,348	1,346,618	22,278	355,972	12,330,825

Notes to the Financial Statements (cont'd)

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

	Short term leasehold land RM	Freehold land RM	Buildings RM	Plant and machinery RM	Furniture fittings and office equipment RM	Motor vehicles RM	Mould RM	Capital work-in- progress RM	Total RM
Depreciation and impairment loss (cont'd)									
Depreciation for the year	-	-	384,440	836,769	374,260	375,169	1,363	-	1,972,001
Disposal	-	-	-	-	(34,013)	-	-	-	(34,013)
Write-offs	-	-	-	-	(2,293)	-	-	-	(2,293)
Exchange differences	-	-	-	(293)	(28,449)	(612)	-	-	(29,354)
At 31 October 2007	-	-	1,833,525	8,600,000	1,702,853	1,721,175	23,641	-	13,881,194
- Accumulated depreciation	-	-	-	-	-	-	-	355,972	355,972
- Accumulated impairment losses	-	-	1,833,525	8,600,000	1,702,853	1,721,175	23,641	355,972	14,237,166
Carrying amounts									
At 31 October 2005, restated	-	1,040,400	8,024,662	5,880,583	1,043,340	1,127,357	3,664	-	17,120,006
At 31 October 2006/ 1 November 2006, restated	-	1,040,400	7,642,575	5,391,926	1,368,859	937,023	1,306	-	16,382,089
At 31 October 2007	-	1,040,400	7,258,135	4,568,075	874,573	1,210,273	1,997	-	14,953,453

Notes to the Financial Statements (cont'd)

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

	Office equipment RM
Cost	
At 31 October 2005/1 November 2006	–
Additions	2,645
At 31 October 2007	2,645
Depreciation	
At 31 October 2005/1 November 2006	–
Depreciation for the year	22
At 31 October 2007	22
Carrying amounts	
At 31 October 2005/1 November 2006	–
At 31 October 2007	2,623

4. PREPAID LEASE PAYMENTS - GROUP

Short term leasehold land - Unexpired period less than 50 years

	RM
Cost	
At 1 November 2005	–
Effect of adopting FRS 117	2,600,000
At 1 November 2005 /31 October 2006, restated	2,600,000
At 1 November 2006, restated/31 October 2007	2,600,000
Amortisation	
At 1 November 2005	–
Effect of adopting FRS 117	352,028
At 1 November 2005, restated	352,028
Amortisation for the year	52,000
At 31 October 2006/1 November 2006, restated	404,028
Amortisation for the year	52,000
At 31 October 2007	456,028
Carrying amounts	
At 1 November 2005, restated	2,247,972
At 31 October 2006/1 November 2006, restated	2,195,972
At 31 October 2007	2,143,972

Notes to the Financial Statements (cont'd)

5. INVESTMENT PROPERTIES – GROUP

	Freehold land RM	Buildings RM	Total RM
Cost			
At 1 November 2005	–	–	–
Effect of adopting FRS 140	367,600	548,481	916,081
At 1 November 2005/31 October 2006, restated	367,600	548,481	916,081
At 1 November 2006, restated/31 October 2007	367,600	548,481	916,081
Accumulated depreciation			
At 1 November 2005	–	–	–
Effect of adopting FRS 140	–	67,344	67,344
At 1 November 2005, restated	–	67,344	67,344
Depreciation for the year	–	10,970	10,970
At 31 October 2006/1 November 2006, restated	–	78,314	78,314
Depreciation for the year	–	10,970	10,970
At 31 October 2007	–	89,284	89,284
Carrying amounts			
At 1 November 2005, restated	367,600	481,137	848,737
At 31 October 2006/1 November 2006, restated	367,600	470,167	837,767
At 31 October 2007	367,600	459,197	826,797
Fair value			
At 1 November 2005	403,000	527,000	930,000
At 31 October 2006/1 November 2006	403,000	527,000	930,000
At 31 October 2007	403,000	527,000	930,000

Investment properties comprise a factory building and residential properties that are leased to third party. The leases are entered into for the period of 1 year. Subsequent renewals are negotiated with the lessee.

The following are recognised in the income statement in respect of investment properties :

	2007 RM	2006 RM
Rental income	21,720	14,400
Direct operating expenses :		
- income generating investment properties	2,697	365
- non-income generating investment properties	11,658	13,990

Notes to the Financial Statements (cont'd)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2007	2006
	RM	RM
- Unquoted shares, at cost	22,403,424	22,403,424

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest		Principal activities
		2007 %	2006 %	
Yikon Jewellery Industry Sdn. Bhd.	Malaysia	100	100	Manufacture and export of gold jewellery and ornaments
Yikoni Gold Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of gold jewellery and ornaments
Yikon (HK) Ltd. ("YHK") #	Hong Kong	100	100	Investment holding, distributing and trading of gold jewellery and ornaments
Yikoni Diamond Sdn. Bhd. ("YD")	Malaysia	100	100	Trading of gold jewellery and ornaments. Ceased operations during the year

Subsidiary of YHK

Yikoni Gold (Shen Zhen) Co. Ltd. ("YSZ") #	People's Republic of China	100	100	Trading of gold jewellery and ornaments
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Not audited by KPMG

7. INVESTMENT IN AN ASSOCIATE - GROUP AND COMPANY

	2007	2006
	RM	RM
Unquoted shares, at cost	1,125,000	-

Details of the associate are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest		Principal activities
		2007 %	2006 %	
Fu An Jewellery Sdn. Bhd.	Malaysia	45	-	Wholesale and retail of gold, platinum, silver jewellery and ornaments diamonds, precious and semi-precious stones

Summary financial information of the associate :

	Revenue (100%) RM	Profit/ (Loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2007				
Fu An Jewellery Sdn. Bhd.	-	-	5,268,460	2,768,460

The financial year end of the associate is 31 March. The results of the associated company is not equity accounted for as the associated company has just commenced operations towards the Group financial year end.

There is no share of associated company's contingent liabilities incurred jointly with other investors.

Notes to the Financial Statements (cont'd)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
Non-current					
Amount due from subsidiaries	8.1	–	–	25,999,743	24,059,526
Current					
Trade					
Trade receivables	8.2	46,376,054	26,875,475	–	–
Less : Allowance for doubtful debts	8.3	(9,840,000)	(478,439)	–	–
		36,536,054	26,397,036	–	–
Non-trade					
Amount due from an associate	8.4	66,157	–	–	–
Other receivables		8,904,928	7,167,906	18,663	11,933
Deposits	8.5	9,633,130	6,917,065	–	–
Prepayments		1,030,318	1,131,760	–	–
		19,634,533	15,216,731	18,663	11,933
Less : Allowance for doubtful debts		(300,000)	(300,000)	–	–
		19,334,533	14,916,731	18,663	11,933
		55,870,587	41,313,767	18,663	11,933

8.1 Amount due from subsidiaries

The non-current amount due from subsidiaries, which comprises long term advances, are unsecured, interest-free and is not repayable within the next twelve months except for repayment by the subsidiaries will not adversely affect the ability of the respective subsidiaries to meet their liabilities when due.

8.2 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currency of the Group's entities are as follows :

Functional currency	Foreign currency	2007 RM	2006 RM
RM	USD	1,574,679	1,720,808

8.3 Allowance for doubtful debts

Included in the allowance for doubtful debts is an amount of RM9.44 million, representing a 50% allowance on the total amount due from a customer. The Management is confident that based on the risk and probability assessed on recoverability of the amount, the Group will be able to recover back at least 50% of the amount due.

Notes to the Financial Statements (cont'd)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

8.4 Amount due from an associate

The amount due from an associated company is in respect of shareholders' advance from the Group.

8.5 Deposits

Included in deposits of the Group is an amount of RM9.2 million (2006 : RM6.8 million) representing deposits paid for consignment of gold totalling 0.433MT (2006 : 0.341MT) from gold bullion traders and financial institutions. Of this amount, RM8.6 million (2006 : RM6.5 million) is in respect of deposits which bears interest ranging from 2.60% to 4.25% (2006 : 2.5% to 4.75%) per annum.

The normal credit period extended for credit sales vary from customer to customer and ranges from 30 days to 90 days.

9. INVENTORIES - GROUP

	Note	2007 RM	2006 RM
Raw materials	9.1	9,385,802	8,675,480
Manufactured inventories		1,342,153	4,226,720
Trading inventories		14,755,645	13,797,068
		25,483,600	26,699,268

9.1 Raw materials

Raw materials with an amount of RM6,456,434 (2006 : RM Nil) are carried at net realisable value. The write down of inventories to net realisable value amounted to RM1,500,000 (2006 : RM Nil) is included in cost of sales.

10. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
Short term deposits with a licensed bank		1,120,000	16,100,000	-	-
Short term investments in cash fund with financial institutions	10.1	16,505	4,578,296	16,505	2,823,693
Cash and bank balances		1,506,817	3,427,313	1,557	1,656
		2,643,322	24,105,609	18,062	2,825,349

10.1 Short term investments

Short term investments in cash fund with financial institutions carried interest ranging from 2.41% to 3.01% per annum.

Notes to the Financial Statements (cont'd)

11. SHARE CAPITAL AND RESERVES

11.1 Share capital

	Group and Company			
	2007		2006	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each :				
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid :				
Balance at 1 November	42,294,300	42,294,300	40,975,500	40,975,500
Exercise of ESOS	410,600	410,600	1,318,800	1,318,800
Balance at 31 October	42,704,900	42,704,900	42,294,300	42,294,300

The Company has also issued share options (see Note 19).

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11.2 Reserves

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable				
Share premium	5,837,367	5,719,821	5,837,367	5,719,821
Exchange fluctuation reserve	(1,513,253)	(290,844)	–	–
	4,324,114	5,428,977	5,837,367	5,719,821

The movement of the reserves is shown in the Statement of Changes in Equity.

11.2.1 Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

11.2.2 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank/distribute its entire retained profits if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Notes to the Financial Statements (cont'd)

12. DEFERRED TAX LIABILITIES - GROUP

	2007 RM	2006 RM
At 1 November	1,683,547	1,613,655
Recognised in the income statement (Note 21)	(1,096,823)	69,892
At 31 October	586,724	1,683,547

The recognised deferred tax liabilities are as follows :

	2007 RM	2006 RM
Property, plant and equipment		
- Capital allowances	-	1,249,202
- Revaluation	586,724	621,380
Unabsorbed capital allowances	-	(7,167)
Provisions	-	(179,868)
	586,724	1,683,547

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items :

	2007 RM	2006 RM
Deductible temporary differences	832,000	-
Tax loss carry-forwards	(874,000)	-
Provisions	(3,087,000)	-
	(3,129,000)	-

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The component and movement of deferred tax liabilities during the year are as follows :

	At 1 November 2005 RM	Recognised in the income statement RM	At 31 October 2006 RM	Recognised in the income statement RM	At 31 October 2007 RM
Property, plant and equipment					
- capital allowances	1,155,571	93,631	1,249,202	(1,249,202)	-
- revaluation	621,380	-	621,380	(34,656)	586,724
Unabsorbed capital allowances	-	(7,167)	(7,167)	7,167	-
Provisions	(163,296)	(16,572)	(179,868)	179,868	-
	1,613,655	69,892	1,683,547	(1,096,823)	586,724

Notes to the Financial Statements (cont'd)

13. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Trade					
Trade payables	13.1	32,217,278	36,385,778	–	–
Non-trade					
Other payables		6,014,027	5,286,535	85,005	10,666
Accrued expenses		3,034,926	1,978,060	166,608	156,610
Deposits from customers		2,417,360	15,375,141	–	–
		11,466,313	22,639,736	251,613	167,276
		43,683,591	59,025,514	251,613	167,276

13.1 Trade payables

Trade payables include an amount of RM32,204,499 (2006 : RM27,110,025) in respect of gold bullion which bears interest ranging from 0.8% to 2.5% per annum.

14. AMOUNT DUE TO DIRECTORS

The non-trade payables due to Directors is interest bearing at 4.6% (2006 : Nil) per annum and has no fixed terms of repayment.

15. BORROWINGS - GROUP

	2007 RM	2006 RM
Current		
Unsecured		
Bankers' acceptances	20,814,000	–

The borrowings are subjected to interest at rates ranging from 4.31% to 4.79% (2006 : Nil) per annum.

16. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest income	417,925	247,876	40,249	5,929
Dividend income	–	–	–	500,000
Sale of gold jewellery and ornaments	191,135,481	228,961,479	–	–
	191,553,406	229,209,355	40,249	505,929

Notes to the Financial Statements (cont'd)

17. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging :

	Group		Company	
	2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
Allowance for doubtful debts	9,497,688	178,439	-	-
Auditors' remuneration				
- Statutory audit				
• KPMG				
- current year	44,000	37,499	16,000	12,000
- prior year	7,500	-	2,000	-
• Other auditors	13,698	14,188	-	-
- Other services by KPMG				
• KPMG	10,920	2,520	3,150	-
• Affiliates of KPMG	79,584	-	74,859	-
Depreciation on property, plant and equipment (Note 3)	1,972,001	1,914,999	22	-
Depreciation on investment property (Note 5)	10,970	10,970	-	-
Amortisation of prepaid lease payments (Note 4)	52,000	52,000	-	-
Rental - machinery	46,800	46,500	-	-
- buildings	179,925	151,555	-	-
Loss on foreign exchange				
- realised	316,813	119,656	-	-
Loss on disposal of property, plant and equipment	163,417	-	-	-
Property, plant and machinery written off	25,217	67,199	-	-
Personnel expenses (including key management personnel)				
- contributions to Employees Provident Fund	497,474	494,243	-	-
- wages, salaries and others	5,603,200	4,980,004	-	-
Write down of inventories	1,536,201	-	-	-
and crediting :				
Interest income	699,025	850,960	40,249	-
Dividend income from a subsidiary	-	-	-	500,000
Gain on foreign exchange				
- realised	12,706	21,973	-	-
- unrealised	290,897	132,781	-	-
Gain on liquidation of a subsidiary	-	35,310	-	-
Rental income	21,720	49,400	-	-

Notes to the Financial Statements (cont'd)

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of the Company				
- Fees	144,666	128,000	143,466	120,800
- Remuneration	1,223,500	916,903	20,000	15,000
Other short term employee benefits	143,974	109,104	-	-
	1,512,140	1,154,007	163,466	135,800
Other Directors				
- Fees	37,840	26,342	-	-
- Remuneration	567,313	537,801	-	-
Other short term employee benefits	41,195	24,924	-	-
	2,158,488	1,743,074	163,466	135,800

Key management personnel of the Group and of the Company comprises Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. There is no other personnel considered as key management personnel of the Group.

19. EMPLOYEE BENEFITS

Share-based payments

On 10 October 2003, the Group established an Employees Share Option Scheme ("ESOS") that entitles employees to purchase shares in the Company. In accordance with the Scheme, options are exercisable at the average market price of the shares shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) market days preceding the date of grant.

The share options outstanding as at 1 November 2006 were all vested. As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to these grants.

The number and weighted average exercise prices of share options are as follows :

	2007		2006	
	Weighted average exercise price RM	Number of options ('000)	Weighted average exercise price RM	Number of options ('000)
Outstanding at 1 November	1.76	1,703,900	1.65	3,309,500
Lapsed during the year	1.72	(139,800)	1.49	(286,800)
Exercised during the year	1.29	(410,600)	1.53	(1,318,800)
Outstanding at 31 October		1,153,500		1,703,900
Exercisable at 31 October		1,153,500		1,703,900

The options outstanding at 31 October 2007 have an exercise price in the range of RM1.21 to RM2.51 and a weighted average contractual life of 0.9 years.

During the year, 410,600 share options were exercised (2006 : 1,318,800). The weighted average share price for the year was RM2.13 (2006 : RM2.98).

Notes to the Financial Statements (cont'd)

20. FINANCE COSTS - GROUP

Finance costs consist of interest expense on the following :

	2007	2006
	RM	RM
Bankers' acceptances	518,708	51,923
Gold loan interest	576,465	631,977
Standby letters of credit	145,585	191,097
Advances from Directors	25,303	-
Others	-	22
	1,266,061	875,019

21. TAX EXPENSE

Recognised in the income statement

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current tax expense				
- Current year	-	176,000	-	82,000
- Prior year	(22,498)	(2,413)	-	-
Total current tax	(22,498)	173,587	-	82,000
Deferred tax expense				
- Origination and reversal of temporary differences	(1,057,823)	59,610	-	-
- Prior year	(39,000)	10,282	-	-
Total deferred tax (Note 12)	(1,096,823)	69,892	-	-
Total tax expense	(1,119,321)	243,479	-	82,000

Notes to the Financial Statements (cont'd)

21. TAX EXPENSE (cont'd)

Recognised in the income statement

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(Loss)/Profit for the year	(17,934,290)	205,855	(352,544)	125,418
Total tax expense	(1,119,321)	243,479	–	82,000
(Loss)/Profit excluding tax	(19,053,611)	449,334	(352,544)	207,418
Tax at Malaysian tax rate				
- 20%	(384,132)	73,712	(95,187)	58,077
- 27% (2006 : 28%)	(5,212,719)	–	–	–
Effect of different tax rate in foreign jurisdictions	286,822	155,438	–	–
Non-taxable income	(66,093)	(331,353)	–	–
Non-deductible expenses	538,878	278,788	–	–
Tax incentives	(867,061)	(175,314)	–	–
Deferred tax assets not recognised	4,786,503	39,937	–	–
Losses not allowable for set-off	(14,190)	166,740	95,187	23,923
Effect of change in tax rate	(159,661)	–	–	–
Other items	33,830	27,662	–	–
(Over)/Under provision in prior year	(61,498)	7,869	–	–
Tax expense	(1,119,321)	243,479	–	82,000

22. (LOSS)/EARNINGS PER ORDINARY SHARE - GROUP

Basic (loss)/earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net loss attributable to ordinary shareholders of RM17,934,290 (2006 : net profit of RM205,855) and on the weighted average number of ordinary shares outstanding during the year of 42,674,877 (2006 : 41,887,692).

Diluted (loss)/earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net loss attributable to ordinary shareholders of RM17,934,290 (2006 : net profit of RM205,855) and on the weighted average number of ordinary shares outstanding during the year of 42,674,877 (2006 : 42,811,922) calculated as follows :

	2007	2006
Weighted average number of ordinary shares as above	42,674,877	41,887,692
Effect of share options	– *	924,230
Weighted average number of ordinary shares (Diluted)	42,674,877	42,811,922

* No diluted loss per share is computed as the potential ordinary shares are anti-dilutive in nature.

Notes to the Financial Statements (cont'd)

23. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group's activities are principally confined to the manufacture and sale of gold jewellery and ornaments.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

	Middle East RM	Other Asian Countries RM	Malaysia RM	Consolidated RM
2007				
Revenue from external customers by location of customers	145,067,890	18,038,255	28,447,261	191,553,406
Segment assets by location of assets	–	31,402,680	71,644,051	103,046,731
Capital expenditure by location of assets	–	158,681	663,121	821,802
2006				
Revenue from external customers by location of customers	146,989,020	10,708,810	71,511,525	229,209,355
Segment assets by location of assets	–	23,579,586	87,954,886	111,534,472
Capital expenditure by location of assets	–	392,833	866,965	1,259,798

Notes to the Financial Statements (cont'd)

24. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company entities.

Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation is disclosed in Note 18.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows :

Group	Note	Transaction value year ended 31 October		Balance outstanding as at 31 October	
		2007 RM	2006 RM	2007 RM	2006 RM
Chin Kok On and Chin Poh On					
Rental of premises	24.1	76,032	67,452	–	–
Chin Kok On					
Rental of premises	24.2	13,478	4,872	–	–
Chin Kok On and Chin Poh On					
Advances to a subsidiary	24.3	6,570,000	–	5,570,000	–
Chin Kok On and Chin Poh On					
Interest on advances to a subsidiary	24.3	25,303	–	25,303	–
Daniel Choong Yew Chee					
Purchase of motor vehicle	24.4	646,000	–	–	–

24.1 A subsidiary entered into a 1 year tenancy agreement respectively with Rich Capital Group Holding Limited and C.Slaun Engineering Consultant Limited of which Mr Chin Kok On and Mr Chin Poh On have substantial financial interest. Rental was charged based on normal market rates and were due and payable under normal payment terms.

24.2 A subsidiary entered into a 1 year tenancy agreement with Mr Chin Kok On. Rental was charged based on normal market rates and were due and payable under normal payment terms.

24.3 During the year, Mr Chin Kok On and Mr Chin Poh On have advanced a total amount of RM6,570,000 to a subsidiary for working capital. Interest is charged at the prevailing bank bankers' acceptance interest rate of 4.6% per annum.

24.4 During the year, a subsidiary purchased a motor vehicle from Mr Daniel Choong Yew Chee at RM646,000.

The Directors on the Company are of the opinion that the above transactions were entered into in the ordinary course of business and the terms of which have been established on a negotiated basis.

Notes to the Financial Statements (cont'd)

25. CAPITAL COMMITMENT - GROUP

	2007 RM'000	2006 RM'000
Property, plant and equipment Contracted but not provided for	210,000	–

26. CONTINGENT LIABILITY, UNSECURED - COMPANY

i) Corporate guarantees

The Company has issued corporate guarantees to certain financial institutions for banking facilities granted to one of its subsidiaries for a limit of RM63.7 million (2006 : RM62.7 million). As at balance sheet date, RM54.2 million (2006 : RM30.29 million) was utilised.

ii) Continuing financial support

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their financial obligations as and when they fall due.

27. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business.

The Group's and the Company's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group and of the company business whilst managing the prevailing credit, interest rate and liquidity risk.

Credit risk

The Group and the Company have a formal credit policy and the exposure to credit risk is monitored on an ongoing basis.

At balance sheet date, there were no significant concentration of credit risk other than the following :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Amount due from subsidiaries	–	–	25,999,743	24,059,526
Trade receivables (net of allowances)				
- The Royal Mint of Malaysia Sdn. Bhd.	9,439,435	–	–	–
	9,439,435	–	25,999,743	24,059,526

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

Interest rate risk

The Group and the Company place excess funds with reputable licensed banks to generate interest income and utilise bank borrowings with variable rates to finance their operations.

Notes to the Financial Statements (cont'd)

27. FINANCIAL INSTRUMENTS (cont'd)

Foreign exchange risk

The Group and the Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is mainly US dollars. The Group hedges its foreign currency exposure by booking forward its sales and purchases. The deferred/unrecognised loss associated with anticipated future transactions is RM Nil (2006 : RM38,000) and the expected timing of recognising the expense is over the next 3 months. Where necessary, the forward exchange contracts are rolled over at maturity at market rates.

The Company is also exposed to foreign currency risk in respect of its investments in foreign subsidiaries. However, the Board and management keep this policy under review and take the necessary actions to minimise the exposure of the risk on an ongoing basis.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Effective interest rates and repricing analysis

In respect of interest-earning financial asset and interest-bearing financial liabilities, the following table indicates its average effective interest rate at the balance sheet date and the periods in which it matures or if earlier, reprices.

	Average effective interest rate per annum %	Total RM	Within 1 year RM	1 – 5 years RM
Group				
2007				
Financial assets				
Deposits placed with gold bullion traders	2.91	8,594,358	8,594,358	–
Short term deposits with a licensed bank	3.10	1,120,000	1,120,000	–
Short term investments with financial institutions	2.96	16,505	16,505	–
Financial liability				
Trade payables	2.18	32,204,499	32,204,499	–
Bankers' acceptance	4.50	20,814,000	20,814,000	–
2006				
Financial assets				
Deposits placed with gold bullion traders	3.32	6,509,205	6,509,205	–
Short term deposits with a licensed bank	3.04	16,100,000	16,100,000	–
Short term investments with financial institutions	3.30	4,578,296	4,578,296	–
Financial liabilities				
Trade payables	2.19	27,110,025	27,110,025	–

Notes to the Financial Statements (cont'd)

27. FINANCIAL INSTRUMENTS (cont'd)

Company	Average effective interest rate per annum %	Total RM	Within 1 year RM	1 – 5 years RM
2007				
Financial asset				
Short term investments with financial institutions	2.96	16,505	16,505	–
2006				
Financial asset				
Short term investments with financial institutions	3.23	2,823,693	2,823,693	–

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term borrowing, approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of amount due from subsidiaries has not been determined as the timing of the expected cash flows of this balance cannot be reasonably determined principally due to lack of fixed repayment terms entered by the parties involved and without incurring excessive cost.

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

Company

It is not practicable to estimate the fair value of the contingent liabilities reliably as disclosed in Note 26(i) due to the uncertainties of timing, costs and eventual outcome.

28. SIGNIFICANT EVENTS DURING THE YEAR

- i) Incorporation of an associate, Fu An Jewellery Sdn. Bhd.

On 3 August 2007, the Company entered into a shareholder agreement with Chow Tai Fook Jewellery Company Limited ("CTF") to establish an associated company, Fu An Jewellery Sdn. Bhd. ("Fu An") with the Company holding 45% of the issued and paid-up capital. Fu An will be in the business of wholesale and retail of gold, platinum, silver, jewellery and ornament, diamond, precious and semi-precious stones.

- ii) Cessation of operation - Yikoni Diamond Sdn. Bhd.

During the year, a wholly-owned subsidiary, Yikoni Diamond Sdn. Bhd. has ceased operation in the trading of gold jewellery and ornaments and remained dormant.

Notes to the Financial Statements (cont'd)

29. CHANGES IN ACCOUNTING POLICIES

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 October 2007.

The changes in accounting policies arising from the adoption of FRS 2, Share-based Payments, FRS 117, Leases and FRS 140, Investment Property, is summarised below :

FRS 2, Share-based Payments

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity's parent or another entity in the same Group as the entity.

With the adoption of FRS 2, the Group is required to recognise the fair value of share options granted by Yikon Corporation Bhd. to its employees of the Group as an expense in the income statement.

In prior years, no amounts were recognised when employee were granted share options over shares in the Company, if the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

Under the transitional provisions of FRS 2, this FRS shall be applied to share options that were granted after 31 December 2004 and had not yet vested as of the effective date of FRS 2 to the Company, i.e for annual period beginning on or after 1 November 2006. The change in accounting policy has no financial impact to the Group for current financial year as there was no option of the Company remained unvested on the applicable date of FRS 2 to the Group. No adjustments to the opening balance are required as FRS 2 has not come into effect for the Group at that time.

FRS 117, Leases

Before the effective of FRS 117, the leasehold land held for own use classified as property, plant and equipment, were stated at cost less accumulated depreciation and accumulated impairment losses. A decrease in carrying amount is charged to the income statement.

With the adoption of FRS 117, the leasehold land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by FRS 117.67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

The adoption of FRS 117 has resulted in the reclassification of prepaid lease payment with a carrying value of RM2,195,972 as at 31 October 2006 from property, plant and equipment and presented as a separate line item in non-current assets.

	2007 RM	Group 2006 RM (Restated)
Balance sheet at 31 October		
Decrease in property, plant and equipment	(2,143,972)	(2,195,972)
Increase in prepaid lease payments	2,143,972	2,195,972

Notes to the Financial Statements (cont'd)

29. CHANGES IN ACCOUNTING POLICIES (cont'd)

FRS 140, Investment Property

Under FRS 140, properties which are held for rental or capital appreciation will be treated as investment properties. Investment properties are stated at cost less accumulated depreciation.

In prior years, property held for rental is classified as property, plant and equipment and is stated at cost or valuation less accumulated depreciation.

The adoption of FRS 140 has resulted in the reclassification of investment property with a carrying value of RM837,767 as at 31 October 2006 from property, plant and equipment and presented as a separate line item in non-current assets.

	Group	2006
	2007	RM
	RM	(Restated)
Balance sheet at 31 October		
Decrease in property, plant and equipment	(826,797)	(837,767)
Increase in investment properties	826,797	837,767

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 29 and to conform with the presentation requirements of FRS 101 and current year's classification.

	Group		Company	
	As restated	As previously reported	As restated	As previously reported
	RM	RM	RM	RM
Balance sheet				
Property, plant and equipment	16,382,089	19,415,828	–	–
Prepaid lease payments	2,195,972	–	–	–
Investment property	837,767	–	–	–
Receivables, deposits and prepayment	41,313,767	41,302,834	11,933	1,000
Cash and cash equivalents	24,105,609	24,116,542	2,825,349	2,836,282
Income statement/Cash flow statement				
Depreciation of property, plant and equipment	1,914,999	1,977,969	–	–
Amortisation of prepaid lease payments	52,000	–	–	–
Depreciation of investment property	10,970	–	–	–

List of Properties

Details of the landed properties of the Group as at 31 October 2007 are as follow:-

Location	Description/ Existing Use	Land / Built Up Area (sq ft)	Age of Building (years)	Tenure	Net Book Value (RM'000)	Date of Acquisition / (Revaluation)
Plot 36, Bayan Lepas Industrial Estate, Phase 4, 11900 Bayan Lepas, Penang.	A single storey factory building with a single storey office/Annexed to a new 3 storey factory building	66,447 / 57,546	13 / 5	Leasehold for 60 years expiring on 31.10.2053	8,855	(20.10.2000)
No. 122-4-1, 4th Floor, The Penang Gold and Jewellery Exchange Centre, Jalan Sungai, 10150 Penang.	A flatted factory unit/Currently rented out	1,500	11	Freehold	322	(20.10.2000)
No. 11A, Lorong Kekabu 1, 11960 Pulau Pinang.	Double Storey Semi Detached House/Staff Hostel	3,122 / 1,748	5	Freehold	398	18.10.2001
No. 9, Lorong Kekabu 1, 11960 Pulau Pinang.	Double Storey Semi Detached House/Staff Hostel	3,423 / 1,748	5	Freehold	414	18.10.2001
No. 11, Lorong Kekabu, 11960 Pulau Pinang.	Double Storey Semi Detached House/Currently rented out	5,048 / 1,748	5	Freehold	506	18.10.2001
No. 2, Jalan Kekabu, 11960 Pulau Pinang.	Double Storey Semi Detached House/Staff Hostel	2,648 / 1,748	5	Freehold	371	18.10.2001
No. 1, Lorong Kekabu, 11960 Pulau Pinang.	Double Storey Semi Detached House/Staff Hostel	3,197 / 1,748	5	Freehold	402	18.10.2001

Proxy Form

YIKON CORPORATION BHD. (527272-V)
(Incorporated in Malaysia)

PROXY

I/We, (Full name in block letters)

of (Address)

being a member/members of Yikon Corporation Bhd. hereby appoint

..... (Full name in block letters)

of (Address)

or failing him the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Enggang Room, Lobby Level, Hotel Equatorial, No.1, Jalan Bukit Jambul, 11900 Penang on Thursday, 27 March 2008 at 11:00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1		
2a.	Ordinary Resolution 2		
2b.	Ordinary Resolution 3		
2c.	Ordinary Resolution 4		
3.	Ordinary Resolution 5		
4.	Ordinary Resolution 6		
5a.	Ordinary Resolution 7		
5b.	Special Resolution 1		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

No. of Ordinary Shares Held

Signed this day of March 2008.

.....
Signature of Shareholder(s)

Notes:

1. A Member may appoint two (2) proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints two (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 (1) 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. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
4. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

fold here

fold here

STAMP
HERE

To
THE COMPANY SECRETARY
Yikon Corporation Bhd. (527272 – V)
Suite 2–1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

fold here

Plot 36, Bayan Lepas Industrial Estate, Phase 4, 11900 Penang, Malaysia
Tel: 604-642 9888 (Hunting Line)
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Website: www.yikon.com.my
E-mail: info@yikon.com.my