



MAKING VISIONS REAL

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Notice of Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth 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, 28 May 2009 at 3 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the fourteen months financial period ended 31 December 2008 and Reports of the Directors and Auditors thereon.
- 2a. To re-elect the following Directors who retire pursuant to Article 138 of the Company's Articles of Association:
 - i. Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin Ordinary Resolution 1
 - ii. Mr Patrick Cheng Ther Wee Ordinary Resolution 2
- 2b. To re-elect Dato' Noor Ahmad Mokhtar Bin Haniff who retires pursuant to Section 129 of the Companies Act, 1965. Ordinary Resolution 3
3. To approve Directors' fees for the fourteen months financial period ended 31 December 2008. Ordinary Resolution 4
4. As Special Business

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 5

5. 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, 6 May 2009.

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 5 and 6 of the Annual Report of the Company.
6. On 30 April 2009, the Company received a letter from KPMG indicating that they do not wish to seek re-appointment as Auditors of the Company for the year ending 31 December 2009.

Explanatory Note on Special Business:

1. The Ordinary Resolution 5, 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.

Corporate Information

BOARD OF DIRECTORS

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

Chin Kok On
(Managing Director)

Tan Sek Yin
(Executive Director)

Haniff Bin Dato' Mahmood
(Executive Director)

Y.M. Tunku Mohamed Alauddin Tunku Naqiyuddin
(Independent Non-Executive Director, appointed on 18-04-08)

Patrick Cheng Ther Wee
(Non-Independent Non-Executive Director, appointed on 27-02-09)

AUDIT COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff - Chairman
Y.M. Tunku Mohamed Alauddin Tunku Naqiyuddin

NOMINATING COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff - Chairman
Y.M. Tunku Mohamed Alauddin Tunku Naqiyuddin

REMUNERATION COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff - Chairman
Y.M. Tunku Mohamed Alauddin Tunku Naqiyuddin

REGISTERED OFFICE

Suite 2-1, 2nd Floor, Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.
Telephone: 04-229 4390
Facsimile: 04-226 5860
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: 04-228 2321
Facsimile: 04-227 2391

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

DATO' NOOR AHMAD MOKHTAR BIN HANIFF *Malaysian, aged 69*

Dato' Noor Ahmad Mokhtar Bin Haniff was appointed to the Board as 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 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 several public companies, namely Globetronics Technologies Bhd and Eurospan Holdings Berhad.

Dato' Mokhtar has attended all Board Meetings held during the fourteen months financial period ended 31 December 2008.

CHIN KOK ON *Malaysian, aged 47*

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.

Mr Chin has attended all the Board Meetings held during the fourteen months financial period ended 31 December 2008.

TAN SEK YIN *Singaporean, aged 52*

Tan Sek Yin, was appointed to the Board as an Independent Non Executive Director on 1 December 2007 and re-designated to the position of Executive Director on 3 May 2008. 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.

Mr Tan has attended all the Board meetings held during the fourteen months financial period ended 31 December 2008.

Directors' Profiles (cont'd)

HANIFF BIN DATO' MAHMOOD *Malaysian, aged 47*

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.

En Haniff has attended seven (7) of the eight (8) Board Meetings held during the fourteen months financial period ended 31 December 2008.

Y.M. TUNKU MOHAMED ALAUDDIN TUNKU NAQUIYUDDIN *Malaysian, Aged 31*

Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin was appointed to the Board as an Independent Non-Executive Director on 18 April 2008. He completed his business management studies and graduated with a Bachelor of Science degree in Marketing from Boston College, U.S.A.

In the year 2000, he was appointed the position of Director of Marketing and International Relations with Talon Global Solutions, Inc. in Dallas, U.S.A. He had hands-on experience in dealing with clients seeking to venture into the MLM Industry where he acted as a consultant for the company's clients. He had successfully supervised the creation of a complete turnkey software system for MLM and recommended compensation plans as well as effective management systems for the organisation.

He was instrumental in expanding the branch offices of Talon Global Solutions Inc. in the Asia Pacific region. He formulated the marketing plans of the company and supervised the web development team who generated the company's on-line front end website.

In 2002, Y.M. Tunku Mohamed joined Antah Bumimedica Sdn. Bhd., an affiliated company of the Antah Healthcare Group as General Manager where he was responsible for the management and marketing of the Bumiputra tendering business. He was also appointed a Director in Antah Pharma Sdn. Bhd., Antah Sri Radin Sdn. Bhd. and Bumimedica (Malaysia) Sdn. Bhd.

He is also active in the area of tourism and environment and owns Bumiball Sdn. Bhd. which operates a paintball shooting field in Port Dickson. He also sits on the Board of Suasana Nyaman Sdn. Bhd. which is involved in the business of Indoor Air Quality using herbal solutions.

Y.M. Tunku Mohamed has attended two (2) of the four (4) Board Meetings held during the fourteen months financial period ended 31 December 2008.

PATRICK CHENG THER WEE *Malaysian, aged 50*

Mr Patrick Cheng was appointed to the Board as Non-Independent Non-Executive Director on 27 February 2009. He attended his secondary education at Tuanku Muhammad School in Kuala Pilah. He then completed his Higher National Diploma In Business Studies in the United Kingdom. He is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (ACIS).

Mr Cheng started his career as a Financial Controller cum Company secretary with Lam Seng Manufacturing and Enterprises Sdn Bhd in 1984 to 1995. His main responsibilities while at Lam Seng Manufacturing Enterprises Sdn Bhd includes all company secretarial duties and financial related matters. He was also a Commissioned Dealer's Representative from 1995 till February 2009.

Presently, he is the Executive Director of Global Gold Holdings Ltd. a company listed on the ASX. He is also an Executive Director of Nam Seng Hong Sawmill Sdn Bhd, a family owned business

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 who is the brother to Mr. Chih Poh On, a substantial shareholder of the company.
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 25.
3. None of the Directors has been convicted for any offences within the past 10 years other than for traffic offences if any.

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 fourteen months financial period ended 31 December 2008.

Corporate Development

Since the last Annual General Meeting, there have been changes in the board structure of the group. This was the result of the more active participation of the new major shareholder, Global Gold Holdings Ltd ("GGHL"). GGHL first became a substantial shareholder in Yikon in September 2007 and have increased their shareholdings in the company to 28.68% in August 2008. The new shareholder nominated new board members to the Group.

Financial Performance

The group changed its financial year end from 31 October to 31 December to coincide with its subsidiary reporting period in China, thus resulting in a fourteen months reporting period for the current financial period ended 31 December 2008.

The Group achieved a turnover of RM52.2 million in the current financial period which is a decline of 72.7% as compared to the previous financial year. The drop is due mainly to one of its subsidiary ceasing its manufacturing operations in Penang, Malaysia, in May 2008 for relocation to mainland China.

Loss before tax for the fourteen months period ended 31 December 2008 was RM13.25 million, a reduction of 30% as compared to the previous twelve months financial year. The reduction was due mainly to the allowance for doubtful debts of RM9.44 million in the previous financial year. In the current financial period of fourteen months, additional provision of RM3 million was made by its wholly owned subsidiary, Yikon Jewellery Industry Sdn Bhd on the debts owing by The Royal Mint of Malaysia Sdn Bhd. There was also a loss incurred on the disposal of cupro nickel materials amounted to RM1.2 million due to the drop in metal prices. During the period, retrenchment benefits paid to staff amounted to RM727,706 and finance charges had also increased due to the higher utilisation of trade lines and the increase in interest rates. Loss for the financial period was also cushioned by a net write back of provision made amounted to RM1.36 million due to the subsequent payment made by a debtor.

Operations Review

During the period under review, the Group downsized its operations in Penang and its wholly owned subsidiary, Yikon Jewellery Industry Sdn Bhd ("YJI") ceased its manufacturing operations in May 2008 for relocation to China and retrenched 75 local workers. The Company made efforts to help the retrenched workers to find alternative employment by recommending them to companies that needed workers and also enlisted the assistance of the labour department. The head office operation was then shifted to a smaller office to reduce cost.

Retail business in China has the potential to bring profits to the company. As at the end of year 2008, the group has 15 retail outlets in china. Some of the non performing outlets were also relocated. Similarly, just as we had to cut cost in Penang, the administrative functions in China and Hong Kong were also trimmed down. The management team was reorganised with the intention to minimise operations cost. Towards that end, we had a reduced management staff in Hong Kong. Some of our trade facilities with the banks were restructured to term loan.

Consequence to our objective to focus the operations in China, the factory premises in Bayan Lepas, Penang will be disposed off. Some of the investment properties and other assets were also sold to improve the cashflow position.

Prospects

The jewellery industry in China is foreseen to offer good growth prospects. However, the current high gold price is restricting the group's growth as the available funds are tied up in financing the gold. Retail sale in China is expected to improve slightly as the Group's retail brand are gaining acceptance in the respective cities. However, the overall economic climate in China and in the world is not promising to guarantee a satisfactory performance in the following year.

Chairman's Statement (cont'd)

Appreciation

I would like to thank the previous members of the board, namely Mr Chin Poh On, Mr Lai Kwang Hooi @ Lai Bah Eng, Mr Ooi Giap Ch'ng and Mr Chiam Tau Meng for their contribution as members of the Board and at the same time, wish a warm welcome to the new members. 2008 had been a challenging year for us all. With the new board and management structure, I hope that 2009 will mark a turning point for the business of the Group.

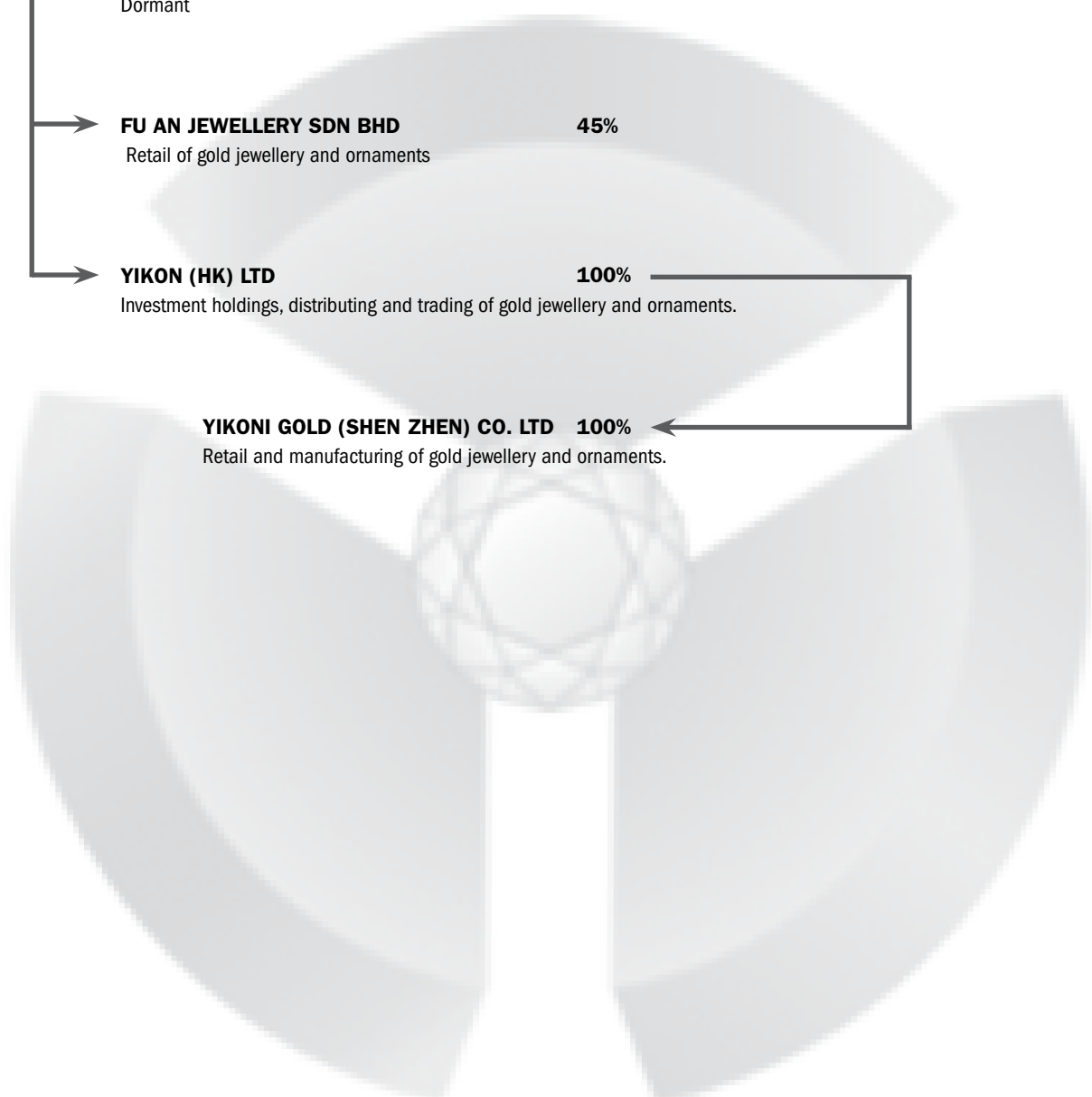
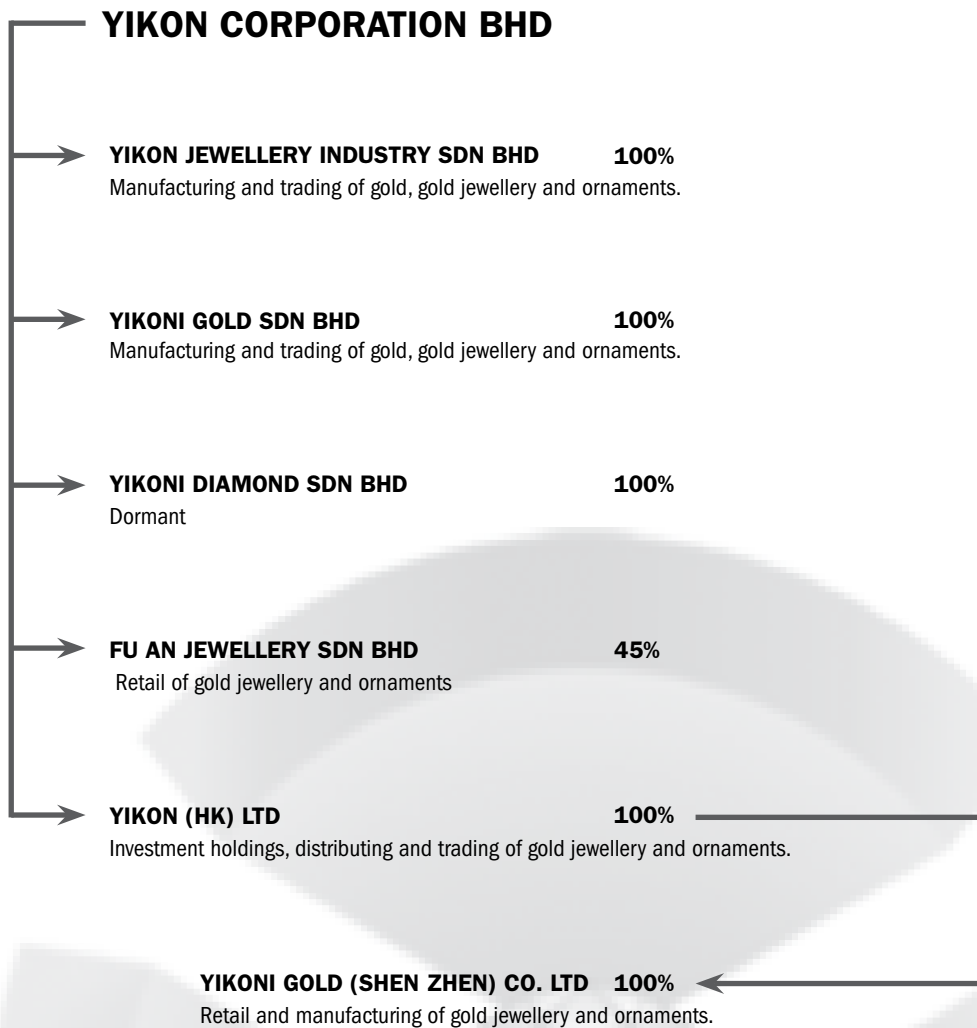
I would also like to express my sincere appreciation to the management team and the ex-employees of Yikon Group for their dedication and contribution to the Group, the bankers, auditors and solicitors for their services and assistance and the shareholders, customers, business associates and government authorities for their support over the years. I look forward to a more fruitful business relationship with them.

Last but not least, I look forward to the support of the new Board members in facing the challenges ahead.

Dato' Noor Ahmad Mokhtar bin Haniff

Chairman

22 April 2009



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 practices 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 14 months period ended 31 December 2008.

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, organisational 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.

The Board presently comprises of six (6) members, of whom three (3) are Executive Directors and two (2) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The ratio of Independent Directors throughout the financial period 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 success of the Group but also the importance of independence in decision making at the Board level.

Board Meetings

The Board meets regularly on a quarterly basis, with additional meetings convened as required between the scheduled meetings. During the 14 months financial period ended 31 December 2008, the Board held eight (8) 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 07	Feb 08	Mar 08	Apr 08	May 08	June 08	Sep 08	Dec 08
Dato' Noor Ahmad Mokhtar Bin Haniff	√	√	√	√	√	√	√	√
Chin Kok On	√	√	√	√	√	√	√	√
Tan Sek Yin	√	√	√	√	√	√	√	√
Haniff Bin Dato' Mahmood	√	√	√	√	√	√	-	√
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin (Appointed on 18-04-08)	N/A	N/A	N/A	N/A	-	√	√	-
Patrick Cheng Ther Wee (Appointed on 27-02-09)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chin Poh On (Resigned on 28-03-08)	-	√	√	N/A	N/A	N/A	N/A	N/A
Lai Kwang Hooi @ Lai Bah Eng (Resigned on 31-03-08)	√	√	√	N/A	N/A	N/A	N/A	N/A
Daniel Choong Yew Chee (Resigned on 02-05-08)	√	√	√	√	√	N/A	N/A	N/A
Ooi Giap Ch'ng (Appointed on 18-04-08 & Resigned on 20-01-09)	N/A	N/A	N/A	N/A	√	√	√	√
Chiam Tau Meng (Appointed on 16-05-08 & Resigned on 13-03-09)	N/A	N/A	N/A	N/A	N/A	√	√	√

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 will be reviewed and approved by the Board prior to any announcement being made to Bursa Malaysia.

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

The Management of the Group is required to table updates to 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 informed decision making by the Board.

Board Committees

There are three main committees to assist the Board to discharge its fiduciary duties, which are the Nominating, Remuneration and Audit Committees. The Committees were empowered by the Board with approved terms of reference to put forward recommendations and report to the Board. Final decision making has been always 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
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman	Independent Non-Executive Director
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin (Appointed on 19-06-08)	Member	Independent Non-Executive Director
Tan Sek Yin (Resigned on 02-05-08)	Member	Executive Director
Lai Kwang Hooi @ Lai Bah Eng (Resigned on 31-03-08)	Member	Independent Non-Executive Director
Ooi Giap Ch'ng (Appointed on 18-04-08 & Resigned on 20-01-09)	Member	Non-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 regards of this, the nominating committee shall consider 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 to assess the effectiveness of the Board.

The Nominating Committee shall hold 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 on the Board.

At the meeting held on 25 February 2009, the Nominating Committee evaluated and recommended a new appointee to the Board who were subsequently appointed as additional member to the Board. 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 accordingly met.

During the 14 months financial period ended 31 December 2008, the Nominating Committee met once (1) and attended by all its members.

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 27 March 2008, Dato Noor Ahmad Mokhtar bin Haniff 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 27 March 2008, Mr Tan Sek Yin retired in accordance with this section and was 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 27 March 2008, Mr Lai Kwang Hooi @ Lai Bah Eng retired in accordance with this section and was re-elected to the Board. Mr Lai subsequently resigned from the Board on 31 March 2008.

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.

The Remuneration Committee was restructured during the period under review. The members of the Committee are set forth as below:

Name	Designation	Directorship
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman	Independent Non-Executive Director
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin (Appointed on 19-06-08)	Member	Independent Non-Executive Director
Tan Sek Yin (Resigned on 02-05-08)	Member	Executive Director
Lai Kwang Hooi @ Lai Bah Eng (Resigned on 31-03-08)	Member	Independent Non-Executive Director
Ooi Giap Ch'ng (Appointed on 18-04-08 & Resigned on 20-01-09)	Member	Non-Independent Non-Executive Director
Chiam Tau Meng (Appointed on 19-06-08 & Resigned on 13-03-09)	Member	Independent Non-Executive Director

The Remuneration Committee shall hold at least one meeting per year. During the 14 months financial period ended 31 December 2008, the Remuneration Committee met once (1) and attended by all its members.

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

Category	Fees	Allowance	Salaries	EPF	Socso	Total
Executive Directors	61,500	63,000	643,600	84,792	1,136	854,028
Non-Executive Directors	134,000		-	-	-	134,000
Total	195,500	63,000	643,600	84,792	1,136	988,028

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	-	2
50,001 - 100,000	-	1
100,001 - 150,000	-	-
150,001 - 200,000	1	-
200,001 - 250,000	1	-
250,001 - 300,000	-	-
300,001 - 350,000	-	-
350,001 - 400,000	-	-
400,001 - 450,000	-	-
450,001 - 500,000	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 were changed on 19-06-2008. The new Committee members are set forth as below:

Name	Designation
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman
Chin Kok On	Member
Tan Sek Yin	Member
Tan Kiat Tiong	Member

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
20.11.2003	1.21	3,328,000
07.06.2005	1.66	966,800
22.09.2005	2.51	870,400

The ESOS had expired on 10 November 2008 and accordingly, the committee was dissolved.

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 except for one director who was appointed to the Board on 27-02-2009. 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 has attended some relevant training programs during the year to enhance their knowledge and expertise in the Group core business and management strategies. The seminars attended were corporate restructuring and tax management as well as tax implications on new and revised FRSs. Apart from that, frequent visits to the various operational sites have equipped the directors with a through understanding of the Group's operations.

The Company maintains an orientation programme with the aim of providing an overview of the Group's business operations and its direction for new Board members.

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 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 period and the results and cash flows of the Company and Group for the financial period. 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 20 and 21 of this Annual Report provides an overview of the state of the internal controls within the Group.

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

During the period under review, the company organised some collection from its employees and contributed to the funds for the earthquake victims in China. The equipments for air pollution control was also installed in its China factory to improve air quality.

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 22 April 2009.

Audit Committee Report

Members

The committee consisted of three (3) members of which all of them are independent directors until Mr Chiam Tau Meng resigned from the Board on 13 March 2009. Since then, the Audit Committee consisted of two (2) members and none of them is a member of the Malaysian Institute of Accountants nor have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 nor is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967. The Company must ensure that a member meeting the above mentioned requirements be appointed within 3 months from 13 March 2009. The Chairman is an independent director. No alternate director has been appointed as member. A meeting was held on 29 February 2009 whereby the terms of office and performance of the members of the Audit Committee has been reviewed and the Board is 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
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin (Appointed on 19-06-08)	Member	Independent Non-Executive Director
Lai Kwang Hooi @ Lai Bah Eng (Resigned on 31-03-08)	Member	Independent Non-Executive Director
Tan Sek Yin (Resigned on 19-06-08)	Member	Executive Director
Ooi Giap Ch'ng (Appointed on 19-06-08 & Resigned on 20-01-09)	Member	Non-Independent Non-Executive Director
Chiam Tau Meng (Appointed on 19-06-08 & Resigned on 13-03-09)	Member	Independent Non-Executive Director

Activities of the Audit Committee

Meetings

Six (6) meetings were convened by the Audit Committee during the 14 months financial period ended 31 December 2008. 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 07	Feb 08	Mar 08	June 08	Sept 07	Dec 08
Dato' Noor Ahmad Mokhtar Bin Haniff	√	√	√	√	√	√
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	N/A	N/A	N/A	N/A	√	-
Tan Sek Yin	√	√	√	√	N/A	N/A
Lai Kwang Hooi @ Lai Bah Eng	√	√	√	N/A	N/A	N/A
Ooi Giap Ch'ng	N/A	N/A	N/A	N/A	√	√
Chiam Tau Meng	N/A	N/A	N/A	N/A	√	√

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.
- Reviewed the related party transactions entered into by the Group.

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;
- (15) To verify the allocation of options pursuant to the Employees' Shares Option Scheme 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 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 Exchange 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 twice a year, the Committee shall meet with the external auditors without the present 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.

1. Share Buybacks, Options, Warrants or Convertible Securities

During the 14 months financial period ended 31 December 2008, there were no Warrants or Convertible Securities were exercised by the Company. However, 359,900 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 14 months financial period ended 31 December 2008, an amount of RM 16,400 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 14 months financial period ended 31 December 2008 and the unaudited results previously announced.

6. Profit Guarantee

During the 14 months financial period ended 31 December 2008, 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 of Bursa Securities (the "Listing Requirements"), 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 may be 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 high 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 had 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

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; and
- Regular visits to operating units are made by members of the Board and Senior Management.
- 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 14 months financial period ended 31 December 2008, 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.

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 22 April 2009.

Analysis of Shareholdings as at 8 April 2009

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 8 APRIL 2009

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	2	0.20	100	0.00
100 - 1,000	671	66.37	263,900	0.61
1,001 - 10,000	203	20.08	852,800	1.98
10,001 - 100,000	85	8.40	2,929,665	6.80
100,001 - 2,153,239	47	4.65	20,485,335	47.57
2,153,240 - 43,064,800	3	0.30	18,533,000	43.04
TOTAL	1,011	100.00	43,064,800	100.00

DIRECTORS' SHAREHOLDINGS - AS AT 8 APRIL 2009

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	Haniff Bin Dato' Mahmood	-	-	-	-
4	Tan Sek Yin	390,000	0.91	960,000	2.23
5	Tunku Mohamed Alauddin Tunku Naquiyuddin	-	-	-	-
6	Patrick Cheng Ther Wee	-	-	-	-

SUBSTANTIAL SHAREHOLDERS - AS AT 8 APRIL 2009

No.	Name	Direct No. of Shares	interest %	Deemed No. of Shares	interest %
1	Global Gold Holdings Ltd.	12,350,000	28.68	300,000	0.70
2	Chin Kok On	3,091,500	7.18	-	-
3	Chin Poh On	3,091,500	7.18	-	-
4	Rosline Ang @ Ang Poh Hiok	2,707,500	6.29	2,027,100	4.71

THIRTY LARGEST SHAREHOLDERS AS AT 8 APRIL 2009

No.	Name	No. of Shares	% of Issued Share Capital
1	Global Gold Holdings Limited	12,350,000	28.68
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	Chon Moi	1,243,800	2.89
8	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Rosline Ang @ Ang Poh Hiok (T)	1,000,100	2.32
9	Top-Gold Resources Sdn. Bhd.	960,000	2.23
10	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Yan Huat (T)	663,100	1.54
11	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Eng Yan Chun @ Ng Yan Chan (T)	639,800	1.49
12	Khoo Ban Sean Benny	558,000	1.30
13	Khoo Kay Seng Terry	497,700	1.16
14	Chandrasekar A/L Velusamy	496,135	1.15
15	HDM Nominees (Asing) Sdn. Bhd. UOB Kay Hian Pte. Ltd. for Seah Swee Hock	419,000	0.97
16	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Daniel Choong Yew Chee (M)	394,800	0.92
17	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Kay Seng Terry (M)	389,100	0.90
18	Loh Wee Keong	354,300	0.82
19	Wan Mohd Ismail Bin Wan Hussain	345,700	0.80
20	Azizah Binti Ali	330,700	0.77
21	Lim Choon Huat	310,000	0.72
22	Tan Sek Yin	300,000	0.70
23	G-Vest Corporation Sdn. Bhd.	300,000	0.70
24	Khoo Ban Sean Benny	253,000	0.59
25	Chang Meng Chien	251,200	0.58
26	Y.A.M Tunku Naquiyuddin Ibni Tuanku Jaafar	250,000	0.58
27	Lee Yee Lam	240,000	0.56
28	AMSEC Nominees (Tempatan) Sdn. Bhd. A Majid Bin Maidin (8025-1101)	240,000	0.56
29	Chandrasekar A/L Velusamy	239,700	0.56
30	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Ban Sean Benny (E-IMO)	225,000	0.52

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Directors' Report for the fourteen months ended 31 December 2008

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YIKON CORPORATION BHD

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the fourteen months ended 31 December 2008.

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 period other than as disclosed in Note 30 to the financial statements.

Change in financial year end

During the financial period, the Company changed its financial year end from 31 October to 31 December to coincide with the financial year end of one of its major subsidiaries, Yikoni Gold (Shen Zhen) Co. Ltd. which has major operations in the People's Republic of China.

Results

	Group RM	Company RM
Loss for the period	13,337,298	19,719,279

Reserves and provisions

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

Dividend

No dividend was paid during the financial period and the Directors do not recommend any dividend to be paid for the financial period under review.

Directors' Report for the fourteen months ended 31 December 2008 (cont'd)

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
Tan Sek Yin	
Haniff Bin Dato' Mahmood	
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	(Appointed on 18 April 2008)
Patrick Cheng Ther Wee	(Appointed on 27 February 2009)
Chiam Tau Meng	(Appointed on 16 May 2008; resigned on 13 March 2009)
Ooi Giap Ch'ng	(Appointed on 18 April 2008; resigned on 20 January 2009)
Daniel Choong Yew Chee	(Resigned on 2 May 2008)
Lai Kwang Hooi @ Lai Bah Eng	(Resigned on 31 March 2008)
Chin Poh On	(Resigned on 28 March 2008)

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 period 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:

Name of Director	Number of ordinary shares of RM1 each			Balance at 31.12.2008
	Balance at 1.11.2007	Allotted	(Sold)	
Chin Kok On				
Direct Interest in the Company - own	3,880,000	80,000	(868,500)	3,091,500
Deemed interest in the Company - own	3,263,000	-	(3,263,000)	-
Tan Sek Yin				
Direct Interest in the Company - own	390,000	-	-	390,000
Deemed interest in the Company - own	960,000	-	-	960,000

Name of Director	Balance at 1.11.2007	Number of options for ordinary shares of RM1 each			Balance at 31.12.2008
		Granted	(Exercised)	(Lapsed)	
Chin Kok On	80,000	-	(80,000)	-	-

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial period.

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 or 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 as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial period 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 period, the issued and paid-up share capital of the Company was increased from RM42,704,900 to RM43,064,800 through the issuance of 359,900 new ordinary shares of RM1.00 each as follows:

	Option price	Number of ordinary shares of RM1.00 each issued
	RM	
Exercise of options under ESOS	1.21	256,400
Exercise of options under ESOS	1.66	103,500

There were no debentures issued during the financial period.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

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	Number of options over ordinary shares of RM1 each				Balance at 31.12.2008
		Balance at 1.11.2007	Granted and accepted	(Exercised)	Lapsed	
	RM					
20.11.2003	1.21	323,600	-	(256,400)	(67,200)	-
7.6.2005	1.66	282,800	-	(103,500)	(179,300)	-
22.9.2005	2.51	547,100	-	-	(547,100)	-

There were no ESOS granted during the financial period. The ESOS expired and lapsed on 10 November 2008.

Directors' Report for the fourteen months ended 31 December 2008 (cont'd)

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 at 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 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.

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 period 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 period.

Other statutory information (Cont'd)

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 period 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 allowance for doubtful debts made during the period amounting to RM 3,500,000, impairment loss on investment in a subsidiary of RM 19,000,000 and termination benefits of RM 727,706 as disclosed in Note 18 to the financial statements, the results of the operations of the Group and of the Company for the financial period ended 31 December 2008 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 period and the date of this report.

Significant event

Details of such event are disclosed in Note 30 to the financial statements.

Subsequent events

Details of such events are disclosed in Note 31 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

.....
Tan Sek Yin

Penang,

Date: 22 April 2009

Consolidated Balance Sheet at 31 December 2008

	Note	31.12.2008 RM	31.10.2007 RM
Assets			
Property, plant and equipment	3	3,710,497	14,953,453
Prepaid lease payments	4	-	2,143,972
Investment properties	5	-	826,797
Investment in an associate	7	830,186	1,125,000
Total non-current assets		4,540,683	19,049,222
Receivables, deposits and prepayments	8	19,201,032	55,870,587
Inventories	9	22,540,704	25,483,600
Assets classified as held for sale	10	11,579,533	-
Current tax assets		237,885	764,968
Cash and cash equivalents	11	2,108,163	2,643,322
Total current assets		55,667,317	84,762,477
Total assets		60,208,000	103,811,699
Equity			
Share capital	12	43,064,800	42,704,900
Reserves	12	7,044,424	4,324,114
Accumulated losses		(27,234,231)	(13,896,933)
Total equity		22,874,993	33,132,081
Liabilities			
Deferred tax liabilities	13	586,724	586,724
Borrowings	16	4,779,012	-
Total non-current liabilities		5,365,736	586,724
Payables and accruals	14	19,550,279	43,683,591
Amount due to Directors	15	-	5,595,303
Borrowings	16	12,416,992	20,814,000
Total current liabilities		31,967,271	70,092,894
Total liabilities		37,333,007	70,679,618
Total equity and liabilities		60,208,000	103,811,699

Consolidated Income Statement for the fourteen months ended 31 December 2008

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YIKON CORPORATION BHD

	Note	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Continuing operations			
Revenue	17	52,199,092	191,553,406
Cost of goods sold		(51,384,892)	(190,032,986)
Gross profit		814,200	1,520,420
Administrative expenses		(9,503,785)	(8,459,342)
Other operating expenses		(4,984,589)	(11,353,149)
Other operating income		2,942,522	504,521
Results from operating activities		(10,731,652)	(17,787,550)
Finance costs	21	(2,224,073)	(1,266,061)
Operating loss	18	(12,955,725)	(19,053,611)
Share of loss after tax of equity accounted associate		(294,814)	-
Loss before tax		(13,250,539)	(19,053,611)
Tax expense	22	(86,759)	1,119,321
Loss for the period/year		(13,337,298)	(17,934,290)
Basic loss per ordinary share (sen)	23	(31.00)	(42.02)

The notes on pages 39 to 70 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the fourteen months ended 31 December 2008

	← Non-distributable →			Distributable	Total RM
	Share capital RM	Share premium RM	Exchange fluctuation reserve RM	Retained earnings/ (Accumulated losses) RM	
At 1 November 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 12) - 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
Translation of the opening net investment in foreign subsidiaries at year end's exchange rate #	-	-	2,598,156	-	2,598,156
Issue of share capital (Note 12) - exercise of ESOS	359,900	122,154	-	-	482,054
Loss for the period	-	-	-	(13,337,298)	(13,337,298)
At 31 December 2008	43,064,800	5,959,521	1,084,903	(27,234,231)	22,874,993

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

Consolidated Cash Flow Statement for the fourteen months ended 31 December 2008

	Note	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Cash flows from operating activities			
Loss before tax from continuing operations		(13,250,539)	(19,053,611)
Adjustments for:			
Depreciation of property, plant and equipment	3	2,458,023	1,972,001
Amortisation of prepaid lease payment	4	60,667	52,000
Depreciation of investment property	5	12,797	10,970
(Gain)/Loss on disposal of property, plant and equipment		(204,331)	163,416
Reversal of impairment losses		(355,972)	-
Interest expense		2,224,073	1,266,061
Interest income		(281,916)	(699,025)
Plant and equipment written off		6,326	25,217
Share of loss of equity accounted associate		294,814	-
Operating loss before working capital changes		(9,036,058)	(16,262,971)
Changes in working capital:			
Inventories		5,147,861	780,917
Receivables, deposits and prepayments		37,375,274	(15,436,388)
Payables and accruals		(24,693,727)	(15,205,021)
Cash generated from/(used in) operations		8,793,350	(46,123,463)
Interest received		281,916	699,025
Interest paid		(2,224,073)	(1,266,061)
Tax refunded		440,324	192,753
Net cash generated from/(used in) operating activities		7,291,517	(46,497,746)

Consolidated Cash Flow Statement for the fourteen months ended 31 December 2008 (cont'd)

	Note	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1,795,455	52,176
Purchase of property, plant and equipment	3	(1,061,045)	(821,802)
Investment in an associate		-	(1,125,000)
Net cash generated from/(used in) investing activities		734,410	(1,894,626)
Cash flows from financing activities			
(Repayment to)/Advances from Directors		(5,595,303)	5,595,303
Bankers' acceptances, net		(9,797,000)	20,814,000
Proceeds from issuance of shares		482,054	528,146
Drawdown of term loans		6,479,000	-
Repayment of term loans		(299,996)	-
Net cash (used in)/generated from financing activities		(8,731,245)	26,937,449
Net decrease in cash and cash equivalents		(705,318)	(21,454,923)
Cash and cash equivalents at 1 November		2,643,322	24,105,609
Effect of exchange rate fluctuations on cash and cash equivalents		170,159	(7,364)
Cash and cash equivalents at 31 December/31 October	A	2,108,163	2,643,322

A. Cash and cash equivalents

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

	31.12.2008 RM	31.10.2007 RM
Short term deposits with a licensed bank	-	1,120,000
Short term investments in cash fund with financial institutions	24,711	16,505
Cash and bank balances	2,083,452	1,506,817
	2,108,163	2,643,322

Balance Sheet at 31 December 2008

Assets

	Note	31.12.2008 RM	31.10.2007 RM
Equipment	3	2,314	2,623
Investments in subsidiaries	6	3,403,424	22,403,424
Investment in an associate	7	1,125,000	1,125,000
Amount due from subsidiaries	8	28,080,162	25,999,743
Total non-current assets		32,610,900	49,530,790
Receivables, deposits and prepayments	8	25,035	18,663
Current tax assets		2,055	61,656
Cash and cash equivalents	11	27,122	18,062
Total current assets		54,212	98,381
Total assets		32,665,112	49,629,171

Equity

Share capital	12	43,064,800	42,704,900
Reserves (Accumulated loss)/Retained earnings	12	5,959,521 (18,883,988)	5,837,367 835,291
Total equity		30,140,333	49,377,558

Liabilities

Amount due to subsidiaries	14	2,232,506	-
Total non-current liabilities		2,232,506	-
Payables and accruals	14	292,273	251,613
Total current liabilities		292,273	251,613
Total liabilities		2,524,779	251,613
Total equity and liabilities		32,665,112	49,629,171

Income Statement for the fourteen months ended 31 December 2008

	Note	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Continuing operations			
Revenue	17	1,630	40,249
Administrative expenses		(720,909)	(392,793)
Other operating expenses		(19,000,000)	-
Loss before tax	18	(19,719,279)	(352,544)
Tax expense	22	-	-
Loss for the period/year		(19,719,279)	(352,544)

Statement of Changes in Equity for the fourteen months ended 31 December 2008

	Share capital RM	Non- distributable Share premium RM	Retained earnings/ (Accumulated loss) RM	Total equity RM
At 1 November 2006	42,294,300	5,719,821	1,187,835	49,201,956
Issue of share capital (Note 12) - 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
Issue of share capital (Note 12) - exercise of ESOS	359,900	122,154	-	482,054
Loss for the period	-	-	(19,719,279)	(19,719,279)
At 31 December 2008	43,064,800	5,959,521	(18,883,988)	30,140,333

Cash Flow Statement for the fourteen months ended 31 December 2008

	Note	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Cash flows from operating activities			
Loss before tax from continuing operations		(19,719,279)	(352,544)
Adjustments for:			
Depreciation	3	309	22
Impairment loss on investment in a subsidiary	6	19,000,000	-
Interest income		(1,630)	(40,249)
Operating loss before working capital changes		(720,600)	(392,771)
Changes in working capital:			
Receivables, deposits and prepayments		(6,372)	(6,730)
Payables and accruals		40,660	84,337
Cash used in operations		(686,312)	(315,164)
Interest received		1,630	40,249
Tax refunded		59,601	7,344
Net cash used in operating activities		(625,081)	(267,571)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(2,645)
Investment in an associate		-	(1,125,000)
Advances from subsidiaries, net		152,087	(1,940,217)
Net cash generated from/(used in) investing activities		152,087	(3,067,862)
Cash flows from financing activity			
Proceeds from issuance of shares		482,054	528,146
Net cash generated from financing activity		482,054	528,146
Net increase/(decrease) in cash and cash equivalents		9,060	(2,807,287)
Cash and cash equivalents at 1 November		18,062	2,825,349
Cash and cash equivalents at 31 December/31 October		27,122	18,062

Note:

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

	31.12.2008 RM	31.10.2007 RM
Short term investments in cash fund with financial institutions	24,711	16,505
Cash and bank balances	2,411	1,557
	27,122	18,062

The notes on pages 39 to 70 are an integral part of these 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

Suite 1, 8th Floor
Wing A, Northam Tower
No. 57, Jalan Sultan Ahmad Shah
10050 Penang

The consolidated financial statements of the Company as at and for the period ended 31 December 2008 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 22 April 2009.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs/Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/ Interpretations from the annual period beginning 1 January 2010 except for FRS 4 which is not applicable to the Group and the Company.

The impact of applying FRS 7 and 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 the respective FRSs. The initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, Operating Segments

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 24). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

Notes to the Financial Statements (cont'd)

1. BASIS OF PREPARATION (cont'd)

(b) Going concern

As mentioned in Note 16, the Group has submitted its proposal to a bank for debt restructuring of certain bank borrowings. As at the date of this report, the approval is still pending from the bank.

The continuation of the Group and the Company as a going concern is therefore, dependent on the successful implementation of the debt restructuring, completion of the disposal of factory land and building (see Note 31) and realisation of assets classified as held for sale (see Note 10).

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 2 to the financial statements.

(d) Functional and presentation currency

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

(e) 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.

There are no 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 other than as disclosed in Note 8 to the financial statements on allowance for doubtful debts.

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.

(a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its 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 profit or loss of the equity accounted associates, after adjustments, if any to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(a) Basis of consolidation** (cont'd)*ii) Associates (cont'd)*

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.

(b) Foreign currency*(i) Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transaction. 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 are translated at exchange rate at the dates of the transactions except for those measured at fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(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 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 cost 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.

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.

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.

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.

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 the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

iii) Depreciation

Depreciation is recognised in the income statements 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(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.

For business acquisitions 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.

(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 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(j) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries and associate are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investments in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(k) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories and financial assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(l) Impairment of assets

The carrying amounts of assets except for inventories, non-current assets (or disposal groups) classified as held for sale and financial assets (other than investments in subsidiaries and associate) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(l) Impairment of assets (cont'd)**

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. 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.

(m) 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.

(n) 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.

(o) 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) 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.

(q) 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.

(r) 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.

(s) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements 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 period/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.

(u) 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.

(v) 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.

3. PROPERTY, PLANT AND EQUIPMENT - GROUP**Notes to the Financial Statements (cont'd)**

Cost	Freehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Mould RM	Capital		Total RM
							work-in- progress RM	RM	
At 1 November 2006	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)
Effect of movement in exchange rate	-	-	(2,931)	(61,388)	(2,663)	-	-	-	(66,982)
At 31 October 2007/1 November 2007	1,040,400	9,091,660	13,168,075	2,577,426	2,931,448	25,638	355,972	-	29,190,619
Additions	-	-	3,341	1,009,053	-	-	48,651	-	1,061,045
Disposals	(261,600)	(140,400)	(101,299)	(14,100)	(1,734,670)	-	(404,623)	-	(2,656,692)
Write-offs	-	-	(2,510)	(7,900)	-	(1,104)	-	-	(11,514)
Transfer to assets classified as held for sale (Note 10)	(778,800)	(8,951,260)	(2,370,886)	-	(1,112,264)	-	-	-	(13,213,210)
Effect of movement in exchange rate	-	-	1,520	201,094	11,786	-	-	-	214,400
At 31 December 2008	-	-	10,698,241	3,765,573	96,300	24,534	-	-	14,584,648

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

	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								
At 1 November 2006								
- 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
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)
Effect of movement in exchange rate	-	-	(293)	(28,449)	(612)	-	-	(29,354)
At 31 October 2007/1 November 2007								
- Accumulated depreciation	-	1,833,525	8,600,000	1,702,853	1,721,175	23,641	-	13,881,194
- Accumulated impairment losses	-	-	-	-	-	-	355,972	355,972
	-	1,833,525	8,600,000	1,702,853	1,721,175	23,641	355,972	14,237,166

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

	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 for the period	-	447,812	917,672	824,912	267,452	175	-	2,458,023
Disposal	-	(13,998)	(43,895)	(2,114)	(1,005,561)	-	-	(1,065,568)
Write-offs	-	-	(637)	(4,477)	-	(74)	-	(5,188)
Reversal of impairment losses	-	-	-	-	-	-	(355,972)	(355,972)
Transfer to asset classified as held for sale (Note 10)	-	(2,267,339)	(1,316,822)	-	(946,821)	-	-	(4,530,982)
Effect of changes in exchange rate	-	-	297	132,665	3,710	-	-	136,672
At 31 December 2008	-	-	8,156,615	2,653,839	39,955	23,742	-	10,874,151
- Accumulated depreciation	-	-	-	-	-	-	-	-
Carrying amounts								
At 31 October 2006	1,040,400	7,642,575	5,391,926	1,368,859	937,023	1,306	-	16,382,089
At 31 October 2007/1 November 2007	1,040,400	7,258,135	4,568,075	874,573	1,210,273	1,997	-	14,953,453
At 31 December 2008	-	-	2,541,626	1,111,734	56,345	792	-	3,710,497

Notes to the Financial Statements (cont'd)

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

As at balance sheet date, a significant portion of plant and machine have been packed awaiting relocation to the People's Republic of China for manufacturing operations to be undertaken by a new subsidiary to be set up on a joint venture basis with a third party.

Impairment loss and subsequent reversal

During the financial period, the Group sold the capital work-in-progress for RM464,550 which is higher than the cost, resulting in the reversal of the impairment loss recognised in prior years.

Property, Plant and equipment - company**Office equipment
RM****Cost**

At 1 November 2006/31 October 2007

2,645

At 1 November 2007/31 December 2008

2,645

Accumulated Depreciation

At 1 November 2006

-

Depreciation for the year (Note 18)

22

At 31 October 2007/1 November 2007

22

Depreciation for the period (Note 18)

309

At 31 December 2008

331

Carrying amounts

At 1 November 2006

2,645

At 31 October 2007/1 November 2007

2,623

At 31 December 2008

2,314

Notes to the Financial Statements (cont'd)

4. PREPAID LEASE PAYMENTS - GROUP

Short term leasehold land - Unexpired period less than 50 years

	RM
Cost	
At 1 November 2006	2,600,000
At 31 October 2007/1 November 2007	2,600,000
Transfer to assets classified as held for sale (Note 10)	(2,600,000)
At 31 December 2008	-
Accumulated amortisation	
At 1 November 2006	404,028
Amortisation for the year (Note 18)	52,000
At 31 October 2007/1 November 2007	456,028
Amortisation for the period (Note 18)	60,667
Transfer to assets classified as held for sale (Note 10)	(516,695)
At 31 December 2008	-
Carrying amounts	
At 1 November 2006	2,195,972
At 31 October 2007/1 November 2007	2,143,972
At 31 December 2008	-

5. INVESTMENT PROPERTIES - GROUP

	Freehold land RM	Buildings RM	Total RM
Cost			
At 1 November 2006	367,600	548,481	916,081
At 31 October 2007/1 November 2007	367,600	548,481	916,081
Transfer to assets classified as held for sale (Note 10)	(367,600)	(548,481)	(916,081)
At 31 December 2008	-	-	-

Investment properties are reclassified to assets classified as held for sale as management of the Group has undertaken active program to locate for buyers at the balance sheet date

5. INVESTMENT PROPERTIES - GROUP (cont'd)

	Freehold land RM	Buildings RM	Total RM
Accumulated depreciation			
At 1 November 2006	-	78,314	78,314
Depreciation for the year (Note 18)	-	10,970	10,970
At 31 October 2007/1 November 2007	-	89,284	89,284
Depreciation for the period (Note 18)	-	12,797	12,797
Transfer to assets classified as held for sale (Note 10)	-	(102,081)	(102,081)
At 31 December 2008	-	-	-
Carrying amounts			
At 1 November 2006	367,600	470,167	837,767
At 31 October 2007/1 November 2007	367,600	459,197	826,797
At 31 December 2008	-	-	-
Fair value			
At 1 November 2006	403,000	527,000	930,000
At 31 October 2007/1 November 2007	403,000	527,000	930,000
At 31 December 2008	-	-	-

Investment properties comprise a factory building and residential properties that are leased to third parties. The leases were entered into for the period of 1 year but were mutually terminated during the financial period.

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

	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Rental income	32,170	21,720
Direct operating expenses:		
- income generating investment properties	7,925	2,697
- non-income generating investment properties	-	11,658

Notes to the Financial Statements (cont'd)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY

	31.12.2008	31.10.2007
	RM	RM
Unquoted shares, at cost	22,403,424	22,403,424
Less: Impairment loss	(19,000,000)	-
	3,403,424	22,403,424

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest		Principal activities
		31.12.2008	31.10.2007	
		%	%	
Yikon Jewellery Industry Sdn. Bhd. ("YJI")	Malaysia	100	100	Manufacture and trading of gold, gold jewellery and ornaments.
Yikoni Gold Sdn. Bhd. ("YG")	Malaysia	100	100	Manufacture and trading of gold, gold jewellery and ornaments.
Yikoni Diamond Sdn. Bhd. ("YD")	Malaysia	100	100	Dormant
Yikon (HK) Ltd. ("YHK") #	Hong Kong	100	100	Investment holding, distributing and trading of gold jewellery and ornaments
<u>Subsidiary of YHK</u>				
Yikoni Gold (Shen Zhen) Co. Ltd. ("YSZ") #	People's Republic of China	100	100	Retail and manufacturing of gold jewellery and ornaments

Not audited by KPMG

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	31.12.2008	31.10.2007	31.12.2008	31.10.2007
	RM	RM	RM	RM
Unquoted shares, at cost	1,125,000	1,125,000	1,125,000	1,125,000
Share of post-acquisition loss	(294,814)	-	-	-
	830,186	1,125,000	1,125,000	1,125,000

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective ownership interest		Principal activities
		31.12.2008	31.10.2007	
		%	%	
Fu An Jewellery Sdn. Bhd.	Malaysia	45	45	Wholesale and retail of gold, platinum, silver jewellery and ornaments, diamonds, precious and semi-precious stones

7. INVESTMENT IN AN ASSOCIATE (cont'd)

Summary financial information of the associate:

	Revenue (100%) RM	Loss for the period (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
31.12.2008				
Fu An Jewellery Sdn. Bhd.	2,368,185	(655,143)	4,708,705	2,863,848
31.10.2007				
Fu An Jewellery Sdn. Bhd.	-	-	5,268,460	2,768,460

The financial year end of the associate is 31 March.

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

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		31.12.2008 RM	31.10.2007 RM	31.12.2008 RM	31.10.2007 RM
Non-current					
Amount due from subsidiaries	8.1	-	-	28,080,162	25,999,743
Current					
Trade					
Trade receivables	8.2	22,400,977	46,376,054	-	-
Less: Allowance for doubtful debts	8.3	(13,340,000)	(9,840,000)	-	-
		9,060,977	36,536,054	-	-
Non-trade					
Amount due from an associate	8.4	1,132,197	66,157	-	-
Other receivables	8.2	601,170	147,590	25,035	18,663
Deposits	8.5	7,661,744	18,390,468	-	-
Prepayments		1,044,944	1,030,318	-	-
		10,440,055	19,634,533	25,035	18,663
Less: Allowance for doubtful debts		(300,000)	(300,000)	-	-
		10,140,055	19,334,533	25,035	18,663
		19,201,032	55,870,587	25,035	18,663

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 to the extent that repayment by the subsidiaries will not adversely affect the ability of the respective subsidiaries to meet their liabilities when due.

Notes to the Financial Statements (cont'd)

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

8.2 Analysis of foreign currency exposure for significant receivables

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

Functional currency	Foreign currency	31.12.2008 RM	31.10.2007 RM
RM	USD	2,881,606	1,574,679

8.3 Allowance for doubtful debts

Included in the allowance for doubtful debts of the Group is an amount of RM12.94 million, representing a 69% 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 31% of the amount due.

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 RM1.49 million (31.10.2007: RM8.59 million) representing deposits paid for consignment of gold totalling 0.124MT (31.10.2007: 0.433MT) from gold bullion traders and financial institutions. This amount bears interest ranging from 0.5% to 4.3% (31.10.2007: 2.6% to 4.25%) per annum. Deposits paid for gold trading to gold bullion traders amounted to RM5.48 million. (31.10.07: RM9.61 million)

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	31.12.2008 RM	31.10.2007 RM
Raw materials	9.1	5,283,187	9,385,802
Manufactured inventories		–	1,342,153
Trading inventories		17,257,517	14,755,645
		22,540,704	25,483,600

9.1 Raw Materials

Raw materials with an amount of RM Nil (31.10.2007: RM 6,456,434) are carried at net realisable value. The write down of inventories to net realisable value amounted to RM Nil (31.10.2007: RM 1,500,000) is included in cost of sales.

10. ASSETS CLASSIFIED AS HELD FOR SALE - GROUP

	Note	31.12.2008 RM	31.10.2007 RM
At 1 November 2007/2006		-	-
Transfer from property, plant and equipment	3		
Cost		13,213,210	-
Accumulated depreciation		(4,530,982)	-
		8,682,228	-
Transfer from prepaid lease payments	4		
Cost		2,600,000	-
Accumulated amortisation		(516,695)	-
		2,083,305	-
Transfer from investment properties	5		
Cost		916,081	-
Accumulated depreciation		(102,081)	-
		814,000	-
At 31 December 2008/31 October 2007		11,579,533	-

The Management of the Group has undertaken active programme to locate for buyers for the assets.

11. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		31.12.2008 RM	31.10.2007 RM	31.12.2008 RM	31.10.2007 RM
Short term deposits with a licensed bank		-	1,120,000	-	-
Short term investments in cash fund with financial institutions	11.1	24,711	16,505	24,711	16,505
Cash and bank balances		2,083,452	1,506,817	2,411	1,557
		2,108,163	2,643,322	27,122	18,062

11.1 Short term investments in cash fund with financial institutions

Short term investments in cash fund with financial institutions carried interest ranging from 2.16% to 3.23% (31.10.2007: 2.41% to 3.01%) per annum.

Notes to the Financial Statements (cont'd)

12. SHARE CAPITAL AND RESERVES

12.1 Share capital

	Group and Company			
	31.12.2008		31.10.2007	
	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	42,704,900	42,704,900	42,294,300	42,294,300
Exercise of ESOS	359,900	359,900	410,600	410,600
Balance at 31 December/31 October	43,064,800	43,064,800	42,704,900	42,704,900

The Company has also issued share options (see Note 20).

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.

12.2 Reserves

	Group		Company	
	31.12.2008 RM	31.10.2007 RM	31.12.2008 RM	31.10.2007 RM
Non-distributable				
Share premium	5,959,521	5,837,367	5,959,521	5,837,367
Exchange fluctuation reserve	1,084,903	(1,513,253)	-	-
	7,044,424	4,324,114	5,959,521	5,837,367

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

12.2.1 Exchange fluctuation reserve

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

13. DEFERRED TAX LIABILITIES - GROUP

	31.12.2008	31.10.2007
	RM	RM
At 1 November	586,724	1,683,547
Recognised in the income statements (Note 22)	-	(1,096,823)
At 31 December/31 October	586,724	586,724

The recognised deferred tax liabilities are as follows:

	31.12.2008	31.10.2007
	RM	RM
Property, plant and equipment *		
- Revaluation	586,724	586,724

* Classified to assets held for sale during the period.

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

	At 1 November 2006	Recognised in the income statement	At 31 October 2007	Recognised in the income statement	At 31 December 2008
	RM	RM	RM	RM	RM
Property, plant and equipment					
- capital allowances	1,249,202	(1,249,202)	-	-	-
- revaluation	621,380	(34,656)	586,724	-	586,724
Unabsorbed capital allowances	(7,167)	7,167	-	-	-
Provisions	(179,868)	179,868	-	-	-
	1,683,547	(1,096,823)	586,724	-	586,724

Unrecognised deferred tax assets

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

	31.12.2008	31.10.2007
	RM	RM
Taxable temporary differences	(976,000)	(1,205,000)
Tax loss carry-forwards	6,272,000	3,375,000
Unabsorbed capital allowances	381,000	348,000
Provisions	-	390,000
	5,677,000	2,908,000

The tax loss carry-forwards and unabsorbed capital allowances 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 comparative figures have been restated to reflect the revised tax loss carry-forwards and unabsorbed capital allowances available to the Group.

Notes to the Financial Statements (cont'd)

14. PAYABLES AND ACCRUALS

	Note	Group		Company	
		31.12.2008 RM	31.10.2007 RM	31.12.2008 RM	31.10.2007 RM
Current					
Trade					
Trade payables	14.1	11,805,637	32,217,278	-	-
Non-trade					
Other payables		5,856,779	6,014,027	34,833	85,005
Accrued expenses		1,887,863	3,034,926	257,440	166,608
Deposits from customers		-	2,417,360	-	-
		7,744,642	11,466,313	292,273	251,613
		19,550,279	43,683,591	292,273	251,613
Non-current					
Amount due to subsidiaries	14.2	-	-	2,232,506	-

14.1 Trade payables

Trade payables include an amount of RM11,780,000 (31.10.2007: RM32,204,499) in respect of gold bullion which bears interest ranging from 0.5% to 4.25% (31.10.2007: 0.8% to 2.5%) per annum.

14.2 Amount due to subsidiaries

The non-current amount due to subsidiaries, which comprises long term advances, are unsecured, interest-free and are not repayable within the next twelve months except to the extent that such payment will not adversely affect the ability of the Company to meet its liabilities as and when due.

15. AMOUNT DUE TO DIRECTORS

The non-trade payables due to Directors were subject to interest at 4.6% per annum and were repayable on demand.

16. BORROWINGS - GROUP

	31.12.2008	31.10.2007
	RM	RM
Non-current		
Unsecured term loans	4,779,012	-
Current		
Unsecured bankers' acceptances ("BA1")	1,911,000	10,964,000
Unsecured bankers' acceptances ("BA2")	9,106,000	9,850,000
Unsecured term loans	1,399,992	-
	12,416,992	20,814,000

The unsecured bankers' acceptances are subject to interest at rates ranging from 4.31% to 4.79% (31.10.2007 : 3.55% to 3.92%) per annum while the unsecured terms loans bear interest at rates ranging from 9.00% to 9.25% per annum.

BA2 has been overdue and during the financial period, the Group has submitted its proposal to the affected bank for conversion into term loans. As at the date of this report, the approval is still pending from the affected bank.

Terms and repayment schedule

	Year of maturity	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
31.12.2008					
Unsecured bankers' acceptances	2009	11,017,000	11,017,000	-	-
Unsecured term loans	2010 - 2013	6,179,004	1,399,992	4,028,984	750,028
31.10.2007					
Unsecured bankers' acceptances	2008	20,814,000	20,814,000	-	-

17. REVENUE

	14 months ended 31.12.2008 RM	Group 12 months ended 31.10.2007 RM	14 months ended 31.12.2008 RM	Company 12 months ended 31.10.2007 RM
Interest income	230,272	417,925	1,630	40,249
Sale of gold jewellery and ornaments and workmanship charges	51,968,820	191,135,481	-	-
	52,199,092	191,553,406	1,630	40,249

Notes to the Financial Statements (cont'd)

18. OPERATING LOSS/LOSS BEFORE TAX

	Group		Company	
	14 months ended	12 months ended	14 months ended	12 months ended
	31.12.2008	31.10.2007	31.12.2008	31.10.2007
	RM	RM	RM	RM
Operating loss/Loss before tax is arrived at after charging:				
Allowance for doubtful debts	3,500,000	9,497,688	-	-
Auditors' remuneration				
- Statutory audit				
• KPMG				
- current year	44,000	44,000	16,000	16,000
- prior year	-	7,500	-	2,000
• Other auditors	16,230	13,698	-	-
- Other services by				
• KPMG	5,400	10,920	3,000	3,150
• Affiliates of KPMG	11,000	79,584	5,500	74,859
Bad debts written off	91,416	-	-	-
Depreciation on property, plant and equipment (Note 3)	2,458,023	1,972,001	309	22
Amortisation of prepaid lease payments (Note 4)	60,667	52,000	-	-
Depreciation on investment properties (Note 5)	12,797	10,970	-	-
Finance costs (Note 21)	2,224,073	1,266,061	-	-
Impairment loss on investment in a subsidiary (Note 6)	-	-	19,000,000	-
Rental expense - machinery	23,400	46,800	-	-
- buildings	300,699	179,925	-	-
Loss on foreign exchange				
- realised	303,894	304,107	-	-
Loss on hedging	228,280	-	-	-
Loss on disposal of property, plant and equipment	-	163,417	-	-
Plant and machinery written off	6,326	25,217	-	-
Personnel expenses (including key management personnel)				
- Contributions to Employees Provident Fund	328,394	497,474	25,440	-
- Wages, salaries and others	5,180,419	5,603,200	212,826	20,800
- Termination benefits	727,706	-	-	-
Write down of inventories	-	1,536,201	-	-
and crediting:				
Gain on disposal of property, plant and equipment	204,631	-	-	-
Gain on foreign exchange				
- unrealised	226,842	290,897	-	-
Interest income	281,916	699,025	1,630	40,249
Reversal of impairment loss on property, plant and equipment	355,972	-	-	-

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Directors of the Company				
- Fees	195,500	144,666	195,500	143,466
- Remuneration	706,600	1,223,500	212,000	20,000
- Other short term employee benefits	85,928	143,974	26,266	-
	988,028	1,512,140	433,766	163,466
Other Directors				
- Fees	39,667	37,840	-	-
- Remuneration	645,843	567,313	-	-
- Other short term employee benefits	46,952	41,195	-	-
	1,720,490	2,158,488	433,766	163,466

20. 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 ESOS, 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 :

	31.12.2008		31.10.2007	
	Weighted average exercise price RM	Number of options ('000)	Weighted average exercise price RM	Number of options ('000)
Outstanding at 1 November	1.94	1,153,500	1.76	1,703,900
Lapsed during the period	2.21	(793,600)	1.72	(139,800)
Exercised during the period	1.34	(359,900)	1.29	(410,600)
Outstanding at 31 December 2008/31 October 2007		-		1,153,500
Exercisable at 31 December 2008/ 31 October 2007		-		1,153,500

During the period, 359,000 share options were exercised (12 months ended 31.10.2007: 410,600). The weighted average share price for the period was RM1.92 (12 months ended 31.10.2007: RM2.13).

Notes to the Financial Statements (cont'd)

21. FINANCE COSTS - GROUP

	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Interest paid:		
Term loans	169,367	-
Bankers' acceptances	1,218,674	518,708
Gold loan interest	606,905	576,465
Standby letters of credit	167,769	145,585
Advances from Directors	61,358	25,303
	2,224,073	1,266,061

22. TAX EXPENSE

Recognised in the income statement

	Group		Company	
	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Current tax expense				
- Current period	86,759	-	-	-
- Prior year	-	(22,498)	-	-
Total current tax	86,759	(22,498)	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	-	(1,057,823)	-	-
- Prior year	-	(39,000)	-	-
Total deferred tax (Note 13)	-	(1,096,823)	-	-
Total tax expense	86,759	(1,119,321)	-	-

Reconciliation of effective tax expense

	Group		Company	
	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Loss for the period/year	(13,291,781)	(17,934,290)	(684,779)	(352,544)
Total tax expense	86,759	(1,119,321)	-	-
Loss excluding tax	(13,205,022)	(19,053,611)	(684,779)	(352,544)

22. TAX EXPENSE (cont'd)

	Group		Company	
	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM	14 months ended 31.12.2008 RM	12 months ended 31.10.2007 RM
Tax at Malaysian tax rate				
- 20% *	(201,263)	(384,132)	-	-
- 26% (2007: 27%)	(3,171,679)	(5,212,719)	(178,043)	(95,187)
Effect of different tax rate in foreign jurisdictions	(73,979)	286,822	-	-
Effect of change in tax rate **	227,082	(159,661)	-	-
Non-taxable income	(292,024)	(66,093)	-	-
Non-deductible expenses	670,760	538,878	-	-
Tax incentives	-	(867,061)	-	-
Deferred tax assets not recognised	2,769,539	4,786,503	-	-
Losses not allowable for set-off	178,043	(14,190)	178,043	95,187
Other items	(19,720)	33,830	-	-
Overprovision in prior year	-	(61,498)	-	-
Tax expense	86,759	(1,119,321)	-	-

* With effect from year of assessment 2004, companies with paid-up capital at RM2.5 million and below at the beginning of the basic period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

** The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

23. LOSS PER ORDINARY SHARE - GROUP**Basic loss per ordinary share**

The calculation of basic loss per ordinary share is based on the net loss attributable to ordinary shareholders of RM13,337,298 (12 months ended 31.10.2007: RM17,934,290) and on the weighted average number of ordinary shares outstanding during the period of 43,026,552 (12 months ended 31.10.2007: 42,674,877) calculated as follows:

	14 months ended 31.12.2008	12 months ended 31.10.2007
Issued ordinary shares at beginning of period/year	42,704,900	42,294,300
Effect of shares issued	321,652	380,577
Weighted average number of ordinary shares	43,026,552	42,674,877

Diluted loss per ordinary share

No diluted loss per ordinary share is computed for the financial period under review as all the existing share options of the Company have lapsed on 10 November 2008 while no diluted loss per ordinary share is computed for the last financial year as the potential ordinary shares are anti dilutive in nature.

Notes to the Financial Statements (cont'd)

24. 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	United Kingdom RM	Malaysia RM	Consolidated RM
31.12.2008					
Revenue from external customers by location of customers	23,854,845	20,198,989	5,267,632	2,877,626	52,199,092
Segment assets by location of assets	-	32,151,969	-	27,818,146	59,970,115
Capital expenditure by location of assets	-	935,235	-	125,810	1,061,045
31.10.2007					
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

25. 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 entities.

Transactions with key management personnel**Key management personnel compensation**

Key management personnel compensation is disclosed in Note 19.

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 for the		Balance outstanding as at	
		period ended 31.12.2008 RM	year ended 31.10.2007 RM	31.12.2008 RM	31.10.2007 RM
Chin Kok On					
Rental of premises	25.1	100,800	76,032	-	-
Chin Kok On					
Rental of premises	25.2	14,527	13,478	-	-
Chin Kok On and Chin Poh On					
Advances to a subsidiary	25.3	-	6,570,000	-	5,570,000
Chin Kok On and Chin Poh On					
Interest on advances to a subsidiary	25.3	61,358	25,303	-	25,303

25.1 A subsidiary entered into a 2 year tenancy agreement with Rich Capital Group Holding Limited of which Mr Chin Kok On has substantial financial interest. Rental was charged based on normal market rates and were due and payable under normal payment terms.

25.2 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. The tenancy was terminated during the financial period.

25.3 In previous year, Mr Chin Kok On and Mr Chin Poh On had 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. The advances were fully repaid during the financial period.

The Directors of 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)

26. CAPITAL COMMITMENT - GROUP

	31.12.2008 RM	31.10.2007 RM
Property, plant and equipment		
Contracted but not provided for	-	210,000

27. 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 RM51.5 million (31.10.2007 : RM63.7 million). As at balance sheet date, RM29.0 million (31.10.2007 : RM54.2 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.

28. 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	
	31.12.2008 RM	31.10.2007 RM	31.12.2008 RM	31.10.2007 RM
Amount due from subsidiaries	-	-	28,080,162	25,999,743
Trade receivables (net of allowance)				
- The Royal Mint of Malaysia Sdn. Bhd.	6,439,435	9,439,435	-	-
- Abdurrag Atoumi Muhamed Mgodow	1,981,606	1,855,383	-	-
	8,421,041	11,294,818	28,080,162	25,999,743

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.

28. 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 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.

Group	Average effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM
31.12.2008				
Financial assets				
Deposits placed with gold bullion traders	2.35	7,273,080	7,273,080	-
Short term investments with financial institutions	3.02	24,711	24,711	-
Financial liabilities				
Trade payables	3.97	11,765,704	11,765,704	-
Unsecured term loans	9.16	6,179,004	6,179,004	-
Unsecured bankers' acceptances	4.20	11,017,000	11,017,000	-
31.10.2007				
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 liabilities				
Trade payables	2.18	32,204,499	32,204,499	-
Unsecured bankers' acceptances	4.50	20,814,000	20,814,000	-
Company				
2008				
Financial asset				
Short term investments with financial institutions	3.02	24,711	24,711	-
2007				
Financial asset				
Short term investments with financial institutions	2.96	16,505	16,505	-

Notes to the Financial Statements (cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

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 27(i) due to the uncertainties of timing, costs and eventual outcome.

29. CHANGE IN FINANCIAL YEAR END

The Company changed its financial year end from 31 October to 31 December to coincide with the financial year end of one of its major subsidiaries, Yikoni Gold (Shen Zhen) Co.Ltd which has operations in the People's Republic of China. The comparatives for the Income Statements, Statements of Changes in Equity and Cash Flow Statements as well as the comparatives in the notes to the financial statements relating to the Income Statements for previous twelve months ended 31 October 2007 are hence not comparable to that for the current fourteen months ended 31 December 2008.

30. SIGNIFICANT EVENT DURING THE PERIOD

During the financial period, two of the wholly-owned subsidiaries of the Company, Yikon Jewellery Industry Sdn Bhd and Yikoni Gold Sdn Bhd, scaled down their operations in Malaysia and are relocating their manufacturing operations to the People's Republic of China.

31. SUBSEQUENT EVENTS

Subsequent to balance sheet date,

- (i) the Group has accepted an offer from a third party to sell its factory land and building with carrying amount of RM9.5 million for a cash consideration of RM10.5 million. At the date of this report, the Group is still in the process of entering into a conditional Sale and Purchase Agreement with the buyer. The Sale and Purchase Agreement is anticipated to be signed in May 2009.
- (ii) the Company has started the drawdown of term loan financing amounting to RM4 million from a local bank.

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 30 to 70 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the period ended on that date.

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

.....
Chin Kok On

.....
Tan Sek Yin

Penang,

Date: 22 April 2009

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 30 to 70 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 22 April 2009

.....
Chin Kok On

Before me:

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

Independent Auditors' Report to the members of Yikon Corporation Bhd

Report on the Financial Statements

We have audited the financial statements of Yikon Corporation Bhd, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 70.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the period then ended.

Independent Auditors' Report to the members of Yikon Corporation Bhd (cont'd)

annual
report
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YIKON CORPORATION BHD

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Penang,

Date: 22 April 2009

Ng Swee Weng
1414/03/10 (J/PH)
Chartered Accountant

List of Properties

Details of the landed properties of the Group as at 31 December 2008 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 and office building annexed to a 3 storey factory building/ Vacant	66,447/ 57,546	15 and 5	Leasehold for 60 years expiring on 31.10.2053	8,359	(20.10.2000)
No. 122-4-1, 4th Floor, The Penang Gold and Jewellery Exchange Centre, Jalan Sungai, 10150 Penang.	A flatted factory unit/ Vacant	1,500	13	Freehold	313	(20.10.2000)
No. 9, Lorong Kekabu 1, 11960 Pulau Pinang.	Double Storey Semi Detached House/ Vacant	3,423/ 1,748	7	Freehold	414	18.10.2001
No. 11, Lorong Kekabu, 11960 Pulau Pinang.	Double Storey Semi Detached House/ Rented Out	5,048/ 1,748	7	Freehold	501	18.10.2001
No. 2, Jalan Kekabu, 11960 Pulau Pinang.	Double Storey Semi Detached House/ Vacant	2,648/ 1,748	7	Freehold	361	18.10.2001
No. 1, Lorong Kekabu, 11960 Pulau Pinang.	Double Storey Semi Detached House/ Vacant	3,197/ 1,748	7	Freehold	402	18.10.2001

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 Ninth 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, 28 May 2009 at 3 p.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		

(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)

Signed this day of May, 2009.

No. of Ordinary Shares Held

.....
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

Suite 1, 8th Floor, Wing A, Northam Tower, No. 57, Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia
Tel: 604 229 8108 Fax: 604 229 5108 E-mail: info@yikon.com.my

www.yikon.com.my