



YIKON
CORPORATION BHD
(527272-V)



ANNUAL REPORT 2009

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Notice of Tenth Annual General Meeting



NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at East 'N' West Hall, Level 2, The Northam All Suite Hotel Penang, No. 55 Jalan Sultan Ahmad Shah, 10050 Penang on Wednesday, 26 May 2010 at 2:00 p.m. for the following purposes:-

AGENDA

- | | | |
|-----|--|-----------------------|
| 1. | To receive the Audited Financial Statements for the year ended 31 December 2009 and Reports of the Directors and Auditors thereon. | |
| 2a. | To re-elect En Haniff Bin Dato' Mahmood who retire pursuant to Article 133 of the Company's Articles of Association. | Ordinary Resolution 1 |
| 2b. | To re-elect Mr Ng Chin Nam who retire pursuant to Article 138 of the Company's Articles of Association. | Ordinary Resolution 2 |
| 3. | To approve Directors' fees for the year ended 31 December 2009. | Ordinary Resolution 3 |
| 4. | As Special Business | |

To consider, and if thought fit, to pass the following Resolutions:-

a) **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 ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM 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 4

b) **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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

Special Resolution 1

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, 30 April 2010.



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. Dato' Noor Ahmad Mokhtar Bin Haniff who retires pursuant to Section 129 of the Companies Act, 1965, has notified the Company that he does not wish to seek for re-appointment and accordingly will retire at the conclusion of the Tenth AGM.

Explanatory Notes on Special Business:

1. The Ordinary Resolution 4, if passed, will give authority to the Board of Directors to issued 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 AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 28 May 2009 and which will lapse at the conclusion of the Tenth AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

2. The Special Resolution 1, if passed, will amend the Articles of Association of the Company to comply with the provisions of the Listing Requirements which come into effect on 3 August 2009 and any subsequent amendments thereof.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Bursa Securities Main Market Listing Requirements)

1. No individual is seeking election as a Director at the forthcoming Tenth AGM of the Company.

**SPECIAL RESOLUTION 1
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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

Article No.	Existing Articles	Proposed Articles
172	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through post direct to the registered address of the holder or to such person and to such address as the holder may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through post direct to the registered address of the holder or to such person and to such address as the holder may in writing direct or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment . Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.
182	A printed copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before a General Meeting of the Company together with a copy of the Auditors' Report, relating thereto and of the Directors' Report shall not less than twenty-one (21) days before the date of the meeting be sent to every member of, and every holder of debenture of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these presents PROVIDED that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware. Any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the registered office. The requisite copies of each such document shall at the same time be forwarded to each Stock Exchange upon which the Company is listed. The Directors shall file with the Exchange for public release, a quarterly report which is on a consolidated basis, where applicable, as soon as the figures are available, and in any event not later than two (2) months after the end of each quarter of the financial year, comprising of the balance sheet, income statement and explanatory notes.	A copy of every balance sheet and income statement (including every document required by law to be annexed thereto) which is to be laid before a General Meeting of the Company together with a copy of the Auditors' Report relating thereto and of the Directors report, either in printed form or in compact disc read-only memory ("CD-ROM") form or in such other form of electronic media , shall not less than twenty-one (21) days before the date of the meeting be sent to every Member of, and to every holder debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these presents PROVIDED that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware. Any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application to the Office. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send documents to the Member within four (4) Market Days (or such other period as may be prescribed by the Exchange) from the date of receipt of the Member's request. The requisite copies of each such document shall at the same time be forwarded to each Stock Exchange upon which the Company is listed. The Directors shall file with the Exchange for public release, a quarterly report which is on a consolidated basis, where applicable, as soon as the figures are available, and in any event not later than two (2) months after the end of each quarter of the financial year, comprising of the balance sheet, income statement and explanatory notes.



BOARD OF DIRECTORS

Dato' Noor Ahmad Mokhtar Bin Haniff

(Chairman / Independent Non-Executive Director)

Dato' Tan Sek Yin

(Chief Executive Officer)

Haniff Bin Dato' Mahmood

(Executive Director)

Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin

(Independent Non-Executive Director)

Patrick Cheng Ther Wee

(Non-Independent Non-Executive Director, appointed on 27-02-09)

Ng Chin Nam

(Independent Non-Executive Director, appointed on 12-06-09)

AUDIT COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff - Chairman
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin
Ng Chin Nam

NOMINATING COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff – Chairman
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin
Ng Chin Nam

REMUNERATION COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff – Chairman
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin
Ng Chin Nam

REGISTERED OFFICE

Suite 2-1, 2nd Floor, Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 04-2294390
Facsimile No. : 04-2265860
E-mail : mcsvpg@boardroomlimited.com

SHARE REGISTRAR

AGRITEUM Share Registration Services Sdn. Bhd. (578473-T)
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 04-2282321
Facsimile No. : 04-2272391

COMPANY SECRETARY

Lam Voon Kean (MIA 4793)

AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants
22 Jalan Sambanthan 3
50470 Kuala Lumpur, 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")
Main Market
Stock Code : 7139
Stock Name : YIKON



DATO' NOOR AHMAD MOKHTAR BIN HANIFF

Malaysian, aged 70

Dato' Noor Ahmad Mokhtar Bin Haniff is the Chairman of Audit Committee, Nominating Committee and Remuneration Committee. 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 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 six (6) Board Meetings held during the financial year ended 31 December 2009.

DATO' TAN SEK YIN

Singaporean, aged 53

Dato' Tan Sek Yin, David was appointed to the Board as an Independent Non-Executive Director on 1 December 2007 and re-designated to the position of Executive Director and Chief Executive Director on 3 May 2008 and 28 May 2009 respectively. 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.

Dato' 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, Dato' Tan was also appointed a Director in Jurong Cement Ltd, a cement manufacturing plant based in Singapore.

In addition to the cement industry, Dato' 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. Dato' Tan is also appointed to the Board of Trustee of Yayasan Sultan Idris Shah, since 1991 and placing importance to the needs of the clients at the main centre Persatuan Pemulihan Sultan Azlan Shah and also the needs of administrative equipments at the centre.

Currently, Dato' Tan is also a Non-Independent Director in Global Gold Holdings Limited, a Company listed in the Australia Stock Exchange. He also sits on the Board of several private limited companies.

Dato' Tan has attended all six (6) Board Meetings held during the financial year ended 31 December 2009.



HANIFF BIN DATO' MAHMOOD

Malaysian, aged 48

En 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 attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2009.

Y.M. TUNKU MOHAMED ALAUDDIN TUNKU NAQUIYUDDIN

Malaysian, aged 32

Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin is a member of Audit Committee, Nominating Committee and Remuneration Committee. 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 attended four (4) out of six (6) Board Meetings held during the financial year ended 31 December 2009.



PATRICK CHENG THER WEE

Malaysian, aged 51

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 with PM Securities Sdn Bhd 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.

Mr Cheng has attended all four (4) Board Meetings held during the financial year ended 31 December 2009.

NG CHIN NAM

Malaysian, aged 39

Mr Ng Chin Nam is a member of Audit Committee, Nominating Committee and Remuneration Committee. Mr Ng Chin Nam was appointed as Independent Non-Executive Director on 12 June 2009. He has over 18 years of experiences in the field of accounting, auditing, taxation and corporate finance. He started his career in the commercial sector in 1992. After obtaining his professional qualification in Chartered Institute of Management Accountants (CIMA), he joined an international accounting firm in 1997 and was promoted as assistant audit manager. He left the auditing sector in year 2000 and held the position of finance manager in a public listed company until year 2005.

Mr Ng is currently leading the Finance, Human Resources and Management Information System department of a public listed company. He was also appointed as Independent Non-Executive Director of SMPC Corporation Berhad and Luster Industries Berhad and is still currently holding the position.

Mr Ng has attended all two (2) Board Meetings held during the financial year ended 31 December 2009.

Notes:

1. None of the Directors has any family relationship with other Directors or substantial shareholders 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 32.
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 financial year ended 31 December 2009.

Financial Performance

The Group recorded a turnover of RM14.5 million in the current 12 months financial period which is a decline of 72.2% as compared to the previous 14 months financial year. The drop is due mainly to the shut down of one of its subsidiary factory operations in Penang, Malaysia, in May 2008 and also the shut down of the one of its subsidiary factory operations in ShenZhen, China, in March 2009.

Loss before tax for the 12 months period ended 31 December 2009 was RM7.79 million, a reduction of 41.2% as compared to the RM13.25 million loss in the previous financial year. The losses incurred in the current period included loss arising from disposal of investment in an associated company, namely Fu An Jewellery Sdn Bhd which amounted RM16,811 and hedging loss of RM2.7 million in an overseas subsidiary, namely Yikon (HK) Limited. Loss for the financial period was cushioned by gain on disposal of property, plant and equipment amounted to RM1.47 million in one of its subsidiary company in Malaysia, namely Yikon Jewellery Industry Sdn Bhd.

Operations Review

During the period under review, consequence to the Group's objective to focus on the retailing operations in China, the Group disposed of the property, plant and machinery of its wholly-owned subsidiary, particularly Yikon Jewellery Industry Sdn Bhd (YJI) which ceased its manufacturing operations in May 2008.

The Group also ceased the non-performing manufacturing segment in China in March 2009. In August 2009, the Group disposed of its 45% equity interest in Fu An Jewellery Sdn Bhd due to the non-performance of the joint venture company.

As at the end of year 2009, the Group has 16 outlets in China. Some of the non-performing outlets were relocated during the year. The Group planned to further improve on its China presence by further strengthening the Yikon brand in the China market.

Prospects

The jewellery industry in China is foreseen to offer good growth prospects. Retail sale in China is expected to improve as the Group's retail brand are gaining acceptance with the intensified brand building effort taken. However, the Group's performance will be largely dependant on the stability of the global gold price and the resulting consumer sentiment.

Appreciation

I would like to thank the previous member of the Board, namely Mr Chin Kok On who retired during the year for his contribution as member of the Board.

I would also like to express my sincere appreciation to the management team and the ex-employees of the Yikon Group in Hong Kong 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 the support of the Board members in facing the challenges ahead.

Dato' Noor Ahmad Mokhtar Bin Haniff

Chairman

20 April 2010





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 practises 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 financial year ended 31 December 2009.

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 Chief Executive Officer. The Chief Executive Officer is responsible for the group's business operation, organizational effectiveness and the implementation of Board policies and decision-making process of the Board. The Independent Non-Executive Directors contribute by the exercise of independent judgment and objective participation in the proceedings and decision-making process of the Board.

The Board presently comprises of six (6) members, of whom two (2) are Executive Directors and three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The ratio of Independent Directors throughout the financial year is in accordance with the paragraph 15.02 of the Bursa Securities Main Market Listing Requirements ("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 financial year ended 31 December 2009, the Board held six (6) 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	Jan-09	Feb-09	Apr-09	May-09	Aug-09	Nov-09
Dato' Noor Ahmad Mokhtar Bin Haniff	✓	✓	✓	✓	✓	✓
Dato' Tan Sek Yin	✓	✓	✓	✓	✓	✓
Haniff Bin Dato' Mahmood	✓	✓	-	✓	✓	✓
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	-	✓	✓	✓	✓	-
Patrick Cheng Ther Wee (Appointed on 27-02-09)	N/A	N/A	✓	✓	✓	✓
Ng Chin Nam (Appointed on 12-06-09)	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	Member	Independent Non-Executive Director
Ng Chin Nam (Appointed on 12-06-09)	Member	Independent Non-Executive Director

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

The Nominating Committee assists the Board on the following functions:

1. Consider candidates and recommends to the Board candidates for Directorships. In 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 24 February 2010, the Nominating Committee evaluated and was satisfied with the current Board performance.

During the financial year ended 31 December 2009, the Nominating Committee met once (1) and attended by all its members.



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 28 May 2009, Mr Chin Kok On retired.

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 28 May 2009, Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin and Mr Patrick Cheng Ther Wee retired in accordance with this section and were re-elected to the Board.

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

Remuneration Committee

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

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

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	Member	Independent Non-Executive Director
Ng Chin Nam (Appointed on 12-06-09)	Member	Independent Non-Executive Director

The Remuneration Committee shall hold at least one meeting per year. During the financial year ended 31 December 2009, the Remuneration Committee met once (1) and attended by all its members.

Details of the Directors' remuneration including those Directors who resigned during the period are as follows:

Category	Fees	Allowance	Salaries	EPF	Socso	Total
Executive Directors	43,307	31,177	365,200	47,468	1,240	488,392
Non-Executive Directors	113,319	10,000	-	-	-	123,319
Total	156,626	41,177	365,200	47,468	1,240	611,711



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	-	5
50,001 – 100,000	1	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	-	-

Directors' Training

As of the date of this statement, all the Directors have duly complied with the Listing Requirements in relation to the Mandatory Accreditation Programme. Subsequent to the repeal of the CEP programme in 2005 and the inception of the new requirement that the Board identifies and determines the training needs of its members, the Directors 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 included topics on best practices of boardroom affair, ISO 9001:2008 Awareness and FRS Update 2009. 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.

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 year and the results and cash flows of the Company and Group for the financial year. In preparing the financial statements, the Directors have ensured that all the applicable approved accounting standards in Malaysia and the provision of the Companies Act, 1965 have been applied consistently. In addition, reasonable, prudent judgements and estimates are adopted by the Directors in the financial statements reporting.

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

State of Internal Control

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

The Internal Control Statement furnish on pages 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 it business operation without neglects the importance of safety, health and environment as well as community responsibilities.

The Group's subsidiary while operating in the overseas market has also contributed to their local social welfare program such as contribution to the fund for the disable.

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.
- The Audit Committee meet once with the External Auditors in the absence of the Executive Directors and management staff.

This statement is issued in accordance with a resolution of the Directors dated 20 April 2010.



Members

The committee consisted of three (3) members of which all of them are Independent Directors. A member of the Malaysian Institute of Accountants. The Chairman is an Independent Director. No alternate Director has been appointed as member. A meeting was held on 24 February 2010 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	Member	Independent Non-Executive Director
Ng Chin Nam (Appointed on 12-06-09)	Member	Independent Non-Executive Director

Activities of the Audit Committee

Meetings

Five (5) meetings were convened by the Audit Committee during the financial year ended 31 December 2009. 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	Feb-09	Apr-09	May-09	Aug-09	Nov-09
Dato' Noor Ahmad Mokhtar Bin Haniff	✓	✓	✓	✓	✓
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	✓	✓	✓	✓	-
Ng Chin Nam (Appointed on 12-06-09)	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 15.16 of the 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.



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

The Company did not enter into any share buybacks transaction and has not issued any options, warrants or convertible securities during the financial year.

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

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

3. Sanctions and/or Penalties

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

4. Non-Audit Fees

During the financial year ended 31 December 2009, there was no amount payable to the external auditors for non-audit services rendered.

5. Profit Estimate, Forecast, Projection or Unaudited Results

There was no significant variance between the results for the financial year ended 31 December 2009 and the unaudited results previously announced.

6. Profit Guarantee

During the financial year ended 31 December 2009, 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.

9. eDividend (Electronic Dividend)

The Company will be providing eDividend – a service which enables the Company to electronically pay the shareholders' dividend entitlements directly into their accounts instead of making payment via bank cheques. Shareholders are given a grace period of one (1) year from 19 April 2010 until 18 April 2011 to provide their bank account information to their Authorised Depository Agent (ADA) in order to benefit from the advantages of eDividend.

10. Utilisation of Proceeds

The proceeds from the disposal of land and building announced on 6 May 2009 has been fully utilised and as disclosed in the Company's Quarterly Report for the period ended 30 September 2009.



Pursuant to Paragraph 15.26(b) of 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 financial year ended 31 December 2009, 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.

Pursuant to paragraph 15.23 of the Listing Requirements, the external auditor has reviewed this statement for inclusion in the Annual Report for the financial year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

The total costs incurred in managing the internal audit function for the financial year ended 31 December 2009 were approximately RM17,515/-.

This statement is issued in accordance with a resolution of the Directors dated 20 April 2010.

Analysis of Shareholdings as at 31 March 2010



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 31 March 2010

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	668	65.68	260,700	0.60
1,001 - 10,000	211	20.75	883,100	2.05
10,001 - 100,000	86	8.46	2,922,765	6.79
100,001 - 2,153,239	47	4.62	20,465,135	47.52
2,153,240 - 43,064,800	3	0.29	18,533,000	43.04
TOTAL	1,017	100.00	43,064,800	100.00

DIRECTORS' SHAREHOLDINGS - AS AT 31 MARCH 2010

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1	Dato' Noor Ahmad Mokhtar Bin Haniff	-	-	-	-
2	Dato' Tan Sek Yin	390,000	0.91	960,000	2.23
3	Haniff Bin Dato' Mahmood	-	-	-	-
4	Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	-	-	-	-
5	Patrick Cheng Ther Wee	-	-	-	-
6	Ng Chin Nam	-	-	-	-

SUBSTANTIAL SHAREHOLDERS - AS AT 31 MARCH 2010

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
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 31 MARCH 2010

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 (CCTS)	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 (CCTS)	663,100	1.54
11	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ENG YAN CHUN @ NG YAN CHAN (CCTS)	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	DATO' 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

Financial Statements



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The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net loss for the financial year	(7,228,238)	(4,839,773)
Attributable to:		
Equity holders of the Company	(7,228,238)	(4,839,773)
Minority interests	-	-
	<u>(7,228,238)</u>	<u>(4,839,773)</u>

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial period.

The Directors do not recommend the payment of any dividends in respect of the financial year ended 31st December 2009.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.



VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year, other than as disclosed in Note 33 to the financial statements.

No contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS

The Directors in office since the date of the last report are:-

Dato' Noor Ahmad Mokhtar Bin Haniff	- Chairman
Dato' Tan Sek Yin	
Haniff Bin Dato' Mahmood	
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	
Patrick Cheng Ther Wee	- appointed on 27.02.2009
Ng Chin Nam	- appointed on 12.06.2009
Chin Kok On	- retired on 28.05.2009



DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those Directors who held office at the end of the financial year in shares in the Company during the financial year ended 31st December 2009 are as follows:-

	Number of ordinary shares of RM1/- each			
	At 1.1.2009	Additions	Disposals	At 31.12.2009
The Company				
Direct interest				
Dato' Tan Sek Yin	390,000	-	-	390,000
Indirect interest				
Dato' Tan Sek Yin	960,000	-	-	960,000

By virtue of the interest in shares of the Company, Dato' Tan Sek Yin is also deemed interested in shares of all the subsidiaries to the extent that the Company has an interest.

Other than as disclosed as above, none of the other Directors in office at the end of the financial year had any interest in shares and options over shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

.....
DATO' TAN SEK YIN
Director

.....
HANIFF BIN DATO' MAHMOOD
Director

Penang

Date: 20 April 2010

Balance Sheets

as at 31st December 2009



	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	1,376,589	3,710,497	2,049	2,314
Prepaid lease payments	5	-	-	-	-
Investment properties	6	-	-	-	-
Investment in subsidiaries	7	-	-	4,804	3,403,424
Investment in an associate	8	-	830,186	-	1,125,000
Amount due from subsidiaries	9	-	-	28,080,162	28,080,162
Total non-current assets		1,376,589	4,540,683	28,087,015	32,610,900
Current assets					
Inventories	10	22,139,380	22,540,704	-	-
Trade receivables	11	6,607,907	9,060,977	-	-
Other receivables, deposits and prepayments	12	3,021,292	9,007,858	28,527	25,035
Amount owing by an associate	13	-	1,132,197	-	-
Tax recoverable		240,080	237,885	4,250	2,055
Cash and cash equivalents	14	3,362,931	2,108,163	123,759	27,122
		35,371,590	44,087,784	156,536	54,212
Assets of disposal group classified as held for sale	15	1,503,253	11,579,533	-	-
Total current assets		36,874,843	55,667,317	156,536	54,212
TOTAL ASSETS		38,251,432	60,208,000	28,243,551	32,665,112
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	16	43,064,800	43,064,800	43,064,800	43,064,800
Reserves	17	6,508,823	7,044,424	5,959,521	5,959,521
Accumulated losses		(34,462,469)	(27,234,231)	(23,723,761)	(18,883,988)
Total equity		15,111,154	22,874,993	25,300,560	30,140,333
Non-current liabilities					
Deferred tax liabilities	18	-	586,724	-	-
Amount due to subsidiaries	19	-	-	474,143	2,232,506
Long term borrowings	20	9,981,141	4,779,012	1,331,121	-
Total non-current liabilities		9,981,141	5,365,736	1,805,264	2,232,506
Current liabilities					
Trade payables	21	4,786,444	11,805,637	-	-
Other payables, deposits and accruals	22	4,088,356	7,744,642	232,382	292,273
Short term borrowings	23	4,284,337	12,416,992	905,345	-
Total current liabilities		13,159,137	31,967,271	1,137,727	292,273
Total liabilities		23,140,278	37,333,007	2,942,991	2,524,779
TOTAL EQUITY AND LIABILITIES		38,251,432	60,208,000	28,243,551	32,665,112

The accompanying notes form an integral part of these financial statements.

Income Statements

for the financial year ended 31st December 2009



	Note	Group		Company	
		01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
REVENUE	24	14,542,726	52,199,092	512	1,630
Cost of sales		(12,999,615)	(51,384,892)	-	-
GROSS PROFIT		1,543,111	814,200	512	1,630
Other operating income		1,783,585	2,942,522	-	-
Administrative expenses		(6,421,981)	(9,503,785)	(1,213,425)	(720,909)
Other operating expenses		(2,778,074)	(4,984,589)	(3,398,620)	(19,000,000)
OPERATING LOSS	25	(5,873,359)	(10,731,652)	(4,611,533)	(19,719,279)
Finance costs	28	(1,919,881)	(2,224,073)	(230,435)	-
Share of result of an associate		-	(294,814)	-	-
LOSS BEFORE TAXATION		(7,793,240)	(13,250,539)	(4,841,968)	(19,719,279)
Taxation	29	565,002	(86,759)	2,195	-
NET LOSS FOR THE FINANCIAL YEAR/PERIOD		(7,228,238)	(13,337,298)	(4,839,773)	(19,719,279)
Attributable to:					
Equity holders of the Company		(7,228,238)	(13,337,298)	(4,839,773)	(19,719,279)
Minority interest		-	-	-	-
		(7,228,238)	(13,337,298)	(4,839,773)	(19,719,279)
Loss per share attributable to equity holders of the Company (sen)	30				
- basic		(17.00)	(31.00)		
- diluted		(17.00)	(31.00)		

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity
for the financial year ended 31st December 2009

	Attributable to equity holders of the Company				Total RM	Minority Interest RM	Total RM
	Share Capital RM	Share Premium RM	Exchange Fluctuation Reserves RM	Accumulated Losses RM			
Group							
At 1st November 2007	42,704,900	5,837,367	(1,513,253)	(13,896,933)	33,132,081	-	33,132,081
Net loss for the financial period	-	-	-	(13,337,298)	(13,337,298)	-	(13,337,298)
Issue of ordinary shares pursuant to exercise of ESOS (Note 27)	359,900	122,154	-	-	482,054	-	482,054
Exchange differences on translation of foreign entities	-	-	2,598,156	-	2,598,156	-	2,598,156
At 31st December 2008	43,064,800	5,959,521	1,084,903	(27,234,231)	22,874,993	-	22,874,993
Net loss for the financial year	-	-	-	(7,228,238)	(7,228,238)	-	(7,228,238)
Exchange differences on translation of foreign entities	-	-	(535,601)	-	(535,601)	-	(535,601)
At 31st December 2009	43,064,800	5,959,521	549,302	(34,462,469)	15,111,154	-	15,111,154



Statements of Changes in Equity

for the financial year ended 31st December 2009 (cont'd)



	Share Capital RM	Share Premium RM	Retained Earnings/ (Accumulated Losses) RM	Total RM
Company				
At 1st November 2007	42,704,900	5,837,367	835,291	49,377,558
Net loss for the financial period	-	-	(19,719,279)	(19,719,279)
Issue of ordinary shares pursuant to exercise of ESOS (Note 27)	359,900	122,154	-	482,054
At 31st December 2008	43,064,800	5,959,521	(18,883,988)	30,140,333
Net loss for the financial year	-	-	(4,839,773)	(4,839,773)
At 31st December 2009	43,064,800	5,959,521	(23,723,761)	25,300,560

The accompanying notes form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 31st December 2009



	Group		Company	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss before taxation from continuing operations	(7,793,240)	(13,250,539)	(4,841,968)	(19,719,279)
Adjustments for:				
Allowance for doubtful debts no longer required	(43,311)	-	-	-
Amortisation of prepaid lease payments	-	60,667	-	-
Depreciation of property, plant and equipment	864,145	2,458,023	265	309
Depreciation of investment property	-	12,797	-	-
Gain on disposal of assets held for sale	(1,476,477)	-	-	-
Gain on disposal of property, plant and equipment	-	(204,331)	-	-
Impairment loss on investment in a subsidiary	-	-	3,398,620	19,000,000
Interest expense	1,919,881	2,224,073	230,435	-
Interest income	(70,654)	(281,916)	(512)	(1,630)
Loss on disposal of an associate	16,811	-	311,625	-
Loss on disposal of property, plant and equipment	159,401	-	-	-
Property, plant and equipment written off	431,560	6,326	-	-
Reversal of impairment losses	-	(355,972)	-	-
Share of net results of an associate	-	294,814	-	-
	(5,991,884)	(9,036,058)	(901,535)	(720,600)
Changes In Working Capital:				
Inventories	401,324	5,147,861	-	-
Receivables	9,615,144	37,375,274	(3,492)	(6,372)
Payables	(10,675,479)	(24,693,727)	(59,891)	40,660
	(6,650,895)	8,793,350	(964,918)	(686,312)
Interest received	70,654	281,916	512	1,630
Interest paid	(1,919,881)	(2,224,073)	(230,435)	-
Tax paid	(23,917)	-	-	-
Tax refund	-	440,324	-	59,601
Net Operating Cash Flows	(8,524,039)	7,291,517	(1,194,841)	(625,081)

Cash Flow Statements

for the financial year ended 31st December 2009 (cont'd)



	Group		Company	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(608,728)	(1,061,045)	-	-
Proceeds from disposal of an associate	813,375	-	813,375	-
Proceeds from disposal of assets held for sale	11,927,690	-	-	-
Proceeds from disposal of property, plant and equipment	1,089,880	1,795,455	-	-
Advances from subsidiaries, net	-	-	(1,758,363)	152,087
Net Investing Cash Flows	13,222,217	734,410	(944,988)	152,087
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment to Directors	-	(5,595,303)	-	-
Bankers' acceptance, net	(11,017,000)	(9,797,000)	-	-
Proceed from issuance of shares	-	482,054	-	482,054
Drawdown of term loans	13,900,000	6,479,000	4,000,000	-
Repayment of term loans	(5,813,526)	(299,996)	(1,763,534)	-
Net Financing Cash Flows	(2,930,526)	(8,731,245)	2,236,466	482,054
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,767,652	(705,318)	96,637	9,060
Effect of exchange rate fluctuations on cash and cash equivalents	(512,884)	170,159	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	2,108,163	2,643,322	27,122	18,062
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	3,362,931	2,108,163	123,759	27,122
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Short term investments in cash fund with financial institutions	16,171	24,711	16,171	24,711
Cash and bank balances	3,346,760	2,083,452	107,588	2,411
	3,362,931	2,108,163	123,759	27,122

The accompanying notes form an integral part of these financial statements.



1. GENERAL INFORMATION

The principal activity of the Company during the financial year was that of investment holding. The principal activities of the subsidiaries and associate are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Suite 1, 8th Floor, Wing A, Northam Tower, No. 57, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 April 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported financial year. It also requires the Directors' best knowledge of current events and actions, and therefore actual results may differ.

The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int

There are no new and revised accounting standards, amendments/improvements to FRSs and IC Int that are effective and applicable for the Group's financial year ended 31st December 2009.



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

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")** (cont'd)

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early**

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

	Effective for financial periods beginning on or after
<u>New FRSs</u>	
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
<u>Revised FRSs</u>	
FRS 1 First Time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations	1 July 2010
FRS 101 Presentation of Financial Statements	1 January 2010
FRS 123 Borrowing costs	1 January 2010
FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2010
<u>Amendments/Improvements to FRSs</u>	
FRS 1 First Time Adoption of Financial Reporting Standards	1 January 2010 & 1 January 2011
FRS 2 Share-based Payment – Vesting Conditions and Cancellations	1 January & 1 July 2010
FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January & 1 July 2010
FRS 7 Financial Instruments: Disclosure	1 January 2010 & 1 January 2011
FRS 8 Operating Segments	1 January 2010
FRS 107 Statement of Cash Flows	1 January 2010
FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110 Events After the Reporting Period	1 January 2010
FRS 116 Property, Plant and Equipment	1 January 2010
FRS 117 Leases	1 January 2010
FRS 118 Revenue	1 January 2010
FRS 119 Employee Benefits	1 January 2010
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123 Borrowing Costs	1 January 2010
FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 128 Investment in Associates	1 January 2010
FRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131 Interests in Joint Venture	1 January 2010
FRS 132 Financial Instruments: Presentation	1 January & 1 March 2010
FRS 134 Interim Financial Reporting	1 January 2010
FRS 136 Impairment of Assets	1 January 2010
FRS 138 Intangible Assets	1 January & 1 July 2010
FRS 139 Financial Instruments : Recognition and Measurement	1 January 2010
FRS 140 Investment Property	1 January 2010



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

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")** (cont'd)

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early** (cont'd)

<u>IC Int</u>	Effective for financial periods beginning on or after
IC Int 9 Reassessment of Embedded Derivatives	1 January 2010
IC Int 10 Interim Financial Reporting and Impairment	1 January 2010
IC Int 11 FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Int 12 Service Concession Arrangements	1 July 2010
IC Int 13 Customer Loyalty Programmes	1 January 2010
IC Int 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010
IC Int 15 Agreements for the Construction of Real Estate	1 July 2010
IC Int 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17 Distributions of Non-cash Assets of Owners	1 July 2010

The Group and the Company plan to adopt the above FRSs, Amendments to FRSs and Interpretations when they become effective in the respective financial period. The adoption of the above FRSs, Amendments to FRSs and Interpretations upon their initial application are not expected to have any significant impact on the financial statements of the Group and of the Company. The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon application of FRS 7 and FRS 139.

2.3 **Significant Accounting Policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) **Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are 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 of 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).



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but no 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 the date that significant influence commences until date that significant influence ceases.

Equity accounting is discontinued when the carrying amount of the investment in associates reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associates.

Investment in associate 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

When a subsidiary issue new equity shares to minority interests for cash consideration and the issue price had been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interests 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 prices had been established at fair value, the accretion of the Group's interest in the subsidiary is accounted for as a purchase of equity interests for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transaction 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.



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

2.3 **Significant Accounting Policies** (cont'd)

(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 exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation are recognised in the income statement.

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

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) **Foreign 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 recognised in the consolidated income statement upon disposal of the investment.

(c) **Property, Plant and Equipment**

(i) **Recognition and measurement**

Freehold land is stated at cost. Other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j).

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.



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

2.3 **Significant Accounting Policies** (cont'd)

(c) **Property, Plant and Equipment** (cont'd)

(i) **Recognition and measurement** (cont'd)

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.

Gain and loss 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.

(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 statement as incurred.

(iii) **Depreciation**

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal annual rates used for this purpose are:

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

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

(d) **Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, it is accounted for as if it is held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.



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

2.3 **Significant Accounting Policies** (cont'd)

(d) **Leases** (cont'd)

(i) **Finance leases**

Assets financed by hire purchase or finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. Finance charges are charged to the income statements over the periods to give a constant periodic rate of interest on the remaining hire purchase liabilities.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) **Operating Leases**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(e) **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 2.3(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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(j) Impairment of Assets (cont'd)

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 (group 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 statement in the year in which the reversals are recognised.

(k) Share Capital

(i) Share issue expenses

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

(l) Loans and Borrowings

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

(m) Employee Benefits

(i) Short term employee benefits

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

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

The Group's contribution to statutory pension funds is 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.



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

2.3 **Significant Accounting Policies** (cont'd)

(m) **Employee Benefits** (cont'd)

(ii) **Share-based payment transactions**

The Group's employees' share option scheme allows Group employees to acquire shares of the Company. In prior years, 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 on 1 November 2006 as provided in the transitional provision of FRS 2, no amount is to be recognised as an expense. The ESOS were expired and lapsed on 10th November 2008.

(n) **Provisions**

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

Contingent liabilities

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

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

(o) **Payables**

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

(p) **Revenue Recognition**

(i) **Sale of goods**

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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(p) Revenue Recognition (cont'd)

(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 lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(q) Interest Income and Borrowing Costs

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

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

(r) Tax Expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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



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

2.3 **Significant Accounting Policies** (cont'd)

(s) **Earnings Per Share**

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

(t) **Segment Reporting**

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

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Key Sources of Estimation Uncertainty**

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) **Useful lives of property, plant and equipment**

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) **Impairment of property, plant and equipment**

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at balance sheet date, the directors of the Company are of the opinion that there is no impact resulting from the impairment review by the management.



3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(a) Key Sources of Estimation Uncertainty (cont'd)

(iii) Impairment of investment in subsidiaries

The Group and the Company carried out the impairment test based on a variety of estimation including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(v) Allowance for doubtful debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance of doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) 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.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(b) Critical Judgement

(i) Non-current Assets Held for Sale

Non-current assets held for sale are in respect of properties which are pending disposal and in line with the rationalisation plan of the Group. These assets are actively marketed for sale. The Group expects the sale of such assets to be completed within the next 12 months. However, the Group has continued to classify certain assets as non-current assets held for sale even though the sale has not been completed within one year as the delay is caused by circumstances beyond the Group's control and the Group remains committed to its plan to sell the assets.

4. PROPERTY, PLANT AND EQUIPMENT

Group	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
2009								
Cost								
At 1st January 2009	-	-	10,698,241	3,765,573	96,300	24,534	-	14,584,648
Additions	-	-	-	478,011	130,717	-	-	608,728
Disposals	-	-	(4,888,115)	(288,167)	(90,690)	-	-	(5,266,972)
Write-offs	-	-	(847,496)	(442,354)	-	-	-	(1,289,850)
Transfer to assets classified as held for sale (Note 15)	-	-	(445,306)	-	-	-	-	(445,306)
Effect of movement in exchange rate	-	-	(8,060)	(47,916)	(1,624)	-	-	(57,600)
At 31st December 2009	-	-	4,509,264	3,465,147	134,703	24,534	-	8,133,648
Depreciation and Impairment Loss								
At 1st January 2009	-	-	8,156,615	2,653,839	39,955	23,742	-	10,874,151
- Accumulated depreciation	-	-	-	-	-	-	-	-
- Accumulated impairment losses	-	-	-	-	-	-	-	-
	-	-	8,156,615	2,653,839	39,955	23,742	-	10,874,151
Depreciation	-	-	404,902	448,924	10,224	95	-	864,145
Disposals	-	-	(3,780,083)	(194,980)	(42,628)	-	-	(4,017,691)
Write-offs	-	-	(589,499)	(268,791)	-	-	-	(858,290)
Reversal of impairment losses	-	-	-	-	-	-	-	-
Transfer to asset classified as held for sale (Note 15)	-	-	(70,373)	-	-	-	-	(70,373)
Effect of movement in exchange rate	-	-	(1,072)	(33,130)	(681)	-	-	(34,883)
At 31st December 2009	-	-	4,120,490	2,605,862	6,870	23,837	-	6,757,059
Net Book Value at 31st December 2009	-	-	388,774	859,285	127,833	697	-	1,376,589



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

Group	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
2008								
Cost								
At 1st 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 15)	(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 31st December 2008	-	-	10,698,241	3,765,573	96,300	24,534	-	14,584,648
Depreciation and Impairment Loss								
At 1st 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
Depreciation	-	447,812	917,672	824,912	267,452	175	-	2,458,023
Disposals	-	(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 15)	-	(2,267,339)	(1,316,822)	-	(946,821)	-	-	(4,530,982)
Effect of movement in exchange rate	-	-	297	132,665	3,710	-	-	136,672
At 31st December 2008	-	-	8,156,615	2,653,839	39,955	23,742	-	10,874,151
Net Book Value at 31st December 2008	-	-	2,541,626	1,111,734	56,345	792	-	3,710,497





4. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

Company	Office Equipment RM
2009	
Cost	
At 1st January 2009	2,645
Additions	-
Disposals	-
At 31st December 2009	<u>2,645</u>
Accumulated Depreciation	
At 1st January 2009	331
Depreciation	265
Disposals	-
At 31st December 2009	<u>596</u>
Net Book Value at 31st December 2009	<u><u>2,049</u></u>
2008	
Cost	
At 1st November 2007	2,645
Additions	-
Disposals	-
At 31st December 2008	<u>2,645</u>
Accumulated Depreciation	
At 1st November 2007	22
Depreciation	309
Disposals	-
At 31st December 2008	<u>331</u>
Net Book Value at 31st December 2008	<u><u>2,314</u></u>

5. **PREPAID LEASE PAYMENTS**

Short term leasehold land – Unexpired period less than 50 years

	Group	
	2009 RM	2008 RM
Cost		
At 1st January 2009/1st November 2007	-	2,600,000
Transfer to assets classified as held for sale (Note 15)	-	(2,600,000)
At 31 December	<u>-</u>	<u>-</u>
Accumulated Amortisation		
At 1st January 2009/1st November 2007	-	456,028
Amortisation	-	60,667
Transfer to assets classified as held for sale (Note 15)	-	(516,695)
At 31 December	<u>-</u>	<u>-</u>
Net carrying amount	<u><u>-</u></u>	<u><u>-</u></u>



6. **INVESTMENT PROPERTIES**

Group	Freehold land	Buildings	Total
2009	RM	RM	RM
Cost			
At 1st January/ 31st December	-	-	-
Accumulated Depreciation			
At 1st January/ 31st December	-	-	-
Net carrying amount	-	-	-
Fair value	-	-	-
2008			
Cost			
At 1st November 2007	367,600	548,481	916,081
Transfer to assets classified as held for sale (Note 15)	(367,600)	(548,481)	(916,081)
At 31st December 2008	-	-	-
Accumulated Depreciation			
At 1st November 2007	-	89,284	89,284
Depreciation	-	12,797	12,797
Transfer to assets classified as held for sale (Note 15)	-	(102,081)	(102,081)
At 31st December 2008	-	-	-
Net carrying amount	-	-	-
Fair value	-	-	-

7. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2009	2008
	RM	RM
Unquoted shares - at cost	22,403,424	22,403,424
Less: Impairment loss	(22,398,620)	(19,000,000)
	<u>4,804</u>	<u>3,403,424</u>



7. **INVESTMENT IN SUBSIDIARIES** (cont'd)

Details of the subsidiaries are as follow:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Yikon Jewellery Industry Sdn. Bhd. ("YJI")*	Malaysia	100	100	Trading of gold, gold jewellery and ornaments
Yikoni Gold Sdn. Bhd. ("YG")*	Malaysia	100	100	Inactive
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

Audited by another firm of chartered accountants other than Baker Tilly Monteiro Heng.

* In view of the capital deficiencies reported by these subsidiaries, the Auditors' Report of these subsidiaries contain an emphasis of matter relating to the appropriateness of the going concern basis of accounting used in the preparation of their financial statements. In aggregate these subsidiaries recorded capital deficiencies of RM2,212,984/-.

8. **INVESTMENT IN AN ASSOCIATE**

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unquoted shares - at cost	-	1,125,000	-	1,125,000
Share of post-acquisition loss	-	(294,814)	-	-
	-	830,186	-	1,125,000

Details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Fu An Jewellery Sdn. Bhd.	Malaysia	-	45	Wholesale and retail of gold, platinum, silver jewellery and ornaments, diamonds, precious and semi-precious stones



8. **INVESTMENT IN AN ASSOCIATE** (cont'd)

On 8th June 2009, the Company disposed its entire interest held in associate.

Summary financial information of the associate is as follows:-

	Revenue RM	Loss for the period RM	Total assets RM	Total liabilities RM
31st December 2008	2,368,185	(655,143)	4,708,705	2,863,848

9. **AMOUNT DUE FROM SUBSIDIARIES**

The amount due from subsidiaries, 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.

10. **INVENTORIES**

	Group	
	2009 RM	2008 RM
Raw materials	5,631,223	5,283,187
Trading inventories	16,508,157	17,257,517
	22,139,380	22,540,704

Included in the raw materials is an amount of RM3,953,453/- (2008: 4,199,000/-) deposits in the gold margin trading account as disclosed in Note 22.

11. **TRADE RECEIVABLES**

	Group	
	2009 RM	2008 RM
Trade receivables	19,047,907	22,400,977
Less: Allowance for doubtful debts	(12,440,000)	(13,340,000)
	6,607,907	9,060,977

The Company's normal trade credit terms range from 30 to 90 (2008: 30 to 90) days.

The foreign currency profile of trade receivables are as follows:-

	Group	
	2009 RM	2008 RM
Ringgit Malaysia	6,443,818	5,543,884
US Dollar	-	2,881,606
Renminbi	164,089	620,447
Hong Kong Dollar	-	15,040
	6,607,907	9,060,977



12. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deposits	2,540,197	7,661,744	1,000	-
Less: Allowance for doubtful debts	(300,000)	(300,000)	-	-
	2,240,197	7,361,744	1,000	-
Other receivables	124,680	601,170	10,933	25,035
Prepayments	656,415	1,044,944	16,594	-
	<u>3,021,292</u>	<u>9,007,858</u>	<u>28,527</u>	<u>25,035</u>

Included in deposits of the Group is an amount of RM946,118/- (2008: RM1,494,943/-) representing advance payment made for the gold loan facilities granted by gold bullion traders as disclosed in Note 21. This amount bears interest ranging from 1.1% to 2.35% (2008: 0.5% to 4.3%) per annum.

Also included in the deposits is an amount of RM977,875/- (2008: RM5,478,137/-) paid in respect of gold margin trading account as disclosed in Note 22.

The foreign currency profile of other receivables is as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	1,119,863	2,235,740	28,527	25,035
Renminbi	922,918	1,285,342	-	-
Hong Kong Dollar	978,511	5,486,776	-	-
	<u>3,021,292</u>	<u>9,007,858</u>	<u>28,527</u>	<u>25,035</u>

13. **AMOUNT DUE FROM AN ASSOCIATE**

The amount due from an associate is in respect of shareholders' advance from the Group, which had been settled through the disposal of associate during the financial year.

14. **CASH AND CASH EQUIVALENTS**

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term investment in cash fund with financial institutions	16,171	24,711	16,171	24,711
Cash and bank balances	3,346,760	2,083,452	107,588	2,411
	<u>3,362,931</u>	<u>2,108,163</u>	<u>123,759</u>	<u>27,122</u>

Short term investments in cash fund with financial institutions carried interest ranging from 1.00% to 2.50% (2008: 2.16% to 3.23%) per annum.



14. **CASH AND CASH EQUIVALENTS** (cont'd)

The foreign currency profile of cash and cash equivalents are as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	763,730	1,130,704	123,759	27,122
US Dollar	3,749	2,292	-	-
Renminbi	2,522,654	911,481	-	-
Hong Kong Dollar	72,798	63,686	-	-
	3,362,931	2,108,163	123,759	27,122

15. **ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

	Note	Group	
		2009 RM	2008 RM
At 1st January 2009/1st November 2007		11,579,533	-
Transfer from property, plant and equipment	4		
Cost		445,306	13,213,210
Accumulated depreciation		(70,373)	(4,530,982)
		374,933	8,682,228
Transfer from prepaid lease payments	5		
Cost		-	2,600,000
Accumulated depreciation		-	(516,695)
		-	2,083,305
Transfer from investment properties	6		
Cost		-	916,081
Accumulated depreciation		-	(102,081)
		-	814,000
Less: Disposal during the financial year			
Cost		15,483,741	-
Accumulated depreciation		(5,032,528)	-
		10,451,213	-
At 31st December		1,503,253	11,579,533

On 6th May 2009, Yikon Jewellery Industry Sdn. Bhd, a wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement to dispose of its factory land and building with a carrying amount of RM9,413,318/- for a cash consideration of RM10,500,000/-.



16. **SHARE CAPITAL**

	Group and Company			
	2009		2008	
	Number of Shares Unit	Amount RM	Number of Shares Unit	Amount RM
Ordinary shares of RM1/- each				
Authorised:				
At the beginning/end of the financial year	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid:				
At the beginning of the financial year	43,064,800	43,064,800	42,704,900	42,704,900
Exercise of ESOS	-	-	359,900	359,900
At the end of the financial year	43,064,800	43,064,800	43,064,800	43,064,800

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.

17. **RESERVES**

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-Distributable				
Share premium	5,959,521	5,959,521	5,959,521	5,959,521
Exchange fluctuation reserve	549,302	1,084,903	-	-
	6,508,823	7,044,424	5,959,521	5,959,521

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

18. **DEFERRED TAX LIABILITIES**

	Group	
	2009 RM	2008 RM
At 1st January 2009/1st November 2007	586,724	586,724
Recognised in the income statement (Note 29)	(586,724)	-
At 31st December	-	586,724

The recognised deferred tax liabilities are as follows:

	2009 RM	2008 RM
Property, plant and equipment *		
- Revaluation	-	586,724

* Classified to assets held for sale during the period



18. **DEFERRED TAX LIABILITIES** (cont'd)

The components of deferred tax liability as at balance sheet date are as follows:-

	At 1st November 2007 RM	Recognised in the income statement RM	At 31st December 2008 RM	Recognised in the income statement RM	At 31st December 2009 RM
Revaluation of property, plant and equipment	586,724	-	586,724	(586,724)	-

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

	Group 2009 RM	2008 RM
Taxable/(Deductible) temporary differences	1,001,850	(2,178,358)
Unutilised tax losses	388,092	1,538,838
Unabsorbed capital allowances	25,765,124	25,876,316
	<u>27,155,066</u>	<u>25,236,796</u>
Potential deferred tax assets	<u>6,788,767</u>	<u>6,309,199</u>

19. **AMOUNT DUE TO SUBSIDIARIES**

The amount due to subsidiaries is unsecured, interest-free and repayable on demand.

20. **LONG TERM BORROWINGS**

	Group 2009 RM	2008 RM
Long term loans	14,265,478	6,179,004
Portion due within one year (Note 23)	(4,284,337)	(1,399,992)
Portion due after one year	<u>9,981,141</u>	<u>4,779,012</u>

The repayment terms of term loans are as follows:-

	2009 RM	2008 RM
Within the next twelve months	4,284,337	1,399,992
After the next twelve months		
- not later than two years	2,475,081	4,028,984
- later than two years but not later than five years	7,506,060	750,028
- later than five years	-	-
	<u>9,981,141</u>	<u>4,779,012</u>
	<u>14,265,478</u>	<u>6,179,004</u>

The term loans bear interest at rates ranging from 7.05% to 9.25% (2008: 9.00% to 9.25%) per annum.



20. **LONG TERM BORROWINGS** (cont'd)

The term loans are secured by way of:

- (i) facility agreement for RM4,000,000/- of the Company;
- (ii) corporate guarantee by the Company;
- (iii) negative pledge on all assets of a subsidiary; and
- (iv) corporate guarantee by a subsidiary

21. **TRADE PAYABLES**

Included in the trade payable is an amount of RM4,066,000/- (2008: RM11,780,000/-) representing gold loan facilities granted by a gold bullion trader. The gold loan bears interest at a rate of 3.75% (2008: 0.5% to 4.25%) and secured by the followings:

- a) monies amounting to sum of not less than 110% of the market value of gold loaned at any one time is to be earmarked against Standby Letter of Credit/ advance payment or any other tangible security, whichever is applicable; and
- b) corporate guarantee for RM24,200,000/- by the Company.

The foreign currency profile of trade payables are as follows:-

	Group	
	2009 RM	2008 RM
Ringgit Malaysia	4,066,000	11,765,704
Renminbi	720,444	39,933
	4,786,444	11,805,637

22. **OTHER PAYABLES AND ACCRUALS**

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	2,915,216	5,856,779	36,845	34,833
Accruals	1,173,140	1,887,863	195,537	257,440
	4,088,356	7,744,642	232,382	292,273

Included in the other payables is an amount of RM2,442,889/- (2008: RM5,175,663/-) representing a gold margin trading account maintained with Standard Bank London Limited by Yikon (H.K.) Limited, a wholly owned subsidiary of the Company.



22. **OTHER PAYABLES AND ACCRUALS** (cont'd)

The foreign currency profile of other payables and accruals are as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	1,462,539	2,378,947	232,382	292,273
Renminbi	149,946	149,875	-	-
Hong Kong Dollar	2,475,871	5,215,820	-	-
	<u>4,088,356</u>	<u>7,744,642</u>	<u>232,382</u>	<u>292,273</u>

23. **SHORT TERM BORROWINGS**

	Group	
	2009 RM	2008 RM
Bankers' acceptance	-	11,017,000
Term loans (Note 20)	4,284,337	1,399,992
	<u>4,284,337</u>	<u>12,416,992</u>

The unsecured bankers' acceptances are subject to interest at rates ranging from 3.46% to 10.00% (2008: 4.31% to 4.79%) per annum while the unsecured term loans bears interest at rates ranging from 7.05% to 9.25% (2008: 9.00% to 9.25%) per annum.

24. **REVENUE**

	Group		Company	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
Interest income	5,498	230,272	512	1,630
Sale of gold jewellery and ornaments and workmanship charges	14,537,228	51,968,820	-	-
	<u>14,542,726</u>	<u>52,199,092</u>	<u>512</u>	<u>1,630</u>



25. **OPERATING LOSS**

	Group		Company	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
After charging:-				
Allowance for doubtful debts	-	3,500,000	-	-
Amortisation of prepaid lease payments	-	60,667	-	-
Audit fee				
- statutory audit				
- current year	52,041	60,230	25,000	16,000
- prior year	2,200	-	(2,667)	-
- other services	3,278	16,400	-	8,500
Bad debts written off	-	91,416	-	-
Depreciation of investment properties	-	12,797	-	-
Depreciation of property, plant and equipment	864,145	2,458,023	265	309
Impairment loss on investment in a subsidiary	-	-	3,398,620	19,000,000
Loss on disposal of property, plant and equipment	159,401	-	-	-
Loss on disposal of an associate	16,811	-	311,625	-
Net realised loss on foreign exchange	-	303,894	6,507	-
Property, plant and machinery written off	431,560	6,326	-	-
Realised loss on hedging	2,747,507	228,280	-	-
Rental of machinery	-	23,400	-	-
Rental of buildings	319,965	300,699	-	-
Staff costs (including key management personnel)				
- Employees' Provident Fund	96,603	328,394	49,308	25,440
- wages, salaries and others	3,110,613	5,180,419	410,855	212,826
- termination benefits	103,924	727,706	-	-
And crediting:-				
Allowance for doubtful debt no longer required	43,311	-	-	-
Gain on disposal of assets held for sale	1,476,477	-	-	-
Gain on disposal of property, plant and equipment	-	204,631	-	-
Interest income	70,654	281,916	512	1,630
Net realised gain on foreign exchange	26,283	-	-	-
Net unrealised gain on foreign exchange	38,045	226,842	-	-
Rental income	27,512	-	-	-
Reversal of impairment loss on property, plant and equipment	-	355,972	-	-



26. **KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel compensations are as follows:-

	Group		Company	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
Directors of the Company				
- fees	156,626	195,500	156,626	195,500
- remuneration	396,377	706,600	410,855	212,000
- other short term employee benefits	58,708	85,928	59,308	26,266
	611,711	988,028	626,789	433,766
Other Directors				
- fees	11,875	39,667	-	-
- remuneration	651,639	645,843	-	-
- other short term employee benefits	37,766	46,952	-	-
	701,280	732,462	-	-
Total	1,312,991	1,720,490	626,789	433,766

27. **EMPLOYEE BENEFITS**

Share-based payments

On 10th October 2003, the Group established an Employees' Share Option Scheme ("ESOS") that entitles employee 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 1st 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:-

	Weighted average exercise price RM	2008 Number of options (‘000)
Outstanding at 1st November 2007	1.94	1,153,500
Lapsed during the period	2.21	(793,600)
Exercised during the period	1.34	(359,900)
Outstanding at 31st December		-
Exercisable at 31st December		-

During the financial period 2008, 359,900 share options were exercised. The weighted average share price for the period was RM1.92. The ESOS were expired and lapsed on 10th November 2008.



28. **FINANCE COSTS**

	Group		Company	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
Interest expense				
- advances from Directors	-	61,358	-	-
- bankers' acceptance	501,004	1,218,674	-	-
- gold loan	411,177	606,905	-	-
- standby letters of credit	6,022	167,769	-	-
- term loans	1,001,678	169,367	230,435	-
	1,919,881	2,224,073	230,435	-

29. **TAXATION**

	Group		Company	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
Income tax				
- current year	(23,917)	(86,759)	-	-
- prior years	2,195	-	2,195	-
	(21,722)	(86,759)	2,195	-
Deferred taxation				
- current year	-	-	-	-
- prior years	586,724	-	-	-
	586,724	-	-	-
	565,002	(86,759)	2,195	-

Income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the fiscal year. The computation of deferred tax as at 31st December 2009 has been reflected with these changes accordingly.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Loss before taxation	(7,793,240)	(13,250,539)	(4,841,968)	(19,719,279)
Tax at applicable tax rate of 25% (2008 : 26%)	1,948,310	3,445,140	1,210,492	178,043
Tax effects arising from				
- non-deductible expenses	(956,451)	(921,001)	(1,210,492)	(178,043)
- non-taxable income	828	292,024	-	-
- change in tax rate	-	(227,082)	-	-
- different tax rate in foreign jurisdictions	(537,037)	73,979	-	-
- deferred tax assets not recognised	(479,567)	(2,769,539)	-	-
- other items	-	19,720	-	-
- overaccrual in prior years	588,919	-	2,195	-
Tax expense for the financial year	565,002	(86,759)	2,195	-



30. **LOSS PER ORDINARY SHARE**

Basis loss per ordinary share

Basic loss per ordinary share is calculated by dividing the net loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period calculated as follows:

	Group	
	01.01.2009 to 31.12.2009 RM	1.11.2007 to 31.12.2008 RM
Net loss for the financial year	(7,228,238)	(13,337,298)
Weighted average number of ordinary shares	43,064,800	43,026,552
Basic loss per share for the financial year (sen)	(17.00)	(31.00)

Diluted loss per ordinary share

The basic and diluted loss per ordinary share are the same as the Group has no dilutive potential ordinary shares.

31. **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 sales 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
2009					
Revenue from external customers by location of customers	-	14,430,182	-	112,544	14,542,726
Segment assets by location of assets	-	24,071,494	-	9,986,403	34,057,897
Capital expenditure by location of assets	-	170,134	-	9,195	179,329



31. **SEGMENTAL INFORMATION** (cont'd)

Geographical segments (cont'd)

	Middle East RM	Other Asian Countries RM	United Kingdom RM	Malaysia RM	Consolidated RM
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

32. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

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.

Transaction with key management personnel

Key management personnel compensation

Key management personnel compensation is disclosed in Note 26.

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:-

	Transaction value for the year/period ended 31st December		Balance outstanding	
	2009 RM	2008 RM	2009 RM	2008 RM
Rental of premises paid/ payable to directors, namely Chin Kok On	28,288	115,327	-	-
Daniel Choong Yew Chee	23,868	-	-	-
Advances to a subsidiary from directors, namely Chin Kok On and Chin Poh On	200,000	-	-	-
Interest on advances to a subsidiary paid/payable to directors, namely Chin Kok On and Chin Poh On	-	61,358	-	-

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and the terms are no favourable than those arranged with third parties.



33. CONTINGENT LIABILITIES, UNSECURED

(a) 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 RM22,579,000/- (2008: RM51,479,000/-). As at balance sheet date, RM16,229,012/- (2008: RM29,196,004/-) was utilised.

(b) 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.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group seeks to manage effectively various risks namely credit, foreign currency, liquidity and interest rate risks, to which the Group is exposed to in its daily operations.

(i) 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 was no significant concentration of credit risk other than the following:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Amount due from subsidiaries	-	-	28,080,162	28,080,162
Trade receivables (net of allowance)				
- The Royal Mint of Malaysia Sdn. Bhd.	6,439,435	6,439,435	-	-
- Abdurrag Atoumi Muhammed Mgadow	-	1,981,606	-	-
	<u>6,439,435</u>	<u>8,421,041</u>	<u>28,080,162</u>	<u>28,080,162</u>

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



34. **FINANCIAL INSTRUMENTS** (cont'd)

(a) **Financial Risk Management** (cont'd)

(ii) **Interest rate risk**

The Group's primary interest rate risk relates to interest-bearing debts as at 31st December 2009. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

	Effective Interest Rate %	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
Group					
As at 31st December 2009					
Financial Asset					
Deposits placed with gold bullion traders	0.30 - 2.35	1,923,993	-	-	1,923,993
Short term investment with financial institutions	1.00 - 2.50	16,171	-	-	16,171
Financial Liabilities					
Trade payables	3.75	4,066,000	-	-	4,066,000
Other payables	1.30 - 1.80	2,442,889	-	-	2,442,889
Term loans	7.05 - 9.25	4,284,337	9,981,141	-	14,265,478
Unsecured bankers' acceptance	-	-	-	-	-
As at 31st December 2008					
Financial Asset					
Deposits placed with gold bullion traders	2.35	6,973,080	-	-	6,973,080
Short term investment with financial institutions	3.02	24,711	-	-	24,711
Financial Liabilities					
Trade payables	3.97	11,765,704	-	-	11,765,704
Other payables	0.50 - 2.00	5,175,663	-	-	5,175,663
Term loans	9.16	1,399,992	4,779,012	-	6,179,004
Unsecured bankers' acceptance	4.20	11,017,000	-	-	11,017,000



34. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management (cont'd)

(iii) Foreign currency risk

During the financial year, the Group incurs foreign currency risk on transactions that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Renminbi ("RMB"), and Hongkong Dollar ("HKD"). Exposures to foreign currency risks are monitored on an ongoing basis.

The Group does not consider it necessary to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies, given the nature of the business for the time being.

(iv) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents to meet its working capital requirements.

(v) Price fluctuation risk

The Group is exposed to the fluctuation of gold price risk arising from purchase of gold from suppliers. In managing the risk, the Group undertakes limited hedging of its requirements of gold through gold loan arrangements with financial institutions with the objective of managing its exposure to price volatility in gold. The unrealised hedging gain/loss was not recognised in the financial statements until such loan was settled in cash or through delivery of gold.

(b) Fair Values

(i) Recognised financial instruments

The fair values of financial assets and financial liabilities approximate their respective carrying values on the balance sheets of the Group and of the Company.

(ii) Unrecognised financial instruments

There were no unrecognised financial instruments as at 31st December 2009.

35. COMPARATIVE FIGURES

During the financial period 2008, the Company had changed its financial year end from 31st October to 31st December. The comparative figures have therefore been presented for a period of 14 months. The comparative figures have been audited by another firm of chartered accountants other than Baker Tilly Monteiro Heng.

Statement by Directors



Pursuant to Section 169 (15), we, DATO' TAN SEK YIN and HANIFF BIN DATO' MAHMOOD, being two of the Directors of Yikon Corporation Bhd, do hereby state that in the opinion of the Directors, the financial statements set out on pages 28 to 66 are properly drawn up in accordance with Financial Reporting Standards and the provisions of 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 at 31st December 2009 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

On behalf of the Board,

.....
DATO' TAN SEK YIN
Director

.....
HANIFF BIN DATO' MAHMOOD
Director

Penang

Date: 20 April 2010

Statutory Declaration

Pursuant to Section 169 (16), I, DATO' TAN SEK YIN, being the Director primarily responsible for the financial management of Yikon Corporation Bhd, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 28 to 66 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
DATO' TAN SEK YIN

Subscribed and solemnly declared by the abovenamed at Georgetown in the state of Penang on 20 April 2010.

Before me,

CHEAH BENG SUN (No. P. 103)
DJN, AMN, PKT, PJK, PJM, PK
(Commissioner for Oaths)



Report on the Financial Statements

We have audited the financial statements of Yikon Corporation Bhd, which comprise the balance sheets as at 31st December 2009 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 financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 66.

The financial statements of the Company as at 31st December 2008 was audited by another firm of chartered accountants whose report dated 22nd April 2009, expressed an unqualified opinion on that financial statements.

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 provisions of the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal controls 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 as to 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 judgement, 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 controls 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 at 31st December 2009 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report to the Members of Yikon Corporation Bhd (Incorporated in Malaysia) (cont'd)



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 provision of the Act.
- (b) We have considered the financial statements and the auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act. Other than the modified audit opinion of the subsidiaries as disclosed on Note 7 with emphasis of matter on the going concern consideration.

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.

Baker Tilly Monteiro Heng

No. AF 0117
Chartered Accountants

Heng Ji Keng

No. 578/05/10 (J/PH)
Partner

Kuala Lumpur

Date: 20 April 2010

List of Properties



Details of the landed properties of the Group as at **31 December 2009** 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)
No.122-4-1, 4th Floor, The Penang Gold and Jewellery Exchange Centre, Jalan Sungai, 10150 Penang	A flatted factory unit / Vacant	1,500	14	Freehold	313	(20.10.2000)
No.9, Lorong Kekabu 1, 11960 Pulau Pinang	Double Storey Semi Detached House/ Vacant	3,423 / 1,748	8	Freehold	414	18.10.2001
No.1, Lorong Kekabu, 11960 Pulau Pinang	Double Storey Semi Detached House/ Vacant	3,197 / 1,748	8	Freehold	402	18.10.2001

PROXY FORM



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 Tenth Annual General Meeting of the Company to be held at East 'N' West Hall, Level 2, The Northam All Suite Hotel Penang, No. 55 Jalan Sultan Ahmad Shah, 10050 Penang on Wednesday, 26 May 2010 at 2:00 p.m. and at any adjournment thereof.

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

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

In the case of more than one proxy is appointed, the proportions of my/our percentage of shareholdings to be represented by my/our proxies are as follows:

First named Proxy	_____ %	No. of Ordinary Shares Held
Second named Proxy	_____ %	
	100%	

Signed this _____ day of May, 2010.

 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.



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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.
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Email: info@yikon.com.my

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