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OMNICORP LIMITED
兩儀控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

2009 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Omnicorp Limited ("the Company") announces the consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2009 (the "Year") with comparative figures for 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	**2009** ***HK$'000***	2008 *HK$'000* (Restated)
CONTINUING OPERATIONS			
Revenue	4	**11,226**	4,773
Cost of sales		**(5,412)**	(3,966)
Gross profit		**5,814**	807
Other income and gains	4	**1,137**	10,824
Selling and distribution costs		**(4,731)**	(464)
Administrative expenses		**(41,821)**	(40,318)
Other expenses		**(34,362)**	(9,833)

	Notes	**2009** **HK$'000**	2008 *HK$'000* (Restated)
LOSS FROM OPERATING ACTIVITIES	5	**(73,963)**	(38,984)
Finance costs	6	**(20,883)**	(22,367)
Share of results of associates		**(1,725)**	(50,982)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(96,571)**	(112,333)
Tax credit	7	**191**	132
Loss for the year from continuing operations		**(96,380)**	(112,201)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		**–**	(2,868)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(96,380)**	(115,069)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(86,247)**	(103,783)
Non-controlling interests		**(10,133)**	(11,286)
		(96,380)	(115,069)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
Basic			
– Continuing operations		**HK$(0.27)**	HK$(0.32)
– Discontinued operations		**–**	HK$(0.01)
		HK$(0.27)	HK$(0.33)
Diluted			
– Continuing operations		**N/A**	N/A
– Discontinued operations		**N/A**	N/A
		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	**31 December 2009 HK$'000**	31 December 2008 HK$'000 (Restated)	1 January 2008 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**17,205**	17,523	11,899
Prepaid land lease payment		**1,448**	1,448	–
Prepayment for items of property, plant and equipment		**3,128**	–	–
Timber concessions and cutting rights		**747,384**	749,313	750,639
Investment property		**–**	–	1,450
Goodwill		**7,624**	7,624	–
Interests in associates		**20,962**	14,687	50,669
Available-for-sale investments		**–**	–	6,000
Total non-current assets		**797,751**	790,595	820,657
CURRENT ASSETS				
Inventories		**6,920**	6,859	8,736
Trade and other receivables	10	**2,948**	796	15,129
Prepayments and deposits		**1,312**	1,600	2,394
Current tax recoverable		**–**	–	1
Equity investments at fair value through profit or loss		**–**	–	914
Pledged bank deposits		**–**	–	16,864
Cash and cash equivalents		**40,916**	111,589	237,447
Total current assets		**52,096**	120,844	281,485
CURRENT LIABILITIES				
Trade and other payables	11	**5,924**	9,564	27,840
Interest bearing bank and other borrowings		**–**	–	42,545
Other loans payable		**–**	–	4,562
Convertible bonds		**–**	23,485	–
Deposits received		**22,854**	22,890	23,500
Total current liabilities		**28,778**	55,939	98,447
NET CURRENT ASSETS		**23,318**	64,905	183,038

	Notes	**31 December 2009** *HK$'000*	31 December 2008 *HK$'000* (Restated)	1 January 2008 *HK$'000* (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**821,069**	855,500	1,003,695
NON-CURRENT LIABILITIES				
Convertible bonds		**237,000**	202,113	212,770
Deferred tax liabilities		**73,807**	73,998	74,130
		310,807	276,111	286,900
NET ASSETS		**510,262**	579,389	716,795
EQUITY				
Equity attributable to equity holders of the Company				
Issued capital		**3,145**	3,141	3,141
Equity component of convertible bonds		**45,234**	45,234	45,234
Reserves		**186,610**	245,608	349,391
		234,989	293,983	397,766
Non-controlling interests		**275,273**	285,406	319,029
TOTAL EQUITY		**510,262**	579,389	716,795

Notes:

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and amended HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 8	Operating Segments
HKFRS 8 Amendments*	Amendments to HKFRS 8 Operating Segments – Disclosure of information about segment assets (early adopted)
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendments*	Amendments to Appendix to HKAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent

HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
Amendments to HK(IFRIC)-Int 9 "Reassessment of Embedded Derivatives" and HKAS 39 "Financial Instruments: Recognitions and Measurement"	Embedded Derivatives
Amendments to HKFRS 7 "Financial Instruments: Disclosures"	Improving Disclosures about Financial Instruments
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in improvements to HKFRSs 2009 (as issued in May 2009)

The adoption of these new and amended HKFRSs and improvements has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements, except for the following:

HKFRS 8 Operating Segments

HKFRS 8 specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. Further details of segment information are included in note 3 to the financial statements.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements (including changes to the titles of the main statements). The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. This revised standard also requires an entity to include three "statements of financial position" whenever the entity applies an accounting policy retrospectively or makes a retrospective restatement, or when it makes a reclassification. The revised standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs.

Impact of Issued but not yet Effective HKFRSs

The Group has elected to present comprehensive income in one statement of income and comprehensive income. Information about the individual components of comprehensive income as well as the tax effects have been disclosed in the notes to the financial statements. The Group has provided a restated comparative set of financial position for the earliest comparative period, as it has made a retrospective restatement and retrospectively reclassified items in the financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters[2]
HKFRS 1 (Revised)	First Time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions[2]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HKAS 18	Amendments Revenue[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues[3]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items[1]
HK(IFRIC)-Int 14 Amendment	Prepayment of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs 2009* which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarify wording. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2010 although there is separate transitional provision for each standard.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

* Improvements to HKFRSs contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as starting point for the identification of such segments.

The Group is currently engaged in the businesses of forestry and timber and property investments and the chief operating decision makers (i.e. the Company's directors) also review the segment information by these categories to allocate resources to segments and to assess their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Forestry and timber – Log harvesting, lumber processing, marketing and sales of logs and lumber products

Property investments

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2009

	Property Investments *HK$'000*	Forestry and Timber *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	**471**	**10,755**	**11,226**
SEGMENT RESULTS	**(25)**	**(25,581)**	**(25,606)**
Interest income and unallocated gains			**71**
Gain on disposal of listed investments			**1,066**
Loss on disposal of subsidiaries			**(784)**
Share option expenses			**(24,334)**
Corporate and other unallocated expenses			**(24,376)**
Finance costs			**(20,883)**
Share of results of associates			**(1,725)**
LOSS BEFORE TAX			**(96,571)**

For the year ended 31 December 2008 (Restated)

	Continuing operations			Discontinued operations	
	Property Investments	**Forestry And Timber**	**Sub-Total**	**Electronic Components and Products**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE	1,859	2,914	4,773	5,727	10,500
SEGMENT RESULTS	(1,890)	(27,692)	(29,582)	(2,272)	(31,854)
Interest income and unallocated gains			4,144	–	4,144
Gain on deconsolidation of a subsidiary under winding up			6,313	–	6,313
Gain on disposal of subsidiaries			367	–	367
Corporate and other unallocated expenses			(20,226)	–	(20,226)
Finance costs			(22,367)	(512)	(22,879)
Share of results of associates			(50,982)	–	(50,982)
LOSS BEFORE TAX			(112,333)	(2,784)	(115,117)

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of the net invoiced value of goods and service sold, after allowance for returns and trade discounts and rental income.

	Group 2009 *HK$'000*	Group 2008 *HK$'000*
Revenue		
Rental income	**471**	1,859
Sales of logs and lumber	**10,755**	2,914
Attributable to continuing operations	**11,226**	4,773
Revenue from discontinued operations	**–**	5,727
	11,226	10,500
Other Income and Gains		
Bank interest income	**33**	2,102
Gain on disposal of listed investments	**1,066**	–
Gain on disposal of subsidiaries	**–**	367
Gain on deconsolidation of a subsidiary under winding up*	**–**	6,313
Other income	**38**	1,692
Exchange gain, net	**–**	350
	1,137	10,824

* During the prior year, on 5 December 2008, Lik Hang Electronic Components Limited, ("Lik Hang"), a 77.04% indirectly owned subsidiary of the Company at that time, entered into creditors' voluntary winding up. In the opinion of the directors and according to the relevant laws and regulations, the Group no longer controlled Lik Hang. Accordingly, Lik Hang was not accounted for as a subsidiary by the Group. The net liabilities relating to Lik Hang, as a result of its deconsolidation from the Group were therefore not incorporated in these consolidated financial statements and resulted in a gain on deconsolidation of a subsidiary under winding up amounting to HK$6,313,000.

5. LOSS FROM OPERATING ACTIVITIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
		(Restated)
The Group's loss from operating activities (including those attributable to discontinued operations) is arrived at after charging:		
Auditors' remuneration	**860**	1,080
Cost of inventories sold	**3,527**	9,796
Depreciation on property, plant and equipment	**2,728**	2,062
Loss on disposal of subsidiaries	**784**	–
Amortisation of timber concessions and cutting rights*	**1,885**	657

* Included in "Cost of Sales" in the consolidated statement of comprehensive income.

6. FINANCE COSTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**–**	571
Interest on convertible bonds	**20,883**	22,308
	20,883	22,879
Attributable to discontinued operations	**–**	512
Attributable to continuing operations	**20,883**	22,367
	20,883	22,879

7. TAX

No provision for Hong Kong profits tax has been made, the Group has tax losses brought forward which are available for off-set against the estimated assessable profits for the year. Taxes on profits assessable elsewhere last year have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2009	2008
	HK$'000	*HK$'000*
		(Restated)
Current year provision:		
Hong Kong	**–**	–
Elsewhere	**–**	84
	–	84
Deferred tax	**(191)**	(132)
Total tax credit for the year	**(191)**	(48)

8. DIVIDEND

No dividend was proposed or paid for the year (2008: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 December 2009 and 2008 have not been disclosed, as the options and the convertible bonds outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

The calculations of basic and diluted loss per share are based on:

	2009	2008
	HK$'000	*HK$,000*
		(Restated)
Loss		
Loss attributable to equity holders of the Company, used in the basic loss per share calculation:		
From continuing operations	**(86,247)**	(100,915)
From discontinued operations	**–**	(2,868)
	(86,247)	(103,783)

	Number of shares	
	2009	2008
Shares		
Weighted average number of shares in issue during the year used in the basic loss per share calculation	**314,147,234**	314,089,152

10. TRADE AND OTHER RECEIVABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**2,639**	2,550
Other receivables	**639**	326
	3,278	2,876
Impairment	**(330)**	(2,080)
	2,948	796

The Group's trading terms with its customers are mainly letters of credit at sight or on open accounts with credit terms of 30 days to 45 days, where 20% - 30% deposit is normally required. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current	**951**	796
One to three months	**1,680**	–
More than three months	**317**	–
	2,948	796

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK$330,000 (31 December 2008: HK$2,080,000). The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade payables	**104**	468
Other payables	**5,820**	9,096
	5,924	9,564

The aging analysis of trade and other payables at the end of reporting period is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current	**2,583**	3,663
One to three months	**–**	–
More than three months	**3,341**	5,901
	5,924	9,564

12. RE-STATEMENT OF COMPARATIVE FINANCIAL INFORMATION – ACQUISITION OF GREENHEART RESOURCES HOLDINGS LIMITED ("GREENHEART") DURING YEAR ENDED 31 DECEMBER 2007

During the year ended 31 December 2007, the Group acquired 60% of the issued share capital of Greenheart ("2007 Acquisition"). The 2007 Acquisition was accounted for using the purchase method of accounting and the excess of the cost of the acquisition over the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed was initially recorded as goodwill of HK$361,706,000 in the consolidated statement of financial position as at 31 December 2007.

The fair value of the assets acquired and liabilities assumed in the 2007 Acquisition were finalised in the year ended 31 December 2009 in accordance with the requirements of HKFRS 3 "Business Combinations" as follows:

	Finalised fair value recognized *HK$'000* (Restated)	Adjustments *HK$'000*		Previously reported fair value *HK$'000*
Fair value of assets acquired and liabilities assumed:				
Timber concessions and cutting rights	**751,012**	741,672	(i)	9,340
Property, plant and equipment	**11,544**	–		11,544
Inventories	**6,580**	–		6,580
Prepayments and deposits	**1,335**	–		1,335
Trade and other receivables	**708**	–		708
Cash and bank balances	**84,718**	–		84,718
Trade and other payables	**(5,094)**	–		(5,094)
Tax payables	**(3,352)**	–		(3,352)
Deposits received	**(23,492)**	–		(23,492)
Deferred tax liabilities	**(74,167)**	(74,167)	(i)	–
Non-controlling interests	**(296,997)**	(264,399)	(iii)	(32,598)
	452,795	403,106		49,689
Goodwill on acquisition	**–**	(361,706)	(i)	361,706
	452,795	41,400		411,395
Represented by:				
Cash paid	**18,000**	–		18,000
Direct expenses incurred	**12,390**	–		12,390
Long term investment	**4,156**	–		4,156
Ordinary shares issued	**161,400**	41,400	(ii)	120,000
Convertible Bonds issued	**256,849**	–		256,849
	452,795	41,400		411,395

In finalising the 2007 Acquisition, the Directors have conducted a detailed analysis of the characteristics of the business of Greenheart and concluded that the fair value of the timber concession and cutting rights should have been calculated based on an discounted cash flow analysis, which method meets the recognition and measurement requirement of intangible assets according to Hong Kong Accounting Standard 38 "Intangible Assets" at the date of the acquisition.

The retrospective and adjustments to the 2007 Acquisition are as follows:

i) The recognition of the identifiable intangible asset of timber concessions and cutting rights at fair value at date of acquisition, and deferred tax arising from the fair value adjustment.

ii) The fair value of consideration shares issued being determined based on the market value at the date of exchange of the acquisition.

iii) The minority share of the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed.

The following tables disclose the adjustments that have been made as a result of retrospective restatements to the consolidated statement of comprehensive income and the consolidated statement of financial position, and other significant related disclosure items as previously reported for the year ended 31 December 2008 and 31 December 2007.

Effect on the consolidated statement of comprehensive income for the year ended 31 December 2008:

		Year ended 31 December 2008		
		Equity shareholders of the Company	Non-controlling interests	Total equity
		HK$'000	*HK$'000*	*HK$'000*
Loss after taxation (as previously reported)		(103,528)	(11,031)	(114,559)
Adjustments on cost of sales	(c)	(387)	(255)	(642)
Adjustments on tax credit	(c)	132	–	132
Loss after taxation (as restated)		(103,783)	(11,286)	(115,069)
Effect on earnings per share		HK$0.0008		

Effect on the consolidated statement of comprehensive income for the year ended 31 December 2007:

		Year ended 31 December 2007		
		Equity shareholders of the Company	Non-controlling interests	Total equity
		HK$'000	*HK$'000*	*HK$'000*
Loss after taxation (as previously reported)		(130,644)	(13,872)	(144,516)
Adjustments on cost of sales	(c)	(222)	(146)	(368)
Adjustments on tax credit	(c)	37	–	37
Loss after taxation (as restated)		(130,829)	(14,018)	(144,847)
Effect on earnings per share		HK$0.001		

Effect on the consolidated statement of financial position at 31 December 2008:

		As previously reported	Adjustments	As restated
		HK$'000	*HK$'000*	*HK$'000*
Timber concessions and cutting rights	(a)	9,308	740,005	749,313
Goodwill	(a), (c)	369,331	(361,707)	7,624
Inventories	(c)	6,201	658	6,859
Share premium	(b)	412,308	41,400	453,708
Accumulated losses	(c)	(306,018)	(440)	(306,458)
Deferred tax liabilities	(a), (c)	–	(73,998)	(73,998)
Non-controlling interests	(a), (c)	21,408	263,998	285,406

Effect on the consolidated statement of financial position at 1 January 2008:

		As previously reported	Adjustments	As restated
		HK$'000	*HK$'000*	*HK$'000*
Timber concessions and cutting rights	(a)	9,333	741,306	750,639
Goodwill	(a), (c)	361,707	(361,707)	–
Share premium	(b)	412,308	41,400	453,708
Accumulated losses	(c)	(202,520)	(185)	(202,705)
Deferred tax liabilities	(a), (c)	–	(74,130)	(74,130)
Non-controlling interests	(a), (c)	54,776	264,253	319,029

Summary of the retrospective adjustments

(a) *Timber concessions and cutting rights*

The Group has adopted the valuation derived from discounted cash flows method to arrive at the fair value of the timber concessions and cutting rights at the date of acquisition, and accordingly retrospective adjustments have been made to timber concessions and cutting rights, goodwill, deferred tax, non-controlling interests and inventories in the consolidated statement of financial position as at 31 December 2008 and 1 January 2008, and the cost of sales for the year ended 31 December 2008 and 2007.

(b) *Cost of business combination*

The fair value of consideration shares issued for the 2007 Acquisition was determined based on the market price of the underlying shares at the date of agreement, instead of the market price at date of exchange. Accordingly, retrospective adjustments have been made to share premium and goodwill in the consolidated statement of financial position, and share premium and interests in subsidiaries in the company statement of financial position, as at 31 December 2008 and 1 January 2008.

(c) *Consequential adjustments*

These adjustments have been made as a result of the retrospective restatements outlined above.

BUSINESS REVIEW

Despite the very challenging economic condition which prevailed over the course of 2009 ("the Year"), the Group secured solid growth of turnover and gross profit. During the Year, the Group recorded total turnover of HK$11,226,000 (2008: HK$4,773,000), representing an increase of 135.2% from last year and gross profit of HK$5,814,000 (2008: HK$807,000), representing an increase of 6.2 times from last year.

The notable improvement of turnover and gross profit was mainly contributed by our forestry and timber division. Turnover of the forestry and timber division for the Year was HK$10,755,000 (2008: HK$2,914,000), representing a growth of 2.7 times from last year. The corresponding gross profit margin turnarounded from a negative 2% for 2008 to 49.7% for the Year. The high growth in this segment was mainly due to the Group's success in penetrating into the China market by building up its own sales team, a process started near the end of 2008 and the successful promotion of certain lesser known species to the market. As the global financial crisis seems to have bottomed out towards the end of the year, the global demand for wood products is forecasted to continue to rise throughout 2010. The impact of this on the tropical hardwood log market was further heightened by the log export ban policy recently announced by Gabon, one of the major tropical hardwood exporting countries in the world. In fact, we have seen our customers stepping up their orders along with some upward prices adjustments since the beginning of 2010. With the upturn of the demand of our logs, the Group will continue to make investment to raise our productivity and improve operation efficiency to enhance supply and delivery to the market.

Other income of the Group amounted to HK$1,137,000 for the Year, a decrease of HK$9,687,000 compared with HK$10,824,000 for 2008. The decrease is mainly due to the one-off gain of approximately HK$6,313,000 recorded last year arising from the deconsolidation of Lik Hang Electronic Components Limited ("Lik Hang") which entered into creditors winding up procedures in December 2008. Lik Hang was an indirectly owned subsidiary of Omnitech Holdings Limited ("OHL"), a company listed in the Australian Securities Exchange and the holding company of our electronic components division. OHL was also disposed of in December 2009. As all the Group's investment and interest in OHL had been fully provided for and written off in prior years, there was no material impact on the results and the financial position of the Group as a result of the disposal. Upon completion of the disposal, the Company ceased to have any interest in OHL.

Selling and distribution costs, represented mainly the trucking, barging and ocean freight costs incurred for our export of logs and forestry products, increased by HK$4,267,000 to HK$4,731,000 for the Year. The significant increase in selling and distribution costs as a percentage of sale in the Year was mainly due to the continuing increase of ocean freight charges in the second half year of 2009 and the expenses paid for chartering of external tug boats for short term barging to meet the increase in demand of our products. As a long term strategy, we will continue to make investment in our equipments and vessels so as to raise our logistic capacity and optimize profitability.

Other operating expenses increased significantly to HK$34,362,000 for the Year from HK$9,833,000 for the last year. Such increase was mainly attributable to the share option expenses of HK$24,334,000 arising from the share options granted by the Company to our staff and other eligible persons during the Year. After taking out the effect of the share option expense which is non-recurring and non-cash, the Group's other operating expenses for the Year amounted to HK$10,028,000 which is more or less in line with the level of other operating expenses incurred for last year.

The share of results of associates recorded a loss of HK$1,725,000 (2008: HK$50,982,000), reflecting our share of the operational loss of the associates.

The Group's finance costs of HK$20,883,000 mainly represented interest paid for its Convertible Bonds. Pursuant to the supplemental agreement entered into between the Company and the Convertible Bondholders, the maturity date of the Convertible Bonds is extended to 9 November 2010. After comparing the discounted present value of the remaining cash flows of the Convertible Bonds with the discounted present value of the cash flow under new terms, the effect of such alternation is considered as not substantial and no adjustment is made on the carrying amount of the Convertible Bonds.

Whilst the Group has yet to record an operating profit, it is clear that the Group has made considerable progress. The loss attributable to the equity holders of the Company for the year fell to HK$86,247,000 compared with HK$103,783,000 for 2008.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to sustain a good liquidity position.

As written confirmation was obtained from Sino-Forest Corporation ("Sino-Forest"), which is the ultimate beneficial owner of HK$212,328,000 Convertible Bonds after its acquisition of HK$167,631,000 Convertible Bonds from the original bondholders on 6 February 2009, for its agreement to enter into discussion with the Company which may result in Sino-Forest supporting the Company in proposing to the holders of the Convertible Bonds a modification to the existing terms of the Convertible Bonds, which may include a further extension of the maturity date of the Convertible Bonds from 9 November 2010 to a date not earlier than 9 November 2011. Pursuant to the Convertible bond instrument, alteration of terms could be induced upon obtaining consents from bondholders with over 50% of beneficial interest of the Convertible Bonds, as such, the total balance of the Convertible Bonds was classified as non-current liabilities as at 31 December 2009.

After taking into account the above, the Group's current assets and current liabilities as at 31 December 2009 were HK$52,096,000 and HK$28,778,000 (31 December 2008: HK$120,844,000 and HK$55,939,000, respectively). The Group also maintain cash and bank balances of approximately HK$40,916,000 (31 December 2008: HK$111,589,000) with no bank borrowings outstanding (31 December 2008: Nil).

As at 31 December 2009, the Group's gearing ratio, which was calculated on the basis of bank borrowings and other loan to shareholders' fund, was Nil (31 December 2008: Nil).

The Group has limited exposure to the foreign exchange fluctuation risks as most of its sales are denominated in Hong Kong dollars and United States ("US") dollars, being the same currencies in which the Group's related costs and expenses are denominated. The Directors considered that the recent depreciation of the US dollars will not have material impact to the Group. During the Year, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 December 2009.

As at 31 December 2009, there were 314,539,152 shares in issue.

CHARGES ON GROUP ASSETS

As at 31 December 2009, the Group pledged 4,599,000,000 ordinary shares of no par value, representing 60% of the issued share capital of Greenheart Resources Holdings Limited ("Greenheart"), a 60.39% indirectly owned subsidiary of the Company, and all indebtedness owing by Greenheart and its subsidiaries ("Greenheart Group") to the Group (other than the Greenheart Group) as securities in favour of the holders of the Convertible Bonds.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the Year, the Group spent approximately HK$2,630,000 (31 December 2008: approximately HK$7,716,000) on acquisition of property, plant and equipment.

SHARE OPTION SCHEME

As at 31 December 2009, there were options for 35,120,000 ordinary shares of HK$0.01 each in the share capital of the Company granted by the Company pursuant to the option scheme, as adopted by the shareholders of the Company on 22 March 2002, which were valid and outstanding. 1,364,000 options lapsed or were forfeited during the Year.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2009, the number of employees of the Group was about 138. Employees' cost (including directors' emoluments) amounted to approximately HK$36,752,000 for the Year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set up the Mandatory Provident Fund Scheme for the Hong Kong employees and has made contributions to the pension scheme for the staff in Suriname. The Group also has a share option scheme to motivate valued employees.

PROSPECTS

Due to the concerted efforts of various countries and massive stimulus packages in combating the economic downturn triggered by the financial tsunami in the second half of 2008, the world economy seems to have recovered and stabilized at least temporarily.

For the Group, the Year has been a year of consolidation, reengineering and continued investments, to prepare for further expansion in 2010 and beyond.

The Group will continue to expand its sales network in China. China is a major consumption market for the timber and hardwood products, and the demand will be even stronger amid the government's fiscal expansion policy. The Group will also benefit from increase in sales price with the overall increase in GDP and improvement in living standards in China.

To support the strong demand of our forestry and timber products, the Group budgets further capital investments, including building our own jetty, further investment in logging and transportation equipment, together with the planned new sawmill and better infrastructure in our camp site. Under the current market condition, the Group will of course be very cautious in deciding the allocation of the financial resources and will continue to maintain a balance between the investment requirements of the business and the need to maintain a strong and healthy financial position.

In addition to organic growth, the Group is also actively exploring certain investment opportunities. With the support of Sino-Forest, our single largest shareholder, the Group is planning to accelerate our expansion plan through mergers and acquisitions to build up and transform the Group into a world leading hard wood supplier.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 6 May 2010. The notice of Annual General Meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CORPORATE GOVERNANCE

During the Year, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

Further information of the Company's corporate governance practices will be sent out in the Corporate Governance Report of the Company's 2009 Annual Report which will be sent to the shareholders on or before 7 April 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors ("Code of Conduct") on terms no less exacting than the required standards set out in the Model Code in Appendix 10 of the Listing Rules ("the Code"). The Company has made specific enquiries with each director and each of them confirmed that he had complied with the required standard set out in the Code and the Code of Conduct during the year.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors. During the year, the Audit Committee convened two meetings and reviewed with management the accounting principles and practices adopted by the Group in the course of its review of the financial statements, and also considered various auditing, internal control and financial reporting matters of the Group.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2009, including the accounting principles and practices adopted by the Group, which have been audited by the Company's external auditors.

REVIEW OF PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Company's auditors, Moore Stephens, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the preliminary announcement.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three Independent Non-executive Directors. The Remuneration Committee met once during the year and reviewed the remuneration packages of the Executive Directors as well as the annual bonus for executives and management staff.

APPRECIATION

Finally I would like to take this opportunity to extend my gratitude to my fellow Directors, our executives and staff for their dedication and hard work. Together we should be able to achieve satisfactory Triple Bottom Lines not only for our Business, but also for the Environments and Society.

By Order of the Board
Sung Yan Wai
Acting Managing Director

Hong Kong, 26 March 2010

As at the date hereof, the Board of Directors of the Company comprises two executive Directors, namely Messrs. Hui Tung Wah, Samuel and Sung Yan Wai, Petrus and three independent non-executive Directors, namely Messrs. Wong Che Keung, Richard, Tong Yee Yung, Joseph and Wong Kin Chi.

Website: http://www.omnicorplimited.com

* *For identification purpose only*