

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 APRIL 2005
Condensed Consolidated Income Statements (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/4/2005 RM'000	Preceding Year Corresponding Quarter 30/4/2004 RM'000	Current Year To Date 30/4/2005 RM'000	Preceding Year To Date 30/4/2004 RM'000
Revenue **				
- Workmanship charges	3,163	2,729	5,549	5,478
- Sale of Gold	-	6,317	3,863	14,165
- Sale of Jewellery	1,000	146	1,946	419
- Investment Holding/Others	-	-	-	1
Total Revenue	4,163	9,192	11,358	20,063
Cost of goods sold	(2,741)	(7,950)	(8,607)	(17,071)
Gross profit	1,422	1,242	2,751	2,992
Administrative expenses	(1,575)	(1,293)	(2,999)	(2,564)
Other operating expenses	(29)	(34)	(59)	(81)
Other operating income	537	565	1,106	1,095
Operating profit	355	480	799	1,442
Finance cost	(264)	(364)	(628)	(641)
Profit before tax	91	116	171	801
Taxation	(34)	(46)	(34)	(153)
Profit after tax	57	70	137	648
Earnings per share (sen)				
- basic	0.14	0.18	0.34	1.62
- diluted	0.14	0.17	0.33	1.61

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	Workmanship charge/ Sales of Jewellery/ Others RM'000	Sales of Gold RM'000	Group RM'000
Revenue	7,495	3,863	11,358
Profit before tax	132	39	171
Taxation			(34)
Profit after tax			137

Sale of gold only occurs when customers settle their purchase in cash rather than physical gold. Furthermore, the Group is not involved in the trading of gold bullion and therefore, the profit margin derived from the sale of gold is negligible. An analysis of profitability of the business is better reflected in the contribution from the workmanship charges/sales of jewellery.

The Condensed Consolidated Income Statements should be read in conjunction with the Group's audited Financial Statements as at 31 Oct 2004. The accompanying notes are an integral part of this income statements.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 APRIL 2005
Condensed Consolidated Balance Sheet

	Note	Unaudited As at 30/4/2005 RM'000	Audited As at 31/10/2004 RM'000
Non Current Assets			
Property, Plant & Equipment		20,144	20,225
Current Assets			
Inventories		9,778	8,819
Trade receivables		1,760	6,882
Other receivables, deposits and prepayments		27,568	34,455
Tax refundable		2,223	2,102
Cash & cash equivalents		4,872	5,468
		46,201	57,726
Current Liabilities			
Trade payables		2,987	4,414
Other payables and accruals		10,759	9,049
Short term borrowing		1,300	13,272
		15,046	26,735
Net Current Assets		31,155	30,991
		51,299	51,216
Shareholders' Funds			
Share Capital		40,661	40,000
Reserves			
Share Premium		4,859	4,720
Exchange Fluctuation Reserve		(59)	(38)
Unappropriated profits		3,641	3,505
		8,441	8,187
Negative Goodwill on Consolidation		833	1,665
Deferred Taxation		1,364	1,364
		51,299	51,216
Net Tangible Assets per share (RM)		1.21	1.20

The Condensed Consolidated Income Statements & Balance Sheet should be read in conjunction with the Group's audited Financial Statements as at 31 October 2004. The accompanying notes are an integral part of this balance sheet.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 APRIL 2005
Condensed Consolidated Statement of Changes in Equity (Unaudited)

As of 30/4/2005	Note	Non - Distributable			Distributable	Total
		Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	
		RM'000	RM'000	RM'000	RM'000	
Balance at 01/2/2005		40,000	4,720	(59)	3,584	48,245
Issue of share		661	139	-	-	800
Net Profit for the year					57	57
Balance as at 30/4/2005		40,661	4,859	(59)	3,641	49,102

As of 30/4/2004	Note	Non - Distributable			Distributable	Total
		Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	
		RM'000	RM'000	RM'000	RM'000	
Balance at 01/2/2004		40,000	4,720	-	4,580	49,300
Net Profit for the year		-	-	-	70	70
2003 first and final dividend -3% tax exempt					(1,200)	(1,200)
Currency translation different		-	-	(17)	-	(17)
Balance as at 30/4/2004		40,000	4,720	(17)	3,450	48,153

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 October 2004. The accompanying notes are an integral Part of this statement.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 APRIL 2005
Condensed Consolidated Cash Flow Statement (Unaudited)

	As of 30/4/2005	As of 30/4/2004
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	170	801
Adjustments for: -		
Depreciation	873	824
Impairment loss	59	59
Gain on disposal of fixed assets	(19)	
Interest expenses	628	641
Negative goodwill recognized	(832)	(832)
Interest income	(223)	(262)
Operating profit before working capital changes	656	1,231
(Increase) / Decrease in:		
Inventories	(959)	573
Trade and other receivables	12,027	3,411
Increase / (Decrease) in:		
Trade and other payables	282	(1,621)
Cash generated from operating activities	12,006	3,594
Interest paid	(628)	(641)
Interest received	223	262
Tax paid	(172)	-
Net cash generated from operating activities	11,429	3,215
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(851)	(2,637)
Proceed From Disposal of property, plant & equipment	19	-
Issued of shares	800	
Exchange Different	(21)	(17)
Net cash generated from / (used in) investing activities	(52)	(2,654)
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	(11,973)	209
Dividend paid		
Net cash generated from / (used in) financing activities	(11,973)	209
Net increase in cash and cash equivalents	(594)	770
Exchange Difference on translation of the Financial Statement Of Foreign Operations		
Cash and cash equivalents as at 1 November	5,468	4,965
Cash and cash equivalents as at 30 April	4,872	5,735

Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited Financial Statements as at 31 October 2004. The accompanying notes are an integral part of this statement.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 APRIL 2005
Notes to the interim financial report

1. Accounting Policies

The interim financial reports of the Group have been prepared in accordance with FRS 134 "Interim Financial Report" and Chapter 9, Part K of the Listing Requirements of Kuala Lumpur Stock Exchange, and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 October 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 October 2004.

2. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 31 October 2004 were not subject to any audit qualifications.

3. Seasonal or Cyclical Factors

Seasonal or cyclical factors have no significant impact on the principal business operations of the Group, except turnover for the Group is normally higher during the festive seasons in particular the Ramadan month.

4. Exceptional and Extraordinary Item

There were no material exceptional and extraordinary items affecting assets, liabilities, equity, net income or cash flow during the quarter under review.

5. Changes in Estimates

There was no material change in estimates of amounts reported in prior interim periods of the current financial year to date or prior financial year.

6. Issuances and Repayment of Debt and Equity Securities

There was no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter under review except 661,000 new ordinary shares of RM1.21 each had been issued to eligible staff who exercised their options under the Employee Share Option Scheme (ESOS) of the Company. As a result the share capital and share premium of the company increased from RM40,000,000 and RM4,720,000 to RM 40,661,000 and RM 4,859,000 respectively.

7. Dividend Paid

There was no dividend paid during the current financial quarter under review.

8. **Segmental Information**

	Middle East	Other Asian Countries	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000
Revenue by location of customer	5,541	5,817	-	11,358
Profit before tax	928	(757)	-	171

The segmental information is presented based on the geographical location of customers.

9. **Property, Plant and Equipment**

The valuations of land and buildings have been brought forward without any amendment from the previous audited financial statements, except for an impairment loss of approximately RM59,328 has been provided for a suspended property under construction owned by a subsidiary in compliance with the adopted MASB 23.

10. **Material Events Subsequent to the End of the Period Reported**

There was no material event subsequent to the end of the current quarter under review.

11. **Changes In The Composition Of The Group**

There was no change in the composition of the Group during the current quarter under review.

12. **Contingent Liabilities**

	As at 30/4/2005 RM'000	As at 31/10/2004 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to a subsidiary	67,700	67,700

13. **Capital Commitments**

There was no capital commitment for the purchase of property, plant and equipment for the Group as of the reporting date.

14. **Related Party Transactions**

There was no related party transaction in the current quarter under review except rental expenses of RM 35,280 paid by a subsidiary to a company in which certain Directors have substantial financial interest.

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

15. **Review of Performance of the Company and its Principal Subsidiaries Compared to the Results of the Preceding Year**

The turnover of the Group has reduced by 54.71% in the current reporting quarter as compared to the preceding year. This is mainly due to no sales of gold in current quarter. Sale of gold only occurs when customers settle their purchase in cash rather than physical gold.

The Group recorded a profit before tax of RM91,000 in current quarter. This represents approximately a 21.55% drop as compared to previous year quarter. The manufacturing sector is able to sustain its result in current quarter as compared to last financial year, however the group profit was affected by the loss incurred by China subsidiary which started operation in the third quarter of financial year 2004.

The Group continues to amortise its negative goodwill of approximately RM416,000 in the current financial quarter under review.

16. **Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

The Group's workmanship charges, in the current quarter under review has increased by approximately 32.79% as compared to the immediate preceding quarter. This has slightly improved the Group's performance whereby its profit before tax has increased by 15.19% to RM 91,000 in current quarter as compare to the immediate preceding quarter.

17. **Current Year Prospects**

Barring any unforeseen circumstances, the Board anticipates that the manufacturing sector will be able to maintain its current level of operations. No major improvement is expected due to the uncertainties of the political situation.

The Group is expected to expand its retail operations in China in this financial year. As the retail business is quite new, it will take approximately three years for the retail business to realize any positive returns and as such the Group performance will be affected.

18. **Variance of Actual Profit Compared to Forecast Profit**

Not applicable as no profit forecast was published.

19. **Taxation**

The taxation of the Group for the financial quarter under review is as follow:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/4/2005 RM'000	Preceding Year Corresponding Quarter 30/4/2004 RM'000	Current Year To Date 30/4/2005 RM'000	Preceding Year To Date 30/4/2004 RM'000
Tax Expenses				
Malaysia – current year	34	9	34	116
- prior year		37		37
Total	34	46	34	153

The tax provision for the Group in the current financial quarter reflects a higher effective tax rate than the statutory income tax rate mainly due to the profit before tax of the profitable subsidiary has been diluted by the losses of other subsidiaries. However, the tax provided for financial year to date reflects a lower effective tax rate than the statutory income tax rate which is mainly due to certain income are not subject to tax.

20. **Unquoted Investment and Properties**

There was no disposal of unquoted investment and properties in the quarter under review.

21. **Quoted Securities**

There was no disposal or purchase of quoted securities for the current quarter under review.

22. **Status of Corporate Proposals Announced**

There was no corporate proposal announced by the Company in the current quarter under review.

23. **Group Borrowings and Debts Securities**

The Group borrowings as at 30 April 2005 are as follows:

	As at 30/4/2005 RM'000	As at 31/10/2004 RM'000
Amount payable within 12 months	1,300	13,272

The bank borrowings of the Group are all in Ringgit Malaysia and secured by corporate guarantee given by the holding company.

24. **Off Balance Sheet Financial Instruments**

The off balance sheet financial instrument of this quarterly report are as follow:

	Contract Amount (RM'000)
Foreign exchange forward contracts	1,897

The above contract is maturing within a period of 3 months from the date of this quarterly report.

Financial instruments are viewed as risk management tools by the Group.

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The above financial instruments are used to reduce the exposure to fluctuation in foreign exchange market rates. However, the contracted amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk.

The credit risk arises in the event that the Company unable to meet the terms of a contract in which the Bank has a gain position. The amount of the risk will change over the life of the contracts, maturity dates and market rates.

In regards of related accounting policies, forward foreign contracts are not recognized in the financial statements on inception. The gain and losses on foreign exchange forward contracts are recognized in the income statements upon realization.

25. **Changes In Material Litigation**

a. The Group has not engaged in any material litigation case which proceedings might materially or adversely affect the financial position or business of the Group except the following:

On 30th October 1997, Yikon Jewellery Industry Sdn Bhd (YJI), filed a suit against Malaysian Airline System Berhad ("Defendant") claiming a sum of USD99,172 plus interest for inter-alia, the failure by the Defendant to exercise proper and reasonable care in carrying out its duty to ensure that proper procedures and instructions by YJI are carried out before the Defendant released a shipment of gold jewellery to a customer.

The court had on 26th April 2002 ruled in favour of YJI and has entered judgment for the sum of RM247,237.83 with interest at 8% from the date of judgment and cost. The said amount has been paid to YJI.

The defendant filed a Notice of appeal against the judgment and the case has been fixed for hearing on 25 July 2005.

b. On 24 November 2004, Yikon Jewellery Industry Sdn Bhd (YJI) filed a Summons against M.A.H.F. Precious Metal Refinery Sdn Bhd ("Defendant") claiming a sum of RM 302,850 being the refundable security for the trade activities in gold whereby YJI has ceased its trading activities with the Defendant since 22 May 2004. The said Summons In Chambers was heard in January 2005 and YJI obtained a judgement against the defendant. The legal counsel had also written to the Official Assignee for details on the winding up of the Defendant.

26. **Proposed Dividend**

There was no dividend proposed during the current financial quarter under review.

27. **Earnings Per Share**

(a) **Basic EPS**

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
		30/4/2005	31/4/2004	30/4/2005	30/4/2004
Net profit for the period (Basic EPS numerator)	(RM'000)	57	70	136	648
Weighted average number of ordinary shares (Basic EPS denominator)	('000)	40,154	40,000	40,154	40,000
Basic earnings per share	(sen)	0.14	0.18	0.34	1.62

(b) Diluted EPS		Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
		30/4/2005	30/4/2004	30/4/2005	30/4/2004
Net profit for the Period (Diluted EPS Numerator)	(RM'000)	57	70	137	648
Weighted average number of ordinary shares in issue	('000)	40,154	40,000	40,154	40,000
Weighted average number of shares under ESOS	('000)	1,889	2,550	1,889	2,550
Weighted average number of shares that would have been issued at fair value	('000)	(1,534)	(2,338)	(1,534)	(2,338)
Adjusted weighted average number of ordinary shares (Diluted EPS denominator)	('000)	40,509	40,212	40,509	40,212
Diluted earnings per share	(sen)	0.14	0.17	0.33	1.61

By Order of the Board

Lam Voon Kean (MIA 4793)
Dated this 28 June 2005