

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 OCTOBER 2005
Condensed Consolidated Income Statements (Unaudited)

	Current Quarter		Cumulative Quarter	
	Current Year Quarter 31/10/2005 RM'000	Preceding Year Corresponding Quarter 31/10/2004 RM'000	Current Year To Date 31/10/2005 RM'000	Preceding Year To Date 31/10/2004 RM'000
Revenue	56,517	10,776	77,011	44,429
Cost of goods sold	(54,928)	(10,171)	(71,290)	(39,675)
Gross profit	1,589	605	5,721	4,754
Administrative expenses	(1,424)	(1,688)	(5,923)	(5,447)
Other operating expenses	(108)	(44)	(197)	(155)
Other operating income	519	885	2,185	2,574
Operating profit	576	(242)	1,786	1,725
Finance cost	(220)	(305)	(1090)	(1,221)
Profit before tax	356	(547)	696	504
Taxation	(335)	389	(369)	199
Profit after tax	21	(158)	327	703
Earnings per share (sen)				
- basic	0.05	(0.40)	0.81	1.76
- diluted	0.05	(0.39)	0.79	1.75

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 FOURTH FINANCIAL QUARTER ENDED 31 OCTOBER 2005
Condensed Consolidated Balance Sheet

	Note	Unaudited As at 31/10/2005 RM'000	Audited As at 31/10/2004 RM'000
Non Current Assets			
Property, Plant & Equipment		20,233	20,225
Current Assets			
Inventories		10,723	8,819
Trade receivables		24,868	6882
Other receivables, deposits and prepayments		33,653	34,455
Tax refundable		485	2,102
Cash & cash equivalents		4,089	5,468
		<u>73,818</u>	<u>57,726</u>
Current Liabilities			
Trade payables		23,249	4,414
Other payables and accruals		17,849	9,049
Short term borrowing	23	1,300	13,272
		<u>42,398</u>	<u>26,735</u>
Net Current Assets		<u>31,420</u>	<u>30,991</u>
		51,653	51,216
Shareholders' Funds			
Share Capital		40,976	40,000
Reserves			
Share Premium		5,021	4,720
Exchange Fluctuation Reserve		210	(38)
Unappropriated profits		3,832	3,505
		<u>9,063</u>	<u>8,187</u>
Negative Goodwill on Consolidation		-	1,665
Deferred Taxation		1,614	1,364
		<u>51,653</u>	<u>51,216</u>
Net Tangible Assets per share (RM)		1.22	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 FOURTH FINANCIAL QUARTER ENDED 31 OCTOBER 2005
Condensed Consolidated Statement of Changes in Equity (Unaudited)

As of 31/10/2005	Note	Non - Distributable			Distributable	
		Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01/11/2004		40,000	4,720	(38)	3,505	48,187
Issue of share		976	301			1,277
Net Profit for the year					327	327
Currency Translation Difference				248		248
Balance as at 31/10/2005		40,976	5,021	210	3,832	50,039

As of 31/10/2004	Note	Non - Distributable			Distributable	
		Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01/11/2003		40,000	4,720	-	4,002	48,722
Net Profit for the year					703	703
2003 first and final Dividend -3% tax exempt					(1,200)	(1,200)
Currency translation different				(38)		(38)
Balance as at 31/10/2004		40,000	4,720	(38)	3,505	48,187

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 FOURTH FINANCIAL QUARTER ENDED 31 OCTOBER 2005
Condensed Consolidated Cash Flow Statement (Unaudited)

	As of 31/10/2005	As of 31/10/2004
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	696	504
Adjustments for: -		
Depreciation	1,821	1,644
Impairment loss	119	119
Loss/(Gain) on disposal of fixed assets	9	(52)
Stock written off	1	-
Interest expenses	1,090	1,221
Negative goodwill recognized	(1,665)	(1,665)
Other income	(1)	-
Interest income	(473)	(489)
Operating profit before working capital changes	1,597	1,282
(Increase) / Decrease in:		
Inventories	(1,904)	(6,455)
Trade and other receivables	(17,183)	1,922
Increase / (Decrease) in:		
Trade and other payables	27,633	6,911
Cash generated from operating activities	10,143	3,660
Interest paid	(1,090)	(1,221)
Interest received	473	489
Tax paid/(Refunded)	1,500	(736)
Other income	1	-
Net cash generated from operating activities	11,028	2,192
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,987)	(3,999)
Proceed from disposal of property, plant & equipment	27	750
Issued of shares	1,277	-
Exchange Different	248	(32)
Net cash generated from / (used in) investing activities	(435)	(3,281)
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	(11,972)	2,781
Dividend paid	-	(1,189)
Net cash generated from / (used in) financing activities	(11,972)	1,592
Net increase/(decrease) in cash and cash equivalents	(1,379)	503
Cash and cash equivalents as at 1 November	5,468	4,965
Cash and cash equivalents as at 31 Oct	4,089	5,468

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 FOURTH FINANCIAL QUARTER ENDED 31 OCTOBER 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 Bursa Malaysia, 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 month of Ramadan.

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 financial year under review except 975,500 new ordinary shares had been issued to eligible staff who exercised their options under the Employee Share Option Scheme (ESOS) of the Company. The details are as follows:

No. of shares (unit)	Option Price (RM)	Share Capital (RM)	Premium (RM)	Increase in Equity (RM)
762,600	1.21	762,600	160,146	922,746
<u>212,900</u>	1.66	<u>212,900</u>	<u>140,514</u>	<u>353,514</u>
<u>975,500</u>		<u>975,500</u>	<u>300,660</u>	<u>1,276,160</u>

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	39,332	37,679	-	77,011
Profit before tax	1,310	(614)	-	696

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 RM118,656 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 31/10/2005 RM'000	As at 31/10/2004 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to a wholly owned 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 except the following:

Contracted but not provided for

Plant and Machinery	RM'000 39
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14. **Related Party Transactions**

There was no related party transaction in the current quarter under review except rental expenses of RM 70,272 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 increased by RM45.7million in the current reporting quarter as compared to the preceding year. This is mainly due to the increase in sales of gold to customers. Expansion of retail outlets in China has raised the sales of jewellery in the current financial year. In addition, the expansion of one of the subsidiaries' product range in the local market has generated higher sales of jewellery for the Group.

As the result of the higher turnover, the Group achieved a profit before tax of RM356,000 in current quarter. This represents approximately a 165.1% increase as compared to previous year corresponding quarter. Besides, the better performance of the Group in current reporting quarter is partly attributable to the reduction in finance cost of about 27.9% as compared to the preceding year.

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 turnover improved in the current reporting quarter mainly due to the increase in sales of gold to customers. The increase in sales of jewellery has contributed to the better performance of the Group whereby its profit before tax has increased by 110.7% to RM 356,000 in the current quarter as compared to the immediate preceding quarter.

17. **Next Year Prospects**

Barring any unforeseen circumstances, the Board anticipates that the manufacturing sector will be able to maintain its current level of operations despite the current high gold price. The company has also secured a contract to manufacture gold wafer for the next financial year.

The Group will keep on expanding its retail operations in China in the next financial year. The expansion will focus more on a few of the more strategic Provinces.

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 follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/10/2005 RM'000	Preceding Year Corresponding Quarter 31/10/2004 RM'000	Current Year To Date 31/10/2005 RM'000	Preceding Year To Date 31/10/2004 RM'000
Tax Expenses				
Malaysia – current year	86	(56)	120	97
- prior year	1		1	37
Sub Total	87	(56)	121	134

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/10/2005 RM'000	Preceding Year Corresponding Quarter 31/10/2004 RM'000	Current Year To Date 31/10/2005 RM'000	Preceding Year To Date 31/10/2004 RM'000
Deferred Tax Expenses				
Malaysia – current year	142	18	142	18
- prior year	106	(351)	106	(351)
Sub Total	248	(333)	248	(333)
Total	335	(389)	369	(199)

The tax provision for the Group in the current financial quarter as well as current financial year, reflect a higher effective tax rate than the statutory income tax rate mainly due to certain expenses are not allowed for tax purposes and losses of certain subsidiaries which cannot be set off profit of other subsidiaries as group relief is not available.

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 31 October 2005 are as follows:

	As at 31/10/2005 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	1,965

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 8 March 2006.

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. M.A.H.F has been wound up and our legal counsel had filed the General Proxy and Proof of Debt Form in July 2005 and is now awaiting the Official Assignee to notify the date of Creditors' Meeting.

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 31/10/2005	Preceding Year Corresponding Quarter 31/10/2004	Current Year To Date 31/10/2005	Preceding Year To Date 31/10/2004
Net profit for the period (Basic EPS numerator)	(RM'000)	21	(158)	327	703
Weighted average number of ordinary shares (Basic EPS denominator)	('000)	40,496	40,000	40,496	40,000
Basic earnings per share	(sen)	0.05	(0.40)	0.81	1.76

(b) Diluted EPS

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/10/2005	Preceding Year Corresponding Quarter 31/10/2004	Current Year To Date 31/10/2005	Preceding Year To Date 31/10/2004
Net profit for the Period (Diluted EPS Numerator)	(RM'000)	21	(158)	327	703
Weighted average number of ordinary shares in issue	('000)	40,496	40,000	40,496	40,000
Weighted average number of shares under ESOS	('000)	2,119	585	2,119	585
Weighted average number of shares that would have been issued at fair value	('000)	(1,392)	(581)	(1,392)	(581)
Adjusted weighted average number of ordinary shares (Diluted EPS denominator)	('000)	41,223	40,004	41,223	40,004
Diluted earnings per share	(sen)	0.05	(0.40)	0.79	1.75

By Order of the Board

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