

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 31 JANUARY 2006**  
**Condensed Consolidated Income Statements (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/1/2006 RM'000	Preceding Year Corresponding Quarter 31/1/2005 RM'000	Current Year To Date 31/1/2006 RM'000	Preceding Year To Date 31/1/2005 RM'000
Revenue	60,710	7,194	60,710	7,194
Cost of goods sold	(57,381)	(5,866)	(57,381)	(5,866)
Gross profit	3,329	1,328	3,329	1,328
Administrative expenses	(1,687)	(1,424)	(1,687)	(1,424)
Other operating expenses	-	(30)	-	(30)
Other operating income	211	569	211	569
Operating profit	1,852	443	1,852	443
Finance cost	(223)	(364)	(223)	(364)
Profit before tax	1,630	79	1,630	79
Taxation	(273)	-	(273)	-
Profit after tax	1,357	79	1,357	79
Earnings per share (sen)				
- basic	3.28	0.20	3.28	0.20
- diluted	3.17	NA	3.17	NA

*The Condensed Consolidated Income Statements should be read in conjunction with the Group's audited Financial Statements as at 31 Oct 2005. The accompanying notes are an integral part of this income statements.*

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 31 JANUARY 2006**  
**Condensed Consolidated Balance Sheet**

	Note	Unaudited As at 31/1/2006 RM'000	Audited As at 31/10/2005 RM'000
<b>Non Current Assets</b>			
Property, Plant & Equipment		19,860	20,217
<b>Current Assets</b>			
Inventories		12,267	10,723
Trade receivables		30,375	24,868
Other receivables, deposits and prepayments		36,907	33,669
Tax refundable		351	485
Cash & cash equivalents		3,003	4,089
		82,903	73,834
<b>Current Liabilities</b>			
Trade payables		28,724	23,249
Other payables and accruals		18,144	17,851
Short term borrowing	23	1,680	1,300
		48,548	42,400
<b>Net Current Assets</b>			
		34,355	31,434
		<b>54,215</b>	<b>51,651</b>
<b>Shareholders' Funds</b>			
Share Capital		41,857	40,975
Reserves			
Share Premium		5,237	5,021
Exchange Fluctuation Reserve		200	210
Unappropriated profits		5,189	3,832
		10,626	9,063
		1,732	1,613
<b>Deferred Taxation</b>			
		<b>54,215</b>	<b>51,651</b>
<b>Net Assets per share (RM)</b>			
		<b>1.25</b>	<b>1.22</b>

*The Condensed Consolidated Income Statements & Balance Sheet should be read in conjunction with the Group's audited Financial Statements as at 31 October 2005. The accompanying notes are an integral part of this balance sheet.*

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 31 JANUARY 2006**  
**Condensed Consolidated Statement of Changes in Equity (Unaudited)**

As of 31/1/2006	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 01/11/2005		40,975	5,021	210	3,832	50,038
Issue of share		882	216			1,098
Net Profit for the year					1,357	1,357
Currency Translation Difference				(10)		(10)
<b>Balance as at 31/1/2006</b>		<b>41,857</b>	<b>5,237</b>	<b>200</b>	<b>5,189</b>	<b>52,483</b>

As of 31/1/2005	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
Net Profit for the year					79	79
Currency translation different				(21)		(21)
<b>Balance as at 31/1/2005</b>		<b>40,000</b>	<b>4,720</b>	<b>(59)</b>	<b>3,584</b>	<b>48,245</b>

*The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 October 2005. The accompanying notes are an integral Part of this statement.*

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 31 JANUARY 2006**  
**Condensed Consolidated Cash Flow Statement (Unaudited)**

	As of 31/1/2006	As of 31/1/2005
Note	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	1,630	79
Adjustments for: -		
Depreciation	487	434
Impairment loss		30
Loss/(Gain) on disposal of fixed assets		(19)
Fixed Asset written off	56	
Interest expenses	223	364
Negative goodwill recognized		(416)
Other income		
Interest income	(208)	(108)
Operating profit before working capital changes	2,188	364
(Increase) / Decrease in:		
Inventories	(1,544)	(1,495)
Trade and other receivables	(8,668)	7,860
Increase / (Decrease) in:		
Trade and other payables	5,746	(1,886)
Cash generated from operating activities	(2,278)	4,843
Interest paid	(223)	(364)
Interest received	208	108
Tax paid	(73)	(125)
Other income		
Net cash generated from operating activities	<b>(2,366)</b>	<b>4,462</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(188)	(784)
Proceed from disposal of property, plant & equipment		19
Exchange Different	(10)	(21)
Net cash generated from / (used in) investing activities	<b>(198)</b>	<b>(786)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank Borrowings	380	(7,810)
Issued of shares	1,098	-
Net cash generated from / (used in) financing activities	<b>1,478</b>	<b>(7,810)</b>
Net increase/(decrease) in cash and cash equivalents	<b>(1,086)</b>	<b>(4,134)</b>
<b>Cash and cash equivalents as at 1 November</b>	4,089	5,468
<b>Cash and cash equivalents as at 31 January</b>	<b>3,003</b>	<b>1,334</b>

*Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited Financial Statements as at 31 October 2005. The accompanying notes are an integral part of this statement.*

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 31 JANUARY 2006**  
**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 2005.

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 2005.

**2. Audit Report of Preceding Annual Financial Statements**

The audited financial statements of the Group for the financial year ended 31 October 2005 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 881,400 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)
838,800	1.21	838,800	176,148	1,014,948
27,800	1.66	27,800	18,348	46,148
<u>14,800</u>	2.51	<u>14,800</u>	<u>22,348</u>	<u>37,148</u>
<u>881,400</u>		<u>881,400</u>	<u>216,844</u>	<u>1,098,244</u>

**7. Dividend Paid**

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

8. **Segmental Information**

	<b>Middle East</b>	<b>Other Asian Countries</b>	<b>Eliminations</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue by location of customer	26,820	33,890	-	60,710
Profit before tax	(955)	2,584	-	1,630

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.

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**

	<b>As at 31/1/2006 RM'000</b>	<b>As at 31/10/2005 RM'000</b>
Corporate guarantee given to financial institutions in respect of banking facilities granted to a wholly owned subsidiary	62,700	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 17,568 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 Group recorded a turnover of RM60.7m in the current quarter, an increase of RM53.5m as compared to the corresponding quarter in year 2005. This is mainly contributed by the higher sales of gold, increase in gold price, and the higher sales of gold wafer. In addition, retail business in China has also shown a substantial improvement in sales.

In line with the higher turnover, the Group achieved a better profit before tax of RM1, 630,000 in current quarter. In addition, lower finance cost incurred has also improved the Group's result.

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

The Group's turnover and profit before tax have improved in the current reporting quarter as compared to the preceding quarter. Turnover increased by 7.4% to RM60.7m and resulted in a profit before tax of RM1,630,000.

In addition to the better result achieved by the manufacturing sector, the retail operations in China has also generated higher sales mainly due to the festive seasons in particularly Christmas and Chinese New Year.

17. **Current Year Prospects**

Barring any unforeseen circumstances, the Board is confident that the manufacturing sector will improve its performance as compared to previous financial year despite the current high gold price. The company is currently negotiating another major contract in manufacturing of gold wafer. The signing of this contract is expected to contribute positively to the earnings of the Group.

Retail operation in China is also expected to perform better in the current financial year. The Group will continue its efforts in expanding the retail operations, which focus 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 31/1/2006 RM'000	Preceding Year Corresponding Quarter 31/1/2005 RM'000	Current Year To Date 31/1/2006 RM'000	Preceding Year To Date 31/1/2005 RM'000
<b>Tax Expenses</b>				
Malaysia – current year	155	-	155	-
- prior year		-		-
<b>Sub Total</b>	155	-	155	-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/1/2006 RM'000	Preceding Year Corresponding Quarter 31/1/2005 RM'000	Current Year To Date 31/1/2006 RM'000	Preceding Year To Date 31/1/2005 RM'000
<b>Deferred Tax Expenses</b>				
Malaysia – current year	118	-	118	-
- prior year	-	-	-	-
<b>Sub Total</b>	118	-	118	-
<b>Total</b>	273	-	273	-

The tax provision for the Group in the current financial quarter as well as current financial year, reflect a lower effective tax rate than the statutory income tax rate mainly due to the availability of certain incentives to a profitable subsidiary.

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 January 2006 are as follows:

	As at 31/1/2006 RM'000	As at 31/10/2005 RM'000
Amount payable within 12 months	1,680	1,300

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**

There is no off balance sheet financial instrument for the current reporting quarter.



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 30<sup>th</sup> 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 26<sup>th</sup> 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 10 April 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**

		<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
		<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year To Date</b>
		<b>31/1/2006</b>	<b>31/1/2005</b>	<b>31/1/2006</b>	<b>31/1/2005</b>
<b>Net profit for the period (Basic EPS numerator)</b>	(RM'000)	1,357	79	1,357	79
<b>Weighted average number of ordinary shares (Basic EPS denominator)</b>	('000)	41,347	40,000	41,347	40,000
<b>Basic earnings per share</b>	(sen)	3.28	0.20	3.28	0.20

(b) Diluted EPS		Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
		31/1/2006	31/1/2005	31/1/2006	31/1/2005
<b>Net profit for the Period (Diluted EPS Numerator)</b>	(RM'000)	1,357	79	1,357	79
<b>Weighted average number of ordinary shares in issue</b>	('000)	41,347	40,000	41,347	40,000
<b>Weighted average number of shares under ESOS</b>	('000)	2,443	2,550	2,443	2,550
<b>Weighted average number of shares that would have been issued at fair value</b>	('000)	(965)	(3,282)	(965)	(3,282)
<b>Adjusted weighted average number of ordinary shares (Diluted EPS denominator)</b>	('000)	42,825	39,268	42,825	39,268
<b>Diluted earnings per share</b>	(sen)	3.17	0.20	3.17	0.20

By Order of the Board

Lam Voon Kean (MIA 4793)  
Dated this 29 March 2006