

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 30 APRIL 2007
Condensed Consolidated Income Statements (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/4/2007 RM'000	Preceding Year Corresponding Quarter 30/4/2006 RM'000	Current Year To Date 30/4/2007 RM'000	Preceding Year To Date 30/4/2006 RM'000
Revenue	58,355	68,076	97,963	128,786
Cost of goods sold	(56,442)	(65,208)	(95,132)	(122,589)
Gross profit	1,913	2,868	2,831	6,197
Administrative expenses	(2,327)	(1,620)	(4,315)	(3,307)
Other operating expenses				
Other operating income	75	150	244	361
Operating profit	(339)	1,398	(1,240)	3,251
Finance cost	(308)	(237)	(457)	(460)
Profit before tax	(647)	1,161	(1,697)	2,791
Taxation	-	(390)	(12)	(662)
Profit after tax				
Attributable to the Shareholders of the Company	(647)	771	(1,709)	2,129
Earnings per share (sen)				
- basic	(1.53)	1.85	(4.03)	5.11
- diluted	-	1.80	-	4.96
- anti-dilutive	(1.52)	-	(4.00)	-

The Condensed Consolidated Income Statements should be read in conjunction with the Group's audited Financial Statements as at 31 Oct 2006. 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 2007
Condensed Consolidated Balance Sheet

	Unaudited As at 30/4/2007 RM'000	Restated As at 31/10/2006 RM'000
Non Current Assets		
Property, Plant & Equipment	15,837	16,381
Investment Properties	830	839
Prepaid lease payments	2,170	2,196
Current Assets		
Inventories	32,867	26,699
Trade receivables	45,697	26,397
Other receivables, deposits and prepayments	15,207	14,906
Tax refundable	1,285	935
Cash & cash equivalents	4,925	24,117
Total Current Assets	99,981	93,054
Total Assets	118,818	112,470
Equity		
Share Capital	42,650	42,294
Reserves		
Share Premium	5,801	5,720
Exchange Fluctuation Reserve	(1,385)	(291)
Unappropriated profits	2,329	4,037
Total equity attributable to shareholders of the Company	49,395	51,760
Non Current Liability		
Deferred Taxation	1,684	1,684
Total non-current liability	51,079	53,444
Trade payables	37,690	36,386
Other creditors & accruals	8,838	22,640
Bank Borrowings	21,210	-
Total current liabilities	67,738	59,026
Total liabilities	118,818	112,470
Net Assets per share (RM)	1.16	1.22

The Condensed Consolidated Income Statements & Balance Sheet should be read in conjunction with the Group's audited Financial Statements as at 31 October 2006. 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 2007
Condensed Consolidated Statement of Changes in Equity (Unaudited)

	← Attributable to shareholders of the Company →					
	Non - Distributable			Distributable		
	Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	Total Equity	
As of 31/4/2007	Note	RM'000	RM'000	RM'000	RM'000	
Balance at 1/11/2006		42,294	5,720	(291)	4,038	51,761
Issue of share pursuant to ESOS		356	81			437
Net Profit for the year					(1,709)	(1,709)
Currency Translation Difference				(1,094)		(1,094)
Balance as at 30/4/2007		42,650	5,801	(1,385)	2,329	49,395
As of 31/4/2006	Note	Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	Total Equity
		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 pursuant to ESOS		987	369			1,356
Net Profit for the year					2,129	2,129
Currency Translation Difference				(615)		(615)
Balance as at 30/4/2006		41,962	5,390	(405)	5,961	52,908

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 October 2006. 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 2007
Condensed Consolidated Cash Flow Statement (Unaudited)

	As of 30/4/2007	As of 31/10/2006
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	(1,697)	449
Adjustments for: -		
Depreciation	1,054	1,978
Impairment loss		
Loss/(Gain) on disposal of fixed assets		
Fixed Asset written off	231	67
Interest expenses	457	875
Gain on liquidation of a subsidiary		(35)
Other income		
Interest income	(460)	(851)
Operating profit before working capital changes	(415)	2,483
 (Increase) / Decrease in:		
Inventories	(6,167)	(16,103)
Trade and other receivables	(19,559)	17,031
 Increase / (Decrease) in:		
Trade and other payables	(12,506)	17,980
Cash generated from operating activities	(38,647)	21,392
 Interest paid	(457)	(875)
Interest received	460	851
Tax paid	(369)	(627)
Other income		
Net cash generated from operating activities	(39,013)	20,740
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(731)	(1,260)
Net outflow on liquidation of a subsidiary		(7)
Net cash generated from / (used in) investing activities	(731)	(1267)
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	21,210	(1,300)
Issued of shares	436	2,018
Net cash generated from / (used in) financing activities	21,646	718
Exchange different in Translation	(1,094)	(163)
Net increase/(decrease) in cash and cash equivalents	(19,192)	20,028
 Cash and cash equivalents as at 1 November	24,117	4,089
Cash and cash equivalents as at 31 October	4,925	24,117

Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited Financial Statements as at 31 October 2006. 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 2007
Notes to the interim financial report

1. Accounting Policies

The interim financial reports of the Group have been prepared in accordance with Financial Reporting Standards (“FRS”) 134, “Interim Financial Reporting”, issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Bursa Malaysia Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 October 2006.

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 2006, except for the accounting policy changes that are expected to be reflected in the 2007 annual financial statements with the adoption of FRS.

In the current financial year ending 31 October 2007, the Group adopted the following FRSs which are applicable to financial statements for annual periods beginning on or after 1 January 2006 and 1 October 2006 and are relevant to the Group operations. The 2006 comparatives have been restated as required, in accordance with the relevant requirements.

FRS 2	Share-based Payment
FRS 3	Business Combination
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosure
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs did not result in substantial changes to the Group. The principal effects of the changes in the accounting policies resulting from the adoption of the above FRSs are disclosed in Note 2.

2. Changes in Accounting Policies

a. FRS 2 – Share-based Payment

This FRS requires an entity to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity’s parent or another entity in the same Group as the entity.

With the adoption of FRS 2, the Group is required to recognize the fair value of share options granted by Yikon Corporation Bhd to its employees of the Group as an expense in the income statement.

In prior years, no amounts were recognized when employee were granted share options over shares in the Company, if the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 November 2006, in order to comply with FRS 2, the Group recognizes the fair value of the share options as an expense in the income statement over the vesting periods of the grants, with a corresponding increase in equity. If an employee chose to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised, the related capital reserve is transferred directly to retained earnings.

Under the transitional provisions of FRS 2, this FRS shall be applied to share options that were granted after 31 December 2004 and had not yet vested as of the effective date of FRS 2 i.e. for annual period beginning on or after 1 January 2006. The change in accounting policy has no financial impact to the Group for current financial period as there was no option of the Company remained unvested on the applicable date of FRS 2 to the Group. No adjustments to the opening balance are required as FRS 2 has not come into effect for the Group at that time.

b. FRS 140 – Investment Property

Under FRS 140, properties which are held for rental or capital appreciation will be treated as investment properties. Investment properties are stated at cost or valuation less accumulated depreciation. Changes in the carrying amount arising from revaluation are credited to/ charged against the revaluation reserve.

In prior years, property held for rental is classified as property, plant and equipment and is stated at cost or valuation less accumulated depreciation.

The adoption of FRS 140 has resulted in the reclassification of investment property with a carrying value of RM 835,038 from property, plant and equipment and presented as a separate line item in non-current assets.

c. FRS 117 - Leases

Before the effective of FRS 117, the leasehold land held for own use classified as property, plant and equipment, were stated at revaluation less accumulated depreciation and accumulated impairment losses. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

With the adoption of FRS 117, the leasehold land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the

unamortized revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by FRS 117.67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

The adoption of FRS 117 has resulted in the reclassification of prepaid lease payment with a carrying value of RM 2,183, 972 from property, plant and equipment and presented as a separate line item in non-current assets.

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

The audited financial statements of the Group for the financial year ended 31 October 2006 were not subject to any audit qualifications.

4. **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.

5. **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.

6. **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.

7. **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 355,200 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)
341,000	RM 1.21	341,000	71,610	412,610
14,200	RM 1.66	14,200	9,372	23,572
355,200		355,200	80,982	436,182

8. **Dividend Paid**

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

9. **Segmental Information**

	Middle East	Malaysia	Other Asian Countries	Group
	RM'000	RM'000	RM'000	RM'000
Revenue by location of customer	70,293	20,642	7,028	97,963
Profit /(Loss) before tax	(2,741)	713	331	(1,697)

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

10. **Property, Plant and Equipment**

The valuations of land and buildings have been brought forward without any amendment from the previous audited financial statements.

11. **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.

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

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

13. **Contingent Liabilities**

	As at 30/4/2007 RM'000	As at 31/10/2006 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to a wholly owned subsidiary	63,700	62,700

14. **Capital Commitments**

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

15. **Related Party Transactions**

There was no related party transaction in the current quarter under review except rental expenses paid by a subsidiary to a Director and a company in which certain Directors have substantial financial interest for the amount of RM 6,823 and RM27,990 respectively.

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.

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

The Group recorded a turnover of RM58.4m in the current quarter, a decrease of 14 percent as compared to the corresponding quarter in year 2006. This is mainly attributed to reduce in sales of gold wafer in the current reporting quarter.

The Group registered a loss before tax of RM0.65m in the current reporting quarter mainly due to lower turnover and increase in administrative expenses. The increase in administrative expenses mainly attributable to higher staff cost and additional retail outlets had been set up in the retail segment.

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

The Group's turnover increased by 47 percent in the current reporting quarter as compared to the preceding quarter largely due to the supply of material by one of the subsidiaries to a local company which principally involved in the business of coinage and medallions for the local and overseas market.

The higher turnover in the current quarter has generated a higher gross profit for the Group. Administrative expenses are also higher as compared to the preceding quarter mainly due to the increase in staff cost and the written off of some fixed assets. In addition, finance cost has also increased due to higher bank borrowings. The Group recorded a loss before tax of RM0.65m which is 38 percent lower as compared to last quarter.

18. Current Year Prospects

Barring any unforeseen circumstances, the Board foresees a competitive market in the current financial year. The volatility of the gold price remains the important factor affecting demand in the gold jewellery industry.

The Group will continue its efforts in expanding the retail operations, which focus on a few of the more strategic Provinces in China. It is also expected to perform better in the current financial year.

19. Variance of Actual Profit Compared to Forecast Profit

Not applicable as no profit forecast was published.

20. **Taxation**

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

	Individual Quarter	Cumulative Quarter		
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To Date	To Date
	30/4/2007	Quarter	30/4/2007	30/4/2006
	RM'000	30/4/2006	RM'000	RM'000
		RM'000		
Tax Expenses				
Malaysia – current year		348		502
- prior year			12	
Sub Total		348	12	502

	Individual Quarter	Cumulative Quarter		
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To Date	To Date
	30/4/2007	Quarter	30/4/2007	30/4/2006
	RM'000	30/4/2006	RM'000	RM'000
		RM'000		
Deferred Tax Expenses				
Malaysia – current year		42		160
- prior year				
Sub Total		42		160
Total		390	12	662

The Group does not provide tax expenses in the current financial year to date mainly due to the subsidiaries are recording loss.

21. **Unquoted Investment and Properties**

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

22. **Quoted Securities**

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

23. **Status of Corporate Proposals Announced**

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

24. **Group Borrowings and Debts Securities**

The Group borrowings as at 30 April 2007 are as follows:

	As at 30/4/2007 RM'000	As at 31/10/2006 RM'000
Amount payable within 12 months	21,210	-

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

25. **Off Balance Sheet Financial Instruments**

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

26. **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 postponed several times. The learned Judge directed the Counsel for the parties to put in written submissions by or before the date fixed for clarification on 14 May 2007.

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.

c. On 22-05-2007 Yikon Jewellery Industry Sdn Bhd (“YJI”), a wholly owned subsidiary of Yikon Corporation Bhd filed a suit in the Penang High Court against The Royal Mint of Malaysia Sdn Bhd (“Royal Mint”), Paradym Resources Industries Sdn. Bhd (“Paradym”), one Azli Bin Abdul Rahman (“Azli”) and one Mimi Sharkina Bte Md. Noh (“Mimi”) for the sum of RM18,879,435-23 together with interest and cost being the debt owing to YJI. An *ex parte* application for an interim injunction (“Injunction 1”) order to prevent Royal Mint from disposing off the *Cupro Nickel* supplied by YJI was also filed on the same day. The said application was fixed for hearing on 28-05-2007.

On 28-05-2007, YJI filed another *ex parte* application for an interim injunction (“Injunction 2”) restraining Paradym and Azli from disposing off their shares in Royal Mint and Paradym respectively. This application was fixed for hearing on the same day together with Injunction 1.

After hearing submissions from counsels for YJI, the Court allowed Injunction 2 and granted an interim injunction restraining Paradym and Azli from disposing off their shares in Royal Mint and Paradym respectively. However, with regard to Injunction 1, the Court refused to hear it *ex parte* and directed YJI to serve the said application to all parties and fixed both Injunctions for *inter parte* hearing on 04-06-2007.

On 04-06-2007, the Court adjourned the hearing of both Injunctions to 18-06-2007 as the Defendants’ solicitors were not ready to proceed with the hearing.

On 18-06-2007, as the parties were still in the process of exchanging affidavits, the Court adjourned the hearing to 25-07-2007. The Court has also extended both the interim injunctions until the hearing.

27. Proposed Dividend

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

28. 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
		30/4/2007	30/4/2006	30/4/2007	30/4/2006
Net profit for the period (Basic EPS numerator)	(RM'000)	(647)	771	(1,709)	2,129
Weighted average number of ordinary shares (Basic EPS denominator)	('000)	42,419	41,623	42,419	41,623
Basic earnings per share	(sen)	(1.53)	1.85	(4.03)	5.11

(b) Diluted EPS		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/4/2007	Preceding Year Corresponding Quarter 30/4/2006	Current Year To Date 30/4/2007	Preceding Year To Date 30/4/2006
Net profit for the Period (Diluted EPS Numerator)	(RM'000)	(647)	771	(1,709)	2,129
Weighted average number of ordinary shares in issue	('000)	42,419	41,623	42,419	41,623
Weighted average number of shares under ESOS	('000)	1,335	2,061	1,335	2,061
Weighted average number of shares that would have been issued at fair value	('000)	(1,070)	(742)	(1,070)	(742)
Adjusted weighted average number of ordinary shares (Diluted EPS denominator)	('000)	42,684	42,942	42,684	42,942
Diluted earnings per share	(sen)		1.80		4.96
Anti-Diluted earnings per share	(sen)	(1.52)		(4.00)	

By Order of the Board
Lam Voon Kean (MIA 4793)
Dated this 26 June 2007