

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 JULY 2007
Condensed Consolidated Income Statements (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/7/2007 RM'000	Preceding Year Corresponding Quarter 31/7/2006 RM'000	Current Year To Date 31/7/2007 RM'000	Preceding Year To Date 31/7/2006 RM'000
Revenue	51,621	50,883	149,583	179,668
Cost of goods sold	(50,336)	(50,433)	(145,468)	(173,020)
Gross profit	1,285	450	4,115	6,648
Administrative expenses	(2,074)	(1,849)	(6,388)	(5,157)
Other operating expenses		(76)	-	(76)
Other operating income	32	171	276	533
Operating profit	(757)	(1,302)	(1,997)	1,948
Finance cost	(374)	(245)	(830)	(705)
Profit before tax	(1,131)	(1,549)	(2,827)	1,243
Taxation	-	-	(12)	(662)
Profit after tax				
Attributable to the Shareholders of the Company	(1,131)	(1,549)	(2,839)	581
Earnings per share (sen)				
- basic	(2.66)	(3.71)	(6.68)	1.39
- diluted	-		-	1.36
- anti-dilutive	(2.65)	(3.62)	(6.65)	

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 THIRD FINANCIAL QUARTER ENDED 31 JULY 2007
Condensed Consolidated Balance Sheet

	Unaudited As at 31/7/2007 RM'000	Restated As at 31/10/2006 RM'000
Non Current Assets		
Property, Plant & Equipment	15,408	16,381
Investment Properties	826	839
Prepaid lease payments	2,157	2,196
Current Assets		
Inventories	26,284	26,699
Trade receivables	51,503	26,397
Other receivables, deposits and prepayments	9,348	14,906
Tax refundable	1,322	935
Cash & cash equivalents	2,954	24,117
Total Current Assets	91,411	93,054
Total Assets	109,802	112,470
Equity		
Share Capital	42,705	42,294
Reserves		
Share Premium	5,837	5,720
Exchange Fluctuation Reserve	(868)	(291)
Unappropriated profits	1,199	4,037
Total equity attributable to shareholders of the Company	48,873	51,760
Non Current Liability		
Deferred Taxation	1,684	1,684
Total non-current liability	50,557	53,444
Trade payables	33,323	36,386
Other creditors & accruals	11,647	22,640
Bank Borrowings	14,275	-
Total current liabilities	59,245	59,026
Total liabilities	109,802	112,470
Net Assets per share (RM)	1.14	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 THIRD FINANCIAL QUARTER ENDED 31 JULY 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 31/7/2007	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		411	117			528
Net Profit for the year					(2,839)	(2,839)
Currency Translation Difference				(577)		(577)
Balance as at 31/7/2007		42,705	5,837	(868)	1,199	48,873
As of 31/7/2006	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		1,283	671			1,954
Net Profit for the year					581	581
Currency Translation Difference				(463)		(463)
Balance as at 31/7/2006		42,258	5,692	(253)	4,413	52,110

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 THIRD FINANCIAL QUARTER ENDED 31 JULY 2007
Condensed Consolidated Cash Flow Statement (Unaudited)

	As of 31/7/2007	As of 31/10/2006
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	(2,827)	449
Adjustments for: -		
Depreciation	1,596	1,978
Impairment loss		
Loss/(Gain) on disposal of fixed assets		
Fixed Asset written off	231	67
Interest expenses	830	875
Gain on liquidation of a subsidiary		(35)
Other income		
Interest income	(583)	(851)
Operating profit before working capital changes	(753)	2,483
(Increase) / Decrease in:		
Inventories	415	(16,103)
Trade and other receivables	(19,009)	17,031
Increase / (Decrease) in:		
Trade and other payables	(14,603)	17,980
Cash generated from operating activities	(33,950)	21,392
Interest paid	(830)	(875)
Interest received	583	851
Tax paid	(369)	(627)
Other income		
Net cash generated from operating activities	(34,566)	20,740
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(822)	(1,260)
Net outflow on liquidation of a subsidiary		(7)
Net cash generated from / (used in) investing activities	(822)	(1267)
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	14,275	(1,300)
Issued of shares	528	2,018
Net cash generated from / (used in) financing activities	14,803	718
Exchange different in Translation	(578)	(163)
Net increase/(decrease) in cash and cash equivalents	(21,163)	20,028
Cash and cash equivalents as at 1 November	24,117	4,089
Cash and cash equivalents as at 31 October	2,954	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 THIRD FINANCIAL QUARTER ENDED 31 JULY 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 410,600 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
69,600	RM 1.66	69,600	45,936	115,536
410,600		410,600	117,546	528,146

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	112,328	27,917	9,338	149,583
Profit /(Loss) before tax	(3,166)	67	258	(2,827)

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 31/7/2007 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	62,700	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 10,235 and RM41,985 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 RM51.6m in the current quarter, a slight improvement of 1.5 percent as compared to the corresponding quarter in year 2006. This is mainly contributed by higher sales of jewellery in the retail segment.

Administrative expenses had increased mainly attributable to higher staff cost and additional retail outlets had been set up in the retail segment whereas finance cost increased by 53 percent mainly incurred for the finance of purchase of materials.

Despite the higher expenses and finance cost, the Group reduced its loss before tax by 27 percent to RM 1.13 million in the current reporting quarter as compared to last year. This improvement mainly contributed by better performance in the retail segment and sale of material by one of its subsidiary.

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

The Group's turnover decreased by 12 percent in the current reporting quarter as compared to the preceding quarter. This led to a lower gross profit and the higher finance cost has contributed to the loss before tax of RM1.13 million which is 75 percent higher as compared to the 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 which is 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
	31/7/2007	31/7/2006	31/7/2007	31/7/2006
	RM'000	RM'000	RM'000	RM'000
Tax Expenses				
Malaysia -current year	-	-		502
Malaysia -prior year			(11)	
Sub Total	-	-	(11)	502
	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To Date	To Date
	31/7/2007	31/7/2006	31/7/2007	31/7/2006
	RM'000	RM'000	RM'000	RM'000
Deferred Tax Expenses				
Malaysia - current year	-	-	-	160
Malaysia - prior year				
Sub Total	-	-	-	160
Total	-	-	(11)	662

No tax has been provided in the current reporting quarter as well as current year to date mainly due to the subsidiaries are recording losses.

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 31 July 2007 are as follows:

	As at 31/7/2007 RM'000	As at 31/10/2006 RM'000
Amount payable within 12 months	14,275	-

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 and the hearing has been subsequently postponed to 24 Sept 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 and subsequently further postpone it to 13-12-2007.

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
		31/7/2007	31/7/2006	31/7/2007	31/7/2006
Net profit for the period (Basic EPS numerator)	(RM’000)	(1,131)	(1,549)	(2,839)	580
Weighted average number of ordinary shares (Basic EPS denominator)	(‘000)	42,500	41,753	42,500	41,753
Basic earnings per share	(sen)	(2.66)	(3.71)	(6.68)	1.39

		Individual Quarter		Cumulative Quarter	
		Current	Preceding	Current	Preceding
		Year	Year	Year	Year
		Quarter	Corresponding	To	To
		Quarter	Quarter	Date	Date
		31/7/2007	31/7/2006	31/7/2007	31/7/2006
Net profit for the Period (Diluted EPS Numerator)	(RM'000)	(1,131)	(1,549)	(2,839)	580
Weighted average number of ordinary shares in issue	('000)	42,500	41,753	42,500	41,753
Weighted average number of shares under ESOS	('000)	1,207	1,737	1,207	1,737
Weighted average number of shares that would have been issued at fair value	('000)	(1,040)	(731)	(1,040)	(731)
Adjusted weighted average number of ordinary shares (Diluted EPS denominator)	('000)	42,667	42,761	42,667	42,761
Diluted earnings per share	(sen)	-	(3.62)	-	1.36
Anti-Diluted earnings per share	(sen)	(2.65)		(6.65)	

By Order of the Board
Lam Voon Kean (MIA 4793)
Dated this 17 Sept 2007