

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 JULY 2008
Condensed Consolidated Income Statements (Unaudited)

	Current Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Year	Year	Corresponding
	31/7/2008	Corresponding	To	Year
	RM'000	Quarter	Date	To
		31/7/2007	31/7/2008	31/7/2007
		RM'000	RM'000	RM'000
Revenue	3,292	51,621	40,627	149,583
Cost of goods sold	(3,126)	(50,336)	(40,933)	(145,468)
Gross profit	166	1,285	(306)	4,115
Administrative expenses	(1,934)	(2,074)	(5,885)	(6,388)
Other operating expenses	-		(726)	-
Other operating income	21	32	97	276
Operating profit	(1,747)	(757)	(6,820)	(1,997)
Finance cost	(499)	(374)	(1,364)	(830)
Share of profit/(loss) of associates	(78)	-	(282)	
Profit before tax	(2,324)	(1,131)	(8,466)	(2,827)
Taxation	(4)	-	(81)	(12)
Profit after tax				
Attributable to the Shareholders of the Company	(2,328)	(1,131)	(8,547)	(2,839)
Earnings per share (sen)				
- basic	(5.41)	(2.66)	(19.87)	(6.68)
- diluted	-	-		-
- anti-dilutive	(5.33)	(2.65)	(19.58)	(6.65)

The Condensed Consolidated Income Statements should be read in conjunction with the Group's audited Financial Statements as at 31 Oct 2007. The accompanying notes form an integral part of this income statements.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 JULY 2008
Condensed Consolidated Balance Sheet

	Unaudited As at 31/7/2008 RM'000	Audited As at 31/10/2007 RM'000
Non Current Assets		
Property, Plant & Equipment	13,210	14,953
Investment Properties	811	827
Prepaid lease payments	2,114	2,144
Investment in Associated Company	843	1,125
Current Assets		
Inventories	22,779	25,484
Trade receivables	12,776	36,536
Other receivables, deposits and prepayments	8,027	19,335
Tax refundable	361	765
Cash & cash equivalents	4,958	2,643
Total Current Assets	48,901	84,762
Total Assets	65,879	103,811
Equity		
Share Capital	43,065	42,705
Reserves		
Share Premium	5,959	5,837
Exchange Fluctuation Reserve	(503)	(1,513)
Unappropriated profits	(22,443)	(13,897)
Total equity attributable to shareholders of the Company	26,078	33,132
Non Current Liability		
Deferred Taxation	587	587
Total non-current liability	26,665	33,719
Trade payables	12,686	32,218
Other creditors & accruals	8,004	11,466
Amount owing to directors	-	5,595
Bank Borrowings	18,524	20,814
Total current liabilities	39,214	70,092
Total liabilities	65,879	103,811
Net Assets per share (RM)	0.61	0.78

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited Financial Statements as at 31 October 2007. The accompanying notes form an integral part of this balance sheet.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 JULY 2008
Condensed Consolidated Statement of Changes in Equity (Unaudited)

Note	← Attributable to shareholders of the Company →				
	Non - Distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Total Equity RM'000
Balance at 1/11/2007	42,705	5,837	(1,513)	(13,896)	33,133
Issue of share pursuant to ESOS	360	122			482
Net Profit for the year				(8,547)	(8,547)
Currency Translation Difference			1,010		1,010
Balance as at 31/7/2008	43,065	5,959	(503)	(22,443)	26,078

Note	Non - Distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Total Equity RM'000
	Balance at 1/11/2006	42,294	5,720	(291)	4,038
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

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 October 2007. The accompanying notes form an integral part of this statement.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 JULY 2008
Condensed Consolidated Cash Flow Statement (Unaudited)

	As of 31/7/2008	As of 31/7/2007
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	(8,466)	(2,827)
Adjustments for: -		
Depreciation	1,682	1,596
Share of loss from associated company	282	
Loss/(Gain) on disposal of fixed assets	144	
Fixed Asset written off		231
Interest expenses	1,364	830
Gain on liquidation of a subsidiary		
Other income		
Interest income	(218)	(583)
Operating profit before working capital changes	(5,212)	(753)
(Increase) / Decrease in:		
Inventories	2,691	415
Trade and other receivables	36,970	(19,009)
Increase / (Decrease) in:		
Trade and other payables	(24,876)	(14,603)
Cash generated from operating activities	9,573	(33,950)
Interest paid	(1,364)	(830)
Interest received	218	583
Tax refund/(paid)	322	(369)
Other income		
Net cash generated from/(used in) operating activities	8,749	(34,566)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(623)	(822)
Proceeds from disposal of property, plant and equipment	582	
Investment in Associated Company		
Net cash generated from / (used in) investing activities	(41)	(822)
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	(2,290)	14,275
Issued of shares	482	528
Advances from Director	(5,595)	
Net cash generated from / (used in) financing activities	(7,403)	14,803
Exchange difference in Translation	1,010	(578)
Net increase/(decrease) in cash and cash equivalents	2,315	(21,163)
Cash and cash equivalents as at 1 Nov 2007/2006	2,643	24,117
Cash and cash equivalents as at 31 Jul 2008/ 31 Jul 2007	4,958	2,954

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited Financial Statements as at 31 October 2007. The accompanying notes form an integral part of this statement.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 JULY 2008
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 2007.

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 2007.

In the current financial year ending 31 October 2008, the Group adopted the following FRSs which are effective since 1 July 2007. The application of these new FRSs did not have material impact on the financial statements of the Group.

FRS 107	Cash Flow Statements
FRS 112	Income Tax
FRS 118	Revenue
Amendments to FRS 121	The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

There was no change in accounting policies adopted by the Group in current reporting quarter as compared with the audited financial statements for the financial year ended 31 October 2007 except of the adoption of the above FRSs. The adoption of these FRSs did not have material impact on the financial statements of the Group.

2. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 31 October 2007 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.

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 and financial year to date.

5. **Changes in Estimates**

There was no material change in estimates of amounts reported in prior interim periods of the current financial year 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 359,900 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)
256,400	RM 1.21	256,400	53,844	310,244
103,500	RM 1.66	103,500	68,310	171,810
Total		359,900	122,154	482,054

7. **Dividend Paid**

There was no dividend paid during the current quarter and financial year to date.

8. **Segmental Information**

	Middle East	Malaysia	Other Asian Countries	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue by Location of customer	22,943	107	12,370	5,207	40,627
Profit/(Loss) before tax	(5,334)	(2,200)	317	(1,249)	(8,466)

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.

11. **Changes in the Composition of the Group**

There was no change in the composition of the Group during the current quarter and financial year to date.

12. **Contingent Liabilities**

	As at 31/7/2008 RM'000	As at 31/10/2007 RM'000
Corporate guarantee given to financial institutions in respect of banking facilities granted to a wholly owned subsidiary which have been utilized as of the closing date	39,101	54,151

13. **Related Party Transactions**

There was no related party transaction in the financial year under review except rental expenses paid by a subsidiary to a Director and a company in which a Director has substantial financial interest for the amount of RM 9,789 and RM60,244 respectively.

One of the subsidiaries is paying the directors for the amount of RM 61,358 being interest payable for the cash advance owing by one of the subsidiaries to the directors.

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.

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

The Group recorded a turnover of RM3.3 million in the current quarter. The substantial decrease as compared to the corresponding quarter of the preceding year is mainly due to one of the subsidiaries, Yikon Jewellery Industry Sdn Bhd scaling down its operation and relocating its production base to China.

There is no reduction in the administrative expenditures of RM 1.9 million in the current quarter following the scale down of operation was mainly due to the depreciation cost and loss on disposal of some fixed assets.

As the result, the Group recorded a loss before tax of RM 2.3 million in the current reporting quarter as compared to the preceding year of RM 1.1 million.

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

The Group recorded a turnover of RM3.3 million in the current quarter, as compared to the second quarter of RM 21.5 million. This is mainly due to the scale down in the operation of one of the subsidiaries, Yikon Jewellery Industry Sdn Bhd and relocating its production base to China.

The Group has reduced its loss before tax by 39.5 percent as compared to the last quarter and recorded a loss before tax of RM 2.3 million in the current reporting quarter.

16. **Current Year Prospects**

The Group is relocating its manufacturing operation in Malaysia to China. Barring any unforeseen circumstances and in view of the vast potential market in China, it is expected the business facilities in China will contribute positively to the Group's performance.

The jewellery industry in China is foreseen to grow and the Group will continue to expand its retail operations there. With future new outlets focus in a few strategic Provinces, this sector's performance is expected to further improve in the current financial year.

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

Not applicable as no profit forecast was published.

18. **Taxation**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31/7/2008	31/7/2007	31/7/2008	31/7/2007
	RM'000	RM'000	RM'000	RM'000
Tax Expenses				
Malaysia -current year				
Malaysia -prior year				(12)
Overseas– current year	(4)		(81)	
Total	(4)	-	(81)	(12)

The tax provided in the current reporting quarter mainly refers to tax provided by a profitable subsidiary in China.

19. **Unquoted Investment and Properties**

There was no disposal of unquoted investment and properties in the quarter under review and financial year to date.

20. **Quoted Securities**

There was no disposal or purchase of quoted securities for the quarter under review and financial year to date.

21. **Status of Corporate Proposals Announced**

There was no corporate proposal announced by the Company in the current quarter and financial year to date.

22. **Group Borrowings and Debts Securities**

The Group borrowings as at 31 July 2008 are as follows:

	As at 31/7/2008 RM'000	As at 31/10/2007 RM'000
Amount payable within 12 months	18,524	20,814

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

23. **Off Balance Sheet Financial Instruments**

There was no financial instrument with off balance sheet risks up to the date of issue of this report.

24. **Changes In Material Litigation**

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:

- a. 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 20 October 2008.

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 May 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 initially fixed for hearing on 28 May 2007 and subsequently postponed a few times and the case is now fixed for mentioned on 23 October 2008.

25. Proposed Dividend

There was no dividend proposed during the current quarter and financial year to date.

26. 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
		31/7/2008	31/7/2007	31/7/2008	31/7/2007
Net profit for the period (Basic EPS numerator)	(RM'000)	(2,328)	(1,131)	(8,547)	(2,839)
Weighted average number of ordinary shares (Basic EPS denominator)	('000)	43,005	42,500	43,005	42,500
Basic earnings per share	(sen)	(5.41)	(2.66)	(19.87)	(6.68)

(b) Diluted EPS		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/7/2008	Preceding Year Corresponding Quarter 31/7/2007	Current Year To Date 31/7/2008	Preceding Year To Date 31/7/2007
Net profit for the Period (Diluted EPS Numerator)	(RM'000)	(2,328)	(1,131)	(8,547)	(2,839)
Weighted average number of ordinary shares in issue	('000)	43,005	42,500	43,005	42,500
Weighted average number of shares under ESOS	('000)	634	1,207	634	1,207
Weighted average number of shares that would have been issued at fair value	('000)	-	(1,040)	-	(1,040)
Adjusted weighted average number of ordinary shares (Diluted EPS denominator)	('000)	43,639	42,667	43,639	42,667
Diluted earnings per share	(sen)		-		-
Anti-Diluted earnings per share	(sen)	(5.33)	(2.65)	(19.58)	(6.65)

By Order of the Board
Lam Voon Kean (MIA 4793)
Dated this 29 Sept 2008