

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE TWO MONTHS ENDED 31 DECEMBER 2008
Condensed Consolidated Income Statements (Unaudited)

	Current Period		Cummulative Period	
	Current Period (2 months)	Preceding Year Corresponding Period	Current Year To Date (14Months)	Preceding Year To Date (12 Months)
	31/12/2008		31/12/2008	31/10/2007
	RM'000		RM'000	RM'000
Revenue	6,831		53,079	191,588
Cost of goods sold	(5,729)	n/a	(51,805)	(190,033)
Gross profit	1,102		1,274	1,555
Administrative expenses	(1,070)		(8,709)	(8,291)
Other operating expenses	(518)	n/a	(4,244)	(11,328)
Other operating income	406		1,024	311
Operating profit	(80)		(10,655)	(17,753)
Finance cost	(356)		(2,224)	(1,300)
Share of profit/(loss) of associates	3		(295)	
Profit before tax	(433)		(13,174)	(19,053)
Taxation	0		(87)	1,119
Profit after tax				
Attributable to the Shareholders of the Company	(433)		(13,261)	(17,934)
Earnings per share (sen)				
- basic	(1.00)		(30.82)	(42.02)
- diluted				-
- anti-dilutive	-		-	(41.32)

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.

Note: Included in other operating income is an amount of RM59,927 (current period) / RM422,784 (current year to date) from gain on disposal of properties.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE TWO MONTHS PERIOD ENDED 31 DECEMBER 2008
Condensed Consolidated Balance Sheet

	Unaudited As at 31/12/2008 RM'000	Audited As at 31/10/2007 RM'000
Non Current Assets		
Property, Plant & Equipment	4,902	14,953
Investment Properties	-	827
Prepaid lease payments	-	2,144
Investment in Associated Company	830	1,125
Current Assets		
Inventories	22,541	25,484
Trade receivables	9,061	36,536
Assets classified as held for sales	10,419	-
Other receivables, deposits and prepayments	10,138	19,335
Tax refundable	238	765
Cash & cash equivalents	2,108	2,643
Total Current Assets	54,505	84,762
Total Assets	60,237	103,811
Equity		
Share Capital	43,065	42,705
Reserves		
Share Premium	5,959	5,837
Exchange Fluctuation Reserve	1,085	(1,513)
Unappropriated profits	(27,157)	(13,897)
Total equity attributable to shareholders of the Company	22,952	33,132
Non Current Liability		
Deferred Taxation	587	587
Long term Loan	4,779	-
Total non-current liability	28,318	33,719
Trade payables	11,806	32,218
Other creditors & accruals	7,696	11,466
Amount owing to directors	-	5,595
Bank Borrowings	12,417	20,814
Total current liabilities	31,919	70,092
Total liabilities	60,237	103,811
Net Assets per share (RM)	0.53	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 TWO MONTHS ENDED 31 DECEMBER 2008
Condensed Consolidated Statement of Changes in Equity (Unaudited)

Note	← Attributable to shareholders of the Company →				
	Non - Distributable			Distributable	
	Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	Total Equity
	RM'000	RM'000	RM'000	RM'000	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				(13,261)	(13,261)
Currency Translation Difference			2,598		2,598
Balance as at 31/12/2008	43,065	5,959	1,085	(27,157)	22,952

Note	Non - Distributable			Distributable	
	Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	Total Equity
	RM'000	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				(17,934)	(17,934)
Currency Translation Difference			(1,222)		(1,222)
Balance as at 31/10/2007	42,705	5,837	(1,513)	(13,897)	33,132

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 TWO MONTHS ENDED 31 DECEMBER 2008
Condensed Consolidated Cash Flow Statement (Unaudited)

	As of 31/12/2008	As of 31/10/2007
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	(13,174)	(19,053)
Adjustments for: -		
Depreciation	2,532	2,034
Share of loss from associated company	295	
Loss/(Gain) on disposal of fixed assets	(204)	
Fixed Asset written off	6	241
Reversal of impairment loss	(356)	
Interest expenses	2,224	1,300
Gain on liquidation of a subsidiary		
Other income		
Interest income	(243)	(699)
Operating profit before working capital changes	<u>(8,920)</u>	<u>(16,177)</u>
(Increase) / Decrease in:		
Inventories	5,148	781
Trade and other receivables	37,378	(15,374)
Increase / (Decrease) in:		
Trade and other payables	<u>(24,742)</u>	<u>(9,635)</u>
Cash generated from operating activities	8,864	(40,405)
Interest paid	(2,224)	(1,276)
Interest received	243	699
Tax refund/(paid)	440	193
Other income		
Net cash generated from/(used in) operating activities	<u>7,323</u>	<u>(40,789)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,100)	(822)
Proceeds from disposal of property, plant and equipment	1,803	
Advance to Associated Company		(66)
Investment in Associated Company	0	(1,125)
Net cash generated from / (used in) investing activities	<u>703</u>	<u>(2,013)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	(3,618)	20,814
Issued of shares	482	528
Advances from Director	(5,595)	
Net cash generated from / (used in) financing activities	<u>(8,731)</u>	<u>21,342</u>
Exchange difference in Translation	170	(7)
Net increase/(decrease) in cash and cash equivalents	<u>(535)</u>	<u>21,467</u>
Cash and cash equivalents as at 1 Nov 2007/2006	2,643	24,117
Cash and cash equivalents as at 31 Dec 2008/ 31 Oct 2007	<u>2,108</u>	<u>2,650</u>

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 TWO MONTHS ENDED 31 DECEMBER 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 December 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 period 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. Change of Financial Year End

The Company has changed its financial year end from 31 October to 31 December to coincide with the financial year end of its wholly-owned subsidiary which has major operation in China and this has given rise to the submission of this report.

3. 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.

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.

5. **Exceptional and Extraordinary Item**

There were no material exceptional and extraordinary items affecting assets, liabilities, equity, net income or cash flow during the period under review and financial year to date.

6. **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.

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 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

8. **Dividend Paid**

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

9. **Segmental Information**

	Middle East RM'000	Malaysia RM'000	HongKong / China RM'000	Others RM'000	Group RM'000
Revenue by Location of customer	23,914	2,879	21,002	5,284	53,079
Profit /(Loss) before tax	(3,832)	(7,103)	(1007)	(1,232)	(13,174)

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 two months period.

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

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

13. **Contingent Liabilities**

	As at 31/12/2008 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	29,196	54,151

14. **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 12,870 and RM100,800 respectively.

One of the subsidiaries paid 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.

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

There is no comparative figure for the two months period in the preceding year as the current two months period results have been prepared due to the change of financial year end from 31st October to 31st December.

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

The Group recorded a turnover of RM6.8 million in the current 2 months period, an increase of 21.5 percent as compared to the fourth quarter of RM 5.6 million. This is mainly due to the sale of gold to a local customer amounting to approximately RM 2 million.

The Group recorded a loss before tax of RM 433,054 in the two months of November and December 2008 which is a reduction in losses of about 89.9 percent compared to the previous quarter. This is mainly due to one of the subsidiaries has made an additional provision for doubtful debts of RM 3 million for the amount owing by its debtor, The Royal Mint of Malaysia Sdn Bhd in the previous quarter and also a write back of RM 1.1 million on the provision to purchase gold in the current period. There is also provision of doubtful debts of RM 500,000 made in the current period.

17. **Current Year Prospects**

The jewellery industry in China is foreseen to offer good growth prospects. However, the current high gold price is restricting the group's growth as the available funds are tied up in financing the gold. Retail sale in China is expected to improve slightly as the Group's retail brand are gaining acceptance in the respective cities, inspite of the current overall economic climate in China and in the world is not promising to guarantee a satisfactory performance in the short term.

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 period under review is as follows:

	Individual Period		Cumulative Period	
	Current Year Period	Preceding Year Corresponding Period	Current Period To Date	Preceding Year To Date
	31/12/2008		31/12/2008	31/10/2007
	RM'000	RM'000	RM'000	RM'000
Tax Expenses				
Malaysia -current year				
Malaysia -prior year		N/a		8
Overseas– current year	-		(87)	
Total	-	N/a	(87)	8
Deferred Tax Expenses				
Malaysia – current year	-	N/a	-	1,111
Malaysia – prior year				
Sub Total	-	N/a	-	1,111
Total	-	N/a	(87)	1,119

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

20. **Unquoted Investment and Properties**

There was no disposal of unquoted investment and properties in the period under review and financial year to date except the followings:

	RM'000
Total Net Book Value of the Properties	790
Total Disposable Proceed	1,065
Total Gain on Disposal	275

21. **Quoted Securities**

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

22. Status of Corporate Proposals Announced

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

23. Group Borrowings and Debts Securities

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

	As at 31/12/2008 RM'000	As at 31/10/2007 RM'000
Amount payable within 12 months	12,417	20,814
Amount payable after 12 months	4,779	-
Total	17,196	20,814

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

25. 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 30 March 2009.

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 mention on 28 May 2007 and subsequently postponed a few times and the case is now fixed for mention on 23 March 2009.

26. Proposed Dividend

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

27. Earnings Per Share

Basic EPS		Individual Period		Cumulative Period	
		Current Year Period	Preceding Year Corresponding Period	Current Period To Date	Preceding Year To Date
		31/12/2008		31/12/2008	31/10/2007
Net profit for the period (Basic EPS numerator)	(RM’000)	(433)	n/a	(13,261)	(17,934)
Weighted average number of ordinary shares (Basic EPS denominator)	(‘000)	43,020	n/a	43,020	42,675
Basic earnings per share	(sen)	<u>(1.00)</u>	<u>n/a</u>	<u>(30.82)</u>	<u>(42.02)</u>

There are no diluted earnings per share as all the existing share options of the Company have lapsed on 10 November 2008.

By Order of the Board
Lam Voon Kean (MIA 4793)
Dated this 25 February 2009