

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**  
**Condensed Consolidated Income Statements (Unaudited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date (12 months) 31/12/2009	Preceding Year To Date (14 months) 31/12/2008
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Revenue	2,973	n/a	14,548	52,199
Cost of goods sold	(3,439)		(12,500)	(51,385)
Gross profit	(466)	n/a	2,048	814
Administrative expenses	(1,214)		(6,791)	(9,504)
Other operating expenses	(222)		(2,801)	(4,985)
Other operating income	344		1,671	2,943
Operating profit	(1,558)		(5,873)	(10,732)
Finance cost	(456)	n/a	(1,920)	(2,224)
Share of profit/(loss) of associates	-		-	(295)
Profit/(Loss) before tax	(2,014)		(7,793)	(13,251)
Taxation	513		513	(87)
<b>Profit/(Loss) after tax Attributable to the Shareholders of the Company</b>	(1,501)	n/a	(7,280)	(13,338)
Earnings per share (sen)				
- basic	(3.49)	n/a	(16.90)	(31.00)
- diluted				

*The Condensed Consolidated Income Statements should be read in conjunction with the Group's audited Financial Statements as at 31 December 2008. The accompanying notes form an integral part of this income statements.*

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**  
**Condensed Consolidated Balance Sheet**

	<b>Unaudited As at 31/12/2009 RM'000</b>	<b>Audited As at 31/12/2008 RM'000</b>
<b>Non Current Assets</b>		
Property, Plant & Equipment	1,751	3,711
Investment in Associated Company	-	830
<b>Current Assets</b>		
Inventories	22,139	22,541
Trade receivables	6,607	8,761
Assets classified as held for sales	1,128	11,579
Other receivables, deposits and prepayments	3,023	10,440
Tax refundable	240	238
Cash & cash equivalents	3,363	2,108
<b>Total Current Assets</b>	<b>36,500</b>	<b>55,667</b>
<b>Total Assets</b>	<b>38,251</b>	<b>60,208</b>
<b>Equity</b>		
Share Capital	43,065	43,065
Reserves		
Share Premium	5,959	5,959
Exchange Fluctuation Reserve	549	1,085
Unappropriated profits / (loss)	(34,514)	(27,234)
<b>Total equity attributable to shareholders of the Company</b>	<b>15,059</b>	<b>22,875</b>
<b>Non Current Liability</b>		
Deferred Taxation	52	587
Long term Loan	9245	4779
<b>Total non-current liability</b>	<b>9297</b>	<b>5366</b>
Trade payables	4,786	11,806
Other creditors & accruals	4,089	7,744
Bank Borrowings	5,020	12,417
<b>Total current liabilities</b>	<b>13,895</b>	<b>31,967</b>
<b>Total equity and liabilities</b>	<b>38,251</b>	<b>60,208</b>
<b>Net Assets per share (RM)</b>	<b>0.35</b>	<b>0.53</b>

*The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited Financial Statements as at 31 December 2008. The accompanying notes form an integral part of this balance sheet.*

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**  
**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 1/1/09	43,065	5,959	1,085	(27,234)	22,875
Loss for the period				(7,280)	(7,280)
Currency Translation Difference			(536)		(536)
<b>Balance as at 31/12/09</b>	<b>43,065</b>	<b>5,959</b>	<b>549</b>	<b>(34,514)</b>	<b>15,059</b>

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 1/11/07	42,705	5,837	(1,513)	(13,897)	33,132
Issue of share pursuant to ESOS	360	122			482
Loss for the period				(13,337)	(13,337)
Currency Translation Difference			2,598		2,598
<b>Balance as at 31/12/08</b>	<b>43,065</b>	<b>5,959</b>	<b>1,085</b>	<b>(27,234)</b>	<b>22,875</b>

*The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2008. The accompanying notes form an integral part of this statement.*

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**  
**Condensed Consolidated Cash Flow Statement (Unaudited)**

	Note	12 months ended 31/12/2009 RM'000	14 months ended 31/12/2008 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) Before Tax		(7,793)	(13,251)
Adjustments for: -			
Depreciation		490	2,532
Share of loss from associated company		-	295
Loss / (Gain) on disposal of fixed assets		(1,333)	(204)
Loss on disposal of investment		17	-
Fixed Asset written off		432	6
Reversal of impairment loss		-	(356)
Interest expenses		1,723	2,224
Interest income		(41)	(282)
Operating profit / (loss) before working capital changes		<u>(6,505)</u>	<u>(9,036)</u>
Changes in working capital			
Inventories		5	5,148
Trade and other receivables		7,887	37,375
Trade and other payables		(9,955)	(24,694)
Cash generated from operating activities		<u>(8,568)</u>	<u>8,793</u>
Interest paid		(2,206)	(2,223)
Interest received		42	282
Tax refund/(paid)		2	440
Net cash generated from / (used in) operating activities		<u>(10,730)</u>	<u>7,292</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(179)	(1,061)
Proceeds from disposal of property, plant and equipment		13,220	1,795
Repayment of Advance from Associated Company		1,132	-
Disposal of Investment in Associated Company		813	-
Net cash generated from / (used in) investing activities		<u>14,986</u>	<u>734</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Bank Borrowings		(2,930)	(3,618)
Issued of shares		-	482
(Repayment to) / Advances from Director		-	(5,595)
Net cash generated from / (used in) financing activities		<u>(2,930)</u>	<u>(8,731)</u>
Exchange difference in Translation		(71)	170
Net increase / (decrease) in cash and cash equivalents		<u>1,255</u>	<u>(535)</u>
Cash and cash equivalents as at 1 Jan 2009 / 1 November 2007		2,108	2,643
Cash and cash equivalents as at 31 December 2009 / 31 December 2008		<u><u>3,363</u></u>	<u><u>2,108</u></u>

***The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited Financial Statements as at 31 December 2008. The accompanying notes form an integral part of this statement.***

**YIKON CORPORATION BHD (527272-V)**  
**INTERIM REPORT FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009**  
**Notes to the interim financial report**

**1. Accounting Policies**

**Basis of Preparation**

The interim financial report for the fourth quarter ended 31 December 2009 is unaudited and has been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements.

**Changes in Accounting Policies**

The accounting policies and methods of the computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008 except for the following new and revised Financial Reporting Standards (“FRS”), amendments to FRS and the Issues Committee Interpretations (“IC Int”) that are not yet effective for the Group and the Company:-

	<b>Effective for financial periods beginning on or after</b>
<u>New FRSs</u>	
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments : Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
FRS 123 Borrowing Costs	1 January 2010
FRS 139 Financial Instruments : Recognition and Measurement	1 January 2010
<u>Revised FRSs</u>	
FRS 101 Presentation of Financial Statements	1 January 2010
<u>Amendments to FRS</u>	
FRS 1 Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 2 Share-based Payment : Vesting Conditions and Cancellations	1 January 2010
FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments to FRS (Continued)</u>		
FRS 7	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
FRS 8	Operating Segments	1 January 2010
FRS 107	Cash Flow Statements	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events After the Balance Sheet Date	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 128	Investments in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 132	Amendments to FRS 132 Financial Instruments: Presentation	1 January 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010
FRS 139	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
FRS 140	Investment Property	1 January 2010
<u>IC Int</u>		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int 11	Group and Treasury Share Transactions	1 January 2010
IC Int 13	Customer Loyalty Programmes	1 January 2010
IC Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by Paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

The initial application of the above new and revised FRSs, amendments to FRS and IC Int are not expected to have any material impact on the financial statements of the Group and the Company or any material changes in accounting policies.

**2. Change of Financial Year End**

The Company has changed its financial year end from 31 October to 31 December 2008 to coincide with the financial year end of its wholly-owned subsidiary which has major operation in China. Hence there are no comparative figures given in the current report.

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

The audited financial statements of the Group for the financial year ended 31 December 2008 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.

**8. Dividend Paid**

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

## 9. Segmental Information

	Malaysia	HongKong / China	Group
	RM'000	RM'000	RM'000
Revenue by Location of customer	112	14,436	14,548
Profit / (Loss) before tax	<u>(4,358)</u>	<u>(3,435)</u>	<u>(7,793)</u>

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 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 period and financial year to date.

## 13. Contingent Liabilities

	As at 31/12/2009 RM'000	As at 31/12/2008 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	16,229	29,196

## 14. Related Party Transactions

There was no related party transaction in the financial year under review except the followings:

- rental expenses paid by a subsidiary to a company in which a past Director has substantial financial interest for the amount of RM 28,288;
- rental expenses paid by a subsidiary to the subsidiary's Director for the amount of RM 23,868;



- c) rental income of RM 15,912 received by a subsidiary from a company in which a major shareholder has a substantial interest; and
- d) disposal of machinery for RM985,000.00 to a company in which a major shareholder has substantial interest.

The Directors of the Company are of the opinion that these transactions were 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 available for the preceding year as the company had changed its financial year end from 31<sup>st</sup> October to 31<sup>st</sup> December.

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

The Group recorded a turnover of RM 2.9 million in the current quarter, an increase of 14% as compared to the preceding quarter of RM 2.6 million. The increase was mainly due to improved sales in China which increased by 27% as compared with preceding quarter.

The Group recorded a loss before tax of RM 2 million in the current quarter which is a reduction of RM 2.1 million compared to the RM 104,000 profit before tax in the preceding quarter. This is mainly due to loss arisen from settlement of gold loan by wholly-owned subsidiaries and previous quarter substantial fixed assets disposal gain not repeated in current quarter.

**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. In spite of the optimism, 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>To Date</b>	<b>Year To Date</b>
	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Tax Expense</b>				
Malaysia -current year	-	n/a	-	-
Malaysia -prior year	(2)	n/a	(2)	-
Overseas- current year	24	n/a	24	87
<b>Total</b>	<b>22</b>	<b>-</b>	<b>22</b>	<b>87</b>
<b>Deffered Tax Expenses</b>				
Malaysia -current year	-	n/a	-	-
Malaysia -prior year	-	n/a	(535)	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(535)</b>	<b>-</b>
<b>Total</b>	<b>22</b>	<b>-</b>	<b>(513)</b>	<b>87</b>

## 20. Unquoted Investment and Properties

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

## 21. Quoted Securities

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

## 22. Group Borrowings and Debts Securities

The Group borrowings as at 31 December 2009 are as follows:

	As at 31/12/2009 RM'000	As at 31/12/2008 RM'000
Amount payable within 12 months	5,020	12,417
Amount payable after 12 months	9,245	4,779
Total	<u>14,265</u>	<u>17,196</u>

The bank borrowings of the Group are all in Ringgit Malaysia. The bank borrowings of the subsidiary company are secured by corporate guarantee given by the holding company while the bank borrowing of the holding company is unsecured.

## 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 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.

b. 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 case management on 2<sup>nd</sup> March 2010.

## 25. Proposed Dividend

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

## 26. Earnings Per Share

Basic EPS		Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
Net profit for the period (Basic EPS numerator)	(RM'000)	(1,501)	n/a	(7,280)	(13,338)
Weighted average number of ordinary shares (Basic EPS denominator)	('000)	43,064	n/a	43,064	43,064
Basic earnings per share	(sen)	<u>(3.49)</u>	<u>n/a</u>	<u>(16.90)</u>	<u>(31.00)</u>

### Diluted EPS

The Company does not have any convertible securities and accordingly there is no diluted EPS.

By Order of the Board  
Lam Voon Kean (MIA 4793)  
Dated this 24<sup>th</sup> February 2010