

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
Condensed Consolidated Income Statement (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year To	Preceding Year To
	Quarter	Corresponding Quarter	Date	Date
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	5,505	5,197	5,505	5,197
Cost of goods sold	(4,509)	(3,988)	(4,509)	(3,988)
Gross profit	996	1,209	996	1,209
Administrative expenses	(1,504)	(2,021)	(1,504)	(2,021)
Other operating expenses	(633)	(2,715)	(633)	(2,715)
Other operating income	82	99	82	99
Operating profit	(1,059)	(3,428)	(1,059)	(3,428)
Finance cost	(325)	(600)	(325)	(600)
Share of profit/(loss) of associates	-	(17)	-	(17)
Profit/(Loss) before tax	(1,384)	(4,045)	(1,384)	(4,045)
Taxation	-	-	-	-
Profit/(Loss) for the period	(1,384)	(4,045)	(1,384)	(4,045)
Profit/(Loss) after tax attributable to:				
- Equity holders of the Company	(1,384)	(4,045)	(1,384)	(4,045)
- Minority Interest	-	-	-	-
Earnings per share (sen)				
- basic	(3.21)	(9.39)	(3.21)	(9.39)
- diluted	-	-	-	-
- anti-dilutive	-	-	-	-

The Condensed Consolidated Income Statements should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes form an integral part of this income statements.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Individual Quarter		Cummulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year To	Year To
	Quarter	Corresponding	Date	Date
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) for the period	(1,384)	(4,045)	(1,384)	(4,045)
Other comprehensive income:				
Currency translation differences	102	1,687	102	1,687
Total comprehensive income for the period	<u>(1,282)</u>	<u>(2,358)</u>	<u>(1,282)</u>	<u>(2,358)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(1,282)	(2,358)	(1,282)	(2,358)
Minority interest	-	-	-	-
	<u>(1,282)</u>	<u>(2,358)</u>	<u>(1,282)</u>	<u>(2,358)</u>

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
Condensed Consolidated Statement of Financial Position

	Unaudited As at 31/3/2010 RM'000	Audited As at 31/12/2009 RM'000
Non Current Assets		
Property, Plant & Equipment	1,346	1,377
Current Assets		
Inventories	16,759	22,139
Trade receivables	7,154	6,608
Assets classified as held for sales	1,091	1,503
Other receivables, deposits and prepayments	4,441	3,021
Tax refundable	240	240
Cash & cash equivalents	2,427	3,363
Total Current Assets	32,112	36,874
Total Assets	33,458	38,251
Equity		
Share Capital	43,065	43,065
Reserves		
Share Premium	5,959	5,959
Exchange Fluctuation Reserve	651	549
Unappropriated profits / (loss)	(38,070)	(34,462)
Total equity attributable to shareholders of the Company	11,605	15,111
Non Current Liability		
Long term Loan	9,618	9,981
Total non-current liability	9,618	9,981
Trade payables	5,494	4,787
Other creditors & accruals	2,524	4,088
Bank Borrowings	4,217	4,284
Total current liabilities	12,235	13,159
Total equity and liabilities	33,458	38,251
Net Assets per share (RM)	0.27	0.35

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes form an integral part of this balance sheet.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
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 1/1/10	43,065	5,959	549	(34,462)	15,111
Effect from adoption of FRS 139				(2,224)	(2,224)
Balance at 1/1/10, restated	43,065	5,959	549	(36,686)	12,887
Total Comprehensive Income for the period			102	(1,384)	(1,282)
Balance as at 31/3/10	43,065	5,959	651	(38,070)	11,605

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
Total Comprehensive Income for the period			1,687	(4,045)	(2,358)
Balance as at 31/3/09	43,065	5,959	2,772	(31,279)	20,517

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes form an integral part of this statement.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
Condensed Consolidated Cash Flow Statement (Unaudited)

	Note	31/3/2010 RM'000	31/3/2009 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) Before Tax		(1,384)	(4,045)
Adjustments for: -			
Depreciation		127	177
Share of loss from associated company		-	17
Loss / (Gain) on disposal of assets held for sales		(66)	-
Interest expenses		325	594
Interest income		(1)	(10)
Operating profit / (loss) before working capital changes		<u>(999)</u>	<u>(3,267)</u>
Changes in working capital			
Inventories		1,426	2,832
Trade and other receivables		(1,965)	6,757
Trade and other payables		1,005	(5,845)
Cash generated from operating activities		<u>(533)</u>	<u>477</u>
Interest paid		(336)	(332)
Interest received		1	10
Net cash generated from / (used in) operating activities		<u>(868)</u>	<u>155</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(91)	(21)
Proceeds from disposal of assets held for sale		358	-
Net cash generated from / (used in) investing activities		<u>267</u>	<u>(21)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Bank Borrowings		(430)	1,835
(Repayment to) / Advances from Director		-	200
Net cash generated from / (used in) financing activities		<u>(430)</u>	<u>2,035</u>
Exchange difference in Translation		95	(223)
Net increase / (decrease) in cash and cash equivalents		<u>(936)</u>	<u>1,946</u>
Cash and cash equivalents as at 1 Jan		<u>3,363</u>	<u>2,108</u>
Cash and cash equivalents as at 31 Mar		<u><u>2,427</u></u>	<u><u>4,054</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes form an integral part of this statement.

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR FIRST QUARTER ENDED 31 MARCH 2010
Notes to the interim financial report

1. Accounting Policies

Basis of Preparation

The interim financial report for the first quarter ended 31 March 2010 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 2009 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective 1st January 2010:-

New FRSs

FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
FRS 139	Financial Instruments : Recognition and Measurement

Revised FRSs

FRS 101	Presentation of Financial Statements
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Amendments to FRS

FRS 7	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
FRS 8	Operating Segments
FRS 107	Cash Flow Statements
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 118	Revenue
FRS 123	Borrowing Costs
FRS 132	Amendments to FRS 132 Financial Instruments: Presentation
FRS 134	Interim Financial Reporting

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	Group and Treasury Share Transactions

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 except for the following:

FRS 139, Financial Instruments : Recognition and Measurement

The adoption of FRS 139 has resulted in financial instruments of the Group to be categorised and measured using the accounting policies summarised below:

Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments.

A financial instrument is recognised initially at its fair value. In the case of a financial instrument not categorised as fair value through profit or loss, the financial instrument is initially recognised at its fair value plus transaction costs that are directly attributable to acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. In the event that the embedded derivative is recognised separately, the host contract is accounted for in accordance with the policy applicable to the nature of the host contract.

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of the measurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained profits as stated in the statement of changes in equity.

2. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 31 December 2009 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 period 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.

7. Dividend Paid

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

8. Segmental Information

	Malaysia		Hong Kong / China		Group	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	-	112	5,505	5,081	5,505	5,193
Operating Profit	(219)	(820)	(839)	(2,608)	(1,058)	(3,428)
Finance cost					(326)	(600)
Share of result of associated company					-	(17)
Profit / (loss) before tax					(1,384)	(4,045)
Tax expense					-	-
Net profit / (loss) for the period					(1,384)	(4,045)

The segmental information is presented based on the geographical location of customers. No business segment analysis is provided as the Group is primarily engaged in the trading and retailing of gold, gold jewellery and ornaments.

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 current quarter under review.

11. 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.

12. Contingent Liabilities

	As at 31/3/2010 RM'000	As at 31/12/2009 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	15,346	16,229

13. 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 the subsidiary's Director for the amount of RM 7,992;
- rental income of RM 5,328 received by a subsidiary from a company in which a major shareholder has a substantial interest; and

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.

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

The Group's turnover increased by 5.9% to RM5.5 million in the current quarter, as compared to the RM 5.2 million turnover in the corresponding quarter in year 2009. This is mainly due to higher sales revenue from the China operation in the current quarter which showed a 24% increase as compared with corresponding quarter for year 2009. The overall turnover however showed a lower increase as a wholly-owned subsidiary in Hong Kong did not contribute any revenue in the current quarter as compared with preceding year corresponding quarter.

The Group showed a loss before tax of RM 1.38 million in the current quarter, a 66% improvement compared with the RM 4.04 million loss before tax in the corresponding quarter in the preceding year. The change was mainly due to one wholly-owned subsidiary in Hong Kong which had recognized a hedging loss of RM 2.67 million in the corresponding quarter in the preceding year.

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

The Group recorded a turnover of RM 5.5 million in the current quarter, an increase of 85% as compared to the preceding quarter of RM 2.9 million. The increase was due to improved sales in China during the festive season, a 94% increase as compared with preceding quarter.

The Group recorded a loss before tax of RM 1.38 million in the current quarter which is a reduction of RM 0.63 million compared to the RM 2.01 million loss before tax in the preceding quarter. This is mainly due to previous quarter loss arisen from settlement of gold loan by wholly-owned subsidiaries not repeated in the current quarter and additional unrealized hedging loss recognized by a wholly-owned subsidiary in Hong Kong for the current quarter.

16. 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.

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 period under review is as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding
	Quarter	Corresponding	To Date	Year To Date
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
	RM'000	RM'000	RM'000	RM'000
Tax Expense				
Malaysia -current year	-	-	-	-
Malaysia -prior year	-	-	-	-
Overseas- current year	-	-	-	-
Total	-	-	-	-
Deffered Tax Expenses				
Malaysia -current year	-	-	-	-
Malaysia -prior year	-	-	-	-
Subtotal	-	-	-	-
Total	-	-	-	-

19. Unquoted Investment and Properties

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

20. Quoted Securities

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

22. Group Borrowings and Debts Securities

The Group borrowings as at 31 March 2010 are as follows:

	As at 31/3/2010 RM'000	As at 31/12/2009 RM'000
Amount payable within 12 months	4,217	4,284
Amount payable after 12 months	9,619	9,981
Total	13,836	14,265

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 28th June 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
		31/3/2010	31/3/2009	31/3/2010	31/3/2009
Net profit for the period (Basic EPS numerator)	(RM'000)	(1,384)	(4,045)	(1,384)	(4,045)
Weighted average number of ordinary shares (Basic EPS denominator)	('000)	43,065	43,065	43,065	43,065
Basic earnings per share	(sen)	(3.21)	(9.39)	(3.21)	(9.39)

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 26th May 2010