

YIKON CORPORATION BHD (527272-V)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010
Condensed Consolidated Income Statement (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year-To-Date	Preceding Year-To-Date
	Quarter	Corresponding Quarter		
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	3,950	2,616	13,177	11,575
Cost of goods sold	(2,925)	(1,766)	(9,982)	(9,060)
Gross profit	1,025	850	3,195	2,515
Administrative expenses	(874)	(1,446)	(3,849)	(5,577)
Other operating expenses	(461)	(31)	(1,302)	(2,579)
Other operating income	1,279	1,101	2,930	1,327
Operating profit	969	474	974	(4,314)
Finance cost	(300)	(370)	(935)	(1,464)
Share of profit/(loss) of associates	-	-	-	-
Profit/(Loss) before tax	669	104	39	(5,778)
Taxation	(17)	-	(59)	-
Profit/(Loss) for the period	652	104	(20)	(5,778)
Profit/(Loss) after tax attributable to:				
- Equity holders of the Company	652	104	(20)	(5,778)
- Minority Interest	-	-	-	-
	652	104	(20)	(5,778)
Earnings per share (sen)				
- basic	1.51	0.24	(0.05)	(13.42)
- 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 THIRD QUARTER ENDED 30 SEPTEMBER 2010
Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year-To-Date
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) for the period	652	104	(20)	(5,778)
Other comprehensive income:				
Currency translation differences	(508)	221	(1,441)	224
Total comprehensive income for the period	<u>144</u>	<u>325</u>	<u>(1,461)</u>	<u>(5,554)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	144	325	(1,461)	(5,554)
Minority interest	-	-	-	-
	<u>144</u>	<u>325</u>	<u>(1,461)</u>	<u>(5,554)</u>

YIKON CORPORATION BHD (527272-V)**INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010****Condensed Consolidated Statement of Financial Position**

	Unaudited As at 30/9/2010 RM'000	Audited As at 31/12/2009 RM'000
Non Current Assets		
Property, Plant & Equipment	895	1,377
Current Assets		
Inventories	14,979	22,139
Trade receivables	9,966	6,608
Assets classified as held for sales	1,033	1,503
Other receivables, deposits and prepayments	720	3,021
Tax refundable	19	240
Cash & cash equivalents	1,891	3,363
Total Current Assets	28,608	36,874
Total Assets	29,503	38,251
Equity		
Share Capital	43,065	43,065
Reserves		
Share Premium	5,959	5,959
Exchange Fluctuation Reserve	(892)	549
Unappropriated profits / (loss)	(36,706)	(34,462)
Total equity attributable to shareholders of the Company	11,426	15,111
Non Current Liability		
Long term Loan	8,109	9,981
Total non-current liability	8,109	9,981
Trade payables	481	4,787
Other creditors & accruals	1,540	4,088
Bank Borrowings	7,947	4,284
Total current liabilities	9,968	13,159
Total equity and liabilities	29,503	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 THIRD QUARTER ENDED 30 SEPTEMBER 2010
Condensed Consolidated Statement of Changes in Equity (Unaudited)

Note	← Attributable to shareholders of the Company →				Total Equity
	Non-Distributable			Distributable	
	Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	
	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			(1,441)	(20)	(1,461)
Balance as at 30/9/10	43,065	5,959	(892)	(36,706)	11,426

Note	← Attributable to shareholders of the Company →				Total Equity
	Non-Distributable			Distributable	
	Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Profit	
	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			224	(5,778)	(5,554)
Balance as at 30/9/09	43,065	5,959	1,309	(33,012)	17,321

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 THIRD QUARTER ENDED 30 SEPTEMBER 2010
Condensed Consolidated Statement of Cash Flows (Unaudited)

	Note	30/9/2010 RM'000	30/9/2009 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) Before Tax		(20)	(5,778)
Adjustments for: -			
Depreciation		347	576
Share of loss from associated company		-	17
Loss / (Gain) on disposal of assets held for sales		(41)	-
Loss / (Gain) on disposal of fixed assets		126	(1,289)
Fixed Asset written off		-	435
Reversal of allowance for receivable impairment		(2,961)	-
Interest expenses		935	1,458
Interest income		(1)	(21)
Operating profit / (loss) before working capital changes		<u>(1,615)</u>	<u>(4,602)</u>
Changes in working capital			
Inventories		3,207	417
Trade and other receivables		2,126	3,580
Trade and other payables		<u>(5,299)</u>	<u>(5,072)</u>
Cash generated from operating activities		<u>(1,581)</u>	<u>(5,677)</u>
Interest paid		(638)	(1,904)
Interest received		1	21
Net cash generated from / (used in) operating activities		<u>(2,218)</u>	<u>(7,560)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(92)	(44)
Proceeds from disposal of property, plant and equipment		35	11,778
Proceeds from disposal of assets held for sale		358	-
Repayment of Advance from Associated Company		-	1,132
Disposal of Investment in Associated Company		-	813
Net cash generated from / (used in) investing activities		301	13,679
CASH FLOW FROM FINANCING ACTIVITIES			
Bank Borrowings		1,790	(656)
Net cash generated from / (used in) financing activities		1,790	(656)
Exchange difference in Translation		(1,345)	(79)
Net increase / (decrease) in cash and cash equivalents		<u>(1,472)</u>	<u>5,384</u>
Cash and cash equivalents as at 1 Jan		3,363	2,108
Cash and cash equivalents as at 30 September		<u>1,891</u>	<u>7,492</u>
Cash and cash equivalents comprise:			
Short term investment in cash fund of financial institutions		158	35
Cash and bank balances		1,733	7,457
		<u>1,891</u>	<u>7,492</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 THIRD QUARTER ENDED 30 SEPTEMBER 2010
Notes to the interim financial report

1. Accounting Policies

Basis of Preparation

The interim financial report 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

Turnover of 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 for the current quarter 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

No dividend has been paid during the current quarter and financial year-to-date.

8. Segmental Information

	Malaysia		Hong Kong / China		Group	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	112	13,177	11,463	13,177	11,575
Operating Profit	2,039	(1,177)	(1,065)	(3,137)	974	(4,314)
Finance cost					(935)	(1,464)
Profit / (loss) before tax					39	(5,778)
Tax expense					(59)	-
Net profit / (loss) for the period					(20)	(5,778)

The segmental information is presented based on the geographical location of customers. No business segment analysis is considered necessary 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 Subsequent Events

Subsequent to the current quarter, the Company disposed 100% equity interest in one of its wholly-owned subsidiaries in Malaysia, namely Yikon Jewellery Industry Sdn. Bhd. and 49% equity interest in its wholly-owned subsidiary in Hong Kong, namely Yikon (H.K.) Limited for total cash consideration of RM1,000 only.

11. Changes in the Composition of the Group

There was no change in the composition of the Group for the current quarter and financial year-to-date except as stated in Note 10.

12. Contingent Liabilities

	As at 30/9/2010 RM'000	As at 31/12/2009 RM'000
Corporate guarantees given by the Company to financial institutions in respect of banking facilities granted to a wholly owned subsidiary which have been utilized as at the end of the reporting period	14,271	16,229

13. Related Party Transactions

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

- a) rental expenses paid by a subsidiary to the subsidiary's Director for the amount of RM 21,870;
- b) rental income of RM 14,580 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

The Group recorded a turnover of RM3.9 million for the current quarter, an increase of 51% as compared with the preceding year corresponding quarter. The sales revenue from the China operation in the current quarter is 80% higher compared with corresponding quarter for year 2009. The increase revenue was due to improved sales and also increase in the average gold price which rose by around 28% between the two corresponding quarters. The strengthening of Ringgit Malaysia against China Yuan Renminbi however has reduced the reported revenue increase due to the lower conversion rate.

The Group showed a profit before tax of RM669 thousand in the current quarter as opposed with the RM104 thousand profit before tax reported in the corresponding quarter in the preceding year. The improvement was mainly due to the improved sales performance from the wholly-owned subsidiary in China, namely Yikoni Gold (Shen Zhen) Co. Ltd.

15. Comparison of the Current Quarter Results with the Immediate Preceding Quarter

The Group recorded a turnover of RM 3.9 million in the current quarter, an increase of 6% as compared to the immediate preceding quarter of RM 3.7 million. The slight increase was due to a 9% sales revenue increase contributed by the wholly-owned subsidiary in China. The strengthening of Ringgit Malaysia against China Yuan Renminbi however has resulted in the lower revenue increase due to the lower conversion rate.

The Group recorded a profit before tax of RM669 thousand in the current quarter compared to the RM753 profit before tax in the preceding quarter. During the quarter, a wholly-owned subsidiary namely Yikon (H.K.) Limited has recorded additional hedging loss and a wholly-owned subsidiary in Malaysia namely Yikon Jewellery Industry Sdn. Bhd. has recorded further reversal of allowance for impairment on receivable.

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 is 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. Profit Forecast

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
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Tax Expense				
Malaysia -current year	-	-	-	-
Malaysia -prior year	-	-	-	-
Overseas- current year	17	-	59	-
Total	17	-	59	-
Deffered Tax Expenses				
Malaysia -current year	-	-	-	-
Malaysia -prior year	-	-	-	-
Subtotal	-	-	-	-
Total	17	-	59	-

19. Unquoted Investment and Properties

There was no disposal of unquoted investment and properties for the current quarter and financial year-to-date.

20. Quoted Securities

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

21. Status of Corporate Proposals Announced

There is no corporate proposal announced that is pending completion as at the date of this quarterly report.

22. Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2010 are as follows:

	As at 30/9/2010 RM'000	As at 31/12/2009 RM'000
Amount payable within 12 months	7,947	4,284
Amount payable after 12 months	8,109	9,981
Total	<u>16,056</u>	<u>14,265</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

The Group does not have any financial instrument with off balance sheet risks at the latest practicable date.

24. Changes In Material Litigation

Save as disclosed below, as at the latest practicable date, neither the Company nor any of its subsidiary companies is engaged in any material litigation, either as plaintiff or defendant and the Directors of the Company are not aware of any proceedings pending or threatened against the Company and its subsidiary companies or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

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. YJI has obtained the leave of court to proceed with the action against Paradym and Royal Mint which are in the process of being wound up. The pre-trial case management has been set on 26th November 2010.

25. Proposed Dividend

No dividend has been proposed for the current quarter and financial year-to-date.

26. Earnings Per Share

Basic EPS		Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/9/2010	Preceding Year Corresponding Quarter 30/9/2009	Current Year To Date 30/9/2010	Preceding Year To Date 30/9/2009
Net profit for the period (Basic EPS numerator)	(RM'000)	652	104	(20)	(5,778)
Weighted average number of ordinary shares (Basic EPS denominator)	('000)	43,065	43,065	43,065	43,065
Basic earnings per share	(sen)	1.51	0.24	(0.05)	(13.42)

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 11th November 2010