

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate
Phase IV, 11900 Penang, Malaysia.
Tel: 604-6412020 Fax: 604-6425989

CONDENSED CONSOLIDATED BALANCE SHEET

	As at end of Current Quarter 31.08.2007 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2006 RM'000 (Audited)
Assets		
Property, plant and equipment	53,652	63,081
Land held for property development	10,671	10,581
Interest in an associate	14,947	14,874
Other investments	23,000	-
Deferred tax assets	-	168
Total non-current assets	<u>102,270</u>	<u>88,704</u>
Inventories	44,440	45,885
Trade and other receivables	25,459	24,404
Tax recoverable	2,791	1,628
Cash and cash equivalents	97,751	88,639
Total current assets	<u>170,441</u>	<u>160,556</u>
Total assets	<u><u>272,711</u></u>	<u><u>249,260</u></u>
Equity		
Share capital	172,500	142,226
Reserves	(3)	(11)
Retained profits	66,808	64,704
Total equity attributable to shareholders of the Company	<u>239,305</u>	<u>206,919</u>
Minority Interests	<u>76</u>	<u>76</u>
Total Equity	<u><u>239,381</u></u>	<u><u>206,995</u></u>
Liabilities		
Deferred tax liabilities	188	-
Borrowing	-	627
Total non-current liabilities	<u>188</u>	<u>627</u>
Trade and other payables	32,702	38,804
Borrowing	-	300
Taxation	440	2,534
Total current liabilities	<u>33,142</u>	<u>41,638</u>
Total equity and liabilities	<u><u>272,711</u></u>	<u><u>249,260</u></u>
Net assets per share (sen)	69.36	72.74

The selected explanatory notes form an integral part of, and should be read in conjunction with, this interim financial report.

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CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2007

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2007 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2006 RM'000 (Unaudited)	Current Year To Date (Three quarters to 31.08.2007) RM'000 (Unaudited)	Preceding Year To Date (Three quarters to 31.08.2006) RM'000 (Unaudited)
Revenue	54,756	-	161,194	-
Profit from operations	11,885	-	40,825	-
Finance costs	-	-	(40)	-
Share of profit after tax of associate	4,135	-	9,812	-
Profit before taxation	16,020	-	50,597	-
Income tax expense	(3,391)	-	(10,863)	-
Profit for the period	12,629	-	39,734	-
Attributable to:				
Shareholders of the Company	12,629	-	39,734	-
Minority interests	-	-	-	-
Profit for the period	12,629	-	39,734	-
<i>Weighted average number of shares in issue ('000)</i>	345,000	-	320,250	-
Basic earnings per share (sen) (based on the weighted average number of shares in issue)	3.66	-	12.41	-

Note: The profit for the period was wholly attributable to the shareholders of the Company.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2007

	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	Total RM'000
As at 1 December 2006	142,226	-	(11)	64,704	206,919
Translation of the opening net investment in foreign subsidiary at period end exchange rate	-	-	8	-	8
Rights issue	30,274	-	-	-	30,274
Profit for the period	-	-	-	39,734	39,734
Dividend	-	-	-	(37,630)	(37,630)
As at 31 August 2007	<u>172,500</u>	<u>-</u>	<u>(3)</u>	<u>66,808</u>	<u>239,305</u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2007

	Current Year To Date (Three quarters to 31.08.2007) RM'000 (Unaudited)	Preceding Year To Date (Three quarters to 31.08.2006) RM'000 (Unaudited)
Net cash generated from operating activities	22,876	-
Net cash used in investing activities	(4,580)	-
Net cash used in financing activities	(8,759)	-
Net increase in cash and cash equivalents	<u>9,537</u>	<u>-</u>
Cash and cash equivalents at beginning of financial period	87,519	-
Effects of exchange rates on cash and cash equivalents	(5)	-
Cash and cash equivalents at end of financial period (Note 1)	<u><u>97,051</u></u>	<u><u>-</u></u>

Note:

Cash and cash equivalents at the end of the financial period comprise the following :-

	As at 31.08.07 RM'000	As at 31.08.06 RM'000
Cash and bank balances	91,805	-
Deposits (excluding pledged deposits)	5,246	-
	<u><u>97,051</u></u>	<u><u>-</u></u>

Certain deposits amounting to RM 700,000 were pledged to the licensed banks for banking facilities granted to certain subsidiaries of the Group.

The selected explanatory notes form an integral part of, and should be read in conjunction with, this interim financial report.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2007**

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards (“FRS”) 134₂₀₀₄, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the financial year ended 30 November 2006. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 November 2006.

There are no comparative figures presented in this quarterly report, as the Group was only in existence on 28 April 2006 with the completion of the acquisition of its subsidiaries then.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the financial year ended 30 November 2006 except for the adoption of the following new/revised FRS effective for the financial period beginning 1 December 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
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 121	The Effects of Changes in Foreign Exchange Rates- Net Investment in a Foreign Operation
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 3, 5, 102, 108, 110, 116, 121, 124, 127, 128, 132, 133, 136, 138 and 140 does not have any significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are disclosed below:

FRS 117 Leases

Prior to 1 December 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land. Leasehold land held for own use is now classified as operating lease and up-front payments made represents prepaid land lease payment and are amortised on a straight-line basis over the lease term

The Group has applied the above change in accounting policy in accordance with the transitional provision of FRS 117 whereby the unamortized amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payment.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2007 (Cont'd)**

FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associate and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

2. Auditors' Qualification

The Group's most recent annual audited financial statements for the financial year ended 30 November 2006 was not subject to any audit qualification.

3. Seasonal or Cyclical Factors

The Group's performance is not affected by the seasonal or cyclical factors except that during major festive seasons, the demand for our jewellery and consumer products tends to improve.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review due to their nature, size, or incidence.

5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial period.

6. Debt and Equity Securities

On 23 March 2007, the Company undertook a rights issue of 60,548,553 new ordinary shares of RM0.50 each in the Company ("Shares") at an issue price of RM0.535 per Share, for cash on the basis of approximately 0.213 new Share for every 1 existing share held ("Rights Issue"). The completion of the Rights Issue resulted in an increase in the issued and paid-up share capital of the Company from RM142,225,723.50 comprising 284,451,447 Shares to RM172,500,000 comprising 345,000,000 Shares.

7. Dividend Paid

Since the end of the quarter ended 28 February 2007, the special interim dividend of 1.257% less 27% tax and tax exempt dividend of 6.114%, totalling RM20,000,000 in respect of the financial year ended 30 November 2006 was paid on 23 March 2007.

An interim dividend of 7 sen per ordinary share of RM 0.50 each less 27% tax was paid on 17 August 2007, based on the existing share capital of 345,000,000 ordinary shares.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2007 (Cont'd)**

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Period To Date → 31 August 2007			
	Revenue	%	Operating Profit/(Loss) Before Taxation	%
	RM'000		RM'000	
Manufacturing	42,007	26	24,743	61
Marketing, Trading & Management Services	119,187	74	16,109	39
Others	-	-	(27)	-
	161,194	100	40,825	100

9. Revaluation of Property, Plant and Equipment

Not applicable. No valuation policy was adopted for property, plant and equipment of the Group.

10. Material Post Balance Sheet Events

There were no material events subsequent to the end of the period under review which have not been reflected in this interim financial report.

11. Changes in Group's Composition

There were no changes in the composition of the Group during the current financial period ended 31 August 2007.

12. Changes in Contingent Liabilities and Assets and changes in material litigations

There were no contingent liabilities and assets and material litigations as at the end of the reporting period.

13. Review of earnings and/or revenue of the Company and its subsidiaries for current quarter and financial period to date

The Group recorded a profit before taxation of RM50.597 million and revenue of RM161.194 million for the current financial period to date. The profit before taxation and revenue for the current quarter under review was RM16.020 million and RM54.756 million respectively.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2007 (Cont'd)**

14. Material Change in Profit Before Taxation reported on as compared with the immediate preceding quarter

The revenue for the current quarter under review was higher than the immediate preceding quarter, mainly contributed by higher demand from overseas markets. The increase in profit before taxation for current quarter was in line with the increase in sales.

15. Current year prospects

The Board of Directors expects the Group's performance for the remaining quarter to be satisfactory.

16. Profit Forecast

Save for the profit forecast issued in its Prospectus dated 3 April 2007, the Group did not issue any profit forecast or profit guarantee in a public documents during the current financial period. Barring any unforeseeable circumstances, the Board of Directors is optimistic that the profit forecast as stated in the Prospectus dated 3 April 2007 will not be unfavourably more than 10% in variance. This is mainly due to the intense competition in gold plated jewellery products in the local market.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2007 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2006 RM'000 (Unaudited)	Current Year To date 31.08.2007 RM'000 (Unaudited)	Preceding Year To date 31.08.2006 RM'000 (Unaudited)
Current taxation-based on profit for the period	3,391	-	10,863	-

The tax over profit before tax (excluded share of profit after tax of associate) for current quarter was 27%, which was consistent with the statutory tax rate.

18. Profit/(Loss) on Sale of Unquoted Investments and/or Properties

During the second quarter, there was a disposal of freehold property known as Lot 9588 Mukim 12, Daerah Barat Daya, Pulau Pinang at the consideration of RM 10,375,000. The gain on disposal was approximately RM 148,000, after net off the Real Property Gain Tax.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2007 (Cont'd)**

19. Purchase or Disposal of Quoted Securities

- (a) During the third quarter, the Group has purchased RM 23 million of quoted investment.
(b) Total investment in quoted securities:

Quoted investment in Malaysia	31 August 2007 RM'000
At cost / carrying amount	<u>23,000</u>
Market value of quoted investment	<u>21,739</u>

20. Status of Corporate Proposals

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Malaysia Securities Berhad, the Company undertook a restructuring exercise which involved the following:

On 23 March 2007, the Company undertook a rights issue of 60,548,553 new ordinary shares of RM0.50 each in the Company ("Shares") at an issue price of RM0.535 per Share, for cash on the basis of approximately 0.213 new Share for every 1 existing share held ("Rights Issue"). The completion of the Rights Issue resulted in an increase in the issued and paid-up share capital of the Company from RM142,225,723.50 comprising 284,451,447 Shares to RM172,500,000 comprising 345,000,000 Shares.

The entire issued and paid-up share capital of the Company comprising 345,000,000 ordinary shares of RM0.50 each was listed and quoted on 27 April 2007 on the Main Board of Bursa Malaysia Securities Berhad.

21. Group Borrowings

	As at 31 August 2007 RM'000
Short term borrowings (secured)	-
Long term borrowings (secured)	<u>-</u>
	<u>-</u>

The hire purchase obligations of the subsidiary have been fully settled in May 2007.

22. Off Balance Sheet Financial Instruments

There are no off balance sheet financial instruments as at the date of this report.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2007 (Cont'd)**

23. Dividend Declared

- i) A second interim dividend of 3.5 sen per ordinary share of RM 0.50 each less 27% tax has been declared on 17 October 2007, based on the existing share capital of 345,000,000 ordinary shares.
- ii) In respect of deposited securities, entitlements to the interim dividend will be determined based on shareholders registered in the record of depositors as at 2 November 2007. The payment date is 16 November 2007.

24. Capital Commitment

During the period, the Group has entered into a contract with Syarikat Success Construction Sdn Bhd on constructing a factory building. The contract sum is RM34.38 million.

25. Basic Earnings per Share

The basic earnings per share for the financial period are computed based on the Group's net profit divided by the weighted average number of shares in issue during the financial period.

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.07 RM'000 (Unaudited)	Preceding Year Quarter 31.08.06 RM'000 (Unaudited)	Current Year To Date (Three quarters to 31.08.2007) RM'000 (Unaudited)	Preceding Year To Date (Three quarters to 31.08.06) RM'000 (Audited)
Net profit for the period (RM'000)	12,629	-	39,734	-
<i>Weighted average number of shares in issue ('000)</i>	345,000	-	320,250	-
Basic earnings per share (sen)	3.66	-	12.41	-

The Group has no potential ordinary shares in issue, therefore diluted earnings per share has not been presented.

By Order of the Board

Lam Voon Kean
Secretary

17 October 2007
Penang