

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate

Phase IV, 11900 Penang, Malaysia.

Tel: 604-6162020 Fax: 604-6425989

CONDENSED CONSOLIDATED BALANCE SHEET

	As at end of Current Quarter 29.02.2008 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2007 RM'000 (Audited)
Assets		
Property, plant and equipment	60,218	46,940
Prepaid lease payments	6,782	6,785
Investment property	393	395
Land held for development	10,699	10,671
Investment in an associate	21,058	15,512
Other investments	7,474	7,401
Total non-current assets	106,624	87,704
Receivables, deposits and prepayments	27,807	32,975
Inventories	42,023	42,201
Current tax assets	371	487
Cash and cash equivalents	105,831	120,133
Total current assets	176,032	195,796
Total assets	282,656	283,500
Equity		
Share capital	172,500	172,500
Reserves	75,255	77,179
Total equity attributable to shareholders of the Company	247,755	249,679
Minority Interests	76	76
Total Equity	247,831	249,755
Liabilities		
Deferred tax liabilities	504	12
Total non-current liabilities	504	12
Trade and other payables	33,341	32,390
Taxation	980	1,343
Total current liabilities	34,321	33,733
Total equity and liabilities	282,656	283,500
Net assets per share (sen)	71.81	72.37

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 29 FEBRUARY 2008

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2008 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2007 RM'000 (Unaudited)	Current Year To Date 29.02.2008 RM'000 (Unaudited)	Preceding Year To Date 28.02.2007 RM'000 (Unaudited)
Revenue	61,279	52,848	61,279	52,848
Profit from operations	12,989	17,443	12,989	17,443
Finance costs	-	(15)	-	(15)
Share of profit after tax and minority interest of associate	5,546	2,602	5,546	2,602
Profit before taxation	18,535	20,030	18,535	20,030
Income tax expense	(3,220)	(4,771)	(3,220)	(4,771)
Profit for the period	15,315	15,259	15,315	15,259
Attributable to:				
Shareholders of the Company	15,315	15,259	15,315	15,259
Minority interests	-	-	-	-
Profit for the period	15,315	15,259	15,315	15,259
<i>Weighted average number of shares in issue ('000)</i>	345,000	284,451	345,000	284,451
Basic earnings per share (sen)	4.44	5.36	4.44	5.36

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 FEBRUARY 2008

As of 28 February 2007	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 December 2006	142,226	-	(11)	64,704	206,919	76	206,995
Rights issue	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Foreign exchange translation differences	-	-	9	-	9	-	9
Profit for the year	-	-	-	15,259	15,259	-	15,259
As at 28 February 2007	142,226	-	(2)	79,963	222,187	76	222,263
As of 29 February 2008	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 December 2007	172,500	-	(8)	77,187	249,679	76	249,755
Dividends	-	-	-	(17,250)	(17,250)	-	(17,250)
Foreign exchange translation differences	-	-	11	-	11	-	11
Profit for the period	-	-	-	15,315	15,315	-	15,315
As at 29 February 2008	172,500	-	3	75,252	247,755	76	247,831

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 29 FEBRUARY 2008

	Current Year To Date 29.02.2008 RM'000 (Unaudited)	Preceding Year To Date 28.02.2007 RM'000 (Unaudited)
Net cash generated from operating activities	16,699	10,779
Net cash (used in) / generated from investing activities	(13,745)	2,989
Net cash used in financing activities	(17,250)	(73)
Net (decrease) / increase in cash and cash equivalents	<u>(14,296)</u>	<u>13,695</u>
Cash and cash equivalents at beginning of financial period	120,133	87,519
Effect of exchange differences on cash and cash equivalents of foreign subsidiary	(6)	(6)
Cash and cash equivalents at end of financial period (Note 1)	<u><u>105,831</u></u>	<u><u>101,208</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	As at 29.02.2008 RM'000	As at 28.02.2007 RM'000
Short term deposits with licensed banks	89,566	92,841
Cash and bank balances	16,265	9,512
	<u>105,831</u>	<u>102,353</u>
Less: Deposits pledged	-	(1,145)
Total cash and cash equivalents	<u><u>105,831</u></u>	<u><u>101,208</u></u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2008

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards (“FRS”) 134, 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 2007. 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 2007.

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 2007 except for the adoption of the following applicable new/revised FRS effective for the financial period after 1 December 2007:

FRSs/Interpretations	Effective date
Amendment to FRS 119, Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2008 (Cont'd)**

	To be announced
FRS 139, Financial Instruments : Recognition and Measurement	
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The adoption of the above standards does not have any material impact on the Group.

2. Auditors' Qualification

Not applicable. No qualification on the audit report of the preceding financial statement of Zhulian Corporation Berhad.

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 for the financial period under review due to their nature, size, or incidence.

5. Changes in Estimates

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

6. Debt and Equity Securities

There was no issuance and repayment of debt and equity, shares buy-backs, shares cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to date.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2008 (Cont'd)**

7. Dividends Paid

Since the end of previous financial year, the Company paid a third interim single tier dividend of 5 sen per ordinary share of RM0.50 each, totalling RM17,250,000 in respect of the financial year ended 30 November 2007 on 26 February 2008.

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Period To Date → 29 February 2008			
	Revenue RM'000	%	Operating Profit/(Loss) Before Taxation RM'000	%
Multi-level Marketing	60,553	99	12,875	99
Investment Holding	-	-	238	2
Others	726	1	(124)	(1)
	61,279	100	12,989	100

9. Revaluation of Property, Plant and Equipment

No revaluation 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 29 February 2008 other than the following:

- i) Zhulian Development Sdn Bhd, wholly owned subsidiary of the Company, has disposed off its entire equity interest in Amazing Vestrax Sdn Bhd to the Company on 17 April 2008 at no gain or loss on disposal of subsidiary.

12. Changes in Contingent Liabilities and Assets and Changes in Material Litigations

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2008 (Cont'd)**

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

The Group recorded a profit before taxation of RM18.535 million and revenue of RM61.279 million for the first quarter of FY 2008.

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 local markets. Despite the increase in revenue, the profit before tax has dropped compared to immediate preceding quarter, mainly caused by soaring price of raw materials and the strengthening of Ringgit Malaysia against US Dollars.

15. Current year prospects

The Board of Directors expects the Group's performance for year 2008 to be satisfactory.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2008 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2007 RM'000 (Unaudited)	Current Year To date 29.02.2008 RM'000 (Unaudited)	Preceding Year To date 28.02.2007 RM'000 (Unaudited)
Current taxation-based on profit for the period	<u>3,220</u>	<u>4,771</u>	<u>3,220</u>	<u>4,771</u>

The tax over profit before tax (excluded share of profit after tax of associate) for current period under review was 25%, which was slightly lower than the statutory tax rate. This was due to some subsidiaries with paid up capital of RM2.5 million and below and are subject to corporate tax rate at 20% on chargeable income of up to RM500,000.

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

There were no sale of investments and properties for the period under review.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2008 (Cont'd)****19. Purchase or Disposal of Quoted Securities**

Total investment in quoted securities:

Quoted investment in Malaysia	29 February 2008 RM'000
At cost b/f	7,401
Total additions during the period	73
Total disposals during the period	-
	<hr/>
At cost c/f	7,474
Market value of quoted investments	<u>6,613</u>

20. Status of Corporate Proposals

As at 29 February 2008, a sum of RM22.815 million from the proceeds of the rights issue raised pursuant to the restructuring and listing of Zhulian Corporation Berhad was utilised as follow:

Purpose	Amount (RM'000)
Share issue expenses	2,596
Construction in progress	19,574
Machinery	645
Total	<hr/> <u>22,815</u> <hr/>

21. Group Borrowings

There were no borrowings as at the end of the period under review.

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 29 FEBRUARY 2008 (Cont'd)**

23. Dividend Declared

- i) A first interim single tier dividend of 2 sen per ordinary share of RM 0.50 each has been declared on 17 April 2008, based on the 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 8 May 2008. The payment date is 3 June 2008.

24. Capital Commitment

As at 29 February 2008, there were capital commitments of RM16.3 million, mainly in respect of a factory building.

25. Basic Earnings per Share

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

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2008 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2007 RM'000 (Unaudited)	Current Year To Date 29.02.2008 RM'000 (Unaudited)	Preceding Year To Date 28.02.2007 RM'000 (Unaudited)
Net profit for the period (RM'000)	15,315	15,259	15,315	15,259
<i>Weighted average number of shares in issue ('000)</i>	345,000	284,451	345,000	284,451
Basic earnings per share (sen)	4.44	5.36	4.44	5.36

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 April 2008
Penang