

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 31.05.2008 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2007 RM'000 (Audited)
Assets		
Property, plant and equipment	73,100	46,940
Prepaid lease payments	6,848	6,785
Investment property	390	395
Land held for development	10,695	10,671
Investment in an associate	20,994	15,512
Other investments	7,602	7,401
Total non-current assets	<u>119,629</u>	<u>87,704</u>
Receivables, deposits and prepayments	34,958	32,975
Inventories	45,187	42,201
Current tax assets	521	487
Cash and cash equivalents	99,330	120,133
Total current assets	<u>179,996</u>	<u>195,796</u>
Total assets	<u><u>299,625</u></u>	<u><u>283,500</u></u>
Equity		
Share capital	172,500	172,500
Reserves	84,499	77,179
Total equity attributable to shareholders of the Company	<u>256,999</u>	<u>249,679</u>
Minority Interests	<u>76</u>	<u>76</u>
Total Equity	<u><u>257,075</u></u>	<u><u>249,755</u></u>
Liabilities		
Deferred tax liabilities	196	12
Total non-current liabilities	<u>196</u>	<u>12</u>
Trade and other payables	41,179	32,390
Taxation	1,175	1,343
Total current liabilities	<u>42,354</u>	<u>33,733</u>
Total equity and liabilities	<u><u>299,625</u></u>	<u><u>283,500</u></u>
Net assets per share (sen)	74.49	72.37

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

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate

Phase IV, 11900 Penang, Malaysia

Tel: 604-6162020 Fax: 604-6425989

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MAY 2008

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2008 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2007 RM'000 (Unaudited)	Current Year To Date 31.05.2008 RM'000 (Unaudited)	Preceding Year To Date 31.05.2007 RM'000 (Unaudited)
Revenue	<u>72,015</u>	<u>53,590</u>	<u>133,294</u>	<u>106,438</u>
Profit from operations	15,284	11,497	28,273	28,940
Finance costs	-	(25)	-	(40)
Share of profit after tax and minority interest of associate	4,831	3,074	10,377	5,676
Profit before taxation	<u>20,115</u>	<u>14,546</u>	<u>38,650</u>	<u>34,576</u>
Income tax expense	(3,945)	(2,700)	(7,165)	(7,471)
Profit for the period	<u>16,170</u>	<u>11,846</u>	<u>31,485</u>	<u>27,105</u>
Attributable to:				
Shareholders of the Company	16,170	11,846	31,485	27,105
Minority interests	-	-	-	-
Profit for the period	<u>16,170</u>	<u>11,846</u>	<u>31,485</u>	<u>27,105</u>
<i>Weighted average number of shares in issue ('000)</i>	345,000	302,694	345,000	293,673
Basic earnings per share (sen)	<u>4.69</u>	<u>3.91</u>	<u>9.13</u>	<u>9.23</u>

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

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate,
Phase IV, 11900 Penang, Malaysia.
Tel: 604-6162020 Fax: 604-6425989

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 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 2006	142,226	-	(11)	64,704	206,919	76	206,995
Rights issue	30,274	-	-	-	30,274	-	30,274
Share issue expenses	-	-	-	-	-	-	-
Dividends	-	-	-	(20,000)	(20,000)	-	(20,000)
Foreign exchange translation differences	-	-	19	-	19	-	19
Profit for the year	-	-	-	27,105	27,105	-	27,105
As at 31 May 2007	172,500	-	8	71,809	244,317	76	244,393
As of 31 May 2008							
As at 1 December 2007	172,500	-	(8)	77,187	249,679	76	249,755
Dividends	-	-	-	(24,150)	(24,150)	-	(24,150)
Foreign exchange translation differences	-	-	(15)	-	(15)	-	(15)
Profit for the period	-	-	-	31,485	31,485	-	31,485
As at 31 May 2008	172,500	-	(23)	84,522	256,999	76	257,075

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

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate,

Phase IV, 11900 Penang, Malaysia.

Tel: 604-6162020 Fax: 604-6425989

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MAY 2008

	Current Year To Date 31.05.2008 RM'000 (Unaudited)	Preceding Year To Date 31.05.2007 RM'000 (Unaudited)
Net cash generated from operating activities	29,629	14,536
Net cash (used in) / generated from investing activities	(26,338)	12,858
Net cash (used in) / generated from financing activities	(24,150)	9,255
Net (decrease) / increase in cash and cash equivalents	<u>(20,859)</u>	<u>36,649</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	8	(13)
Cash and cash equivalents at end of financial period (Note 1)	<u><u>99,282</u></u>	<u><u>124,155</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	As at 31.05.2008 RM'000	As at 31.05.2007 RM'000
Short term deposits with licensed banks	80,641	114,550
Cash and bank balances	18,689	10,754
	<u>99,330</u>	<u>125,304</u>
Less: Deposits pledged	(48)	(1,149)
Total cash and cash equivalents	<u><u>99,282</u></u>	<u><u>124,155</u></u>

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

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate,
Phase IV, 11900 Penang, Malaysia.
Tel: 604-6162020 Fax: 604-6425989

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 31 MAY 2008 (Cont'd)**

FRS 139, Financial Instruments : Recognition and Measurement	To be announced
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 annual financial statements 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 31 MAY 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.

On 3 June 2008, the Company paid a first interim single tier dividend of 2 sen per ordinary share of RM 0.50 each, totalling RM6,900,000 in respect of the financial year ending 30 November 2008.

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Period To Date → 31 May 2008			
	Revenue RM'000	%	Operating Profit/(Loss) Before Taxation RM'000	%
Multi-level Marketing	131,860	99	27,228	96
Investment Holding	1,416	1	1,456	5
Others	18	0	(411)	(1)
	133,294	100	28,273	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 except for the following:

- i) The wholly owned subsidiary, Zhulian Industries Sdn Bhd has commenced operations in the manufacturing of consumer products at the new factory located at Lot 12367, P.T. No. 1704, Mukim 12, Daerah Barat Daya Pulau Pinang in July 2008.
- ii) On 10 June 2008, the wholly-owned subsidiary, Zhulian Management Sdn Bhd, has entered into an agreement to acquire 300 shares of RP1,000,000 each equivalent to 60% equity interest in PT Zhulian Indonesia for a consideration of RM 720,000. PT Zhulian Indonesia shares were acquired with full legal and beneficial title upon conditional approval from BKPM (Indonesia Investment Coordinating Board), a government institution of Indonesia.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MAY 2008 (Cont'd)**

- iii) On 16 July 2008, the Board has approved Zhulian Management Sdn Bhd, wholly owned subsidiary of the Company, to acquire Zhulian (Thailand) Ltd by way of investing 98,000 ordinary shares of Bath 100 each, representing 49% of the entire issued and paid up share capital of Zhulian (Thailand) Ltd from Zhulian Marketing (M) Sdn Bhd (also wholly owned subsidiary of the Company) at no gain or loss.

11. Changes in Group's Composition

There were no changes in the composition of the Group during the current financial period ended 31 May 2008 other than the disposal of the entire equity interest in Amazing Vestrax Sdn Bhd by Zhulian Development 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.

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 RM38.650 million and revenue of RM133.294 million for the financial year to date. The profit before taxation and revenue for the current quarter under review was RM20.115 million and RM72.015 million respectively.

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. The profit before tax has also increased which was in line with the increase in sales.

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.

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate,
Phase IV, 11900 Penang, Malaysia.
Tel: 604-6162020 Fax: 604-6425989

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2008 (Cont'd)

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2008 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2007 RM'000 (Unaudited)	Current Year To date 31.05.2008 RM'000 (Unaudited)	Preceding Year To date 31.05.2007 RM'000 (Unaudited)
Current taxation-based on profit for the period	<u>3,945</u>	<u>2,700</u>	<u>7,165</u>	<u>7,471</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.

19. Purchase or Disposal of Quoted Securities

Total investment in quoted securities:

Quoted investment in Malaysia	31 May 2008 RM'000
At cost b/f	7,401
Total additions during the period	201
Total disposals during the period	-
At cost c/f	<u>7,602</u>
Market value of quoted investments	<u>6,433</u>

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MAY 2008 (Cont'd)****20. Status of Corporate Proposals**

As at 31 May 2008, a sum of RM30.412 million from the proceeds of the rights issue raised pursuant to the restructuring and listing of Zhulian Corporation Berhad was utilised as follows:

Purpose	As per Prospectus Amount (RM'000)	Actual Amount (RM'000)
Share issue expenses	3,000	2,596
Construction in progress	23,686	23,686
Machinery	3,000	1,019
Working capital	2,707	3,111
Total	32,393	30,412

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.

23. Dividend Declared

- i) A second interim single tier dividend of 3 sen per ordinary share of RM 0.50 each has been declared on 16 July 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 11 August 2008. The payment date is 8 September 2008.

24. Capital Commitment

As at 31 May 2008, there were capital commitments of RM7.2 million, mainly in respect of a factory building and machinery.

ZHULIAN CORPORATION BERHAD (415527-P)

Plot 42, Bayan Lepas Industrial Estate,
Phase IV, 11900 Penang, Malaysia.
Tel: 604-6162020 Fax: 604-6425989

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2008 (Cont'd)

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 31.05.2008 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2007 RM'000 (Unaudited)	Current Year To Date 31.05.2008 RM'000 (Unaudited)	Preceding Year To Date 31.05.2007 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>16,170</u>	<u>11,846</u>	<u>31,485</u>	<u>27,105</u>
<i>Weighted average number of shares in issue ('000)</i>	<u>345,000</u>	<u>302,694</u>	<u>345,000</u>	<u>293,673</u>
Basic earnings per share (sen)	<u>4.69</u>	<u>3.91</u>	<u>9.13</u>	<u>9.23</u>

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

16 July 2008
Penang