

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 31.08.2008 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2007 RM'000 (Audited)
Assets		
Property, plant and equipment	79,895	46,940
Prepaid lease payments	6,809	6,785
Investment property	387	395
Land held for development	10,695	10,671
Investment in an associate	25,632	15,512
Other investments	5,653	7,401
Deferred assets	235	-
Total non-current assets	<u>129,306</u>	<u>87,704</u>
Receivables, deposits and prepayments	45,853	32,975
Inventories	49,075	42,201
Current tax assets	10	487
Cash and cash equivalents	103,851	120,133
Total current assets	<u>198,789</u>	<u>195,796</u>
Total assets	<u><u>328,095</u></u>	<u><u>283,500</u></u>
Equity		
Share capital	172,500	172,500
Reserves	98,249	77,179
Total equity attributable to shareholders of the Company	<u>270,749</u>	<u>249,679</u>
Minority Interests	<u>76</u>	<u>76</u>
Total Equity	<u><u>270,825</u></u>	<u><u>249,755</u></u>
Liabilities		
Deferred tax liabilities	-	12
Total non-current liabilities	<u>-</u>	<u>12</u>
Trade and other payables	42,681	32,390
Dividend payable	10,350	-
Taxation	4,239	1,343
Total current liabilities	<u>57,270</u>	<u>33,733</u>
Total equity and liabilities	<u><u>328,095</u></u>	<u><u>283,500</u></u>
Net assets per share (sen)	78.48	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 31 AUGUST 2008

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2008 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2007 RM'000 (Unaudited)	Current Year To Date 31.08.2008 RM'000 (Unaudited)	Preceding Year To Date 31.08.2007 RM'000 (Unaudited)
Revenue	88,495	54,756	221,789	161,194
Profit from operations	26,050	11,885	54,323	40,825
Finance costs	-	-	-	(40)
Share of profit after tax and minority interest of associate	4,638	4,135	15,015	9,812
Profit before taxation	30,688	16,020	69,338	50,597
Income tax expense	(6,585)	(3,391)	(13,750)	(10,863)
Profit for the period	24,103	12,629	55,588	39,734
Attributable to:				
Shareholders of the Company	24,103	12,629	55,588	39,734
Minority interests	-	-	-	-
Profit for the period	24,103	12,629	55,588	39,734
<i>Weighted average number of shares in issue ('000)</i>	345,000	345,000	345,000	320,250
Basic earnings per share (sen)	6.99	3.66	16.11	12.41

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 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	-	-	-	(37,630)	(37,630)	-	(37,630)
Foreign exchange translation differences	-	-	8	-	8	-	8
Profit for the period	-	-	-	39,734	39,734	-	39,734
As at 31 August 2007	<u>172,500</u>	<u>-</u>	<u>(3)</u>	<u>66,808</u>	<u>239,305</u>	<u>76</u>	<u>239,381</u>
	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	-	-	-	(34,500)	(34,500)	-	(34,500)
Foreign exchange translation differences	-	-	(18)	-	(18)	-	(18)
Profit for the period	-	-	-	55,588	55,588	-	55,588
As at 31 August 2008	<u>172,500</u>	<u>-</u>	<u>(26)</u>	<u>98,275</u>	<u>270,749</u>	<u>76</u>	<u>270,825</u>

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

	Current Year To Date 31.08.2008 RM'000 (Unaudited)	Preceding Year To Date 31.08.2007 RM'000 (Unaudited)
Net cash generated from operating activities	36,686	22,876
Net cash used in investing activities	(28,877)	(4,580)
Net cash used in financing activities	(24,150)	(8,759)
Net (decrease) / increase in cash and cash equivalents	<u>(16,341)</u>	<u>9,537</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	11	(5)
Cash and cash equivalents at end of financial period (Note 1)	<u><u>103,803</u></u>	<u><u>97,051</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	As at 31.08.2008 RM'000	As at 31.08.2007 RM'000
Short term deposits with licensed banks	91,298	91,805
Cash and bank balances	12,553	5,246
	<u>103,851</u>	<u>97,051</u>
Less: Deposits pledged	(48)	-
Total cash and cash equivalents	<u><u>103,803</u></u>	<u><u>97,051</u></u>

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

FRS 139, Financial Instruments : Recognition and Measurement	1 January 2010
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 AUGUST 2008 (Cont'd)**

7. Dividends Paid

Since the end of previous financial year, the Company paid :

- i) 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;
- ii) A first interim single tier dividend of 2 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the financial year ending 30 November 2008 on 3 June 2008; and
- iii) A second interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling to RM10,350,000 was paid in respect of the financial year ending 30 November 2008 on 8 September 2008

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Period To Date → 31 August 2008			
			Operating Profit/(Loss) Before Taxation	
	Revenue RM'000	%	RM'000	%
Multi-level Marketing	219,436	99	54,220	100
Investment Holding	2,270	1	745	1
Others	83	0	(642)	(1)
	221,789	100	54,323	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 31 August 2008.

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

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 RM69.338 million and revenue of RM221.789 million for the financial year to date. The profit before taxation and revenue for the current quarter under review was RM30.688 million and RM88.495 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 and overseas markets. The profit before tax has also increased which was in line with the increase in sales, reduced by the allowance for diminution value in other investment in quoted securities which approximates RM 2 million.

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	Preceding Year Quarter	Current Year To date	Preceding Year To date
	31.08.2008	31.08.2007	31.08.2008	31.08.2007
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation-based on profit for the period	6,585	3,391	13,750	10,863

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 mainly 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.

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

19. Purchase or Disposal of Quoted Securities

Total investment in quoted securities:

Quoted investment in Malaysia	31 August 2008 RM'000
At cost b/f	7,401
Total additions during the period	252
Total disposals during the period	-
Allowance for diminution in value	(2,000)
	<hr/>
At cost c/f	5,653
Market value of quoted investments	<hr/> <u>5,595</u>

20. Status of Corporate Proposals

As at 31 August 2008, a sum of RM32.393 million from the proceeds of the rights issue raised pursuant to the restructuring and listing of Zhulian Corporation Berhad was fully 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	3,000
Working capital	2,707	3,111
Total	<hr/> <u>32,393</u>	<hr/> <u>32,393</u>

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 31 AUGUST 2008 (Cont'd)**

23. Dividend Declared

- i) A third interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM 10,350,000 in respect of financial year ending 30 November 2008 has been declared on 15 October 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 10 November 2008. The payment date is 8 December 2008.

24. Capital Commitment

As at 31 August 2008, there were capital commitments of RM3 million, mainly in respect of a factory building and machinery.

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 31.08.2008 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2007 RM'000 (Unaudited)	Current Year To Date 31.08.2008 RM'000 (Unaudited)	Preceding Year To Date 31.08.2007 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>24,103</u>	<u>12,629</u>	<u>55,588</u>	<u>39,734</u>
<i>Weighted average number of shares in issue ('000)</i>	<u>345,000</u>	<u>345,000</u>	<u>345,000</u>	<u>320,250</u>
Basic earnings per share (sen)	<u>6.99</u>	<u>3.66</u>	<u>16.11</u>	<u>12.41</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

15 October 2008
Penang