

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 30.11.2008 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2007 RM'000 (Audited)
Assets		
Property, plant and equipment	85,712	46,940
Prepaid lease payments	6,629	6,785
Investment property	384	395
Land held for development	10,696	10,671
Investment in an associate	23,801	15,512
Other investments	4,453	7,401
Total non-current assets	<u>131,675</u>	<u>87,704</u>
Receivables, deposits and prepayments	52,729	32,975
Inventories	51,245	42,201
Current tax assets	279	487
Cash and cash equivalents	106,529	120,133
Total current assets	<u>210,782</u>	<u>195,796</u>
Total assets	<u><u>342,457</u></u>	<u><u>283,500</u></u>
Equity		
Share capital	172,500	172,500
Reserves	107,000	77,179
Total equity attributable to shareholders of the Company	<u>279,500</u>	<u>249,679</u>
Minority Interests	76	76
Total Equity	<u>279,576</u>	<u>249,755</u>
Liabilities		
Deferred tax liabilities	2,169	12
Total non-current liabilities	<u>2,169</u>	<u>12</u>
Trade and other payables	46,815	32,390
Dividend payable	10,350	-
Taxation	3,547	1,343
Total current liabilities	<u>60,712</u>	<u>33,733</u>
Total equity and liabilities	<u><u>342,457</u></u>	<u><u>283,500</u></u>
Net assets per share (sen)	81.01	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 YEAR ENDED 30 NOVEMBER 2008

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2008 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2007 RM'000 (Audited)	Current Year To Date 30.11.2008 RM'000 (Unaudited)	Preceding Year To Date 30.11.2007 RM'000 (Audited)
Revenue	81,788	59,352	303,577	220,546
Profit from operations	22,477	18,316	76,800	59,141
Finance costs	-	-	-	(40)
Share of profit after tax and minority interest of associate	3,178	5,435	18,193	15,247
Profit before taxation	25,655	23,751	94,993	74,348
Income tax expense	(6,553)	(4,558)	(20,303)	(15,421)
Profit for the year	19,102	19,193	74,690	58,927
Attributable to:				
Shareholders of the Company	19,102	19,193	74,690	58,927
Minority interests	-	-	-	-
Profit for the year	19,102	19,193	74,690	58,927
<i>Weighted average number of shares in issue ('000)</i>	345,000	345,000	345,000	326,421
Basic earnings per share (sen)	5.54	5.56	21.65	18.05

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2008

	Current Year To Date 30.11.2008 RM'000 (Unaudited)	Preceding Year To Date 30.11.2007 RM'000 (Audited)
Net cash generated from operating activities	50,453	37,454
Net cash (used in) / generated from investing activities	(29,568)	16,066
Net cash used in financing activities	(34,548)	(20,904)
Net (decrease) / increase in cash and cash equivalents	<u>(13,663)</u>	<u>32,616</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	(2)
Cash and cash equivalents at end of financial year (Note 1)	<u><u>106,481</u></u>	<u><u>120,133</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	As at 30.11.2008 RM'000	As at 30.11.2007 RM'000
Short term deposits with licensed banks	90,859	108,601
Cash and bank balances	15,670	11,532
	<u>106,529</u>	<u>120,133</u>
Less: Deposits pledged	(48)	-
Total cash and cash equivalents	<u><u>106,481</u></u>	<u><u>120,133</u></u>

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 NOVEMBER 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
FRS 139, Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2008 (Cont'd)**

1. Basis of Preparation (Cont'd)

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 were 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 YEAR ENDED 30 NOVEMBER 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 ended 30 November 2008 on 3 June 2008;
- iii) A second interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of the financial year ended 30 November 2008 on 8 September 2008; and
- iv) A third interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of the financial year ended 30 November 2008 on 8 December 2008.

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Year To Date → 30 November 2008			
	Revenue RM'000	%	Operating Profit/(Loss) Before Taxation RM'000	%
Multi-level Marketing	299,287	99	75,639	99
Investment Holding	2,978	1	140	0
Others	1,312	0	1,021	1
	<u>303,577</u>	<u>100</u>	<u>76,800</u>	<u>100</u>

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 year ended 30 November 2008.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 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 RM94.993 million and revenue of RM303.577 million for the financial year to date. The profit before taxation and revenue for the current quarter under review was RM25.655 million and RM81.788 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 lower than the immediate preceding quarter, mainly due to lower demand from local and overseas markets. The profit before tax has also decreased which was in line with the decrease in sales.

15. Current year prospects

The Board of Directors expects the Group's performance for year 2009 to be satisfactory.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2008 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2007 RM'000 (Audited)	Current Year To date 30.11.2008 RM'000 (Unaudited)	Preceding Year To date 30.11.2007 RM'000 (Audited)
Current taxation-based on profit for the period	6,553	4,558	20,303	15,421

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 YEAR ENDED 30 NOVEMBER 2008 (Cont'd)

19. Purchase or Disposal of Quoted Securities

Total investment in quoted securities:

Quoted investment in Malaysia	30 November 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	(3,200)
	<hr/>
At cost c/f	4,453
Market value of quoted investments	<hr/> <u>4,450</u>

20. Status of Corporate Proposals

As at 30 November 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 YEAR ENDED 30 NOVEMBER 2008 (Cont'd)**

23. Dividend Declared

- i) A fourth interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of financial year ended 30 November 2008 has been declared on 21 January 2009, 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 23 February 2009. The payment date is 10 March 2009.
- iii) There is no final dividend in respect of financial year ended 30 November 2008.

24. Capital Commitment

As at 30 November 2008, there were capital commitments of RM3.9 million, mainly in respect of building renovation 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 30.11.2008 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2007 RM'000 (Audited)	Current Year To Date 30.11.2008 RM'000 (Unaudited)	Preceding Year To Date 30.11.2007 RM'000 (Audited)
Net profit for the period (RM'000)	19,102	19,193	74,690	58,927
<i>Weighted average number of shares in issue ('000)</i>	345,000	345,000	345,000	326,421
Basic earnings per share (sen)	5.54	5.56	21.65	18.05

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

21 January 2009
Penang