

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 31.05.2009 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2008 RM'000 (Audited)
Assets		
Property, plant and equipment	88,261	85,712
Prepaid lease payments	6,553	6,629
Investment property	380	384
Land held for development	10,696	10,696
Investment in an associate	30,164	23,801
Other investments	4,660	4,453
Goodwill	1,276	-
Total non-current assets	<u>141,990</u>	<u>131,675</u>
Receivables, deposits and prepayments	38,261	52,729
Inventories	53,311	51,245
Current tax assets	305	279
Cash and cash equivalents	101,649	106,529
Total current assets	<u>193,526</u>	<u>210,782</u>
Total assets	<u><u>335,516</u></u>	<u><u>342,457</u></u>
Equity		
Share capital	172,500	172,500
Reserves	119,823	107,000
Total equity attributable to shareholders of the Company	<u>292,323</u>	<u>279,500</u>
Minority Interests	<u>267</u>	<u>76</u>
Total Equity	<u><u>292,590</u></u>	<u><u>279,576</u></u>
Liabilities		
Deferred tax liabilities	1,202	2,169
Total non-current liabilities	<u>1,202</u>	<u>2,169</u>
Trade and other payables	38,983	46,815
Dividend payable	-	10,350
Taxation	2,741	3,547
Total current liabilities	<u>41,724</u>	<u>60,712</u>
Total equity and liabilities	<u><u>335,516</u></u>	<u><u>342,457</u></u>
Net assets per share (sen)	84.73	81.01

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 MAY 2009

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2009 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2008 RM'000 (Unaudited)	Current Year To Date 31.05.2009 RM'000 (Unaudited)	Preceding Year To Date 31.05.2008 RM'000 (Unaudited)
Revenue	<u>73,554</u>	<u>72,156</u>	<u>144,639</u>	<u>133,294</u>
Profit from operations	16,298	15,284	35,704	28,273
Share of profit after tax and minority interest of associate	3,443	4,831	6,363	10,377
Profit before taxation	<u>19,741</u>	<u>20,115</u>	<u>42,067</u>	<u>38,650</u>
Income tax expense	(3,051)	(3,945)	(8,533)	(7,165)
Profit for the period	<u>16,690</u>	<u>16,170</u>	<u>33,534</u>	<u>31,485</u>
Attributable to:				
Shareholders of the Company	16,690	16,170	33,534	31,485
Minority interests	-	-	-	-
Profit for the period	<u>16,690</u>	<u>16,170</u>	<u>33,534</u>	<u>31,485</u>
<i>Weighted average number of shares in issue ('000)</i>	345,000	345,000	345,000	345,000
Basic earnings per share (sen)	<u>4.84</u>	<u>4.69</u>	<u>9.72</u>	<u>9.13</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2009

	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
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	<u>172,500</u>	<u>-</u>	<u>(23)</u>	<u>84,522</u>	<u>256,999</u>	<u>76</u>	<u>257,075</u>

	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
As at 1 December 2008	172,500	-	(27)	107,027	279,500	76	279,576
Acquisition of subsidiary	-	-	-	-	-	191	191
Dividends	-	-	-	(20,700)	(20,700)	-	(20,700)
Foreign exchange translation differences	-	-	(11)	-	(11)	-	(11)
Profit for the period	-	-	-	33,534	33,534	-	33,534
As at 31 May 2009	<u>172,500</u>	<u>-</u>	<u>(38)</u>	<u>119,861</u>	<u>292,323</u>	<u>267</u>	<u>292,590</u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MAY 2009

	Current Year To Date 31.05.2009 RM'000 (Unaudited)	Preceding Year To Date 31.05.2008 RM'000 (Unaudited)
Net cash from operating activities	28,444	29,629
Net cash used in investing activities	(2,277)	(26,338)
Net cash used in financing activities	(31,050)	(24,150)
Net decrease in cash and cash equivalents	<u>(4,883)</u>	<u>(20,859)</u>
Cash and cash equivalents at beginning of financial period	106,481	120,133
Effect of exchange differences on cash and cash equivalents of foreign subsidiary	3	8
Cash and cash equivalents at end of financial period (Note 1)	<u><u>101,601</u></u>	<u><u>99,282</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	As at 31.05.2009 RM'000	As at 31.05.2008 RM'000
Short term deposits with licensed banks	86,956	80,641
Cash and bank balances	14,693	18,689
	<u>101,649</u>	<u>99,330</u>
Less: Deposits pledged	(48)	(48)
Total cash and cash equivalents	<u><u>101,601</u></u>	<u><u>99,282</u></u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2009

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 2008. 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 2008.

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 2008 except for the adoption of the following applicable new/revised FRS effective for the financial period after 1 December 2008:

FRSs/Interpretations	Effective date
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MAY 2009 (Cont'd)**

The Group plans to apply FRS 8 from the annual period beginning 1 December 2009. The Group and the Company plan to apply the other standards, amendments and interpretations from the annual period beginning 1 December 2010 except for FRS 4, IC Interpretation 9, IC Interpretation 11 and IC Interpretation 14 which are not applicable to the Group and the Company.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSS. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy except as follows:

FRS 8, Operating Segments

FRS 8 will become effective for financial statements of the Group for the year ending 30 November 2010. FRS 8, which replaces FRS 114₂₀₀₄, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments. The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

IC Interpretation 13, Customer Loyalty Programmes

IC Interpretation 13 will become effective for financial statements of the Group for the financial year ending 30 November 2011. IC Interpretation 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programme under which the customer can redeem credits for awards such as free or discounted goods or services. The Group will apply IC Interpretation 13 to their customer loyalty programme retrospectively. The adoption of IC Interpretation 13 is not expected to have material impact on the financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MAY 2009 (Cont'd)**

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.

7. Dividends Paid

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

- i) 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;
- ii) A fourth 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 10 March 2009; and
- iii) A first interim single tier dividend of 3 sen per ordinary share of RM 0.50 each, totalling RM10,350,000 in respect of the financial year ending 30 November 2009 on 29 May 2009.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MAY 2009 (Cont'd)**

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Year To Date → 31 May 2009			
	Revenue RM'000	%	Operating Profit/(Loss) Before Taxation RM'000	%
Multi-level Marketing	143,014	99	35,732	99
Investment Holding	1,504	1	174	1
Others	121	0	(202)	0
	144,639	100	35,704	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 major changes in the composition of the Group during the current financial period ended 31 May 2009, except for the 60% acquisition in PT Zhulian Indonesia which was completed on 25 May 2009. The investment cost is amounting to RM1.6 million.

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 RM19.741 million and revenue of RM73.554 million for the second quarter of FY 2009.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2009 (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 the local market. The profit before tax has decreased slightly, mainly due to higher expenses incurred in second quarter of FY 2009.

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 31.05.2009 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2008 RM'000 (Unaudited)	Current Year To date 31.05.2009 RM'000 (Unaudited)	Preceding Year To date 31.05.2008 RM'000 (Unaudited)
Current taxation-based on profit for the period				
-Current Year	4,292	3,945	9,774	7,165
-Prior Year	<u>(1,241)</u>	<u>-</u>	<u>(1,241)</u>	<u>-</u>
Total	<u>3,051</u>	<u>3,945</u>	<u>8,533</u>	<u>7,165</u>

The tax over profit before tax (excluding the share of profit after tax of associate) for the cumulative quarters of the current year was 24% which was slightly lower than the statutory tax rate of 25%.

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 31 MAY 2009 (Cont'd)****19. Purchase or Disposal of Quoted Securities** ⁹

Total investment in quoted securities:

Quoted investment in Malaysia	31 May 2009 RM'000
At cost b/f	7,653
Total additions during the period	207
Total disposals during the period	-
	<hr/>
At cost c/f	7,860
Less: Allowance for diminution in value b/f & c/f	(3,200)
Carrying amount c/f	<hr/> <u>4,660</u>
Market value of quoted investments	<hr/> <u>5,196</u>

The additions were in respect of the dividend income received in the form of quoted investments.

20. Status of Corporate Proposals

There was no corporate proposal being announced during the period.

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 RM0.50 each, totalling RM10,350,000 in respect of financial year ending 30 November 2009 has been declared on 15 July 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 14 August 2009. The payment date is 28 August 2009.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2009 (Cont'd)

24. Capital Commitment

As at 31 May 2009, there were capital commitments of RM1.4 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 31.05.2009 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2008 RM'000 (Unaudited)	Current Year To Date 31.05.2009 RM'000 (Unaudited)	Preceding Year To Date 31.05.2008 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>16,690</u>	<u>16,170</u>	<u>33,534</u>	<u>31,485</u>
<i>Weighted average number of shares in issue ('000)</i>	<u>345,000</u>	<u>345,000</u>	<u>345,000</u>	<u>345,000</u>
Basic earnings per share (sen)	<u>4.84</u>	<u>4.69</u>	<u>9.72</u>	<u>9.13</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 July 2009
Penang