

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 31.08.2009 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2008 RM'000 (Audited)
Assets		
Property, plant and equipment	87,863	85,712
Prepaid lease payments	11,901	6,629
Investment property	377	384
Land held for development	10,696	10,696
Investment in an associate	30,774	23,801
Other investments	4,673	4,453
Goodwill on consolidation	1,276	-
Total non-current assets	<u>147,560</u>	<u>131,675</u>
Receivables, deposits and prepayments	36,635	52,729
Inventories	46,350	51,245
Current tax assets	117	279
Cash and cash equivalents	119,878	106,529
Total current assets	<u>202,980</u>	<u>210,782</u>
Total assets	<u><u>350,540</u></u>	<u><u>342,457</u></u>
Equity		
Share capital	172,500	172,500
Reserves	133,272	107,000
Total equity attributable to shareholders of the Company	<u>305,772</u>	<u>279,500</u>
Minority Interests	<u>288</u>	<u>76</u>
Total Equity	<u><u>306,060</u></u>	<u><u>279,576</u></u>
Liabilities		
Deferred tax liabilities	979	2,169
Total non-current liabilities	<u>979</u>	<u>2,169</u>
Trade and other payables	40,046	46,815
Dividend payable	-	10,350
Taxation	3,455	3,547
Total current liabilities	<u>43,501</u>	<u>60,712</u>
Total equity and liabilities	<u><u>350,540</u></u>	<u><u>342,457</u></u>
Net assets per share (sen)	88.63	81.01

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 AUGUST 2009**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2009 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2008 RM'000 (Unaudited)	Current Year To Date 31.08.2009 RM'000 (Unaudited)	Preceding Year To Date 31.08.2008 RM'000 (Unaudited)
Revenue	<u>83,426</u>	<u>88,495</u>	<u>228,065</u>	<u>221,789</u>
Profit from operations	23,822	26,050	59,526	54,323
Share of profit after tax and minority interest of associate	5,664	4,638	12,027	15,015
Profit before taxation	<u>29,486</u>	<u>30,688</u>	<u>71,553</u>	<u>69,338</u>
Income tax expense	(5,664)	(6,585)	(14,197)	(13,750)
Profit for the period	<u>23,822</u>	<u>24,103</u>	<u>57,356</u>	<u>55,588</u>
Attributable to:				
Shareholders of the Company	23,801	24,103	57,335	55,588
Minority interests	21	-	21	-
Profit for the period	<u>23,822</u>	<u>24,103</u>	<u>57,356</u>	<u>55,588</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>6.90</u>	<u>6.99</u>	<u>16.62</u>	<u>16.11</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 AUGUST 2009

	Share Capital 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	-	-	(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>(26)</u>	<u>98,275</u>	<u>270,749</u>	<u>76</u>	<u>270,825</u>

	Share Capital 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 a subsidiary	-	-	-	-	191	191
Dividends	-	-	(31,050)	(31,050)	-	(31,050)
Foreign exchange translation differences	-	(13)	-	(13)	-	(13)
Profit for the period	-	-	57,335	57,335	21	57,356
As at 31 August 2009	<u>172,500</u>	<u>(40)</u>	<u>133,312</u>	<u>305,772</u>	<u>288</u>	<u>306,060</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 CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2009

	Current Year To Date 31.08.2009 RM'000 (Unaudited)	Preceding Year To Date 31.08.2008 RM'000 (Unaudited)
Net cash from operating activities	57,934	36,686
Net cash used in investing activities	(3,252)	(28,877)
Net cash used in financing activities	(41,400)	(24,150)
Net increase / (decrease) in cash and cash equivalents	<u>13,282</u>	<u>(16,341)</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 subsidiaries	67	11
Cash and cash equivalents at end of financial period (Note 1)	<u><u>119,830</u></u>	<u><u>103,803</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	As at 31.08.2009 RM'000	As at 31.08.2008 RM'000
Short term deposits with licensed banks	102,126	91,298
Cash and bank balances	17,752	12,553
	<u>119,878</u>	<u>103,851</u>
Less: Deposits pledged	(48)	(48)
Total cash and cash equivalents	<u><u>119,830</u></u>	<u><u>103,803</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 AUGUST 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 101, <i>Presentation of Financial Statements</i>	1 January 2010
FRS 123, <i>Borrowing Costs</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation</i> and FRS 101, <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i> , FRS 7, <i>Financial Instruments: Disclosures</i> and IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010

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

1. **Basis of Preparation (Cont'd)**

FRSs/Interpretations	Effective date
<i>Improvements to FRSs 2009</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

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 Amendments to FRS 2, 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.

FRS 101, Presentation of Financial Statements

FRS 101 will become effective for the Group's financial statements for the year ending 30 November 2011. The standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 101 does not have any significant impact on the Group's financial position or results.

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

1. Basis of Preparation (Cont'd)

Amendments to FRS 132, *Financial Instruments: Presentation* and FRS 101, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*

The amendments to FRS 132 and FRS 101 on puttable financial instruments will become effective for the Group's financial statements for the year ending 30 November 2011. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions.

The Group does not issue such puttable financial instruments and thus the application of these amendments is not expected to have any significant impact on the Group's financial statements.

Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*, FRS 7, *Financial Instruments: Disclosures* and IC Interpretation 9, *Reassessment of Embedded Derivatives*

The amendments to FRS 139 on eligible hedged items will become effective for the Group's financial statements for the year ending 30 November 2011. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in two particular situations: (i) the designation of a one-sided risk in a hedged item; and (ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

Improvements to FRSs 2009

Improvements to FRSs 2009 will become effective for the Group's financial statements for the year ending 30 November 2011 for amendments relating to:

- FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 8, *Operating Segments*
- FRS 101, *Presentation of Financial Statements*
- FRS 107, *Statement of Cash Flows*
- FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- FRS 110, *Events after the Reporting Period*
- FRS 116, *Property, Plant and Equipment*
- FRS 117, *Leases*
- FRS 118, *Revenue*
- FRS 119, *Employee Benefits*
- FRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*
- FRS 123, *Borrowing Costs*
- FRS 127, *Consolidated and Separate Financial Statements*
- FRS 128, *Investments in Associates*
- FRS 129, *Financial Reporting in Hyperinflationary Economies*
- FRS 131, *Interests in Joint Ventures*
- FRS 134, *Interim Financial Reporting*
- FRS 136, *Impairment of Assets*
- FRS 138, *Intangible Assets*
- FRS 139, *Financial Instruments: Recognition and Measurement*
- FRS 140, *Investment Property*

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

1. Basis of Preparation (Cont'd)

Improvements to FRSs 2009 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The Group is in the process of assessing the impact of these amendments.

IC Interpretation 10, *Interim Financial Reporting and Impairment*

IC Interpretation 10 will become effective for the financial statements of the Group for the financial year ending 30 November 2011. IC Interpretation 10 prohibits the reversal of an impairment loss that has been recognised in an interim period during a financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. In accordance with the transitional provisions, the Group will apply IC Interpretation 10 to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139, *Financial Instruments: Recognition and Measurement* respectively. The adoption of IC Interpretation 10 is not expected to have any significant impact on the Group's financial statements.

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 AUGUST 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 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.

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;
- iii) A first interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of the financial year ending 30 November 2009 on 29 May 2009; and
- iv) 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 ending 30 November 2009 on 28 August 2009.

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

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Year To Date 31 August 2009 →			
	Revenue	%	Operating Profit/(Loss) Before Taxation	%
	RM'000		RM'000	
Multi-level Marketing	225,442	99	59,508	100
Investment Holding	2,444	1	344	0
Others	179	0	(326)	0
	228,065	100	59,526	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

On 8 September 2009, the Group entered into a sale and purchase agreement to dispose off its land held for development at No. 3, Changkat Minden, Jalan 8, 11700 Penang. The sale consideration amounted to RM5.95 million with an estimated gain on disposal of RM1.31 million.

11. Changes in Group's Composition

The 60% acquisition in PT Zhulian Indonesia was completed on 25 May 2009. The investment cost amounted to RM1.6 million.

On 26 August 2009, the Company has incorporated a new subsidiary, Zhulian Labuan Limited. The principal activity of this subsidiary is investment holding.

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 31 AUGUST 2009 (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 RM71.553 million and revenue of RM228.065 million for the financial year to date. The profit before taxation and revenue for the current quarter under review was RM29.486 million and RM83.426 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 the overseas. The increase in profit before tax was in line with the increase in revenue and also contributed by the drop in expenses incurred during the current quarter.

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 31.08.2009 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2008 RM'000 (Unaudited)	Current Year To date 31.08.2009 RM'000 (Unaudited)	Preceding Year To date 31.08.2008 RM'000 (Unaudited)
-Current Year	5,614	6,808	15,388	13,973
-Prior Year	50	(223)	(1,191)	(223)
Total	5,664	6,585	14,197	13,750

The tax over profit before tax (excluding the share of profit after tax of associate) for the cumulative quarters of the current year was 26%, slightly higher than the statutory tax rate of 25%.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2009 (Cont'd)****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 August 2009 RM'000
At cost b/f	7,653
Total additions during the period	220
Total disposals during the period	-
	<hr/>
At cost c/f	7,873
Less: Allowance for diminution in value b/f & c/f	(3,200)
Carrying amount c/f	<hr/> <u>4,673</u>
Market value of quoted investments	<hr/> <u>5,778</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.

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

23. Dividend Declared

- i) A third 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 14 October 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 12 November 2009. The payment date is 26 November 2009.

24. Capital Commitment

As at 31 August 2009, there were capital commitments of RM0.6 million, mainly in respect of building renovation.

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 31.08.2009 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2008 RM'000 (Unaudited)	Current Year To Date 31.08.2009 RM'000 (Unaudited)	Preceding Year To Date 31.08.2008 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>23,801</u>	<u>24,103</u>	<u>57,335</u>	<u>55,588</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>6.90</u>	<u>6.99</u>	<u>16.62</u>	<u>16.11</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
14 October 2009
Penang