

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 28.02.2010 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2009 RM'000 (Audited)
Assets		
Property, plant and equipment	88,552	86,969
Prepaid lease payments	12,086	12,047
Investment property	372	373
Land held for development	6,092	6,092
Investment in an associate	37,409	30,752
Other investments	6,074	6,074
Goodwill	1,168	1,168
Deferred tax assets	188	226
Total non-current assets	<u>151,941</u>	<u>143,701</u>
Receivables, deposits and prepayments	59,385	51,914
Inventories	46,247	47,873
Current tax assets	143	158
Asset classified as held for sale	-	4,604
Cash and cash equivalents	140,086	125,084
Total current assets	<u>245,861</u>	<u>229,633</u>
Total assets	<u><u>397,802</u></u>	<u><u>373,334</u></u>
Equity		
Share capital	172,500	172,500
Reserves	155,326	147,611
Total equity attributable to equity holders of the Company	<u>327,826</u>	<u>320,111</u>
Minority interest	297	425
Total equity	<u>328,123</u>	<u>320,536</u>
Liabilities		
Deferred tax liabilities	1,834	1,360
Total non-current liabilities	<u>1,834</u>	<u>1,360</u>
Payables and accruals	42,436	46,757
Dividend payable	17,250	-
Current tax liabilities	8,159	4,681
Total current liabilities	<u>67,845</u>	<u>51,438</u>
Total liabilities	69,679	52,798
Total equity and liabilities	<u><u>397,802</u></u>	<u><u>373,334</u></u>
Net assets per share (sen)	95.02	92.79

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 28 FEBRUARY 2010

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2010 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2009 RM'000 (Unaudited)	Current Year To Date 28.02.2010 RM'000 (Unaudited)	Preceding Year To Date 28.02.2009 RM'000 (Unaudited)
Revenue	<u>86,327</u>	<u>71,085</u>	<u>86,327</u>	<u>71,085</u>
Profit from operations	24,867	19,406	24,867	19,406
Share of profit after tax and minority interest of equity accounted associate	6,657	2,920	6,657	2,920
Profit before tax	<u>31,524</u>	<u>22,326</u>	<u>31,524</u>	<u>22,326</u>
Income tax expense	(6,723)	(5,482)	(6,723)	(5,482)
Profit for the period	<u>24,801</u>	<u>16,844</u>	<u>24,801</u>	<u>16,844</u>
Attributable to:				
Equity holders of the Company	24,929	16,844	24,929	16,844
Minority interest	(128)	-	(128)	-
Profit for the period	<u>24,801</u>	<u>16,844</u>	<u>24,801</u>	<u>16,844</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>7.23</u>	<u>4.88</u>	<u>7.23</u>	<u>4.88</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2010

	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 December 2008	172,500	(27)	107,027	279,500	76	279,576
Dividends	-	-	(10,350)	(10,350)	-	(10,350)
Foreign exchange translation differences	-	1	-	1	-	1
Profit for the period	-	-	16,844	16,844	-	16,844
As at 28 February 2009	<u>172,500</u>	<u>(26)</u>	<u>113,521</u>	<u>285,995</u>	<u>76</u>	<u>286,071</u>

	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 December 2009	172,500	(21)	147,632	320,111	425	320,536
Dividends	-	-	(17,250)	(17,250)	-	(17,250)
Foreign exchange translation differences	-	36	-	36	-	36
Profit for the period	-	-	24,929	24,929	(128)	24,801
As at 28 February 2010	<u>172,500</u>	<u>15</u>	<u>155,311</u>	<u>327,826</u>	<u>297</u>	<u>328,123</u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 2010

	Current Year To Date 28.02.2010 RM'000 (Unaudited)	Preceding Year To Date 28.02.2009 RM'000 (Unaudited)
Net cash from operating activities	11,882	6,734
Net cash from / (used in) investing activities	3,043	(3,235)
Net cash used in financing activities	-	(10,350)
Net increase / (decrease) in cash and cash equivalents	<u>14,925</u>	<u>(6,851)</u>
Cash and cash equivalents at beginning of financial period	125,035	106,481
Effect of exchange differences on cash and cash equivalents of foreign subsidiaries	78	-
Cash and cash equivalents at end of financial period (Note 1)	<u><u>140,038</u></u>	<u><u>99,630</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	As at 28.02.2010 RM'000	As at 28.02.2009 RM'000
Short term deposits with licensed banks	114,639	85,387
Cash and bank balances	25,447	14,291
	<u>140,086</u>	<u>99,678</u>
Less: Deposit pledged	(48)	(48)
Total cash and cash equivalents	<u><u>140,038</u></u>	<u><u>99,630</u></u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2010

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 2009. 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 2009.

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 2009.

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 year to date.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2010 (Cont'd)**

7. Dividends Paid

Since the end of previous financial year, the Company paid a fourth interim single tier dividend of 3 sen and a special interim single tier dividend of 2 sen per ordinary share of RM0.50 each, totalling RM17,250,000 in respect of the financial year ended 30 November 2009 on 1 March 2010.

8. Segment Revenue and Results

The Group is principally engaged in the manufacturing and sale of costume jewellery and consumer products on a direct sales basis. Business segment information has therefore not been prepared as the Group's revenue, operation profit, assets employed, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one business segment

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 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 28 February 2010.

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 28 FEBRUARY 2010 (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 RM31.524 million and revenue of RM86.327 million for the first quarter of FY 2010.

14. Material Change in Profit Before Taxation reported on as compared with the immediate preceding quarter

The revenue for the current quarter under review of RM86.327 million was slightly lower than the immediate preceding quarter revenue of RM87.210 million, mainly due to drop in sales to overseas but offset by increase in local sales. However, the current quarter profit before tax of RM31.524 million has increased as compared to the immediate preceding quarter profit before tax of RM31.151 million, mainly contributed by the increase in share of profit from associate company.

15. Current year prospects

The Board of Directors expects the Group's performance for year 2010 to be satisfactory.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2010 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2009 RM'000 (Unaudited)	Current Year To date 28.02.2010 RM'000 (Unaudited)	Preceding Year To date 28.02.2009 RM'000 (Unaudited)
-Current Year	6,723	5,482	6,723	5,482
-Prior Year	-	-	-	-
Total	6,723	5,482	6,723	5,482

The tax over profit before tax (excluding share of profit after tax of associate) for the cumulative quarters of the current year was 27%, which was higher than the statutory tax rate. This was mainly due to certain expenses were non tax deductible.

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 28 FEBRUARY 2010 (Cont'd)****19. Purchase or Disposal of Quoted Securities**

Total investments in quoted securities:

Quoted investment in Malaysia	28 February 2010 RM'000
At cost b/f	8,174
Total additions during the period	-
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At cost c/f	8,174
Less: Allowance for diminution in value	(2,100)
Carrying amount c/f	<hr/> 6,074
	<hr/>
Market value of quoted investments	<hr/> 6,031

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

A first 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 2010 has been declared on 14 April 2010, based on the share capital of 345,000,000 ordinary shares.

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 May 2010. The payment date is 27 May 2010.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2010 (Cont'd)

24. Capital Commitment

As at 28 February 2010, there were capital commitments of RM15.7 million, mainly in respect of building reconstruction.

25. Basic Earnings per Share

The basic earnings per share are computed based on the Group's net profit for the year divided by the weighted average number of shares in issue:

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2010 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2009 RM'000 (Unaudited)	Current Year To Date 28.02.2010 RM'000 (Unaudited)	Preceding Year To Date 28.02.2009 RM'000 (Unaudited)
Net profit for the year / period (RM'000)	<u>24,929</u>	<u>16,844</u>	<u>24,929</u>	<u>16,844</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>7.23</u>	<u>4.88</u>	<u>7.23</u>	<u>4.88</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 April 2010
Penang