

# 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

	<b>As at end of Current Quarter 31.08.2010 RM'000 (Unaudited)</b>	<b>As at Preceding Financial Year End 30.11.2009 RM'000 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	96,407	86,969
Prepaid lease payments	11,608	12,047
Investment property	366	373
Land held for development	6,092	6,092
Investment in an associate	42,385	30,752
Other investments	6,235	6,074
Goodwill	1,168	1,168
Deferred tax assets	179	226
<b>Total non-current assets</b>	<u>164,440</u>	<u>143,701</u>
Receivables, deposits and prepayments	41,374	51,914
Inventories	46,303	47,873
Current tax assets	1,258	158
Asset classified as held for sale	-	4,604
Cash and cash equivalents	137,561	125,084
<b>Total current assets</b>	<u>226,496</u>	<u>229,633</u>
<b>Total assets</b>	<u><u>390,936</u></u>	<u><u>373,334</u></u>
<b>Equity</b>		
Share capital	230,000	172,500
Reserves	111,513	147,611
<b>Total equity attributable to equity holders of the Company</b>	<u>341,513</u>	<u>320,111</u>
<b>Minority interest</b>	79	425
<b>Total equity</b>	<u>341,592</u>	<u>320,536</u>
<b>Liabilities</b>		
Deferred tax liabilities	1,730	1,360
<b>Total non-current liabilities</b>	<u>1,730</u>	<u>1,360</u>
Payables and accruals	44,576	46,757
Current tax liabilities	3,038	4,681
<b>Total current liabilities</b>	<u>47,614</u>	<u>51,438</u>
<b>Total liabilities</b>	49,344	52,798
<b>Total equity and liabilities</b>	<u><u>390,936</u></u>	<u><u>373,334</u></u>
Net assets per share (sen)	74.24	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 31 AUGUST 2010

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2010 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2009 RM'000 (Unaudited)	Current Year To Date 31.08.2010 RM'000 (Unaudited)	Preceding Year To Date 31.08.2009 RM'000 (Unaudited)
<b>Revenue</b>	<u>73,468</u>	<u>83,426</u>	<u>237,715</u>	<u>228,065</u>
<b>Profit from operations</b>	<u>15,839</u>	<u>23,822</u>	<u>54,571</u>	<u>59,526</u>
Share of profit after tax and minority interest of equity accounted associate	8,123	5,664	21,504	12,027
<b>Profit before tax</b>	<u>23,962</u>	<u>29,486</u>	<u>76,075</u>	<u>71,553</u>
Income tax expense	(4,249)	(5,664)	(13,645)	(14,197)
<b>Profit for the period</b>	<u>19,713</u>	<u>23,822</u>	<u>62,430</u>	<u>57,356</u>
<b>Attributable to:</b>				
Equity holders of the Company	19,834	23,801	62,776	57,335
Minority interest	(121)	21	(346)	21
<b>Profit for the period</b>	<u>19,713</u>	<u>23,822</u>	<u>62,430</u>	<u>57,356</u>
<i>Weighted average number of shares in issue ('000) -adjusted for the effect of bonus shares issued on 21 July 2010</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	<u>4.31</u>	<u>5.17</u>	<u>13.65</u>	<u>12.46</u>

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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 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
<b>As at 1 December 2008</b>	172,500	(27)	107,027	279,500	76	279,576
Acquisition of 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
<b>As at 31 August 2009</b>	<u>172,500</u>	<u>(40)</u>	<u>133,312</u>	<u>305,772</u>	<u>212</u>	<u>306,060</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
<b>As at 1 December 2009</b>	172,500	(21)	147,632	320,111	425	320,536
Bonus issue	57,500	-	(57,500)	-	0	-
Dividends	-	-	(41,400)	(41,400)	-	(41,400)
Foreign exchange translation differences	-	26	-	26	-	26
Profit for the period	-	-	62,776	62,776	(346)	62,430
<b>As at 31 August 2010</b>	<u>230,000</u>	<u>5</u>	<u>111,508</u>	<u>341,513</u>	<u>79</u>	<u>341,592</u>

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2010

	<b>Current Year To Date 31.08.2010 RM'000 (Unaudited)</b>	<b>Preceding Year To Date 31.08.2009 RM'000 (Unaudited)</b>
Net cash from operating activities	50,738	57,934
Net cash from / (used in) investing activities	3,210	(3,252)
Net cash used in financing activities	(41,400)	(41,400)
Net increase / (decrease) in cash and cash equivalents	<u>12,548</u>	<u>13,282</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	(68)	67
Cash and cash equivalents at end of financial period (Note 1)	<u><u>137,515</u></u>	<u><u>119,830</u></u>

### NOTE 1:

Cash and cash equivalents consist of :-

	<b>As at 31.08.2010 RM'000</b>	<b>As at 31.08.2009 RM'000</b>
Short term deposits with licensed banks	117,138	102,126
Cash and bank balances	20,423	17,752
	<u>137,561</u>	<u>119,878</u>
Less: Deposit pledged	(46)	(48)
Total cash and cash equivalents	<u><u>137,515</u></u>	<u><u>119,830</u></u>

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### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 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 31 AUGUST 2010 (Cont'd)**

**7. Dividends Paid**

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

- i) 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;
- ii) 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 2010 on 27 May 2010; and
- iii) A second interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of the financial year ending 30 November 2010 on 30 August 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 31 August 2010, except for the increase in paid up capital on 23 August 2010 to RM500,000 for Dexassets Sdn Bhd, a wholly owned subsidiary of the Company.

**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 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 RM23.962 million and revenue of RM73.468 million for the third quarter of FY 2010. The profit before taxation and revenue for the financial year to date was RM76.075 million and RM237.715 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 of RM73.468 million was lower than the immediate preceding quarter's revenue of RM77.920 million, mainly due to the weakening of USD and drop in market demand. The current quarter's profit before tax of RM23.962 million has increased as compared to the immediate preceding quarter's profit before tax of RM20.589 million, mainly contributed by increase in share of profit in associate.

**15. Current year prospects**

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

**16. Variance of Actual Profit from Forecast Profit**

Not applicable.

**17. Taxation**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2010 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2009 RM'000 (Unaudited)	Current Year To date 31.08.2010 RM'000 (Unaudited)	Preceding Year To date 31.08.2009 RM'000 (Unaudited)
-Current Year	4,249	5,614	14,428	15,388
-Prior Year	-	50	(783)	(1,191)
<b>Total</b>	<b>4,249</b>	<b>5,664</b>	<b>13,645</b>	<b>14,197</b>

The tax over profit before tax (excluding share of profit after tax of associate) for the cumulative quarters of the current year was 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 AUGUST 2010 (Cont'd)****19. Purchase or Disposal of Quoted Securities**

Total investments in quoted securities:

Quoted investment in Malaysia	31 August 2010 RM'000
At cost b/f	8,174
Total additions during the period	161
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At cost c/f	8,335
Less: Allowance for diminution in value	<hr/> (2,100) <hr/>
Carrying amount c/f	<hr/> 6,235 <hr/>
Market value of quoted investments	<hr/> 6,086 <hr/>

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 other than the proposed bonus issue which was completed on 21 July 2010.

**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 third interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of financial year ending 30 November 2010 has been declared on 18 October 2010, based on the enlarged share capital of 460,000,000 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 12 November 2010. The payment date is 29 November 2010.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 AUGUST 2010 (Cont'd)**

**24. Capital Commitment**

As at 31 August 2010, there were capital commitments of RM28.7 million, mainly in respect of building reconstruction and land acquisition.

The above capital commitments include acquisition of a land held under PN 5876, Lot 12414, Mukim 12, Daerah Barat Daya Negeri Pulau Pinang. Dexassets Sdn Bhd, a wholly owned subsidiary of the Company has entered into the said land sale and purchase agreement on 29 July 2010 with a purchase consideration of RM12 million. The application for the land transfer is pending for approval from relevant authorities.

**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 31.08.2010 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2009 RM'000 (Unaudited)	Current Year To Date 31.08.2010 RM'000 (Unaudited)	Preceding Year To Date 31.08.2009 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>19,834</u>	<u>23,801</u>	<u>62,776</u>	<u>57,335</u>
Weighted average number of shares in issue ('000) *	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>
Basic earnings per share (sen)	<u>4.31</u>	<u>5.17</u>	<u>13.65</u>	<u>12.46</u>

The Group has no potential ordinary shares in issue, therefore diluted earnings per share has not been presented.

\* The weighted average number of shares in issue was adjusted for bonus shares issued on 21 July 2010

By Order of the Board

Lam Voon Kean  
Secretary  
18 October 2010  
Penang