

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 FINANCIAL POSITION AS AT 29 FEBRUARY 2012

	As at end of Current Quarter 29.02.2012 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2011 RM'000 (Audited)
Assets		
Property, plant and equipment	124,137	120,304
Investment properties	16,895	16,958
Investment in an associate	72,540	72,265
Other investments-available for sale financial assets	6,838	6,451
Goodwill	1,168	1,168
Deferred tax assets	842	883
Total non-current assets	<u>222,420</u>	<u>218,029</u>
Inventories	49,434	48,799
Receivables, deposits and prepayments	62,106	49,250
Current tax assets	2,230	2,438
Cash and cash equivalents	131,593	127,703
Total current assets	<u>245,363</u>	<u>228,190</u>
Total assets	<u><u>467,783</u></u>	<u><u>446,219</u></u>
Equity		
Share capital	230,000	230,000
Reserves	176,406	162,319
Total equity attributable to owners of the Company	<u>406,406</u>	<u>392,319</u>
Non-controlling interests	32	32
Total equity	<u>406,438</u>	<u>392,351</u>
Liabilities		
Deferred tax liabilities	4,286	3,711
Total non-current liabilities	<u>4,286</u>	<u>3,711</u>
Payables and accruals	49,858	45,273
Current tax liabilities	7,201	4,884
Total current liabilities	<u>57,059</u>	<u>50,157</u>
Total liabilities	<u>61,345</u>	<u>53,868</u>
Total equity and liabilities	<u><u>467,783</u></u>	<u><u>446,219</u></u>
Net assets per share (sen)	88.35	85.29

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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 FEBRUARY 2012**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2012 RM'000 (Unaudited)	Preceding Year Quarter 28.2.2011 RM'000 (Unaudited)	Current Year To Date 29.02.2012 RM'000 (Unaudited)	Preceding Year To Date 28.2.2011 RM'000 (Unaudited)
Revenue	111,880	86,223	111,880	86,223
Results from operating activities	23,690	19,511	23,690	19,511
Share of profit of equity accounted investee, net of tax	10,896	7,965	10,896	7,965
Profit before tax	34,586	27,476	34,586	27,476
Income tax expense	(6,191)	(5,499)	(6,191)	(5,499)
Profit for the period	28,395	21,977	28,395	21,977
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	119	6	119	6
Fair value of available-for-sale financial assets	387	224	387	224
Share of other comprehensive income of equity accounted investee, net of tax	(1,014)	(904)	(1,014)	(904)
Other comprehensive income/(expense) for the period, net of tax	(508)	(674)	(508)	(674)
Total comprehensive income for the period	27,887	21,303	27,887	21,303
Profit attributable to:				
Owners of the Company	28,395	21,977	28,395	21,977
Non-controlling interests	-	-	-	-
Profit for the period	28,395	21,977	28,395	21,977
Total comprehensive income attributable to:				
Owners of the Company	27,887	21,303	27,887	21,303
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	27,887	21,303	27,887	21,303
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	6.17	4.78	6.17	4.78

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 FEBRUARY 2012

Individual Quarter		Cumulative Quarters	
Current	Preceding	Current	Preceding
Year	Year	Year	Year
Quarter	Quarter	To Date	To Date
29.02.2012	28.2.2011	29.02.2012	28.2.2011
RM'000	RM'000	RM'000	RM'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Included in the Total Comprehensive Income for the period are the following:

Interest income	(787)	(709)	(787)	(709)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	2,112	1,700	2,112	1,700
Provision for and write off of receivables	(145)	(2)	(145)	(2)
Provision for and write off of inventories	10	55	10	55
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	-	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	2	38	2	38
Foreign exchange (gain) or loss	3,520	2,134	3,520	2,134
(Gain) or Loss on derivatives	-	-	-	-

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 FEBRUARY 2012

	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Non- distributable Fair Value Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 December 2010, as previously stated	230,000	(10)	-	121,997	351,987	32	352,019
Effect of adopting FRS 139	-	-	36	-	36	-	36
At 1 December 2010, as restated	230,000	(10)	36	121,997	352,023	32	352,055
Total comprehensive income for the year	-	(898)	224	21,977	21,303	-	21,303
Dividends to owners of the Company	-	-	-	(13,800)	(13,800)	-	(13,800)
At 28 February 2011	230,000	(908)	260	130,174	359,526	32	359,558

	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Non- distributable Fair Value Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
At 1 December 2011	230,000	181	21	162,117	392,319	32	392,351
Total comprehensive income for the year	-	(895)	387	28,395	27,887	-	27,887
Dividends to owners of the Company	-	-	-	(13,800)	(13,800)	-	(13,800)
At 29 February 2012	230,000	(714)	408	176,712	406,406	32	406,438

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 29 FEBRUARY 2012

	Current Year To Date 29.02.2012 RM'000 (Unaudited)	Preceding Year To Date 28.2.2011 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	34,586	27,476
Adjustments for		
Non-cash items	(8,782)	(6,227)
Non-operating items	(787)	(709)
Operating profit before working capital changes	25,017	20,540
Changes in working capital	(8,279)	(17,889)
Cash generated from operations	16,738	2,651
Tax paid	(3,092)	(4,571)
Dividends received	9,607	9,729
<i>Net cash from / (used in) operating activities</i>	23,253	7,809
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(6,291)	(6,901)
Interest received	787	709
Dividend received	-	-
<i>Net cash (used in) / from investing activities</i>	(5,504)	(6,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(13,800)	-
<i>Net cash used in financing activities</i>	(13,800)	-
Net increase in cash and cash equivalents	3,949	1,617
Cash and cash equivalents at 1 December	127,654	131,499
Effects of exchange rates on cash and cash equivalents	(59)	(24)
Cash and cash equivalents at 29 February (Note 1)	131,544	133,092
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	106,249	113,808
Cash and bank balances	25,344	19,332
	131,593	133,140
Less: Deposit pledged	(49)	(48)
Total cash and cash equivalents	131,544	133,092

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 29 FEBRUARY 2012

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 2011. 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 2011.

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 2011 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemption for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions *
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers *
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes - Deferred Tax: Recovery of Underlying Assets

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2012 (Cont'd)**

1. Basis of Preparation (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)
- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 December 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011 and 1 July 2011, except for those marked with “*” which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

IC Interpretation 4, Determining whether an Arrangement contains a Lease

IC Interpretation 4 provides guidance on determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, Leases. Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is a finance or an operating lease.

The adoption of IC Interpretation 4 will result in a change in accounting policy which will be applied retrospectively in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors in which certain arrangements are to be accounted for as a finance lease.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2012 (Cont'd)**

1. Basis of Preparation (Cont'd)

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

The Group's and the Company's financial statements for annual period beginning on 1 December 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSSs, Interpretations and amendments that will be effective for annual periods beginning on or after 1 January 2012, 1 July 2012 and 1 January 2013.

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. Exceptional Items

There were no material exceptional 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 a fourth interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of the financial year ended 30 November 2011 on 24 February 2012.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2012 (Cont'd)**

8. Segment Revenue and Results

The Group is principally confined to the manufacturing and sale of costume jewellery and consumer products on a direct sales basis. Operating segment information has therefore not been prepared as the Group's revenue and operating profit before tax are mainly confined to one operating 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 29 February 2012.

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 Group's Performance

The Group generated revenue of RM111.9 million for the first quarter of FY 2012, an increase of 30% as compared to the corresponding quarter in the preceding year. Overall, the export sales increased by 42%, mainly to Thailand whilst the local sales increased by 18%, mainly contributed by high demand for the food & beverage and nutritional products.

The Group's profit before tax was RM34.6 million with an increase of 26% from the last corresponding period. The increase in profit before tax was mainly contributed by the increase in revenue and share of profit of equity accounted investee, offset by the increase in exchange loss with the weakening of US Dollar and higher distribution expenses that were in line with the increase in sales.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2012 (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 of RM111.9 million was 29% higher than the immediate preceding quarter's revenue of RM86.8 million. This was contributed by the increase in sales to both local and export markets, by 23% and 34% respectively.

The current quarter's profit before tax of RM34.6 million, dropped slightly as compared to the immediate preceding quarter's profit before tax of RM34.9 million, although an increase of 29% in revenue. This was mainly due to the change in sales mix, coupled with weakening of US Dollar.

15. Current year prospects

The Board of Directors expects the Group's performance for year 2012 to be satisfactory.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2012 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2011 RM'000 (Unaudited)	Current Year To date 29.02.2012 RM'000 (Unaudited)	Preceding Year To date 28.02.2011 RM'000 (Unaudited)
-Current Year	6,191	5,499	6,191	5,499
-Prior Year	-	-	-	-
Total	6,191	5,499	6,191	5,499

The current year's tax over profit before tax (excluding share of profit of equity accounted investee, net of tax) for the cumulative quarters of the current year approximated to 26%, that was slightly higher than the statutory tax rate. This was mainly due to certain expenses were not tax deductible.

18. Status of Corporate Proposals

There was no corporate proposal being announced during the period.

19. Group Borrowings

There were no borrowings as at the end of the period under review.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2012 (Cont'd)**

20. Off Balance Sheet Financial Instruments

There are no off balance sheet financial instruments as at the date of this report.

21. Dividend Declared

A first interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of financial year ended 30 November 2012 has been declared on 12 April 2012, based on the 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 9 May 2012. The payment date is 23 May 2012.

22. Capital Commitment

As at 29 February 2012, there were capital commitments of RM3.9 million.

23. 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 29.02.2012 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2011 RM'000 (Unaudited)	Current Year To Date 29.02.2012 RM'000 (Unaudited)	Preceding Year To Date 28.02.2011 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>28,395</u>	<u>21,977</u>	<u>28,395</u>	<u>21,977</u>
<i>Number of shares in issue ('000)</i>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>
Basic earnings per share (sen)	<u>6.17</u>	<u>4.78</u>	<u>6.17</u>	<u>4.78</u>

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 29 FEBRUARY 2012 (Cont'd)

24. Realised and Unrealised Profit or Losses Disclosure

Total retained earnings of the Company and its subsidiaries:	As at financial period 29.02.2012 RM'000	As at financial period 28.02.2011 RM'000
-Realised	240,528	217,067
-Unrealised	(6,135)	(4,735)
	<hr/>	<hr/>
	234,393	212,332
 Total share of retained earnings of an associate:		
-Realised	62,467	39,517
-Unrealised	599	(287)
	<hr/>	<hr/>
	63,066	39,230
 Less: consolidation adjustments	(120,747)	(121,388)
	<hr/>	<hr/>
Total retained earnings	176,712	130,174

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries
12 April 2012
Penang