

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 31 AUGUST 2013**

	As at end of Current Quarter 31.08.2013 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2012 RM'000 (Audited)
Assets		
Property, plant and equipment	131,017	127,460
Investment properties	16,520	16,708
Investment in an associate	127,296	97,120
Other investments-available for sale financial assets	7,299	7,039
Goodwill	1,168	1,168
Deferred tax assets	958	1,061
Total non-current assets	<u>284,258</u>	<u>250,556</u>
Inventories	81,458	61,991
Receivables, deposits and prepayments	75,004	77,673
Current tax assets	4,648	942
Cash and cash equivalents	124,828	137,683
Total current assets	<u>285,938</u>	<u>278,289</u>
Total assets	<u><u>570,196</u></u>	<u><u>528,845</u></u>
Equity		
Share capital	230,000	230,000
Reserves	275,481	221,844
Total equity attributable to owners of the Company	<u>505,481</u>	<u>451,844</u>
Non-controlling interests	<u>29</u>	<u>29</u>
Total equity	<u><u>505,510</u></u>	<u><u>451,873</u></u>
Liabilities		
Deferred tax liabilities	5,366	4,272
Total non-current liabilities	<u>5,366</u>	<u>4,272</u>
Payables and accruals	51,091	67,107
Current tax liabilities	8,229	5,593
Total current liabilities	<u>59,320</u>	<u>72,700</u>
Total liabilities	<u>64,686</u>	<u>76,972</u>
Total equity and liabilities	<u><u>570,196</u></u>	<u><u>528,845</u></u>
Net assets per share (sen)	109.89	98.23

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 31 AUGUST 2013**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2013 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2012 RM'000 (Unaudited)	Current Year To Date 31.08.2013 RM'000 (Unaudited)	Preceding Year To Date 31.08.2012 RM'000 (Unaudited)
Revenue	124,130	110,379	339,083	333,244
Results from operating activities	37,345	24,338	79,257	70,187
Share of profit of equity accounted investee, net of tax	11,442	10,778	47,259	33,660
Profit before tax	48,787	35,116	126,516	103,847
Income tax expense	(9,185)	(6,891)	(19,241)	(18,077)
Profit for the period	39,602	28,225	107,275	85,770
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(7)	47	55	102
Fair value of available-for-sale financial assets	(340)	328	321	304
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	589	802	3,486	382
Other comprehensive income/(expense) for the period, net of tax	242	1,177	3,862	788
Total comprehensive income for the period	39,844	29,402	111,137	86,558
Profit attributable to:				
Owners of the Company	39,602	28,225	107,275	85,770
Non-controlling interests	-	-	-	-
Profit for the period	39,602	28,225	107,275	85,770
Total comprehensive income attributable to:				
Owners of the Company	39,844	29,402	111,137	86,558
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	39,844	29,402	111,137	86,558
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	8.61	6.14	23.32	18.65

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 AUGUST 2013**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31.08.2013	31.08.2012	31.08.2013	31.08.2012
	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	(886)	(995)	(2,861)	(3,031)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	1,807	2,264	6,685	6,517
(Reversal of) / Provision for and write off of receivables	(600)	-	(1,000)	(145)
(Reversal of) / Provision for and write off of inventories	(43)	485	71	632
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	(40)	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	(7,148)	(78)	(7,780)	390
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2013**

	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 2011	230,000	181	21	162,117	392,319	32	392,351
Foreign currency translation differences for foreign operations	-	102	-	-	102	-	102
Fair value of available-for-sale financial assets	-	-	304	-	304	-	304
Share of other comprehensive income of equity accounted investee, net of tax	-	382	-	-	382	-	382
Total other comprehensive income for the period	-	484	304	-	788	-	788
Profit for the period	-	-	-	85,770	85,770	-	85,770
Total comprehensive income for the period	-	484	304	85,770	86,558	-	86,558
Dividends to owners of the Company	-	-	-	(41,400)	(41,400)	-	(41,400)
At 31 AUGUST 2012	230,000	665	325	206,487	437,477	32	437,509

	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 2012	230,000	(2,481)	311	224,014	451,844	29	451,873
Foreign currency translation differences for foreign operations	-	55	-	-	55	-	55
Fair value of available-for-sale financial assets	-	-	321	-	321	-	321
Share of other comprehensive income of equity accounted investee, net of tax	-	3,486	-	-	3,486	-	3,486
Total other comprehensive income for the period	-	3,541	321	-	3,862	-	3,862
Profit for the period	-	-	-	107,275	107,275	-	107,275
Total comprehensive income for the period	-	3,541	321	107,275	111,137	-	111,137
Dividends to owners of the Company	-	-	-	(57,500)	(57,500)	-	(57,500)
At 31 AUGUST 2013	230,000	1,060	632	273,789	505,481	29	505,510

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 AUGUST 2013**

	Current Year To Date 31.08.2013 RM'000 (Unaudited)	Preceding Year To Date 31.08.2012 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	126,516	103,847
Adjustments for		
Non-cash items	(40,932)	(27,399)
Non-operating items	(2,862)	(3,031)
Operating profit before working capital changes	82,722	73,417
Changes in working capital	(18,897)	(24,264)
Cash generated from operating activities	63,825	49,153
Tax paid	(19,164)	(14,336)
Dividends received	20,568	9,607
<i>Net cash from operating activities</i>	65,229	44,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(365)	(279)
Proceeds from disposal of investments	466	-
Capital expenditure	(9,658)	(13,562)
Interest received	2,861	3,043
<i>Net cash used in investing activities</i>	(6,696)	(10,798)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to owners of the Company	(71,300)	(41,400)
<i>Net cash used in financing activity</i>	(71,300)	(41,400)
Net decrease in cash and cash equivalents	(12,767)	(7,774)
Cash and cash equivalents at 1 December	137,634	127,654
Effects of exchange rates on cash and cash equivalents	(90)	(56)
Cash and cash equivalents at 31 AUGUST (Note 1)	124,777	119,824
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	98,432	93,719
Cash and bank balances	26,396	26,155
	124,828	119,874
Less: Deposit pledged	(51)	(50)
Total cash and cash equivalents	124,777	119,824

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2013

1. **Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 November 2012.

The Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

2. **Auditors' Qualification**

Not applicable. No qualification on the audit report of the preceding annual audited financial statements of Zhulian Corporation Berhad.

3. **Seasonal or Cyclical Factors**

The Group's performance is not affected by any seasonal or cyclical factors.

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 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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013 (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 single tier dividend of 3.5 sen per ordinary share of RM 0.50 each, totalling RM29,900,000 in respect of financial year ended 30 November 2012 on 13 March 2013. The total dividend paid by the Company for the year ended 30 November 2012 was 15.5 sen per ordinary share of RM 0.50 each;
- ii) A first interim single tier dividend of 3 sen per ordinary share of RM 0.50 each, totalling RM13,800,000 in respect of the financial year ending 30 November 2013 on 28 May 2013; and
- iii) A second interim single tier dividend of 3 sen per ordinary share of RM 0.50 each, totalling RM13,800,000 in respect of the financial year ending 30 November 2013 on 28 August 2013.

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 31 August 2013.

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 2013 (Cont'd)**

13. Review of Group's Performance

The Group generated revenue of RM339.083 million for the period ended 31 August 2013, a slight increase of 2% as compared to the corresponding period last year. This was mainly contributed by the increase in overseas sales.

The Group's profit before tax was RM126.516 million with an increase of 22% from last year's corresponding period. The increase in profit before tax was mainly contributed by the increase in share of profit of equity accounted investee and increase in revenue.

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 RM124.130 million was higher than the immediate preceding quarter's revenue of RM106.233 million, mainly contributed by the increase in overseas sales.

The current quarter's profit before tax of RM48.787 million was increased by 15% as compared to the immediate preceding quarter's profit before tax of RM42.364 million. This was mainly contributed by the increase in share of profit of equity accounted investee and increase in overseas sales.

15. Current year prospects

The Group has targeted a positive growth in the revenue for financial year 2013. The Board is of the opinion that its internal target is achievable based on the current market condition and current available information of local and overseas markets.

The above mentioned target is only the management's internal target. It is not a forecast or projection and it has not been reviewed or audited by our external auditor.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013 (Cont'd)****17. Taxation**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2013 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2012 RM'000 (Unaudited)	Current Year To date 31.08.2013 RM'000 (Unaudited)	Preceding Year To date 31.08.2012 RM'000 (Unaudited)
-Current Year	9,547	6,599	19,887	17,725
-Prior Year	<u>(362)</u>	<u>292</u>	<u>(646)</u>	<u>352</u>
Total	<u>9,185</u>	<u>6,891</u>	<u>19,241</u>	<u>18,077</u>

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 25%, which was the statutory tax rate.

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.

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 third interim single tier dividend of 3sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of financial year ending 30 November 2013 has been declared on 16 October 2013, 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 8 November 2013. The payment date is 29 November 2013.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013 (Cont'd)****22. Capital Commitment**

As at 31 August 2013, there were capital commitments of RM3.8 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 31.08.2013 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2012 RM'000 (Unaudited)	Current Year To Date 31.08.2013 RM'000 (Unaudited)	Preceding Year To Date 31.08.2012 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>39,602</u>	<u>28,225</u>	<u>107,275</u>	<u>85,770</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>8.61</u>	<u>6.14</u>	<u>23.32</u>	<u>18.65</u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013 (Cont'd)****24. Realised and Unrealised Profit or Losses Disclosure**

Total retained earnings of the Company and its subsidiaries:	As at financial period 31.08.2013 RM'000	As at financial period 31.08.2012 RM'000
-Realised	281,592	246,790
-Unrealised	(2,144)	(4,410)
	<hr/>	<hr/>
	279,448	242,380
 Total share of retained earnings of an associate:		
-Realised	116,581	85,802
-Unrealised	(426)	28
	<hr/>	<hr/>
	116,155	85,830
 Less: consolidation adjustments	(121,814)	(121,723)
	<hr/>	<hr/>
Total retained earnings	237,789	206,487

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries
16 October 2013
Penang