

**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 MAY 2015**

	<b>As at end of Current Quarter 31.05.2015 RM'000 (Unaudited)</b>	<b>As at Preceding Financial Year End 30.11.2014 RM'000 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	146,026	138,927
Investment properties	16,082	16,206
Investment in an associate	156,155	150,376
Other investments-available for sale financial assets	7,383	6,575
Goodwill	1,168	1,168
Deferred tax assets	2,044	2,172
<b>Total non-current assets</b>	<u>328,858</u>	<u>315,424</u>
Inventories	71,907	78,572
Receivables, deposits and prepayments	41,208	30,621
Current tax assets	5,021	3,475
Cash and cash equivalents	90,904	92,369
<b>Total current assets</b>	<u>209,040</u>	<u>205,037</u>
<b>Total assets</b>	<u><u>537,898</u></u>	<u><u>520,461</u></u>
<b>Equity</b>		
Share capital	230,000	230,000
Reserves	265,646	253,215
<b>Total equity attributable to owners of the Company</b>	<u>495,646</u>	<u>483,215</u>
<b>Non-controlling interests</b>	<u>26</u>	<u>26</u>
<b>Total equity</b>	<u>495,672</u>	<u>483,241</u>
<b>Liabilities</b>		
Deferred tax liabilities	2,428	2,492
<b>Total non-current liabilities</b>	<u>2,428</u>	<u>2,492</u>
Payables and accruals	35,988	34,120
Current tax liabilities	3,810	608
<b>Total current liabilities</b>	<u>39,798</u>	<u>34,728</u>
<b>Total liabilities</b>	<u>42,226</u>	<u>37,220</u>
<b>Total equity and liabilities</b>	<u><u>537,898</u></u>	<u><u>520,461</u></u>
Net assets per share (sen)	107.75	105.05

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MAY 2015**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2015 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2014 RM'000 (Unaudited)	Current Year To Date 31.05.2015 RM'000 (Unaudited)	Preceding Year To Date 31.05.2014 RM'000 (Unaudited)
<b>Revenue</b>	55,269	65,647	110,488	131,804
<b>Results from operating activities</b>	10,120	4,432	20,375	17,845
Share of profit of equity accounted investee, net of tax	4,554	7,264	11,522	14,249
<b>Profit before tax</b>	14,674	11,696	31,897	32,094
Income tax expense	(3,571)	(3,426)	(8,244)	(6,649)
<b>Profit for the period</b>	11,103	8,270	23,653	25,445
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	63	92	(217)	(132)
Fair value of available-for-sale financial assets	23	58	399	324
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	2,314	(3,941)	4,696	(4,146)
<b>Other comprehensive incomes / (expenses) for the period, net of tax</b>	2,400	(3,791)	4,878	(3,954)
<b>Total comprehensive income for the period</b>	13,503	4,479	28,531	21,491
<b>Profit attributable to:</b>				
Owners of the Company	11,103	8,270	23,653	25,445
Non-controlling interests	-	-	-	-
<b>Profit for the period</b>	11,103	8,270	23,653	25,445
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	13,503	4,479	28,531	21,491
Non-controlling interests	-	-	-	-
<b>Total comprehensive income for the period</b>	13,503	4,479	28,531	21,491
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	2.41	1.80	5.14	5.53

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MAY 2015**

Individual Quarter		Cumulative Quarters	
Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
31.05.2015	31.05.2014	31.05.2015	31.05.2014
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	(1,126)	(1,216)	(1,760)	(2,116)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	2,760	2,666	5,521	5,272
(Reversal of) / Provision for and write off of receivables	(1)	(1)	(1)	(1)
Provision / (Reversal of) for and write off of inventories	222	44	302	(13)
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	-	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	(567)	909	(3,214)	(878)
(Gain) or Loss on derivatives	-	-	-	-



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31 MAY 2015**

	<b>Current Year To Date 31.05.2015 RM'000 (Unaudited)</b>	<b>Preceding Year To Date 31.05.2014 RM'000 (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	31,897	32,094
Adjustments for		
Non-cash items	(6,338)	(14,021)
Non-operating items	(1,761)	(2,116)
Operating profit before working capital changes	23,798	15,957
Changes in working capital	(2,690)	3,354
Cash generated from operating activities	21,108	19,311
Tax paid	(5,439)	(11,189)
Dividends received from associate	9,715	8,895
<i>Net cash from operating activities</i>	25,384	17,017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other investments	(409)	(418)
Capital expenditure	(12,113)	(3,202)
Interest received	1,760	2,116
Dividend received	-	-
<i>Net cash used in investing activities</i>	(10,762)	(1,504)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid to owners of the Company	(16,100)	(46,000)
Withdrawal of pledged fixed deposit	-	52
<i>Net cash used in financing activities</i>	(16,100)	(45,948)
Net decrease in cash and cash equivalents	(1,478)	(30,435)
Cash and cash equivalents at 1 December	92,369	128,647
Effects of exchange rates on cash and cash equivalents	13	35
<b>Cash and cash equivalents at 31 May (Note 1)</b>	<b>90,904</b>	<b>98,247</b>
<b>NOTE 1:</b>		
Cash and cash equivalents consist of :-		
	<b>RM'000</b>	<b>RM'000</b>
Short term deposits with licensed banks	72,591	80,774
Cash and bank balances	18,313	17,473
Total cash and cash equivalents	90,904	98,247

The selected explanatory notes form an integral part of, and should be read in conjunction with, this interim financial report.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 2015**

**1. Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) and effective for this financial year:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014***

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non - Financial Assets
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits - Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)MFRSs,

The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 2015 (Cont'd)**

**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.

**7. Dividends Paid**

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

- i) A fourth interim single tier dividend of 2 sen per ordinary share of RM0.50 each, totalling RM9,200,000 in respect of financial year ended 30 Nov 2014 on 11 March 2015. The total dividend paid by the Company for the year ended 30 November 2014 was 10 sen per ordinary share of RM 0.50 each; and
- ii) A first interim single tier dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM 6,900,000 in respect of financial year ending 30 November 2015 on 27 May 2015.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 2015 (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 period.

**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's revenue for the period under review of RM110.488 million was lower by RM21.316 million, as compared to the revenue in last year corresponding period of RM131.804 million. The decrease in revenue was mainly due to drop in local market demand, offset by the revenue to new overseas market i.e. Myanmar and the strengthening of US Dollars.

The Group's profit before tax was RM31.897 million, with a decrease of RM0.197 million as compared to last year's corresponding period of RM32.094 million.



**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 2015 (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 RM55.269 million was slightly higher than the immediate preceding quarter's revenue of RM55.219 million. This was mainly contributed by additional revenue to Myanmar, new overseas market, offset by the drop in other markets

The current quarter's profit before tax of RM14.674 million was lower as compared to the immediate preceding quarter's profit before tax of RM17.223 million. This was mainly due to drop in share of profit of equity accounted investee.

**15. Current year prospects**

We expect the future market situation remains challenging. In anticipating the challenges, the Group is taking prudent measures in evaluating various initiatives and opportunities to ensure our business continues to attract new distributors as well as retaining existing distributors, including increasing the effectiveness of our R&D effort in developing new products, introducing more promotional campaigns and improving the quality of our customer service. Furthermore, the Group will also continue to explore opportunities of tapping into new market segments through introduction of new products and venturing into new business segments.

Barring unforeseen circumstances, the Board of Directors remains cautiously optimistic of the Group's performance for FY2015.

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

Not applicable.

**17. Taxation**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2015 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2014 RM'000 (Unaudited)	Current Year To date 31.05.2015 RM'000 (Unaudited)	Preceding Year To date 31.05.2014 RM'000 (Unaudited)
-Current Year	3,569	3,983	8,242	7,206
-Prior Year	<u>2</u>	<u>(557)</u>	<u>2</u>	<u>(557)</u>
Total	<u>3,571</u>	<u>3,426</u>	<u>8,244</u>	<u>6,649</u>

The effective tax rate was higher than the statutory tax rate. This was mainly due to higher tax rate on foreign source income.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 2015 (Cont'd)****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 second interim single tier dividend of 1.5sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of financial year ending 30 November 2015 have been declared on 15 July 2015, 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 31 July 2015. The payment date is 27 August 2015.

**22. Capital Commitment**

As at 31 May 2015, there were capital commitments of RM14.7 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 31.05.2015 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2014 RM'000 (Unaudited)	Current Year To Date 31.05.2015 RM'000 (Unaudited)	Preceding Year To Date 31.05.2014 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>11,103</u>	<u>8,270</u>	<u>23,653</u>	<u>25,445</u>
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>2.41</u>	<u>1.80</u>	<u>5.14</u>	<u>5.53</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 MAY 2015 (Cont'd)****24. Realised and Unrealised Profit or Losses Disclosure**

Total retained earnings of the Company and its subsidiaries:	As at financial period 31.05.2015 RM'000	As at financial period 31.05.2014 RM'000
-Realised	239,217	248,394
-Unrealised	(1,193)	(2,875)
	<hr/>	<hr/>
	238,024	245,519
 Total share of retained earnings of an associate:		
-Realised	140,205	129,433
-Unrealised	(186)	(178)
	<hr/>	<hr/>
	140,019	129,255
 Less: consolidation adjustments	(119,524)	(121,605)
	<hr/>	<hr/>
Total retained earnings	258,519	253,169

By Order of the Board

Tai Yit Chan (MAICSA 7009143)  
Ong Tze-En (MAICSA 7026537)  
Joint Company Secretaries  
15 July 2015  
Penang