

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 2015**

	As at end of Current Quarter 31.08.2015 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2014 RM'000 (Audited)
Assets		
Property, plant and equipment	151,357	138,927
Investment properties	16,019	16,206
Investment in an associate	183,445	150,376
Other investments-available for sale financial assets	1,521	6,575
Goodwill	1,168	1,168
Deferred tax assets	2,073	2,172
Total non-current assets	<u>355,583</u>	<u>315,424</u>
Inventories	71,327	78,572
Receivables, deposits and prepayments	46,980	30,621
Current tax assets	4,552	3,475
Cash and cash equivalents	90,092	92,369
Total current assets	<u>212,951</u>	<u>205,037</u>
Total assets	<u><u>568,534</u></u>	<u><u>520,461</u></u>
Equity		
Share capital	230,000	230,000
Reserves	295,399	253,215
Total equity attributable to owners of the Company	<u>525,399</u>	<u>483,215</u>
Non-controlling interests	<u>26</u>	<u>26</u>
Total equity	<u>525,425</u>	<u>483,241</u>
Liabilities		
Deferred tax liabilities	2,420	2,492
Total non-current liabilities	<u>2,420</u>	<u>2,492</u>
Payables and accruals	35,591	34,120
Current tax liabilities	5,098	608
Total current liabilities	<u>40,689</u>	<u>34,728</u>
Total liabilities	<u>43,109</u>	<u>37,220</u>
Total equity and liabilities	<u><u>568,534</u></u>	<u><u>520,461</u></u>
Net assets per share (sen)	114.22	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 AUGUST 2015**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2015 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2014 RM'000 (Unaudited)	Current Year To Date 31.08.2015 RM'000 (Unaudited)	Preceding Year To Date 31.08.2014 RM'000 (Unaudited)
Revenue	<u>50,665</u>	<u>57,171</u>	<u>161,153</u>	<u>188,975</u>
Results from operating activities	15,959	6,305	36,334	24,150
Share of profit of equity accounted investee, net of tax	4,951	6,548	16,473	20,797
Profit before tax	<u>20,910</u>	<u>12,853</u>	<u>52,807</u>	<u>44,947</u>
Income tax expense	(4,049)	(2,481)	(12,293)	(9,130)
Profit for the period	<u>16,861</u>	<u>10,372</u>	<u>40,514</u>	<u>35,817</u>
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(1,236)	171	(1,453)	39
Fair value of available-for-sale financial assets	(935)	65	(536)	390
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	21,963	1,329	26,659	(2,817)
Other comprehensive incomes / (expenses) for the period, net of tax	<u>19,792</u>	<u>1,565</u>	<u>24,670</u>	<u>(2,388)</u>
Total comprehensive income for the period	<u>36,653</u>	<u>11,937</u>	<u>65,184</u>	<u>33,429</u>
Profit attributable to:				
Owners of the Company	16,861	10,372	40,514	35,817
Non-controlling interests	-	-	-	-
Profit for the period	<u>16,861</u>	<u>10,372</u>	<u>40,514</u>	<u>35,817</u>
Total comprehensive income attributable to:				
Owners of the Company	36,653	11,937	65,184	33,429
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	<u>36,653</u>	<u>11,937</u>	<u>65,184</u>	<u>33,429</u>
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	<u>3.67</u>	<u>2.25</u>	<u>8.81</u>	<u>7.79</u>

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

Individual Quarter		Cumulative Quarters	
Current	Preceding	Current	Preceding
Year	Year	Year	Year
Quarter	Quarter	To Date	To Date
31.08.2015	31.08.2014	31.08.2015	31.08.2014
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	(700)	(814)	(2,460)	(2,930)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	2,830	2,758	8,351	8,030
(Reversal of) / Provision for and write off of receivables	-	(1)	(1)	(1)
Provision / (Reversal of) for and write off of inventories	(254)	696	48	683
(Gain) / Loss on disposal of quoted / unquoted investments	(762)	21	(762)	21
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	(28,196)	(506)	(35,889)	2,894
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2015**

	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 2013	230,000	(690)	1,111	273,724	504,145	29	504,174
Foreign currency translation differences for foreign operations	-	39	-	-	39	-	39
Fair value of available-for-sale financial assets	-	-	390	-	390	-	390
Share of other comprehensive income of equity accounted investee, net of tax	-	(2,817)	-	-	(2,817)	-	(2,817)
Total other comprehensive income for the period	-	(2,778)	390	-	(2,388)	-	(2,388)
Profit for the period	-	-	-	35,817	35,817	-	35,817
Total comprehensive income for the period	-	(2,778)	390	35,817	33,429	-	33,429
Dividends to owners of the Company	-	-	-	(59,800)	(59,800)	-	(59,800)
At 31 August 2014	230,000	(3,468)	1,501	249,741	477,774	29	477,803
	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 2014	230,000	1,503	746	250,966	483,215	26	483,241
Foreign currency translation differences for foreign operations	-	(1,453)	-	-	(1,453)	-	(1,453)
Fair value of available-for-sale financial assets	-	-	(536)	-	(536)	-	(536)
Share of other comprehensive income of equity accounted investee, net of tax	-	26,659	-	-	26,659	-	26,659
Total other comprehensive income for the period	-	25,206	(536)	-	24,670	-	24,670
Profit for the period	-	-	-	40,514	40,514	-	40,514
Total comprehensive income for the period	-	25,206	(536)	40,514	65,184	-	65,184
Changes in ownership interests in a subsidiary	-	-	-	(23,000)	(23,000)	-	(23,000)
Dividends to owners of the Company	-	-	-	(23,000)	(23,000)	-	(23,000)
At 31 August 2015	230,000	26,709	210	268,480	525,399	26	525,425

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

	Current Year To Date 31.08.2015 RM'000 (Unaudited)	Preceding Year To Date 31.08.2014 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	52,807	44,947
Adjustments for		
Non-cash items	(9,589)	(19,156)
Non-operating items	(2,460)	(2,930)
Operating profit before working capital changes	40,758	22,861
Changes in working capital	(11,124)	18,913
Cash generated from operating activities	29,634	41,774
Tax paid	(7,772)	(16,646)
Dividends received from associate	9,837	8,895
<i>Net cash from operating activities</i>	31,699	34,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other investments	(409)	(500)
Proceeds from disposal of other investments	5,689	-
Capital expenditure	(18,848)	(12,100)
Interest received	2,460	2,930
<i>Net cash used in investing activities</i>	(11,108)	(9,670)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to owners of the Company	(23,000)	(59,800)
Withdrawal of pledged fixed deposit	-	50
<i>Net cash used in financing activities</i>	(23,000)	(59,750)
Net decrease in cash and cash equivalents	(2,409)	(35,397)
Cash and cash equivalents at 1 December	92,369	128,647
Effects of exchange rates on cash and cash equivalents	132	(5)
Cash and cash equivalents at 31 August (Note 1)	90,092	93,245
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	71,562	71,602
Cash and bank balances	18,530	21,643
Total cash and cash equivalents	90,092	93,245

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 AUGUST 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 AUGUST 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;
- 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; and
- iii) A second interim single tier dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of financial ending 30 November 2015 on 27 August 2015.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 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 RM161.153 million was lower by RM27.822 million, as compared to the revenue in last year corresponding period of RM188.975 million. The decrease in revenue was mainly due to drop in local market demand, offset by the increase in revenue to Thailand and additional revenue to new overseas market i.e. Myanmar, coupled with the strengthening of US Dollars.

The Group's profit before tax was RM52.807 million, with an increase of RM7.86 million as compared to last year's corresponding period of RM44.947 million, mainly contributed by the strengthening of US Dollars.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 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 RM50.665 million was lower than the immediate preceding quarter's revenue of RM55.269 million. This was mainly due to drop in local market demand and sales to Thailand, offset by increase in Indonesia market demand and sales to Myanmar.

The current quarter's profit before tax of RM20.910 million was higher as compared to the immediate preceding quarter's profit before tax of RM14.674 million. This was mainly contributed by strengthening of US Dollars.

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 31.08.2015 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2014 RM'000 (Unaudited)	Current Year To date 31.08.2015 RM'000 (Unaudited)	Preceding Year To date 31.08.2014 RM'000 (Unaudited)
-Current Year	4,046	1,782	12,288	8,988
-Prior Year	<u>3</u>	<u>699</u>	<u>5</u>	<u>142</u>
Total	<u><u>4,049</u></u>	<u><u>2,481</u></u>	<u><u>12,293</u></u>	<u><u>9,130</u></u>

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 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 third interim single tier dividend of 1.5 sen 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 October 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 2 November 2015. The payment date is 27 November 2015.

22. Capital Commitment

As at 31 August 2015, there were capital commitments of RM8.4 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 31.08.2015 RM'000 (Unaudited)	Preceding Year Quarter 31.08.2014 RM'000 (Unaudited)	Current Year To Date 31.08.2015 RM'000 (Unaudited)	Preceding Year To Date 31.08.2014 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>16,861</u>	<u>10,372</u>	<u>40,514</u>	<u>35,817</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>3.67</u>	<u>2.25</u>	<u>8.81</u>	<u>7.79</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 2015 (Cont'd)****24. Realised and Unrealised Profit or Losses Disclosure**

Total retained earnings of the Company and its subsidiaries:	As at financial period 31.08.2015 RM'000	As at financial period 31.08.2014 RM'000
-Realised	238,528	237,215
-Unrealised	4,249	(2,712)
	<hr/>	<hr/>
	242,777	234,503
 Total share of retained earnings of an associate:		
-Realised	145,061	137,258
-Unrealised	286	(37)
	<hr/>	<hr/>
	145,347	137,221
 Less: consolidation adjustments	(119,644)	(121,983)
	<hr/>	<hr/>
Total retained earnings	268,480	249,741

By Order of the Board

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