

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 30 NOVEMBER 2016**

	As at end of Finance Year End 30.11.2016 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2015 RM'000 (Audited)
Assets		
Property, plant and equipment	157,691	151,248
Investment properties	15,706	15,955
Investment in an associate	204,677	181,796
Other investments-available for sale financial assets	1,711	1,563
Deferred tax assets	66	953
Total non-current assets	<u>379,851</u>	<u>351,515</u>
Inventories	55,638	66,204
Receivables, deposits and prepayments	44,290	61,327
Current tax assets	4,781	4,300
Cash and cash equivalents	103,459	86,671
Total current assets	<u>208,168</u>	<u>218,502</u>
Total assets	<u><u>588,019</u></u>	<u><u>570,017</u></u>
Equity		
Share capital	230,000	230,000
Reserves	323,923	299,067
Total equity attributable to owners of the Company	<u>553,923</u>	<u>529,067</u>
Non-controlling interests	-	26
Total equity	<u>553,923</u>	<u>529,093</u>
Liabilities		
Employee benefit	286	226
Deferred tax liabilities	1,589	2,316
Total non-current liabilities	<u>1,875</u>	<u>2,542</u>
Payables and accruals	28,663	33,263
Current tax liabilities	3,558	5,119
Total current liabilities	<u>32,221</u>	<u>38,382</u>
Total liabilities	<u>34,096</u>	<u>40,924</u>
Total equity and liabilities	<u><u>588,019</u></u>	<u><u>570,017</u></u>
Net assets per share (sen)	120.42	115.02

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 YEAR ENDED 30 NOVEMBER 2016**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2016 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2015 RM'000 (Audited)	Current Year To Date 30.11.2016 RM'000 (Unaudited)	Preceding Year To Date 30.11.2015 RM'000 (Audited)
Revenue	<u>51,909</u>	<u>64,757</u>	<u>191,301</u>	<u>225,910</u>
Results from operating activities	20,891	16,710	39,118	53,045
Share of profit of equity accounted investee, net of tax	5,430	1,198	17,128	17,671
Profit before tax	<u>26,321</u>	<u>17,908</u>	<u>56,246</u>	<u>70,716</u>
Income tax expense	(5,856)	(5,378)	(14,648)	(17,671)
Profit for the year	<u>20,465</u>	<u>12,530</u>	<u>41,598</u>	<u>53,045</u>
Other comprehensive income, net of tax				
Item that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	(140)	(55)	(140)	(55)
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(922)	(365)	(128)	(1,819)
Fair value of available-for-sale financial assets	85	42	140	(494)
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	15,372	(1,584)	11,061	25,075
	<u>14,535</u>	<u>(1,907)</u>	<u>11,073</u>	<u>22,762</u>
Total other comprehensive income / (expenses) for the year, net of tax	<u>14,395</u>	<u>(1,962)</u>	<u>10,933</u>	<u>22,707</u>
Total comprehensive income for the year	<u>34,860</u>	<u>10,568</u>	<u>52,531</u>	<u>75,752</u>
Profit attributable to:				
Owners of the Company	20,465	12,530	41,598	53,045
Non-controlling interests	-	-	-	-
Profit for the year	<u>20,465</u>	<u>12,530</u>	<u>41,598</u>	<u>53,045</u>
Total comprehensive income attributable to:				
Owners of the Company	34,860	10,568	52,531	75,752
Non-controlling interests	-	-	-	-
Total comprehensive income for the year	<u>34,860</u>	<u>10,568</u>	<u>52,531</u>	<u>75,752</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>4.45</u>	<u>2.72</u>	<u>9.04</u>	<u>11.53</u>

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2016**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2016 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2015 RM'000 (Audited)	Current Year To Date 30.11.2016 RM'000 (Unaudited)	Preceding Year To Date 30.11.2015 RM'000 (Audited)

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

Interest income	(874)	(765)	(3,028)	(3,226)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	3,141	2,965	12,346	11,316
(Reversal of) / Provision for and write off of receivables	86	7	85	6
Provision / (Reversal of) for and write off of inventories	1,005	1,450	2,128	1,498
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	-	(762)
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	3	1,168	3	1,168
Foreign exchange (gain) or loss	(20,742)	(1,208)	(13,727)	(37,097)
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2016**

	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 2014	230,000	1,503	746	250,966	483,215	26	483,241
Remeasurement of defined benefit liability	-	-	-	(55)	(55)	-	(55)
Foreign currency translation differences for foreign operations	-	(1,819)	-	-	(1,819)	-	(1,819)
Fair value of available-for-sale financial assets	-	-	(494)	-	(494)	-	(494)
Share of other comprehensive income of equity accounted investee, net of tax	-	25,075	-	-	25,075	-	25,075
Total other comprehensive income for the year	-	23,256	(494)	(55)	22,707	-	22,707
Profit for the year	-	-	-	53,045	53,045	-	53,045
Total comprehensive income for the year	-	23,256	(494)	52,990	75,752	-	75,752
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	(29,900)	(29,900)	-	(29,900)
At 30 November 2015	230,000	24,759	252	274,056	529,067	26	529,093

	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 2015	230,000	24,759	252	274,056	529,067	26	529,093
Remeasurement of defined benefit liability	-	-	-	(140)	(140)	-	(140)
Foreign currency translation differences for foreign operations	-	(128)	-	-	(128)	-	(128)
Fair value of available-for-sale financial assets	-	-	140	-	140	-	140
Share of other comprehensive income of equity accounted investee, net of tax	-	11,061	-	-	11,061	-	11,061
Total other comprehensive income for the year	-	10,933	140	(140)	10,933	-	10,933
Profit for the year	-	-	-	41,598	41,598	-	41,598
Total comprehensive income for the year	-	10,933	140	41,458	52,531	-	52,531
Changes in ownership interests in a subsidiary	-	-	-	(75)	(75)	(26)	(101)
Dividends to owners of the Company	-	-	-	(27,600)	(27,600)	-	(27,600)
At 30 November 2016	230,000	35,692	392	287,839	553,923	26	553,923

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 NOVEMBER 2016**

	Current Year To Date 30.11.2016 RM'000 (Unaudited)	Preceding Year To Date 30.11.2015 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	56,246	70,716
Adjustments for		
Non-cash items	(5,067)	(5,384)
Non-operating items	(2,980)	(3,019)
Operating profit before working capital changes	48,199	62,313
Changes in working capital	22,599	(23,369)
Cash generated from operating activities	70,798	38,944
Tax paid	(15,952)	(11,687)
Retirement benefit paid	(126)	(34)
Dividends received from associate	5,248	9,715
<i>Net cash from operating activities</i>	59,968	36,938
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other investments	(8)	(409)
Proceeds from disposal of other investments	-	5,689
Capital expenditure	(18,506)	(21,414)
Interest received	3,028	3,226
acquisition of subsidiaries	(101)	-
<i>Net cash used in investing activities</i>	(15,587)	(12,908)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to owners of the Company	(27,600)	(29,900)
<i>Net cash used in financing activity</i>	(27,600)	(29,900)
Net increase / (decrease) in cash and cash equivalents	16,781	(5,870)
Cash and cash equivalents at 1 December	86,671	92,369
Effects of exchange rates on cash and cash equivalents	7	172
Cash and cash equivalents at 30 November (Note 1)	103,459	86,671
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	70,390	59,624
Cash and bank balances	33,069	27,047
Total cash and cash equivalents	103,459	86,671

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 NOVEMBER 2016

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.

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 YEAR ENDED 30 NOVEMBER 2016 (cont'd)**

7. Dividends Paid

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

- i) A fourth interim single tier dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of financial year ended 30 Nov 2015 on 16 March 2016. The total dividend paid by the Company for the year ended 30 November 2015 was 6 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 RM6,900,000 in respect of financial year ended 30 November 2016 on 3 June 2016;
- 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 year ended 30 November 2016 on 9 September 2016; and
- iv) 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 ended 30 November 2016 on 25 November 2016.

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, except for the Group increased the investment in PT. Zhulian Indonesia and acquired ZBP International Sdn Bhd, both are wholly owned subsidiaries in the Group as at the end of the reporting 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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2016 (cont'd)****13. Review of Group's Performance**

The Group's revenue for the period under review of RM191.301 million was lower by RM34.609 million, as compared to the revenue in last year corresponding period of RM225.910 million. The decrease in revenue was mainly due to drop in both local and overseas market demands.

The Group's profit before tax was RM56.246 million, with a drop of RM14.470 million as compared to last year's corresponding period of RM70.716 million, which was in line with the drop in revenue and also due to incur of separation employment benefit expenses of RM3.5 million.

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 RM51.909 million was higher than the immediate preceding quarter's revenue of RM44.010 million. This was mainly contributed by increase in local sales and overseas sales.

The current quarter's profit before tax of RM26.321 million was higher as compared to the immediate preceding quarter's profit before tax of RM7.800 million, which was in line with the increase in revenue, share of profit, coupled with the increase in foreign exchange gain.

15. Current year prospects

We are of the view that the market condition for Year 2017 is expected to stay challenging due to the drop in domestic private consumption since implementation of GST and current macro-economic condition which adversely affected the consumer confidence. We also expect 2017 sales will be mainly driven by the export sales.

The Group will continue to improve the effectiveness of R&D in developing various niche products, introducing more promotional campaigns and improving the quality of our consumer service. In FY 2017, the Group has planned to develop and launch new products in both local and overseas markets to enhance its market share.

We will capitalise on the strong positioning of the Group in Thailand and Myanmar for further market expansion into other Indochina countries. Currently, we are at the final stage of company incorporation process in Laos and Cambodia whereby both of the companies will be under the control of Zhulian (Thailand) Ltd.

Barring unforeseen circumstances, the Board of Directors remains cautiously optimistic that the Group should be able to sustain its performance in 2017.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2016 (cont'd)****17. Taxation**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2016 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2015 RM'000 (Audited)	Current Year To date 30.11.2016 RM'000 (Unaudited)	Preceding Year To date 30.11.2015 RM'000 (Audited)
-Current Year	5,907	5,195	14,803	17,488
-Prior Year	<u>(51)</u>	<u>183</u>	<u>(155)</u>	<u>183</u>
Total	<u>5,856</u>	<u>5,378</u>	<u>14,648</u>	<u>17,671</u>

The effective tax rate is higher due to losses of certain subsidiaries were not available to set off.

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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2016 (cont'd)****21. Dividend Declared**

A fourth interim single tier dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of financial year ended 30 November 2016 have been declared on 25 January 2017, 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 16 February 2017. The payment date is 10 March 2017.

22. Capital Commitment

As at 30 November 2016, there were capital commitments of RM 3 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 30.11.2016 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2015 RM'000 (Unaudited)	Current Year To Date 30.11.2016 RM'000 (Unaudited)	Preceding Year To Date 30.11.2015 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>20,465</u>	<u>12,530</u>	<u>41,598</u>	<u>53,045</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>4.45</u>	<u>2.72</u>	<u>9.04</u>	<u>11.53</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 YEAR ENDED 30 NOVEMBER 2016 (cont'd)****24. Realised and Unrealised Profit or Losses Disclosure**

	As at financial period 30.11.2016 RM'000	As at financial period 30.11.2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
-Realised	222,235	248,416
-Unrealised	5,084	2,109
	<hr/>	<hr/>
	227,319	250,525
Total share of retained earnings of an associate:		
-Realised	157,232	145,319
-Unrealised	(131)	(37)
	<hr/>	<hr/>
	157,101	145,282
Less: consolidation adjustments	(96,581)	(121,751)
Total retained earnings	<hr/>	<hr/>
	287,839	274,056

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries
25 January 2017
Penang