

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 28 FEBRUARY 2017**

	Current Year To Date 28.02.2017 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2016 RM'000 (Audited)
Assets		
Property, plant and equipment	146,150	148,367
Investment properties	24,852	25,028
Investment in an associate	217,667	204,677
Other investments-available for sale financial assets	1,812	1,711
Deferred tax assets	185	66
Total non-current assets	<u>390,666</u>	<u>379,849</u>
Inventories	54,616	55,638
Receivables, deposits and prepayments	36,869	44,291
Current tax assets	4,363	4,781
Cash and cash equivalents	118,196	103,459
Total current assets	<u>214,044</u>	<u>208,169</u>
Total assets	<u><u>604,710</u></u>	<u><u>588,018</u></u>
Equity		
Share capital	230,000	230,000
Reserves	334,307	323,925
Total equity	<u>564,307</u>	<u>553,925</u>
Liabilities		
Employee benefit	296	286
Deferred tax liabilities	1,678	1,589
Total non-current liabilities	<u>1,974</u>	<u>1,875</u>
Payables and accruals	33,430	28,660
Current tax liabilities	4,999	3,558
Total current liabilities	<u>38,429</u>	<u>32,218</u>
Total liabilities	<u>40,403</u>	<u>34,093</u>
Total equity and liabilities	<u><u>604,710</u></u>	<u><u>588,018</u></u>
Net assets per share (sen)	122.68	120.42

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 28 FEBRUARY 2017**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2017 RM'000 (Unaudited)	Preceding Year Quarter 29.02.2016 RM'000 (Unaudited)	Current Year To Date 28.02.2017 RM'000 (Unaudited)	Preceding Year To Date 29.02.2016 RM'000 (Unaudited)
Revenue	48,379	48,164	48,379	48,164
Results from operating activities	13,607	4,874	13,607	4,874
Share of profit of equity accounted investee, net of tax	5,233	6,093	5,233	6,093
Profit before tax	18,840	10,967	18,840	10,967
Income tax expense	(4,282)	(3,890)	(4,282)	(3,890)
Profit for the year	14,558	7,077	14,558	7,077
Other comprehensive income / (expenses), net of tax				
Foreign currency translation differences for foreign operations	(718)	195	(718)	195
Fair value of available-for-sale financial assets	76	(106)	76	(106)
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	3,366	(1,385)	3,366	(1,385)
Total other comprehensive income / (expenses) for the period, net of tax	2,724	(1,296)	2,724	(1,296)
Total comprehensive income for the period	17,282	5,781	17,282	5,781
Profit attributable to:				
Owners of the Company	14,558	7,077	14,558	7,077
Non-controlling interests	-	-	-	-
Profit for the period	14,558	7,077	14,558	7,077
Total comprehensive income attributable to:				
Owners of the Company	17,282	5,781	17,282	5,781
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	17,282	5,781	17,282	5,781
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	3.16	1.54	3.16	1.54

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2017**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	28.02.2017	29.02.2016	28.02.2017	29.02.2016
	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	(703)	(591)	(703)	(591)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	3,130	3,049	3,130	3,049
(Reversal of) / Provision for and write off of receivables	-	-	-	-
Provision / (Reversal of) for and write off of inventories	39	58	39	58
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	-	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	(2,589)	1,790	(2,589)	1,790
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2017**

	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Non- distributable Fair Value Reserve RM'000	Non- distributable Capital Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interests 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	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	195	-	-	-	195	-	195
Fair value of available-for-sale financial assets	-	-	(106)	-	-	(106)	-	(106)
Share of other comprehensive income of equity accounted investee, net of tax	-	(1,385)	-	-	-	(1,385)	-	(1,385)
Total other comprehensive income for the period	-	(1,190)	(106)	-	-	(1,296)	-	(1,296)
Profit for the period	-	-	-	-	7,077	7,077	-	7,077
Total comprehensive income for the period	-	(1,190)	(106)	-	7,077	5,781	-	5,781
Dividends to owners of the Company	-	-	-	-	(6,900)	(6,900)	-	(6,900)
At 29 February 2016	<u>230,000</u>	<u>23,569</u>	<u>146</u>	<u>-</u>	<u>274,233</u>	<u>527,948</u>	<u>26</u>	<u>527,974</u>
	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Non- distributable Fair Value Reserve RM'000	Non- distributable Capital Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
At 1 December 2016	230,000	35,693	392	-	287,840	553,925	-	553,925
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	(718)	-	-	-	(718)	-	(718)
Fair value of available-for-sale financial assets	-	-	76	-	-	76	-	76
Share of other comprehensive income of equity accounted investee, net of tax	-	3,366	-	-	-	3,366	-	3,366
Total other comprehensive income for the period	-	2,648	76	-	-	2,724	-	2,724
Profit for the period	-	-	-	-	14,558	14,558	-	14,558
Total comprehensive income for the period	-	2,648	76	-	14,558	17,282	-	17,282
Capital redemption reserve	-	-	-	1,700	(1,700)	-	-	-
Dividends to owners of the Company	-	-	-	-	(6,900)	(6,900)	-	(6,900)
At 28 February 2017	<u>230,000</u>	<u>38,341</u>	<u>468</u>	<u>1,700</u>	<u>293,798</u>	<u>564,307</u>	<u>-</u>	<u>564,307</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 28 FEBRUARY 2017**

	Current Year To Date 28.02.2017 RM'000 (Unaudited)	Preceding Year To Date 29.02.2016 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	18,840	10,967
Adjustments for		
Non-cash items	(2,126)	(4,081)
Non-operating items	(703)	(591)
Operating profit before working capital changes	<u>16,011</u>	<u>6,295</u>
Changes in working capital	5,337	10,271
Cash generated from operating activities	<u>21,348</u>	<u>16,566</u>
Tax paid	(2,453)	(5,717)
Dividends received from associate	-	5,248
<i>Net cash from operating activities</i>	<u>18,895</u>	<u>16,097</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other investments	(25)	(6)
Proceeds from disposal of other investments	-	-
Capital expenditure	(523)	(315)
Interest received	703	591
Additional investment in Associate	(4,363)	-
<i>Net cash (used in) / from investing activities</i>	<u>(4,208)</u>	<u>270</u>
Net increase in cash and cash equivalents	<u>14,687</u>	<u>16,367</u>
Cash and cash equivalents at 1 December	103,459	86,671
Effects of exchange rates on cash and cash equivalents	50	(19)
Cash and cash equivalents at 28 February (Note 1)	<u><u>118,196</u></u>	<u><u>103,019</u></u>
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	83,190	81,230
Cash and bank balances	35,006	21,789
Total cash and cash equivalents	<u><u>118,196</u></u>	<u><u>103,019</u></u>

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 28 FEBRUARY 2017**

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, 2016 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 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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 28 FEBRUARY 2017 (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 a fourth interim single tier dividend of 1.5 sen per ordinary share, totalling RM6,900,000 in respect of financial year ended 30 Nov 2016 on 10 March 2017. The total dividend paid by the Company for the year ended 30 November 2016 was 6 sen per ordinary share.

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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2017 (cont'd)**

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 RM48.379 million was slightly higher by RM0.215 million, as compared to the revenue in last year corresponding period of RM48.164 million.

The Group's profit before tax was RM18.840 million, with an increase of RM7.873 million as compared to last year's corresponding period of RM10.967 million. During the last year corresponding period, the Group incurred separation employment benefit expenses of RM3.5 million but no such expenses were incurred during this quarter.

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 RM48.379 million was lower than the immediate preceding quarter's revenue of RM51.909 million. This was due to drop in both local and overseas sales.

The current quarter's profit before tax of RM18.840 million was lower as compared to the immediate preceding quarter's profit before tax of RM26.321 million, which was in line with the drop in revenue and foreign exchange gain.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2017 (cont'd)****15. Current year prospects**

The current environment for our present business segments continues to be challenging due to economic uncertainties, the Group will continue its moves to revive the domestic market and at the same time explore the untapped markets in other countries in Asean.

Barring any unforeseen circumstances, the Board is cautiously optimistic of its future prospects. The Group has plan in place to explore new opportunities by venturing into other business.

We also look forward to improving the contribution from the MLM segments especially from our Thailand and Myanmar markets in order to drive growth momentum for overall Indochina market once we materialise our plan to enter Cambodia and Laos market. The Group will continue to adopt rationalisation in our business operations. Besides, we will also continue with our effort to further contain cost and improve operational efficiency and productivity for our products to deliver a better financial performance in year 2017.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2017 RM'000 (Unaudited)	Preceding Year Quarter 29.02.2016 RM'000 (Unaudited)	Current Year To date 28.02.2017 RM'000 (Unaudited)	Preceding Year To date 29.02.2016 RM'000 (Unaudited)
-Current Year	4,282	3,890	4,282	3,890
-Prior Year	-	-	-	-
Total	<u>4,282</u>	<u>3,890</u>	<u>4,282</u>	<u>3,890</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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2017 (cont'd)****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 first interim single tier dividend of 1.5 sen per ordinary share, totalling RM6,900,000 in respect of financial year ending 30 November 2017 has been declared on 12 April 2017.

In respect of deposited securities, entitlement to the interim dividend will be determined based on shareholders registered in the record of depositors as at 11 May 2017. The payment date is 2 June 2017.

22. Capital Commitment

As at 28 February 2017, there were capital commitments of RM 2.7 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 28.02.2017 RM'000 (Unaudited)	Preceding Year Quarter 29.02.2016 RM'000 (Unaudited)	Current Year To Date 28.02.2017 RM'000 (Unaudited)	Preceding Year To Date 29.02.2016 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>14,558</u>	<u>7,077</u>	<u>14,558</u>	<u>7,077</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>3.16</u>	<u>1.54</u>	<u>3.16</u>	<u>1.54</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 28 FEBRUARY 2017 (cont'd)****24. Realised and Unrealised Profit or Losses Disclosure**

Total retained earnings of the Company and its subsidiaries:	As at financial period 28.02.2017 RM'000	As at financial period 29.02.2016 RM'000
-Realised	226,403	247,704
-Unrealised	3,436	1,610
	<hr/>	<hr/>
	229,839	249,314
 Total share of retained earnings of an associate:		
-Realised	162,190	146,620
-Unrealised	172	(37)
	<hr/>	<hr/>
	162,362	146,583
 Less: consolidation adjustments	(98,403)	(121,664)
	<hr/>	<hr/>
Total retained earnings	293,798	274,233

By Order of the Board

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