

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 2017**

	Current Year To Date 30.11.2017 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2016 RM'000 (Audited)
Assets		
Property, plant and equipment	137,294	148,367
Investment properties	24,124	25,028
Investment in an associate	222,720	204,677
Other investments-available for sale financial assets	1,854	1,711
Deferred tax assets	881	66
Total non-current assets	<u>386,873</u>	<u>379,849</u>
Inventories	52,008	55,638
Receivables, deposits and prepayments	54,416	44,291
Current tax assets	3,326	4,781
Cash and cash equivalents	124,644	103,459
Total current assets	<u>234,394</u>	<u>208,169</u>
Total assets	<u><u>621,267</u></u>	<u><u>588,018</u></u>
Equity		
Share capital	230,000	230,000
Reserves	350,550	323,925
Total equity	<u>580,550</u>	<u>553,925</u>
Liabilities		
Employee benefit	320	286
Deferred tax liabilities	540	1,589
Total non-current liabilities	<u>860</u>	<u>1,875</u>
Payables and accruals	33,832	28,660
Current tax liabilities	6,025	3,558
Total current liabilities	<u>39,857</u>	<u>32,218</u>
Total liabilities	<u>40,717</u>	<u>34,093</u>
Total equity and liabilities	<u><u>621,267</u></u>	<u><u>588,018</u></u>
Net assets per share (sen)	126.21	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 YEAR ENDED 30 NOVEMBER 2017**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2017 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2016 RM'000 (Audited)	Current Year To Date 30.11.2017 RM'000 (Unaudited)	Preceding Year To Date 30.11.2016 RM'000 (Audited)
Revenue	59,009	51,909	205,686	191,301
Results from operating activities	12,173	20,891	50,387	39,118
Share of profit of equity accounted investee, net of tax	2,908	5,430	16,817	17,128
Profit before tax	15,081	26,321	67,204	56,246
Income tax expense	(3,600)	(5,856)	(14,392)	(14,648)
Profit for the year	11,481	20,465	52,812	41,598
Other comprehensive income / (expenses), net of tax				
Item that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	(4)	(140)	(4)	(140)
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	1,598	(922)	1,547	(128)
Fair value of available-for-sale financial assets	(22)	85	132	140
Share of other comprehensive (expense) / income of equity accounted investee, net of tax	(7,214)	15,372	(262)	11,062
Total other comprehensive income / (expenses) for the year, net of tax	(5,642)	14,395	1,413	10,934
Total comprehensive income for the year	5,839	34,860	54,225	52,532
Profit attributable to:				
Owners of the Company	11,481	20,465	52,812	41,598
Non-controlling interests	-	-	-	-
Profit for the year	11,481	20,465	52,812	41,598
Total comprehensive income attributable to:				
Owners of the Company	5,839	34,860	54,225	52,532
Non-controlling interests	-	-	-	-
Total comprehensive income for the year	5,839	34,860	54,225	52,532
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	2.50	4.45	11.48	9.04

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2017**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2017 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2016 RM'000 (Audited)	Current Year To Date 30.11.2017 RM'000 (Unaudited)	Preceding Year To Date 30.11.2016 RM'000 (Audited)
Included in the Total Comprehensive Income for the year are the following:				
Interest income	(1,109)	(874)	(3,696)	(3,028)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	3,330	3,141	12,678	12,346
Provision / (Reversal of) for and write off of receivables	110	86	109	85
Provision / (Reversal of) for and write off of inventories	2,349	1,005	3,956	2,128
Loss / (Gain) on disposal of quoted / unquoted investments	-	-	-	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	3	-	3
Foreign exchange loss or (gain)	9,910	(20,742)	5,139	(13,727)
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 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	-	-	-	-	(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	-	11,062	-	-	-	11,062	-	11,062
Total other comprehensive income / (expense) for the year	-	10,934	140	-	(140)	10,934	-	10,934
Profit for the year	-	-	-	-	41,598	41,598	-	41,598
Total comprehensive income for the year	-	10,934	140	-	41,458	52,532	-	52,532
Changes in ownership interests in a subsidiary	-	-	-	-	(74)	(74)	(26)	(100)
Dividends to owners of the Company	-	-	-	-	(27,600)	(27,600)	-	(27,600)
At 30 November 2016	230,000	35,693	392	-	287,840	553,925	-	553,925

	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
Redemption of preference shares	-	-	-	1,800	(1,800)	-	-	-
Remeasurement of defined benefit liability	-	-	-	-	(4)	(4)	-	(4)
Foreign currency translation differences for foreign operations	-	1,547	-	-	-	1,547	-	1,547
Fair value of available-for-sale financial assets	-	-	132	-	-	132	-	132
Share of other comprehensive income of equity accounted investee, net of tax	-	(262)	-	-	-	(262)	-	(262)
Total other comprehensive income for the year	-	1,285	132	-	(4)	1,413	-	1,413
Profit for the year	-	-	-	-	52,812	52,812	-	52,812
Total comprehensive income for the year	-	1,285	132	-	52,808	54,225	-	54,225
Dividends to owners of the Company	-	-	-	-	(27,600)	(27,600)	-	(27,600)
At 30 November 2017	230,000	36,978	524	1,800	311,248	580,550	-	580,550

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 NOVEMBER 2017**

	Current Year To Date 30.11.2017 RM'000 (Unaudited)	Preceding Year To Date 30.11.2016 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	67,204	56,246
Adjustments for		
Non-cash items	(1,224)	(5,066)
Non-operating items	(3,648)	(2,980)
Operating profit before working capital changes	62,332	48,200
Changes in working capital	862	22,599
Cash generated from operating activities	63,194	70,799
Tax paid	(12,334)	(15,952)
Retirement benefit paid	-	(126)
Dividends received from associate	-	5,248
<i>Net cash from operating activities</i>	50,860	59,969
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other investments	(31)	(8)
Capital expenditure	(1,274)	(18,507)
Interest received	3,696	3,028
Additional investment in Associate	(4,363)	-
Acquisition of subsidiaries	-	(2)
<i>Net cash used in investing activities</i>	(1,972)	(15,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(27,600)	(27,600)
Acquisition of interests from non-controlling interests	-	(100)
<i>Net cash used in financing activities</i>	(27,600)	(27,700)
Net increase in cash and cash equivalents	21,288	16,780
Cash and cash equivalents at 1 December	103,459	86,671
Effects of exchange rates on cash and cash equivalents	(103)	8
Cash and cash equivalents at 30 November (Note 1)	124,644	103,459
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	103,860	70,390
Cash and bank balances	20,784	33,069
Total cash and cash equivalents	124,644	103,459

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 30 NOVEMBER 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 30 NOVEMBER 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 year.

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 year to date.

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, 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;
- ii) 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 on 2 June 2017;
- iii) A second interim single tier dividend of 1.5 sen per ordinary share, totalling RM6,900,000 in respect of financial year ending 30 November 2017 on 8 September 2017; and
- iv) A third interim single tier dividend of 1.5 sen per ordinary share, totalling RM6,900,000 in respect of financial year ending 30 November 2017 on 24 November 2017.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2017 (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**Financial review for current quarter and financial year to date:**

	Individual Period		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30.11.2017 RM'000	30.11.2016 RM'000		30.11.2017 RM'000	30.11.2016 RM'000	
Revenue	59,009	51,909	14%	205,686	191,301	8%
Operating Profit	12,173	20,891	-42%	50,387	39,118	29%
Share of profit of equity accounted investee, net of tax	2,908	5,430	-46%	16,817	17,128	-2%
Profit Before Tax	15,081	26,321	-43%	67,204	56,246	19%
Profit After Tax	11,481	20,465	-44%	52,812	41,598	27%
Profit Attributable to Owners of the Company	11,481	20,465	-44%	52,812	41,598	27%

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2017 (cont'd)****13. Review of Group's Performance (continued)****Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The Group's revenue for the period under review of RM205.686 million was higher by RM14.385 million, an increase of 8% as compared to the revenue in last year corresponding period of RM191.301 million. The increase in revenue was mainly contributed by the increase of export revenue to Thailand and Myanmar.

The Group recorded a higher profit before tax of RM67.204 million for the period under review, an increase of RM10.958 million (19%) from those of RM56.246 million in the last year corresponding period. This was mainly contributed by the improved margin for some subsidiaries which was in line with the increase in revenue and lower expenses incurred during the period under review, offset by the drop in foreign exchange gain as compared to last year.

The Group's other comprehensive income for the period under review was RM1.413 million, mainly consist of the foreign currency translations for overseas subsidiaries and associate.

Consolidated Statement of Financial Position

The Group's total assets as at 30 November 2017 was RM621.267 million, an increase of RM33.249 million as compared to last financial year ended 30 November 2016 of RM588.018 million. The increase was mainly contributed by the increase in cash and cash equivalents and increase of investment in an associate.

The Group's total liabilities as at 30 November 2017 was RM40.717 million, increased by RM6.624 million as compared to last financial year ended 30 November 2016 of RM34.093 million. This was mainly due to increase in payables balances and current tax liabilities which were in line with the increase in revenues and profit.

The Group's total equity was registered at RM580.550 million, an increase of RM26.625 million as compared to last financial year ended 30 November 2016 of RM553.925 million.

The Group's net asset per share has increased from RM1.20 of last financial year ended 30 November 2016 to RM1.26, contributed by the increased earnings and assets during the period.

Consolidated Statement of Cash flow

The Group's cash and cash equivalents as at 30 November 2017 was RM124.644 million, recorded a net increase of RM21.185 million from RM103.459 million of cash and cash equivalents as at 30 November 2016.

The net cash from the operating activities was RM 50.860 million. The net cash used in the investing activities was RM1.972 million, mainly utilised for the additional investment of RM4.363 million in associate and capital expenditure of RM1.274 million, offset by the interest income received of RM3.696 million. The net cash used in financing activity was RM27.6 million, solely for the dividends paid to the shareholders of the Company.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2017 (cont'd)****14. Material Change in Profit Before Taxation reported on as compared with the immediate preceding quarter****Financial review for current quarter compared with immediate preceding quarter:**

	Current Year Quarter	Preceding Year Quarter	Changes
	30.11.2017	31.08.2017	
	RM'000	RM'000	%
Revenue	59,009	49,776	19%
Operating Profit	12,173	12,999	-6%
Share of profit of equity accounted investee, net of tax	2,908	4,227	-31%
Profit Before Tax	15,081	17,226	-12%
Profit After Tax	11,481	14,581	-21%
Profit Attributable to Owners of the Company	11,481	14,581	-21%

The revenue for the current quarter under review of RM59.009 million was 19% higher than the immediate preceding quarter's revenue of RM49.776 million, mainly contributed by the increased revenue to local and overseas markets.

The current quarter's profit before tax of RM15.081 million was lower by 12% as compared to the immediate preceding quarter's profit before tax of RM17.226 million, which was mainly due to the drop in share of profit and unfavourable fluctuation of USD rate during the period.

15. Current year prospects

In anticipation of the year 2018 which we expect a challenging business environment that will be influenced by factors such as weak consumer sentiment in the regional market and fluctuating currency, we will continue to uphold our healthy business practices to strive for our business sustainability and add value to our shareholders.

We are cautiously optimistic that we will remain resilient in the face of challenges, driven by our well-integrated infrastructure and strong positioning in Thailand and Indochina market. We will take steps to ensure that the quantitative targets are well supported, concentrating both on brand building and network strengthening strategy. We will use social media much more extensively and also prompt more visibility of our brand through numerous channels.

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 2018.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2017 (cont'd)****16. Variance of Actual Profit from Forecast Profit**

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2017 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2016 RM'000 (Audited)	Current Year To date 30.11.2017 RM'000 (Unaudited)	Preceding Year To date 30.11.2016 RM'000 (Audited)
-Current Year	2,632	5,907	14,720	14,803
-Prior Year	<u>968</u>	<u>(51)</u>	<u>(328)</u>	<u>(155)</u>
Total	<u><u>3,600</u></u>	<u><u>5,856</u></u>	<u><u>14,392</u></u>	<u><u>14,648</u></u>

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

18. Status of Corporate Proposals

There was no corporate proposal being announced during the year.

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 PERIOD ENDED 30 NOVEMBER 2017 (cont'd)****21. Trade Receivables**

The ageing analysis of the trade receivables (included under Receivables, deposits and prepayments category in Statement of Financial Position) for 30 November 2017 is as follows:

	RM'000	%
Not past due	42,566	94.15%
Past due 1-30 days	2,603	5.76%
Past due 31-120 days	21	0.05%
Past due >120 days	20	0.04%
	<u>45,210</u>	<u>100.00%</u>

The Group did not impair the past due trade receivables as the Group is satisfied that the recovery of the amount is possible.

22. Dividend Declared

A fourth interim single tier dividend of 1.5sen per ordinary share and a special dividend of 1.5sen per ordinary share, totalling RM13,800,000 in respect of financial year ended 30 November 2017 has been declared on 24 January 2018 .

In respect of deposited securities, entitlement to the interim dividend and special dividend will be determined based on shareholders registered in the record of depositors as at 14 February 2018. The payment date is 9 March 2018.

23. Capital Commitment

As at 30 November 2017, there were capital commitments of RM 2.4million.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2017 (cont'd)****24. 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 30.11.2017 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2016 RM'000 (Audited)	Current Year To Date 30.11.2017 RM'000 (Unaudited)	Preceding Year To Date 30.11.2016 RM'000 (Audited)
Net profit for the period (RM'000)	<u>11,481</u>	<u>20,465</u>	<u>52,812</u>	<u>41,598</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>2.50</u>	<u>4.45</u>	<u>11.48</u>	<u>9.04</u>

There is no diluted earnings per share as the Group does not have any convertible financial instruments as at the end of the financial year ended 2017.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries
24 January 2018
Penang