

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 2018**

	Current Year To Date 28.02.2018 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2017 RM'000 (Audited)
Assets		
Property, plant and equipment	134,372	137,294
Investment properties	23,813	24,124
Investment in an associate	228,868	222,720
Other investments-available for sale financial assets	-	1,854
Deferred tax assets	-	881
Total non-current assets	<u>387,053</u>	<u>386,873</u>
Inventories	51,693	52,008
Receivables, deposits and prepayments	33,157	54,416
Current tax assets	4,260	3,326
Cash and cash equivalents	140,395	124,644
Total current assets	<u>229,505</u>	<u>234,394</u>
Total assets	<u><u>616,558</u></u>	<u><u>621,267</u></u>
Equity		
Share capital	230,000	230,000
Reserves	346,817	350,550
Total equity	<u>576,817</u>	<u>580,550</u>
Liabilities		
Employee benefit	297	320
Deferred tax liabilities	117	540
Total non-current liabilities	<u>414</u>	<u>860</u>
Payables and accruals	38,149	33,832
Current tax liabilities	1,178	6,025
Total current liabilities	<u>39,327</u>	<u>39,857</u>
Total liabilities	<u>39,741</u>	<u>40,717</u>
Total equity and liabilities	<u><u>616,558</u></u>	<u><u>621,267</u></u>
Net assets per share (sen)	125.40	126.21

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 2018**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2018 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2017 RM'000 (Unaudited)	Current Year To Date 28.02.2018 RM'000 (Unaudited)	Preceding Year To Date 28.02.2017 RM'000 (Unaudited)
Revenue	43,336	48,379	43,336	48,379
Results from operating activities	6,518	13,607	6,518	13,607
Share of profit of equity accounted investee, net of tax	4,881	5,233	4,881	5,233
Profit before tax	11,399	18,840	11,399	18,840
Income tax expense	(2,381)	(4,282)	(2,381)	(4,282)
Profit for the period	9,018	14,558	9,018	14,558
Other comprehensive income / (expenses), net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	1,580	(718)	1,580	(718)
Fair value of available-for-sale financial assets	(524)	76	(524)	76
Share of other comprehensive (expense) / income of equity accounted investee, net of tax	(7)	3,366	(7)	3,366
Total other comprehensive income for the period, net of tax	1,049	2,724	1,049	2,724
Total comprehensive income for the period	10,067	17,282	10,067	17,282
Profit attributable to:				
Owners of the Company	9,018	14,558	9,018	14,558
Non-controlling interests	-	-	-	-
Profit for the period	9,018	14,558	9,018	14,558
Total comprehensive income attributable to:				
Owners of the Company	10,067	17,282	10,067	17,282
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	10,067	17,282	10,067	17,282
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	1.96	3.16	1.96	3.16

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

Individual Quarter		Cumulative Quarters	
Current	Preceding	Current	Preceding
Year	Year	Year	Year
Quarter	Quarter	To Date	To Date
28.02.2018	28.02.2017	28.02.2018	28.02.2017
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	(912)	(703)	(912)	(703)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	2,970	3,130	2,970	3,130
Provision /(Reversal of) for and write off of receivables	(6)	-	(6)	-
Provision / (Reversal of) for and write off of inventories	78	39	78	39
(Gain) / Loss on disposal of quoted / unquoted investments	(621)	-	(621)	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange loss or (gain)	2,205	(2,589)	2,205	(2,589)
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	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 Equity RM'000
At 1 December 2016	230,000	35,693	392	-	287,840	553,925
Remeasurement of defined benefit liability	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	(718)	-	-	-	(718)
Fair value of available-for-sale financial assets	-	-	76	-	-	76
Share of other comprehensive income of equity accounted investee, net of tax	-	3,366	-	-	-	3,366
Total other comprehensive income / (expense) for the period	-	2,648	76	-	-	2,724
Profit for the period	-	-	-	-	14,558	14,558
Total comprehensive income for the period	-	2,648	76	-	14,558	17,282
Changes in ownership interests in a subsidiary	-	-	-	1,700	(1,700)	-
Dividends to owners of the Company	-	-	-	-	(6,900)	(6,900)
At 30 February 2017	230,000	38,341	468	1,700	293,798	564,307
At 1 December 2017	230,000	36,978	524	1,800	311,248	580,550
Redemption of preference shares	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	1,580	-	-	-	1,580
Fair value of available-for-sale financial assets	-	-	(524)	-	-	(524)
Share of other comprehensive income of equity accounted investee, net of tax	-	(7)	-	-	-	(7)
Total other comprehensive income / expense for the period	-	1,573	(524)	-	-	1,049
Profit for the period	-	-	-	-	9,018	9,018
Total comprehensive income for the period	-	1,573	(524)	-	9,018	10,067
Dividends to owners of the Company	-	-	-	-	(13,800)	(13,800)
At 28 February 2018	230,000	38,551	-	1,800	306,466	576,817

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	Current Year To Date 28.02.2018 RM'000 (Unaudited)	Preceding Year To Date 28.02.2017 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,399	18,840
Adjustments for		
Non-cash items	(3,803)	(2,126)
Non-operating items	(913)	(703)
Operating profit before working capital changes	<u>6,683</u>	<u>16,011</u>
Changes in working capital	14,175	5,337
Cash generated from operating activities	<u>20,858</u>	<u>21,348</u>
Tax paid	(7,703)	(2,453)
<i>Net cash from operating activities</i>	<u>13,155</u>	<u>18,895</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other investments	(26)	(25)
Proceeds from disposal of other investments	1,977	-
Capital expenditure	(174)	(523)
Interest received	912	703
Additional investment in Associate	-	(4,363)
<i>Net cash from / (used in) investing activities</i>	2,689	(4,208)
Net increase in cash and cash equivalents	<u>15,844</u>	<u>14,687</u>
Cash and cash equivalents at 1 December	124,644	103,459
Effects of exchange rates on cash and cash equivalents	(93)	50
Cash and cash equivalents at 28 February (Note 1)	<u><u>140,395</u></u>	<u><u>118,196</u></u>

NOTE 1:

Cash and cash equivalents consist of :-

	RM'000	RM'000
Short term deposits with licensed banks	115,840	83,190
Cash and bank balances	24,555	35,006
Total cash and cash equivalents	<u><u>140,395</u></u>	<u><u>118,196</u></u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2018

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 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2018 (cont'd)**

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 a fourth interim dividend of 1.5 sen and a special dividend of 1.5 sen per ordinary share, totalling RM13,800,000 in respect of financial year ended 30 Nov 2017 on 9 March 2018. The total dividend paid by the Company for the year ended 30 November 2017 was 7.5 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.

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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2018 (cont'd)****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	
	28.02.2018 RM'000	28.02.2017 RM'000		28.02.2018 RM'000	28.02.2017 RM'000	
Revenue	43,336	48,379	-10%	43,336	48,379	-10%
Operating Profit	6,518	13,607	-52%	6,518	13,607	-52%
Share of profit of equity accounted investee, net of tax	4,881	5,233	-7%	4,881	5,233	-7%
Profit Before Tax	11,399	18,840	-39%	11,399	18,840	-39%
Profit After Tax	9,018	14,558	-38%	9,018	14,558	-38%
Profit Attributable to Owners of the Company	9,018	14,558	-38%	9,018	14,558	-38%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue for the period under review of RM43.336 million was lower by RM5.043 million, a drop of 10% as compared to the revenue in last year corresponding period of RM48.379 million. The drop in revenue was mainly due to the drop in market demands from Thailand and local market, offset with increase in demand from Myanmar.

The Group recorded a lower profit before tax of RM11.399 million for the period under review, a drop of RM7.441 million (39%) from those of RM18.840 million in the last year corresponding period. This was in line with the drop in revenue and drop in foreign exchange gain, which was in line with the unfavourable fluctuation of USD rate.

The Group's other comprehensive income for the period under review was RM1.049 million, mainly consist of the foreign currency translations for overseas subsidiaries.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2018 (cont'd)****13. Review of Group's Performance (continued)****Consolidated Statement of Financial Position**

The Group's total assets as at 28 February 2018 was RM616.558 million, a drop of RM33.249 million as compared to last financial year ended 30 November 2017 of RM621.267 million. The drop was mainly due to drop in receivables balances which were in line with drop in revenues, offset by increase in cash and cash equivalents and increase of investment in an associate. During the period, the Group disposed the other investments with gain on disposal of RM0.621 million.

The Group's total liabilities as at 28 February 2018 was RM39.741 million, dropped by RM0.976million as compared to last financial year ended 30 November 2017 of RM40.717 million. This was mainly due to drop in payables balances and current tax liabilities which were in line with the drop in revenues and profit, offset by the dividend payable of RM13.800 million.

The Group's total equity was registered at RM576.817 million, a drop of RM3.733 million as compared to last financial year ended 30 November 2017 of RM580.550 million.

The Group's net asset per share has dropped from RM1.26 of last financial year ended 30 November 2017 to RM1.25.

Consolidated Statement of Cash flow

The Group's cash and cash equivalents as at 28 February 2018 was RM140.395 million, recorded a net increase of RM15.884 million from RM124.644 million of cash and cash equivalents as at 30 November 2017.

The net cash from the operating activities was RM 13.155 million. The net cash from the investing activities was RM2.689 million, mainly from the proceeds on disposal of other investments of RM1.977 million and the interest income received of RM0.912 million, offset by capital expenditure of RM0.174 million. There was no dividend paid during the period.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2018 (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
	28.02.2018	30.11.2017	
	RM'000	RM'000	%
Revenue	43,336	59,009	-27%
Operating Profit	6,518	12,173	-46%
Share of profit of equity accounted investee, net of tax	4,881	2,908	68%
Profit Before Tax	11,399	15,081	-24%
Profit After Tax	9,018	11,481	-21%
Profit Attributable to Owners of the Company	9,018	11,481	-21%

The revenue for the current quarter under review of RM43.336 million was 27% lower than the immediate preceding quarter's revenue of RM59.009 million, mainly due to drop of revenue to overseas markets.

The current quarter's profit before tax of RM11.399 million was lower by 24% as compared to the immediate preceding quarter's profit before tax of RM15.081 million, which was in line with the drop in revenue during the period.

15. Current year prospects

The Group is expecting a more challenging business environment for Year 2018 that is influenced by various factors such as the weak consumer sentiment in the regional markets and the fluctuating currency. The progressive decline of the USD against Ringgit Malaysia has adversely impacted the Group's profit margin due to all the export revenue are transacted in USD. The market will continue to remain competitive.

Despite a challenging environment, the Group will continue to uphold its healthy business practices to strive for the business sustainability and to safeguard the Group's profitability. The Group will take steps to ensure that the quantitative targets are well supported, concentrating both on brand building and network strengthening strategy in order to maintain its market positions in both local and overseas regions. The Group will use social media channel more extensively and also prompt more visibility of its brand through numerous channels.

The Group will continue with its effort to further improve the operational efficiency and productivity for its products to achieve satisfactory financial performance in year 2018.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2018 (cont'd)****16. Variance of Actual Profit from Forecast Profit**

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2018 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2017 RM'000 (Unaudited)	Current Year To date 28.02.2018 RM'000 (Unaudited)	Preceding Year To date 28.02.2017 RM'000 (Unaudited)
-Current Year	2,381	4,282	2,381	4,282
-Prior Year	-	-	-	-
Total	<u>2,381</u>	<u>4,282</u>	<u>2,381</u>	<u>4,282</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 28 FEBRUARY 2018 (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 28 February 2018 is as follows:

	RM'000	%
Not past due	21,113	85.82%
Past due 1-30 days	3,442	13.99%
Past due 31-120 days	34	0.14%
Past due >120 days	13	0.05%
	<u>24,602</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 first interim dividend of 2 sen per ordinary share, totalling RM 9,200,000 in respect of financial year ending 30 November 2018 has been declared on 18 April 2018.

In respect of deposited securities, entitlement to the interim dividend will be determined based on shareholders registered in the record of depositors as at 14 May 2018. The payment date is 8 Jun 2018.

23. Capital Commitment

As at 28 February 2018, there were capital commitments of RM 2.2million.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2018 (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 28.02.2018 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2017 RM'000 (Unaudited)	Current Year To Date 28.02.2018 RM'000 (Unaudited)	Preceding Year To Date 28.02.2017 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>9,018</u>	<u>14,558</u>	<u>9,018</u>	<u>14,558</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>1.96</u>	<u>3.16</u>	<u>1.96</u>	<u>3.16</u>

There is no diluted earnings per share as the Group does not have any convertible financial instruments.

By Order of the Board

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