

**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 MAY 2018**

	<b>Current Year To Date 31.05.2018 RM'000 (Unaudited)</b>	<b>As at Preceding Financial Year End 30.11.2017 RM'000 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	131,861	137,294
Investment properties	23,724	24,124
Investment in an associate	212,653	222,720
Other investments-available for sale financial assets	-	1,854
Deferred tax assets	-	881
<b>Total non-current assets</b>	<u>368,238</u>	<u>386,873</u>
Inventories	53,324	52,008
Current tax assets	4,562	3,326
Receivables, deposits and prepayments	40,104	54,416
Cash and cash equivalents	150,286	124,644
<b>Total current assets</b>	<u>248,276</u>	<u>234,394</u>
<b>Total assets</b>	<u><u>616,514</u></u>	<u><u>621,267</u></u>
<b>Equity</b>		
Share capital	230,000	230,000
Reserves	347,721	350,550
<b>Total equity</b>	<u>577,721</u>	<u>580,550</u>
<b>Liabilities</b>		
Employee benefit	297	320
Deferred tax liabilities	223	540
<b>Total non-current liabilities</b>	<u>520</u>	<u>860</u>
Payables and accruals	36,856	33,832
Current tax liabilities	1,417	6,025
<b>Total current liabilities</b>	<u>38,273</u>	<u>39,857</u>
<b>Total liabilities</b>	<u>38,793</u>	<u>40,717</u>
<b>Total equity and liabilities</b>	<u><u>616,514</u></u>	<u><u>621,267</u></u>
Net assets per share (sen)	125.59	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 31 MAY 2018**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2018 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2017 RM'000 (Unaudited)	Current Year To Date 31.05.2018 RM'000 (Unaudited)	Preceding Year To Date 31.05.2017 RM'000 (Unaudited)
<b>Revenue</b>	44,017	48,522	87,353	96,901
<b>Results from operating activities</b>	10,469	11,608	16,987	25,215
Share of profit of equity accounted investee, net of tax	7,075	4,449	11,956	9,682
<b>Profit before tax</b>	17,544	16,057	28,943	34,897
Income tax expense	(5,476)	(3,865)	(7,857)	(8,147)
<b>Profit for the period</b>	12,068	12,192	21,086	26,750
<b>Other comprehensive income / (expenses), net of tax</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(24)	839	1,556	121
Fair value of available-for-sale financial assets	-	1	(524)	77
Share of other comprehensive expense of equity accounted investee, net of tax	(1,940)	(3,465)	(1,947)	(99)
<b>Total other comprehensive (expense) / income for the period, net of tax</b>	(1,964)	(2,625)	(915)	99
<b>Total comprehensive income for the period</b>	10,104	9,567	20,171	26,849
<b>Profit attributable to:</b>				
Owners of the Company	12,068	12,192	21,086	26,750
Non-controlling interests	-	-	-	-
<b>Profit for the period</b>	12,068	12,192	21,086	26,750
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	10,104	9,567	20,171	26,849
Non-controlling interests	-	-	-	-
<b>Total comprehensive income for the period</b>	10,104	9,567	20,171	26,849
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	2.62	2.65	4.58	5.82

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MAY 2018**

<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
<b>Year</b>	<b>Year</b>	<b>Year</b>	<b>Year</b>
<b>Quarter</b>	<b>Quarter</b>	<b>To Date</b>	<b>To Date</b>
<b>31.05.2018</b>	<b>31.05.2017</b>	<b>31.05.2018</b>	<b>31.05.2017</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>

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

Interest income	(1,011)	(877)	(1,923)	(1,580)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	2,941	3,111	5,911	6,241
Provision /(Reversal of) for and write off of receivables	(20)	-	(26)	-
Provision / (Reversal of) for and write off of inventories	288	695	366	734
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	(621)	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	782	4,839	2,987	2,250
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MAY 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
<b>At 1 December 2016</b>	230,000	35,693	392	-	287,840	553,925
Foreign currency translation differences for foreign operations	-	121	-	-	-	121
Fair value of available-for-sale financial assets	-	-	77	-	-	77
Share of other comprehensive income of equity accounted investee, net of tax	-	(99)	-	-	-	(99)
Total other comprehensive income / (expense) for the period	-	22	77	-	-	99
Profit for the period	-	-	-	-	26,750	26,750
<b>Total comprehensive income for the period</b>	-	22	77	-	26,750	26,849
Redemption of preference share	-	-	-	1,700	(1,700)	-
Dividends to owners of the Company	-	-	-	-	(6,900)	(6,900)
<b>At 31 MAY 2017</b>	<b>230,000</b>	<b>35,715</b>	<b>469</b>	<b>1,700</b>	<b>305,990</b>	<b>573,874</b>

	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
<b>At 1 December 2017</b>	230,000	36,978	524	1,800	311,248	580,550
Foreign currency translation differences for foreign operations	-	1,556	-	-	-	1,556
Fair value of available-for-sale financial assets	-	-	(524)	-	-	(524)
Share of other comprehensive income of equity accounted investee, net of tax	-	22	-	-	-	22
Total other comprehensive income / (expense) for the period	-	1,578	(524)	-	-	1,054
Profit for the period	-	-	-	-	18,894	18,894
<b>Total comprehensive income for the period</b>	-	1,578	(524)	-	18,894	19,948
Dividends to owners of the Company	-	-	-	-	(23,000)	(23,000)
<b>At 31 MAY 2018</b>	<b>230,000</b>	<b>38,556</b>	<b>-</b>	<b>1,800</b>	<b>307,142</b>	<b>577,498</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31 MAY 2018**

	<b>Current Year To Date 31.05.2018 RM'000 (Unaudited)</b>	<b>Preceding Year To Date 31.05.2017 RM'000 (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	28,943	34,897
Adjustments for		
Non-cash items	(8,517)	(3,568)
Non-operating items	(1,923)	(1,580)
Operating profit before working capital changes	<u>18,503</u>	<u>29,749</u>
Changes in working capital	8,851	2,444
Cash generated from operating activities	<u>27,354</u>	<u>32,193</u>
Tax paid	(10,943)	(4,438)
Dividends received from associate	19,737	-
<i>Net cash from operating activities</i>	<u>36,148</u>	<u>27,755</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other investments	(26)	(25)
Proceeds from disposal of other investments	1,977	-
Capital expenditure	(487)	(750)
Interest received	1,923	1,580
Additional investment in Associate	-	(4,363)
<i>Net cash from / (used in) investing activities</i>	3,387	(3,558)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to owners of the Company	(13,800)	(6,900)
<i>Net cash used in financing activities</i>	(13,800)	(6,900)
Net increase in cash and cash equivalents	<u>25,735</u>	<u>17,297</u>
Cash and cash equivalents at 1 December	124,644	103,459
Effects of exchange rates on cash and cash equivalents	(93)	(1)
<b>Cash and cash equivalents at 31 MAY (Note 1)</b>	<u><u>150,286</u></u>	<u><u>120,755</u></u>
<b>NOTE 1:</b>		
Cash and cash equivalents consist of :-		
	<b>RM'000</b>	<b>RM'000</b>
Short term deposits with licensed banks	117,202	98,230
Cash and bank balances	33,084	22,525
Total cash and cash equivalents	<u><u>150,286</u></u>	<u><u>120,755</u></u>

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 31 MAY 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 :

- i) 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; and
- ii) A first interim dividend of 2 sen per ordinary share, totalling RM9,200,000 in respect of financial year ending 30 November 2018 on 10 June 2018.

**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 31 MAY 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	
	31.05.2018 RM'000	31.05.2017 RM'000		31.05.2018 RM'000	31.05.2017 RM'000	
			%			%
<b>Revenue</b>	44,017	48,522	-9%	87,353	96,901	-10%
<b>Operating Profit</b>	10,469	11,608	-10%	16,987	25,215	-33%
<b>Share of profit of equity accounted investee, net of tax</b>	7,075	4,449	59%	11,956	9,682	23%
<b>Profit Before Tax</b>	17,544	16,057	9%	28,943	34,897	-17%
<b>Profit After Tax</b>	12,068	12,192	-1%	21,086	26,750	-21%
<b>Profit Attributable to Owners of the Company</b>	12,068	12,192	-1%	21,086	26,750	-21%

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The Group's revenue for the period under review of RM87.353 million was lower by RM9.548 million, a drop of 10% as compared to the revenue in last year corresponding period of RM96.901 million. The drop in revenue was mainly due to the drop in market demands from Thailand and local market, offset with increase in market demand from Myanmar.

The Group recorded a lower profit before tax of RM28.943 million for the period under review, a drop of RM5.954 million (17%) from those of RM34.897 million in the last year corresponding period. This was in line with the drop in revenue.

The Group's other comprehensive expense for the period under review was RM0.915 million, mainly consist of the foreign currency translations for overseas subsidiaries.



**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 2018 (cont'd)****13. Review of Group's Performance (continued)****Consolidated Statement of Financial Position**

The Group's total assets as at 31 May 2018 was RM616.514 million, a drop of RM4.753 million as compared to last financial year ended 30 November 2017 of RM621.267 million. The drop was mainly due to drop in receivables balance which was in line with the drop in revenue. The drop was also due to decrease in investment balance in associate as this balance was reduced by the dividend received from associate. All these were offset by an increase in cash and cash equivalents.

The Group's total liabilities as at 31 May 2018 was RM38.793 million, dropped by RM1.924 million as compared to last financial year ended 30 November 2017 of RM40.717 million. This was mainly due to the payment of tax and resulted to the drop in current tax liability.

The Group's total equity was registered at RM577.721 million, a drop of RM2.829 million as compared to last financial year ended 30 November 2017 of RM580.550 million.

The Group's net asset per share was maintained at RM1.26.

**Consolidated Statement of Cash flow**

The Group's cash and cash equivalents as at 31 May 2018 was RM150.286 million, recorded a net increase of RM25.735 million from RM124.644 million of cash and cash equivalents as at 30 November 2017.

The net cash from the operating activities was RM 36.148 million, including the net dividend received from associate of RM19.737 million.

The net cash from the investing activities was RM3.387 million, mainly from the proceeds on disposal of other investments of RM1.977 million and the interest income received of RM1.923 million, offset by capital expenditure of RM0.487 million.

The dividend paid during the period was amounting to RM 13.8 million.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 2018 (cont'd)****14. Material Change in Profit Before Taxation reported as compared with the immediate preceding quarter****Financial review for current quarter compared with immediate preceding quarter:**

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Changes</b>
	<b>31.05.2018</b>	<b>28.02.2018</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Revenue</b>	44,017	43,336	2%
<b>Operating Profit</b>	10,469	6,518	61%
<b>Share of profit of equity accounted investee, net of tax</b>	7,075	4,881	45%
<b>Profit Before Tax</b>	17,544	11,399	54%
<b>Profit After Tax</b>	12,068	9,018	34%
<b>Profit Attributable to Owners of the Company</b>	12,068	9,018	34%

The revenue for the current quarter under review of RM44.017 million was 2% higher than the immediate preceding quarter's revenue of RM43.336 million, mainly contributed by the increase in revenue to Thailand.

The current quarter's profit before tax of RM17.544 million was increased by 54% as compared to the immediate preceding quarter's profit before tax of RM11.399 million, which was contributed by the increase in share of profit and drop in foreign exchange loss 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 31 MAY 2018 (cont'd)****16. Variance of Actual Profit from Forecast Profit**

Not applicable.

**17. Taxation**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2018 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2017 RM'000 (Unaudited)	Current Year To date 31.05.2018 RM'000 (Unaudited)	Preceding Year To date 31.05.2017 RM'000 (Unaudited)
-Current Year	5,304	3,865	7,685	8,147
-Prior Year	<u>172</u>	<u>-</u>	<u>172</u>	<u>-</u>
Total	<u><u>5,476</u></u>	<u><u>3,865</u></u>	<u><u>7,857</u></u>	<u><u>8,147</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 31 MAY 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 31 May 2018 is as follows:

	<b>RM'000</b>	<b>%</b>
Not past due	29,385	95.92%
Past due 1-30 days	1,195	3.90%
Past due 31-120 days	27	0.09%
Past due >120 days	28	0.09%
	<u>30,635</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 second interim dividend of 2 sen per ordinary share, totalling RM9,200,000 in respect of financial year ending 30 November 2018 has been declared on 18 July 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 17 August 2018. The payment date is 12 September 2018.

**23. Capital Commitments**

Capital commitments not provided in the interim financial statement as at 31 May 2018 were as follows:

	<b>RM'000</b>
<b>Contracted but not provided for:</b>	
Property, Plant and Equipment	313

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MAY 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 31.05.2018 RM'000 (Unaudited)	Preceding Year Quarter 31.05.2017 RM'000 (Unaudited)	Current Year To Date 31.05.2018 RM'000 (Unaudited)	Preceding Year To Date 31.05.2017 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>12,068</u>	<u>12,192</u>	<u>21,086</u>	<u>26,750</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>2.62</u>	<u>2.65</u>	<u>4.58</u>	<u>5.82</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 July 2018  
Penang