

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 2018**

	Current Year To Date 30.11.2018 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2017 RM'000 (Audited)
Assets		
Property, plant and equipment	127,298	137,294
Investment properties	23,718	24,124
Investment in an associate	224,735	222,720
Other investments-available for sale financial assets	-	1,854
Deferred tax assets	4,240	881
Total non-current assets	<u>379,991</u>	<u>386,873</u>
Inventories	54,990	52,008
Current tax assets	3,735	3,326
Receivables, deposits and prepayments	36,291	54,416
Cash and cash equivalents	149,165	124,644
Total current assets	<u>244,181</u>	<u>234,394</u>
Total assets	<u><u>624,172</u></u>	<u><u>621,267</u></u>
Equity		
Share capital	230,000	230,000
Reserves	364,965	350,550
Total equity	<u>594,965</u>	<u>580,550</u>
Liabilities		
Employee benefit	317	320
Deferred tax liabilities	-	540
Total non-current liabilities	<u>317</u>	<u>860</u>
Payables and accruals	25,939	33,832
Current tax liabilities	2,951	6,025
Total current liabilities	<u>28,890</u>	<u>39,857</u>
Total liabilities	<u>29,207</u>	<u>40,717</u>
Total equity and liabilities	<u><u>624,172</u></u>	<u><u>621,267</u></u>
Net assets per share (sen)	129.34	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 YEAR ENDED 30 NOVEMBER 2018**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2018 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2017 RM'000 (Audited)	Current Year To Date 30.11.2018 RM'000 (Unaudited)	Preceding Year To Date 30.11.2017 RM'000 (Audited)
Revenue	45,030	59,009	183,406	205,686
Results from operating activities	11,975	12,173	44,112	50,387
Share of profit of equity accounted investee, net of tax	3,704	2,908	20,472	16,817
Profit before tax	15,679	15,081	64,584	67,204
Income tax expense	155	(3,600)	(12,222)	(14,392)
Profit for the period	15,834	11,481	52,362	52,812
Other comprehensive income / (expenses), net of tax				
Item that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	45	(4)	45	(4)
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(766)	1,598	648	1,547
Fair value of available-for-sale financial assets	-	(22)	(524)	132
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	3,495	(7,214)	3,284	(262)
Total other comprehensive income for the period, net of tax	2,774	(5,642)	3,453	1,413
Total comprehensive income for the period	18,608	5,839	55,815	54,225
Profit attributable to:				
Owners of the Company	15,834	11,481	52,362	52,812
Non-controlling interests	-	-	-	-
Profit for the period	15,834	11,481	52,362	52,812
Total comprehensive income attributable to:				
Owners of the Company	18,608	5,839	55,815	54,225
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	18,608	5,839	55,815	54,225
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	3.44	2.50	11.38	11.48

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2018**

Individual Quarter		Cumulative Quarters	
Current	Preceding	Current	Preceding
Year	Year	Year	Year
Quarter	Quarter	To Date	To Date
30.11.2018	30.11.2017	30.11.2018	30.11.2017
RM'000	RM'000	RM'000	RM'000
(Unaudited)	(Audited)	(Unaudited)	(Audited)

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

Interest income	(1,471)	(1,109)	(4,565)	(3,696)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	2,842	3,330	11,659	12,678
Provision / (Reversal of) for and write off of receivables	45	1	38	1
Provision / (Reversal of) for and write off of inventories	(239)	2,349	1,486	3,956
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	(621)	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	(958)	9,910	(1,211)	5,139
(Gain) or Loss on derivatives	-	-	-	-

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 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	-	-	-	-	(4)	(4)
Foreign currency translation differences for foreign operations	-	1,547	-	-	-	1,547
Fair value of available-for-sale financial assets	-	-	132	-	-	132
Share of other comprehensive income of equity accounted investee, net of tax	-	(262)	-	-	-	(262)
Total other comprehensive income for the period	-	1,285	132	-	(4)	1,413
Profit for the period	-	-	-	-	52,812	52,812
Total comprehensive income for the period	-	1,285	132	-	52,808	54,225
Redemption of preference share	-	-	-	1,800	(1,800)	-
Dividends to owners of the Company	-	-	-	-	(27,600)	(27,600)
At 30 November 2017	230,000	36,978	524	1,800	311,248	580,550

	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 2017	230,000	36,978	524	1,800	311,248	580,550
Remeasurement of defined benefit liability	-	-	-	-	45	45
Foreign currency translation differences for foreign operations	-	648	-	-	-	648
Fair value of available-for-sale financial assets	-	-	(524)	-	-	(524)
Share of other comprehensive income of equity accounted investee, net of tax	-	3,284	-	-	-	3,284
Total other comprehensive income / (expense) for the period	-	3,932	(524)	-	45	3,453
Profit for the period	-	-	-	-	52,362	52,362
Total comprehensive income for the period	-	3,932	(524)	-	52,407	55,815
Capital redemption reserve	-	-	-	110	(110)	-
Dividends to owners of the Company	-	-	-	-	(41,400)	(41,400)
Reclassification	-	(1,686)	-	-	1,686	-
At 30 November 2018	230,000	39,224	-	1,910	323,831	594,965

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 NOVEMBER 2018**

	Current Year To Date 30.11.2018 RM'000 (Unaudited)	Preceding Year To Date 30.11.2017 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	64,584	67,204
Adjustments for		
Non-cash items	(9,616)	(1,224)
Non-operating items	(4,513)	(3,648)
Operating profit before working capital changes	50,455	62,332
Changes in working capital	7,982	862
Cash generated from operating activities	58,437	63,194
Tax paid	(17,409)	(12,334)
Dividends received from associate	19,737	-
<i>Net cash from operating activities</i>	60,765	50,860
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other investments	(26)	(31)
Proceeds from disposal of other investments	1,977	
Capital expenditure	(1,316)	(1,274)
Interest received	4,565	3,696
Additional investment in Associate	-	(4,363)
<i>Net cash from / (used in) investing activities</i>	5,200	(1,972)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to owners of the Company	(41,400)	(27,600)
<i>Net cash used in financing activity</i>	(41,400)	(27,600)
Net increase in cash and cash equivalents	24,565	21,288
Cash and cash equivalents at 1 December	124,644	103,459
Effects of exchange rates on cash and cash equivalents	(44)	(103)
Cash and cash equivalents at 30 November (Note 1)	149,165	124,644
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	137,762	103,860
Cash and bank balances	11,403	20,784
Total cash and cash equivalents	149,165	124,644

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 NOVEMBER 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;
- ii) A first interim dividend of 2 sen per ordinary share, totalling RM9,200,000 in respect of financial year ended 30 November 2018 on 10 June 2018;
- iii) A second interim dividend of 2 sen per ordinary share, totalling RM9,200,000 in respect of financial year ended 30 November 2018 on 12 September 2018; and
- iv) A third interim dividend of 2 sen per ordinary share, totalling RM9,200,000 in respect of financial year ended 30 November 2018 on 28 November 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 YEAR ENDED 30 NOVEMBER 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	
	30.11.2018 RM'000	30.11.2017 RM'000		30.11.2018 RM'000	30.11.2017 RM'000	
Revenue	45,030	59,009	-24%	183,406	205,686	-11%
Operating Profit	11,975	12,173	-2%	44,112	50,387	-12%
Share of profit of equity accounted investee, net of tax	3,704	2,908	27%	20,472	16,817	22%
Profit Before Tax	15,679	15,081	4%	64,584	67,204	-4%
Profit After Tax	15,834	11,481	38%	52,362	52,812	-1%
Profit Attributable to Owners of the Company	15,834	11,481	38%	52,362	52,812	-1%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue for the year under review was RM183.4 million, an 11% drop or RM22.3 million lower than last year corresponding period of RM205.7 million. The drop in revenue was due to overall drop in market demands of all markets.

The Group recorded a lower profit before tax of RM64.6 million for the year under review, a drop of RM2.6 million (4%) from RM67.2 million in the last year corresponding period. This was in line with the drop in revenue.

Consolidated Statement of Financial Position

The Group's total assets as at 30 November 2018 was RM624.2 million, an increase of RM2.9 million as compared to last financial year ended 30 November 2017 of RM621.3 million. The increase was mainly attributable to increase in cash & cash equivalents of RM24.5 million. This increase was offset by the drop in receivables balances which were in line with the drop in revenue and property, plant & equipment resulting from annual depreciation charge.

The Group's total liabilities as at 30 November 2018 was RM29.2 million, a decrease of RM18.5 million as compared to last financial year ended 30 November 2017 of RM40.7 million. This was mainly due to prompt settlement of creditors as well as tax liability.

The Group's total equity registered at RM594.9 million, an increase of RM14.4 million as compared to last financial year ended 30 November 2017 of RM580.6 million.

The Group's net asset per share was at RM1.29.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2018 (cont'd)****13 Review of Group's Performance (continued)****Consolidated Statement of Cash flow**

The Group's cash and cash equivalents as at 30 November 2018 was RM149.2 million, representing a net increase of RM24.5 million from RM124.6 million of cash and cash equivalents as at 30 November 2017.

The net cash from the operating activities was RM60.8 million, including the net dividend received from associate of RM19.7 million.

The net cash from the investing activities was RM5.2 million, mainly from the proceeds on disposal of other investments of RM1.98 million and the interest income received of RM4.6 million, offset by capital expenditure of RM1.3 million.

The dividends paid during the year amounted to RM41.4 million.

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:**

	Current Quarter	Immediate Preceding Quarter	Changes
	30.11.2018	31.08.2018	
	RM'000	RM'000	%
Revenue	45,030	51,023	-12%
Operating Profit	11,975	15,150	-21%
Share of profit of equity accounted investee, net of tax	3,704	4,812	-23%
Profit Before Tax	15,679	19,962	-21%
Profit After Tax	15,834	15,442	3%
Profit Attributable to Owners of the Company	15,834	15,442	3%

Revenue for the current quarter under review of RM45 million was 12% lower than the immediate preceding quarter's revenue of RM51 million, mainly resulted from the decrease in local sales as well as sales to Myanmar market. Drop in local sales was due to local consumers purchased more during the SST transition in last quarter and hence slowed down in the current quarter. Drop in export sales to Myanmar was due to Myanmar government prohibiting the business of multi-level marketing ("MLM") in Myanmar since 18 September 2018.

Current quarter's profit before tax of RM15.6 million represented a drop of 21% compared to the immediate preceding quarter's profit before tax of RM19.9 million, which was in line with the drop in revenue.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 NOVEMBER 2018 (cont'd)

In spite of the drop in profit before tax, the Group's profit after tax for current quarter increased by RM392K, a 3% increase compared to immediate preceding quarter. This is mainly due to recognition of deferred tax assets for certain subsidiaries.

14 Current year prospects

The Group anticipates a more challenging business environment for year 2019 that is influenced by various factors such as the weak consumer sentiment in the regional markets and the fluctuating currency. The Group's performance will be affected by the strengthening or weakening of Ringgit Malaysia against USD as all the export revenue are transacted in USD. As reported in 3rd quarter 2018, export sales to Mynmar has been temporarily halted due to Mynmar government prohibiting direct selling activities. Nevertheless efforts have been ongoing in exploring alternatives. The Group has also been researching, planning and getting equipped for new market penetrations within Asean region. Generally, moving forward, the market will continue to remain competitive.

Despite a challenging environment, the Group will continue to uphold its healthy business practices to strive for business sustainability and to safeguard the Group's profitability. The Group will take steps to ensure that 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 2019.

15 Variance of Actual Profit from Forecast Profit

Not applicable.

16 Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.11.2018 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2017 RM'000 (Audited)	Current Year To date 30.11.2018 RM'000 (Unaudited)	Preceding Year To date 30.11.2017 RM'000 (Audited)
-Current Year	1,106	2,632	13,280	14,720
-Prior Year	<u>(1,261)</u>	<u>968</u>	<u>(1,058)</u>	<u>(328)</u>
Total	<u><u>(155)</u></u>	<u><u>3,600</u></u>	<u><u>12,222</u></u>	<u><u>14,392</u></u>

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

17 Status of Corporate Proposals

There was no corporate proposal being announced during the year.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 NOVEMBER 2018 (cont'd)

18 Group Borrowings

There were no borrowings as at the end of the period under review.

19 Off Balance Sheet Financial Instruments

There are no off balance sheet financial instruments as at the date of this report.

20 Trade Receivables

The ageing analysis of the trade receivables (included under Receivables, deposits and prepayments category in Statement of Financial Position) for 30 November 2018 is as follows:

	RM'000	%
Not past due	26,247	92.17%
Past due 1-30 days	2,219	7.79%
Past due 31-120 days	10	0.04%
Past due >120 days	-	-
	<u>28,476</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.

21 Dividend Declared

A fourth interim single tier dividend of 2 sen per ordinary share and a special dividend of 2 sen per ordinary share, totalling RM18,400,000 in respect of financial year ended 30 November 2018 has been declared on 23 January 2019 .

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 13 February 2019. The payment date is 6 March 2019.

22 Capital Commitments

Capital commitments not provided in the interim financial statement as at 30 November 2018 were as follows:

	RM'000
Contracted but not provided for:	
Property, Plant and Equipment	149

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2018 (cont'd)**

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 30.11.2018 RM'000 (Unaudited)	Preceding Year Quarter 30.11.2017 RM'000 (Audited)	Current Year To Date 30.11.2018 RM'000 (Unaudited)	Preceding Year To Date 30.11.2017 RM'000 (Audited)
Net profit for the period (RM'000)	15,834	11,481	52,362	52,812
<i>Number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	3.44	2.50	11.38	11.48

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

By Order of the Board

Ch'ng Lay Hoon (MAICSA 0818580)
Company Secretaries
23 January 2019
Penang