

ZHULIAN CORPORATION BERHAD (Registration No. 199701000031 (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 29 FEB 2020**

	Current Year To Date 29.02.2020 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2019 RM'000 (Unaudited)
Assets		
Property, plant and equipment	116,359	118,400
Investment properties	23,024	23,239
Investment in an associate	247,369	235,626
Deferred tax assets	3,653	3,679
Total non-current assets	<u>390,405</u>	<u>380,944</u>
Inventories	47,984	48,125
Current tax assets	698	519
Receivables, deposits and prepayments	31,504	31,026
Cash and cash equivalents	188,702	191,024
Total current assets	<u>268,888</u>	<u>270,694</u>
Total assets	<u><u>659,293</u></u>	<u><u>651,638</u></u>
Equity		
Share capital	230,000	230,000
Reserves	371,815	380,644
Total equity	<u>601,815</u>	<u>610,644</u>
Liabilities		
Employee benefit	276	267
Deferred tax liabilities	508	185
Total non-current liabilities	<u>784</u>	<u>452</u>
Payables and accruals	26,124	28,382
Dividend payable	27,600	9,200
Current tax liabilities	2,970	2,960
Total current liabilities	<u>56,694</u>	<u>40,542</u>
Total liabilities	<u>57,478</u>	<u>40,994</u>
Total equity and liabilities	<u><u>659,293</u></u>	<u><u>651,638</u></u>
Net assets per share (sen)	130.83	132.75

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 29 FEB 2020**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2020 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2019 RM'000 (Unaudited)	Current Year To Date 29.02.2020 RM'000 (Unaudited)	Preceding Year To Date 28.02.2019 RM'000 (Unaudited)
Revenue	44,842	39,454	44,842	39,454
Results from operating activities	12,350	7,505	12,350	7,505
Share of profit of equity accounted investee, net of tax	1,742	5,934	1,742	5,934
Profit before tax	14,092	13,439	14,092	13,439
Income tax expense	(3,223)	(2,648)	(3,223)	(2,648)
Profit for the period	10,869	10,791	10,869	10,791
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	(754)	98	(754)	98
Fair value of available-for-sale financial assets	-	-	-	-
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	4,712	3,681	4,712	3,681
Total other comprehensive income for the period, net of tax	3,958	3,779	3,958	3,779
Total comprehensive income for the period	14,827	14,570	14,827	14,570
Profit attributable to:				
Owners of the Company	10,869	10,791	10,869	10,791
Non-controlling interests	-	-	-	-
Profit for the period	10,869	10,791	10,869	10,791
Total comprehensive income attributable to:				
Owners of the Company	14,827	14,570	14,827	14,570
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	14,827	14,570	14,827	14,570
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	2.36	2.35	2.36	2.35

The selected explanatory notes form an integral part of, and should be read in conjunction with, this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 FEB 2020**

Individual Quarter		Cumulative Quarters	
Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
29.02.2020	28.02.2019	29.02.2020	28.02.2019
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	(1,055)	(1,084)	(1,055)	(1,084)
Other income including investment income	(161)	(163)	(161)	(163)
Interest expense	-	-	-	-
Depreciation and amortisation	2,340	2,786	2,340	2,786
Provision / (Reversal of) for and write off of receivables	(40)	(10)	(40)	(10)
Provision / (Reversal of) for and write off of inventories	(65)	(24)	(65)	(24)
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	-	-
(Gain) / Loss on disposal of properties	(2)	-	(2)	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	(4,476)	(3,348)	(4,476)	(3,348)
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 FEB 2020**

	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 2018	230,000	39,224	-	1,910	323,831	594,965
Remeasurement of defined benefit liability	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	98	-	-	-	98
Share of other comprehensive income of equity accounted investee, net of tax	-	3,681	-	-	-	3,681
Total other comprehensive income for the year	-	3,779	-	-	-	3,779
Profit for the year	-	-	-	-	10,791	10,791
Total comprehensive income for the year	-	3,779	-	-	10,791	14,570
Redemption of preference share	-	-	-	90	(90)	-
Dividends to owners of the Company	-	-	-	-	(18,400)	(18,400)
At 28 February 2019	230,000	43,003	-	2,000	316,132	591,135

	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 2019	230,000	59,026	-	2,000	323,562	614,588
Remeasurement of defined benefit liability	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	(754)	-	-	-	(754)
Share of other comprehensive income of equity accounted investee, net of tax	-	4,712	-	-	-	4,712
Total other comprehensive income / (expense) for the year	-	3,958	-	-	-	3,958
Profit for the year	-	-	-	-	10,869	10,869
Total comprehensive income for the year	-	3,958	-	-	10,869	14,827
Dividends to owners of the Company	-	-	-	-	(27,600)	(27,600)
At 29 February 2020	230,000	62,984	-	2,000	306,831	601,815

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 29 FEB 2020**

	Current Year To Date 29.02.2020 RM'000 (Unaudited)	Preceding Year To Date 28.02.2019 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,092	13,439
Adjustments for		
Non-cash items	(747)	(3,524)
Non-operating items	(1,055)	(1,084)
Operating profit before working capital changes	12,290	8,831
Changes in working capital	(3,342)	4,814
Cash generated from operating activities	8,948	13,645
Tax paid	(3,043)	(2,844)
Retirement benefit paid	(1)	-
<i>Net cash from operating activities</i>	5,904	10,801
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other investments	-	-
Proceeds from disposal of other investments	-	-
Capital expenditure	(86)	(262)
Interest received	1,055	1,084
Proceeds from disposal of plant & machineries/properties	2	4
<i>Net cash generated from investing activities</i>	971	826
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to owners of the Company	(9,200)	-
<i>Net cash used in financing activity</i>	(9,200)	-
Net increase in cash and cash equivalents	(2,325)	11,627
Cash and cash equivalents at 1 December	191,022	149,165
Effects of exchange rates on cash and cash equivalents	5	(3)
Cash and cash equivalents at 30 November (Note 1)	188,702	160,789
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	177,694	134,639
Cash and bank balances	11,008	26,150
Total cash and cash equivalents	188,702	160,789

The selected explanatory notes form an integral part of, and should be read in conjunction with, this interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2020

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 accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 30 November 2019, except as set out below.

New accounting pronouncements adopted for this interim financial report

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

The Group has performed the necessary assessments and concluded that the above accounting pronouncements do not have any significant impact to the Group

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2020

1. **Basis of Preparation (continued)**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be determined

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations in the respective financial years when the abovementioned accounting standards, amendments and interpretations become effective.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

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 period to date.

7. **Dividends Paid**

Since the end of previous financial year, the Company declared a fourth interim dividend of 2 sen and a special dividend of 4 sen per ordinary share totalling RM27,600,000 in respect of the financial year ended 30 November 2019 on 22 January 2020 and paid on 11 March 2020.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

8. Segment Revenue and Results

The Group is principally confined to the manufacturing and sale of jewellery and consumer products on a direct sales basis. The analysis of reportable segments' revenue is based on the geographical location of customers. The operations in Thailand are principally carried out by an associate of the Group.

Revenue	Individual Period		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Quarter		Current Year To-date	Preceding Year Corresponding Period	
	29.02.2020 RM'000	28.02.2019 RM'000		29.02.2020 RM'000	28.02.2019 RM'000	
Malaysia	7,111	6,574	8%	7,111	6,574	8%
Thailand	36,444	32,181	13%	36,444	32,181	13%
Cambodia	853	-	100%	853	-	100%
Others	434	699	(38%)	434	699	(38%)
Total	44,842	39,454	14%	44,842	39,454	14%

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

The Group, through its wholly-owned subsidiary, Zhulian Management Sdn. Bhd., acquired 49% shareholdings in Zhulian Holdings (Thailand) Co., Ltd. on 20 February 2020 by way of offering its existing 49% shareholdings in Zhulian (Thailand) Ltd. to Zhulian Holdings (Thailand) Co., Ltd.. The Group does not anticipate any significant financial impact to its investment in associate and share of associate's net assets as a result of this share swap exercise.

Other than the above, 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

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

13. Review of Group's Performance

Financial review for current quarter and financial period to date:

	Individual Period		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Quarter		Current Year To-date	Preceding Year Corresponding Period	
	29.02.2020 RM'000	28.02.2019 RM'000		29.02.2020 RM'000	28.02.2019 RM'000	
Revenue	44,842	39,454	14%	44,842	39,454	14%
Operating Profit	12,350	7,505	65%	12,350	7,505	65%
Share of profit of equity accounted investee, net of tax	1,742	5,934	-71%	1,742	5,934	-71%
Profit Before Tax	14,092	13,439	5%	14,092	13,439	5%
Profit After Tax	10,869	10,791	1%	10,869	10,791	1%
Profit Attributable to Owners of the Company	10,869	10,791	1%	10,869	10,791	1%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue for the period under review was RM44.8 million, an increase of 14% or RM5.3 million compared to last year corresponding period of RM39.5 million. The increase was mainly attributable to higher export sales.

Share of profit of equity accounted investee of RM1.7 million was RM4.2 million lower than last year corresponding period of RM5.9 million. This decrease was mainly attributable to impairment of investment cost in a property development project, which the management of the equity accounted investee had decided to defer construction due to unfavourable market condition and forecast. Notwithstanding our share of this impairment loss of RM5.3 million, the direct marketing operation of the equity accounted investee had generated higher profit than last year corresponding period.

Profit before tax for the period under review was RM14.1 million, an increase of 5% or RM0.7 million compared to last year corresponding period of RM13.4 million.

Consolidated Statement of Financial Position

The Group's total assets as at 29 February 2020 was RM659.3 million, an increase of RM7.7 million as compared to last financial year ended 30 November 2019 of RM651.6 million. The increase was mainly attributable to accumulated profit derived from the investment in an associate.

The Group's total liabilities as at 29 February 2020 was RM57.5 million, an increase of RM16.5 million as compared to last financial year ended 30 November 2019 of RM41.0 million. This increase was mainly attributable to higher dividends of RM27.6 million declared and remained unpaid as at 29 February 2020.

The Group's total equity as at 29 February 2020 was RM601.8 million, a decrease of RM8.8 million as compared to last financial year ended 30 November 2019 of RM610.6 million. The decrease was mainly due to special dividend declared in respect of the financial year ended 30 November 2019.

The Group's net asset per share as at 29 February 2020 is RM1.31.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

13. Review of Group's Performance (continued)

Consolidated Statement of Cash Flow

The Group's cash and cash equivalents as at 29 February 2020 was RM188.7 million, representing a net decrease of RM2.3 million from RM191.0 million of cash and cash equivalents as at 30 November 2019.

The net cash inflow from the operating activities was RM5.9 million.

The net cash inflow from the investing activities was RM1.0 million, mainly interest income received.

The net cash outflow from the financing activities was RM9.2 million, representing dividends paid during the period.

14. Material Changes 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
	29.02.2020 RM'000	30.11.2019 RM'000	
Revenue	44,842	43,958	2%
Operating Profit	12,350	9,176	35%
Share of profit of equity accounted investee, net of tax	1,742	4,003	-56%
Profit Before Tax	14,092	13,179	7%
Profit After Tax	10,869	9,095	20%
Profit Attributable to Owners of the Company	10,869	9,095	20%

Revenue for the current quarter under review of RM44.8 million was RM0.8 million higher than the immediate preceding quarter's revenue of RM44.0 million. The increase was mainly attributable to higher export sales.

Share of profit of equity accounted investee of RM1.7 million was RM2.3 million lower than immediate preceding quarter of RM4.0 million. This decrease was mainly attributable to impairment of investment cost in a property development project, which the management of the equity accounted investee had decided to defer construction due to unfavourable market condition and forecast. Notwithstanding our share of this impairment loss of RM5.3 million, the direct marketing operation of the equity accounted investee had generated higher profit than immediate preceding quarter.

Profit before tax for the current quarter under review of RM14.1 million was RM0.9 million higher than the immediate preceding quarter of RM13.2 million.

Profit after tax for the current quarter under review of RM10.9 million was RM1.8 million higher than immediate preceding quarter of RM9.1 million.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2020**

15. Current year prospects

The Group's business is closely linked to the sentiments of general consumer market and the fluctuating foreign currency exchange. Strengthening or weakening of Ringgit Malaysia against United States Dollar ("USD") will have an impact on the Group's performance as all export revenue are transacted in USD.

The Group adapts to the ever-changing market demands where possible while remain cautious to potential risks, such as the recent pandemic that is impacting macro-economy, to ensure its business long term survival.

The Group is committed to continuously improve its' business operational efficiency and maintain sufficient cash flows in the year 2020.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2020 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2019 RM'000 (Unaudited)	Current Year To Date 29.02.2020 RM'000 (Unaudited)	Preceding Year To Date 28.02.2019 RM'000 (Unaudited)
Current Year	3,223	2,648	3,223	2,648
Prior Year	-	-	-	-
Total	3,223	2,648	3,223	2,648

18. Status of Corporate Proposals

There was no corporate proposal being announced during the period.

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2020****21. Trade Receivables**

The ageing analysis of the trade receivables (included under Receivables, deposits and prepayments category in Statement of Financial Position) for 29 February 2020 is as follows:

	RM'000	%
Not past due	25,539	99.68%
Past due 1-30 days	64	0.25%
Past due 31-120 days	14	0.06%
Past due >120 days	3	0.01%
	<u>25,620</u>	<u>100.00%</u>

The Group did not fully 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 3 sen per ordinary share totalling RM13,800,000 in respect of the financial period ended 29 February 2020 has been declared on 6 May 2020.

In respect of deposited securities, entitlement to the interim dividend will be determined based on shareholders registered in the record of depositors as at 28 May 2020. The payment date is 10 June 2020.

23. Capital Commitments

Capital commitments not provided in the interim financial statement as at 29 February 2020 were as follows:

Contracted but not provided for:	RM'000
Property, Plant and Equipment	8

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2020****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 29.02.2020 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2019 RM'000 (Unaudited)	Current Year To Date 29.02.2020 RM'000 (Unaudited)	Preceding Year To Date 28.02.2019 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>10,869</u>	<u>10,791</u>	<u>10,869</u>	<u>10,791</u>
Number of shares in issue ('000)	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>
Basic earnings per share (sen)	<u>2.36</u>	<u>2.35</u>	<u>2.36</u>	<u>2.35</u>

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
6 May 2020
Penang