

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 2013**

	As at end of Current Quarter 28.02.2013 RM'000 (Unaudited)	As at Preceding Financial Year End 30.11.2012 RM'000 (Audited)
Assets		
Property, plant and equipment	128,572	127,460
Investment properties	16,645	16,708
Investment in an associate	114,214	97,120
Other investments-available for sale financial assets	6,913	7,039
Goodwill	1,168	1,168
Deferred tax assets	1,093	1,061
Total non-current assets	<u>268,605</u>	<u>250,556</u>
Inventories	60,335	61,991
Receivables, deposits and prepayments	73,196	77,673
Current tax assets	1,582	942
Cash and cash equivalents	140,748	137,683
Total current assets	<u>275,861</u>	<u>278,289</u>
Total assets	<u><u>544,466</u></u>	<u><u>528,845</u></u>
Equity		
Share capital	230,000	230,000
Reserves	226,426	221,844
Total equity attributable to owners of the Company	<u>456,426</u>	<u>451,844</u>
Non-controlling interests	29	29
Total equity	<u>456,455</u>	<u>451,873</u>
Liabilities		
Deferred tax liabilities	4,548	4,272
Total non-current liabilities	<u>4,548</u>	<u>4,272</u>
Payables and accruals	77,697	67,107
Current tax liabilities	5,766	5,593
Total current liabilities	<u>83,463</u>	<u>72,700</u>
Total liabilities	<u>88,011</u>	<u>76,972</u>
Total equity and liabilities	<u><u>544,466</u></u>	<u><u>528,845</u></u>
Net assets per share (sen)	99.22	98.23

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2013**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2013 RM'000 (Unaudited)	Preceding Year Quarter 29.02.2012 RM'000 (Unaudited)	Current Year To Date 28.02.2013 RM'000 (Unaudited)	Preceding Year To Date 29.02.2012 RM'000 (Unaudited)
Revenue	108,719	111,880	108,719	111,880
Results from operating activities	22,725	23,690	22,725	23,690
Share of profit of equity accounted investee, net of tax	12,640	10,896	12,640	10,896
Profit before tax	35,365	34,586	35,365	34,586
Income tax expense	(5,619)	(6,191)	(5,619)	(6,191)
Profit for the period	29,746	28,395	29,746	28,395
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(19)	119	(19)	119
Fair value of available-for-sale financial assets	300	387	300	387
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	4,455	(1,014)	4,455	(1,014)
Other comprehensive income/(expense) for the period, net of tax	4,736	(508)	4,736	(508)
Total comprehensive income for the period	34,482	27,887	34,482	27,887
Profit attributable to:				
Owners of the Company	29,746	28,395	29,746	28,395
Non-controlling interests	-	-	-	-
Profit for the period	29,746	28,395	29,746	28,395
Total comprehensive income attributable to:				
Owners of the Company	34,482	27,887	34,482	27,887
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	34,482	27,887	34,482	27,887
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	6.47	6.17	6.47	6.17

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2013**

Individual Quarter		Cumulative Quarters	
Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
28.02.2013	29.02.2012	28.02.2013	29.02.2012
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	(770)	(787)	(770)	(787)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	2,425	2,112	2,425	2,112
(Reversal of) / Provision for and write off of receivables	-	(145)	-	(145)
Provision for and write off of inventories	208	10	208	10
(Gain) / Loss on disposal of quoted / unquoted investments	(40)	-	(40)	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	2	-	2
Foreign exchange (gain) or loss	(116)	3,520	(116)	3,520
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2013**

	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Non- distributable Fair Value Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 December 2011, as previously stated	230,000	181	21	162,117	392,319	32	392,351
Foreign currency translation differences for foreign operations	-	119	-	-	119	-	119
Fair value of available-for-sale financial assets	-	-	387	-	387	-	387
Share of other comprehensive income of equity accounted investee, net of tax	-	(1,014)	-	-	(1,014)	-	(1,014)
Total other comprehensive income for the period	-	(895)	387	-	(508)	-	(508)
Profit for the period	-	-	-	28,395	28,395	-	28,395
Total comprehensive income for the period	-	(895)	387	28,395	27,887	-	27,887
Dividends to owners of the Company	-	-	-	(13,800)	(13,800)	-	(13,800)
At 29 FEBRUARY 2012	230,000	(714)	408	176,712	406,406	32	406,438

	Share Capital RM'000	Non- distributable Translation Reserve RM'000	Non- distributable Fair Value Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
At 1 December 2012	230,000	(2,481)	311	224,014	451,844	29	451,873
Foreign currency translation differences for foreign operations	-	(19)	-	-	(19)	-	(19)
Fair value of available-for-sale financial assets	-	-	300	-	300	-	300
Share of other comprehensive income of equity accounted investee, net of tax	-	4,455	-	-	4,455	-	4,455
Total other comprehensive income for the period	-	4,436	300	-	4,736	-	4,736
Profit for the period	-	-	-	29,746	29,746	-	29,746
Total comprehensive income for the period	-	4,436	300	29,746	34,482	-	34,482
Dividends to owners of the Company	-	-	-	(29,900)	(29,900)	-	(29,900)
At 28 FEBRUARY 2013	230,000	1,955	611	223,860	456,426	29	456,455

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 28 FEBRUARY 2013**

	Current Year To Date 28.02.2013 RM'000 (Unaudited)	Preceding Year To Date 29.02.2012 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	35,365	34,586
Adjustments for		
Non-cash items	(10,253)	(8,782)
Non-operating items	(769)	(787)
Operating profit before working capital changes	24,343	25,017
Changes in working capital	532	(8,279)
Cash generated from operating activities	24,875	16,738
Tax paid	(5,835)	(3,092)
Dividends received	-	9,607
<i>Net cash from operating activities</i>	19,040	23,253
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	466	-
Capital expenditure	(3,429)	(6,291)
Interest received	770	787
<i>Net cash used in investing activities</i>	(2,193)	(5,504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(13,800)	(13,800)
<i>Net cash used in financing activities</i>	(13,800)	(13,800)
Net increase in cash and cash equivalents	3,047	3,949
Cash and cash equivalents at 1 December	137,634	127,654
Effects of exchange rates on cash and cash equivalents	17	(59)
Cash and cash equivalents at 28 February (Note 1)	140,698	131,544
NOTE 1:		
Cash and cash equivalents consist of :-		
	RM'000	RM'000
Short term deposits with licensed banks	105,097	106,249
Cash and bank balances	35,651	25,344
	140,748	131,593
Less: Deposit pledged	(50)	(49)
Total cash and cash equivalents	140,698	131,544

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2013

1. **Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 November 2012.

The Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. 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 period.

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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2013 (Cont'd)**

7. Dividends Paid

Since the end of previous financial year, the Company paid a fourth interim single tier dividend of 3 sen and a special single tier dividend of 3.5 sen per ordinary share of RM 0.50 each, totalling RM29,900,000 in respect of financial year ended 30 November 2012 on 13 March 2013.

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 financial period ended 28 February 2013.

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

The Group generated revenue of RM108.719 million for the period ended 28 February 2013, a slight drop of 3% as compared to the corresponding period last year. This was mainly due to drop in local sales.

The Group's profit before tax was RM35.365 million with an increase of 2% from last year's corresponding period. The increase in profit before tax was mainly contributed by the increase in share of profit of equity accounted investee.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2013 (Cont'd)****14. Material Change in Profit Before Taxation reported on as compared with the immediate preceding quarter**

The revenue for the current quarter under review of RM108.719 million was slightly lower than the immediate preceding quarter's revenue of RM117.181 million, mainly due to drop in sales to overseas.

The current quarter's profit before tax of RM35.365 million was slightly lower as compared to the immediate preceding quarter's profit before tax of RM37.480 million, which was in line with the slight decrease in sales.

15. Current year prospects

The Group has targeted a positive growth in the revenue for financial year 2013. The Board is of the opinion that its internal target is achievable based on the current market condition and current available information of local and overseas markets.

The above mentioned target is only the management's internal target. It is not a forecast or projection and it has not been reviewed or audited by our external auditor.

16. Variance of Actual Profit from Forecast Profit

Not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2013 RM'000 (Unaudited)	Preceding Year Quarter 29.02.2012 RM'000 (Unaudited)	Current Year To date 28.02.2013 RM'000 (Unaudited)	Preceding Year To date 29.02.2012 RM'000 (Unaudited)
-Current Year	5,619	6,191	5,619	6,191
-Prior Year	-	-	-	-
Total	5,619	6,191	5,619	6,191

The current year's tax over profit before tax (excluding share of profit of equity accounted investee, net of tax) for the cumulative quarters of the current year approximated to 25%, which was the statutory tax rate.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2013 (Cont'd)****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.

21. Dividend Declared

A first interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of financial year ending 30 November 2013 has been declared on 17 April 2013, based on the share capital of 460,000,000 ordinary shares.

In respect of deposited securities, entitlements to the interim dividend will be determined based on shareholders registered in the record of depositors as at 8 May 2013. The payment date is 28 May 2013.

22. Capital Commitment

As at 28 February 2013, there were capital commitments of RM23 million.

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 28.02.2013 RM'000 (Unaudited)	Preceding Year Quarter 29.02.2012 RM'000 (Unaudited)	Current Year To Date 28.02.2013 RM'000 (Unaudited)	Preceding Year To Date 29.02.2012 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>29,746</u>	<u>28,395</u>	<u>29,746</u>	<u>28,395</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>6.47</u>	<u>6.17</u>	<u>6.47</u>	<u>6.17</u>

The Group has no potential ordinary shares in issue, therefore diluted earnings per share has not been presented.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2013 (Cont'd)**

24. Realised and Unrealised Profit or Losses Disclosure

Total retained earnings of the Company and its subsidiaries:	As at financial period 28.02.2013 RM'000	As at financial period 29.02.2012 RM'000
-Realised	244,510	240,528
-Unrealised	(1,088)	(6,135)
	<hr/> 243,422	<hr/> 234,393
Total share of retained earnings of an associate:		
-Realised	101,782	62,467
-Unrealised	322	599
	<hr/> 102,104	<hr/> 63,066
Less: consolidation adjustments	(121,666)	(120,747)
Total retained earnings	<hr/> <hr/> 223,860	<hr/> <hr/> 176,712

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries
17 April 2013
Penang