

**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 29 FEBRUARY 2016**

	<b>As at end of Current Quarter 29.02.2016 RM'000 (Unaudited)</b>	<b>As at Preceding Financial Year End 30.11.2015 RM'000 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	148,436	151,248
Investment properties	15,893	15,955
Investment in an associate	181,712	181,796
Other investments-available for sale financial assets	1,463	1,563
Deferred tax assets	624	953
<b>Total non-current assets</b>	<u>348,128</u>	<u>351,515</u>
Inventories	63,930	66,204
Receivables, deposits and prepayments	48,713	61,327
Current tax assets	4,666	4,300
Cash and cash equivalents	103,019	86,671
<b>Total current assets</b>	<u>220,328</u>	<u>218,502</u>
<b>Total assets</b>	<u><u>568,456</u></u>	<u><u>570,017</u></u>
<b>Equity</b>		
Share capital	230,000	230,000
Reserves	297,948	299,067
<b>Total equity attributable to owners of the Company</b>	<u>527,948</u>	<u>529,067</u>
<b>Non-controlling interests</b>	<u>26</u>	<u>26</u>
<b>Total equity</b>	<u><u>527,974</u></u>	<u><u>529,093</u></u>
<b>Liabilities</b>		
Employee benefit	225	226
Deferred tax liabilities	2,342	2,316
<b>Total non-current liabilities</b>	<u>2,567</u>	<u>2,542</u>
Payables and accruals	35,196	33,263
Current tax liabilities	2,719	5,119
<b>Total current liabilities</b>	<u>37,915</u>	<u>38,382</u>
<b>Total liabilities</b>	<u>40,482</u>	<u>40,924</u>
<b>Total equity and liabilities</b>	<u><u>568,456</u></u>	<u><u>570,017</u></u>
Net assets per share (sen)	114.78	115.02

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 FEBRUARY 2016**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2016 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2015 RM'000 (Unaudited)	Current Year To Date 29.02.2016 RM'000 (Unaudited)	Preceding Year To Date 28.02.2015 RM'000 (Unaudited)
<b>Revenue</b>	<u>48,164</u>	<u>55,219</u>	<u>48,164</u>	<u>55,219</u>
<b>Results from operating activities</b>	4,874	10,255	4,874	10,255
Share of profit of equity accounted investee, net of tax	6,093	6,968	6,093	6,968
<b>Profit before tax</b>	<u>10,967</u>	<u>17,223</u>	<u>10,967</u>	<u>17,223</u>
Income tax expense	(3,890)	(4,673)	(3,890)	(4,673)
<b>Profit for the period</b>	<u>7,077</u>	<u>12,550</u>	<u>7,077</u>	<u>12,550</u>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	195	(280)	195	(280)
Fair value of available-for-sale financial assets	(106)	422	(106)	422
Share of other comprehensive (expense) / income of equity accounted investee, net of tax	(1,385)	2,382	(1,385)	2,382
<b>Other comprehensive (expenses) / income for the period, net of tax</b>	<u>(1,296)</u>	<u>2,524</u>	<u>(1,296)</u>	<u>2,524</u>
<b>Total comprehensive income for the period</b>	<u>5,781</u>	<u>15,074</u>	<u>5,781</u>	<u>15,074</u>
<b>Profit attributable to:</b>				
Owners of the Company	7,077	12,550	7,077	12,550
Non-controlling interests	-	-	-	-
<b>Profit for the period</b>	<u>7,077</u>	<u>12,550</u>	<u>7,077</u>	<u>12,550</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	5,781	15,074	5,781	15,074
Non-controlling interests	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>5,781</u>	<u>15,074</u>	<u>5,781</u>	<u>15,074</u>
<i>Weighted average number of shares in issue ('000)</i>	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	<u>1.54</u>	<u>2.73</u>	<u>1.54</u>	<u>2.73</u>

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 29 FEBRUARY 2016**

Individual Quarter		Cumulative Quarters	
Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
29.02.2016	28.02.2015	29.02.2016	28.02.2015
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	(591)	(634)	(591)	(634)
Other income including investment income	-	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	3,049	2,761	3,049	2,761
(Reversal of) / Provision for and write off of receivables	-	-	-	-
Provision / (Reversal of) for and write off of inventories	58	80	58	80
(Gain) / Loss on disposal of quoted / unquoted investments	-	-	-	-
(Gain) / Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	1,790	(2,647)	1,790	(2,647)
(Gain) or Loss on derivatives	-	-	-	-

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 29 FEBRUARY 2016**

	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
<b>At 1 December 2014</b>	230,000	1,503	746	250,966	483,215	26	483,241
Foreign currency translation differences for foreign operations	-	(280)	-	-	(280)	-	(280)
Fair value of available-for-sale financial assets	-	-	422	-	422	-	422
Share of other comprehensive income of equity accounted investee, net of tax	-	2,382	-	-	2,382	-	2,382
Total other comprehensive income for the period	-	2,102	422	-	2,524	-	2,524
Profit for the period	-	-	-	12,550	12,550	-	12,550
<b>Total comprehensive income for the period</b>	-	2,102	422	12,550	15,074	-	15,074
Dividends to owners of the Company	-	-	-	(9,200)	(9,200)	-	(9,200)
<b>At 28 February 2015</b>	<u>230,000</u>	<u>3,605</u>	<u>1,168</u>	<u>254,316</u>	<u>489,089</u>	<u>26</u>	<u>489,115</u>
	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
<b>At 1 December 2015</b>	230,000	24,759	252	274,056	529,067	26	529,093
Foreign currency translation differences for foreign operations	-	195	-	-	195	-	195
Fair value of available-for-sale financial assets	-	-	(106)	-	(106)	-	(106)
Share of other comprehensive income of equity accounted investee, net of tax	-	(1,385)	-	-	(1,385)	-	(1,385)
Total other comprehensive income for the period	-	(1,190)	(106)	-	(1,296)	-	(1,296)
Profit for the period	-	-	-	7,077	7,077	-	7,077
<b>Total comprehensive income for the period</b>	-	(1,190)	(106)	7,077	5,781	-	5,781
Dividends to owners of the Company	-	-	-	(6,900)	(6,900)	-	(6,900)
<b>At 29 February 2016</b>	<u>230,000</u>	<u>23,569</u>	<u>146</u>	<u>274,233</u>	<u>527,948</u>	<u>26</u>	<u>527,974</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 29 FEBRUARY 2016**

	<b>Current Year To Date 29.02.2016 RM'000 (Unaudited)</b>	<b>Preceding Year To Date 28.02.2015 RM'000 (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	10,967	17,223
Adjustments for		
Non-cash items	(4,081)	(3,631)
Non-operating items	(591)	(634)
Operating profit before working capital changes	<u>6,295</u>	<u>12,958</u>
Changes in working capital	10,271	(2,371)
Cash generated from operating activities	<u>16,566</u>	<u>10,587</u>
Tax paid	(5,717)	(2,358)
Dividends received from associate	5,248	9,715
<i>Net cash from operating activities</i>	<u>16,097</u>	<u>17,944</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other investments	(6)	(6)
Capital expenditure	(315)	(4,067)
Interest received	591	634
<i>Net cash from / (used in) investing activities</i>	270	(3,439)
Net increase in cash and cash equivalents	<u>16,367</u>	<u>14,505</u>
Cash and cash equivalents at 1 December	86,671	92,369
Effects of exchange rates on cash and cash equivalents	(19)	24
<b>Cash and cash equivalents at 29 February (Note 1)</b>	<u><u>103,019</u></u>	<u><u>106,898</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	81,230	81,907
Cash and bank balances	21,789	24,991
Total cash and cash equivalents	<u><u>103,019</u></u>	<u><u>106,898</u></u>

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016

### 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, 1965 in Malaysia.

### 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.

### 7. **Dividends Paid**

Since the end of previous financial year, the Company paid a fourth interim single tier dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of financial year ended 30 Nov 2015 on 16 March 2016. The total dividend paid by the Company for the year ended 30 November 2015 was 6 sen per ordinary share of RM 0.50 each.

### 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.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 29 FEBRUARY 2016 (cont'd)**

**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.

**13. Review of Group's Performance**

The Group's revenue for the period under review of RM48.164 million was lower by RM7.055 million, as compared to the revenue in last year corresponding period of RM55.219 million. The decrease in revenue was mainly due to drop in both local and Indonesia market demands. This was offset by the increase in revenue to Thailand & Myanmar, contributed by the strengthening of US Dollars.

The Group's profit before tax was RM10.967million, with a drop of RM6.256 million as compared to last year's corresponding period of RM17.223 million, which was in line with the drop in revenue. The drop in profit before tax was also due to incur of separation employment benefit expenses of RM3.5 million during the current quarter.

**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 RM48.164 million was lower than the immediate preceding quarter's revenue of RM64.757 million. This was mainly due to drop in sales to both local & overseas markets and weakening of US Dollars in current quarter.

The current quarter's profit before tax of RM10.967 million was lower as compared to the immediate preceding quarter's profit before tax of RM17.908 million. This was in line with the drop in revenue and also due to incur of separation employment benefit expenses of RM3.5 million during the current quarter.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 29 FEBRUARY 2016 (cont'd)****15. Current year prospects**

We are of the view that the market condition for Year 2016 is expected to stay challenging due to the drop in domestic private consumption since implementation of GST and current macro-economic condition which adversely affected the consumer confidence. We also expect 2016 sales will be mainly driven by the export sales.

Despite the current challenging market, the Group will continue to take prudent measure in evaluating various opportunities to ensure our business continues to increase distributorship, including improve the effectiveness of R&D in developing various niche products, introducing more promotional campaigns and improving the quality of our consumer service.

After successfully entering into Myanmar market in year 2015, the Group determines to continue the effort of penetrating into other Indo China markets ie Cambodia, Laos and Vietnam.

Barring unforeseen circumstances, the Board of Directors remains cautiously optimistic that the Group should be able to sustain its performance in 2016.

**16. Variance of Actual Profit from Forecast Profit**

Not applicable.

**17. Taxation**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 29.02.2016 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2015 RM'000 (Unaudited)	Current Year To date 29.02.2016 RM'000 (Unaudited)	Preceding Year To date 28.02.2015 RM'000 (Unaudited)
-Current Year	3,890	4,673	3,890	4,673
-Prior Year	-	-	-	-
Total	<u>3,890</u>	<u>4,673</u>	<u>3,890</u>	<u>4,673</u>

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

**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.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 29 FEBRUARY 2016 (cont'd)****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 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of financial year ending 30 November 2016 have been declared on 13 April 2016, 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 11 May 2016. The payment date is 3 June 2016.

**22. Capital Commitment**

As at 29 February 2016, there were capital commitments of RM14.1 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 29.02.2016 RM'000 (Unaudited)	Preceding Year Quarter 28.02.2015 RM'000 (Unaudited)	Current Year To Date 29.02.2016 RM'000 (Unaudited)	Preceding Year To Date 28.02.2015 RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>7,077</u>	<u>12,550</u>	<u>7,077</u>	<u>12,550</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>1.54</u>	<u>2.73</u>	<u>1.54</u>	<u>2.73</u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 29 FEBRUARY 2016 (cont'd)****24. Realised and Unrealised Profit or Losses Disclosure**

Total retained earnings of the Company and its subsidiaries:	As at financial period 29.02.2016 RM'000	As at financial period 28.02.2015 RM'000
-Realised	247,704	239,449
-Unrealised	1,610	(558)
	<hr/>	<hr/>
	249,314	238,891
 Total share of retained earnings of an associate:		
-Realised	146,620	134,474
-Unrealised	(37)	65
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	146,583	134,539
 Less: consolidation adjustments	(121,664)	(119,114)
	<hr/>	<hr/>
Total retained earnings	274,233	254,316

By Order of the Board

Tai Yit Chan (MAICSA 7009143)  
Ong Tze-En (MAICSA 7026537)  
Joint Company Secretaries  
13 April 2016  
Penang