

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2008**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
	Current Quarter 31 Mar 2008 RM'000	Preceding Year Corresponding Quarter 31 Mar 2007 RM'000	Current Year To Date 31 Mar 2008 RM'000	Preceding Year Corresponding Period 31 Mar 2007 RM'000
Revenue	14,006	20,467	14,006	20,467
Other income	234	72	234	72
Change in inventories of finished goods and work-in-progress	607	591	607	591
Raw material used	(7,313)	(9,024)	(7,313)	(9,024)
Staff cost	(3,159)	(3,243)	(3,159)	(3,243)
Depreciation	(1,367)	(1,088)	(1,367)	(1,088)
Other operating expenses	(5,701)	(7,104)	(5,701)	(7,104)
Finance costs	(72)	(50)	(72)	(50)
(Loss)/Profit before taxation	(2,765)	621	(2,765)	621
Income tax expense	229	(53)	229	(53)
(Loss)/Profit after taxation	(2,536)	568	(2,536)	568
Attributable to:				
Equity Holders of The Parent	(2,536)	568	(2,536)	568
(Loss)/Earnings per share (sen)				
Basic (note B12)	(3.30)	0.73	(3.30)	0.73
Diluted (note B12)	(3.30)	0.73	(3.30)	0.73

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements)

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF 31 MARCH 2008**

	<u>Unaudited</u> As Of 31 Mar 2008 RM'000	<u>Audited</u> As Of 31 Dec 2007 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	42,064	38,101
Goodwill on consolidation	2,168	2,168
	44,232	40,269
CURRENT ASSETS		
Inventories	7,020	5,998
Trade receivables	9,763	9,900
Other receivables, deposits and prepayments	3,994	5,268
Tax recoverable	1,137	1,208
Fixed deposits	3,706	3,695
Cash and bank balances	3,454	7,979
	29,074	34,048
TOTAL ASSETS	73,306	74,317
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	40,000
Share premium	5,593	5,593
Treasury shares	(1,843)	(1,843)
Retained profits	6,109	8,645
Exchange translation reserve	20	20
Equity Attributable to Equity Holders of the Parent	49,879	52,415
NON-CURRENT LIABILITIES		
Bank borrowings	1,779	1,202
Deferred taxation	2,597	2,908
	4,376	4,110
CURRENT LIABILITIES		
Trade payables	12,021	10,980
Other payables and accruals	3,893	4,574
Bank borrowings	2,742	1,889
Bank overdrafts	395	349
	19,051	17,792
TOTAL LIABILITIES	23,427	21,902
TOTAL EQUITY AND LIABILITIES	73,306	74,317
Net Assets Per Ordinary Share Attributable to Equity Holders of the Parent (RM)	0.65	0.68

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements)

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2008**

	Current Year To Date 31 Mar 2008 RM'000	Preceding Year Corresponding Period 31 Mar 2007 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(2,765)	621
Adjustments for:-		
Non-cash items	1,404	1,072
Non-operating items	45	(3)
Operating (loss)/profit before changes in working capital	(1,316)	1,690
Net changes in current assets	390	1,282
Net changes in current liabilities	782	1,675
CASH (FOR)/FROM OPERATIONS	(144)	4,647
Interest paid	(58)	(45)
Tax paid	(11)	(190)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(213)	4,412
NET CASH FOR INVESTING ACTIVITIES		
Interest received	13	48
Proceeds from disposal of plant and equipment	48	156
Purchases of plant and equipment	(4,765)	(1,699)
NET CASH FOR INVESTING ACTIVITIES	(4,704)	(1,495)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Net drawdown of other short-term bank borrowings	535	610
Repayments of hire purchase	(132)	(203)
Repayments of term loans	(46)	(250)
Acquisition of treasury shares	-	(1,106)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	357	(949)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,560)	1,968
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,325	11,359
EFFECT OF CHANGES IN EXCHANGE RATES	-	(32)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,765	13,295

* Cash and cash equivalents included in the cashflow statements comprise of the following:

	RM'000	RM'000
Fixed Deposits	3,706	8,756
Cash and bank balances	3,454	5,031
Bank overdraft	(395)	(492)
	6,765	13,295

(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2008

	← Attributable to Equity Holders of the Parent →		← Distributable →		Total RM'000
	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Exchange translation reserve RM'000	
As at 1 January 2008	40,000	5,593	(1,843)	20	8,645
Net loss for the period	-	-	-	-	(2,536)
As at 31 March 2008	40,000	5,593	(1,843)	20	6,109
As at 1 January 2007, restated	40,000	5,593	(737)	(74)	7,723
Net profit for the period	-	-	-	-	568
Purchase shares treasury shares	-	-	(1,106)	-	(1,106)
Translation differences	-	-	-	(32)	(32)
As at 31 March 2007	40,000	5,593	(1,843)	(106)	8,291
					51,935

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements)

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A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter ended 31 March 2008 have been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities). The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

The accounting policies and methods of computation adopted in these interim financial statements of the Company and its subsidiaries ("The Group") are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2007 except for the adoption of the following new and revised FRS issued by MASB that are effective for the Group's annual reporting date, 31 December 2008:

FRS 107 - Cash Flow Statements

FRS 112 - Income Taxes

FRS 118 - Revenue

FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121 - *The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation*

The adoption of the above FRS does not have any significant financial impact to the Group.

A2. Audit Report

The auditors' report of the Company for the financial year ended 31 December 2007 was not subject to any qualification.

A3. Seasonality or Cyclical Factors

The Group's interim operations were not significantly affected by any seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

A5. Change in Estimates

There were no changes in estimates of amounts reported in prior interim period that have a material effect on the results for the quarter.

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A6. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, shares, shares cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A7. Dividends Paid

There was no dividend paid during the quarter under review.

A8. Segmental Reporting

The primary basis of segment reporting of the Group is business segment. During the quarter, the Group operates principally in only one business segment. The relevant financial information has been appropriately presented in the interim financial statements.

A9. Property, Plant and Equipment

(a) Revaluation

The property, plant and equipment of the Group have not been revalued up to the end of the quarter.

(b) Material acquisition

During the three month period ended 31 March 2008, the Group acquired plant and machinery at a cost of RM4 million.

A10. Material Events Subsequent to the End of the Quarter Under Review

There was no material event subsequent to the end of the quarter that have not been reflected in the interim financial statements.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter.

A12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Group's Results for the Quarter Ended 31 March 2008

The Group's net loss for the quarter ended 31 March 2008 was RM2.765 million which includes the loss of RM1.156 million from its operations in Vietnam, primarily due to inadequate revenue to cover the start up expenses which were also higher than original planned.

B2. Variation of Results Against Preceding Quarter

The Group's achieved a net loss of RM2.765 million as compared to the previous year corresponding quarter of net profit of RM0.621 million. The continuing global slowdown particularly in the US market had severely dampened demand. This resulted in much lower sales of RM14 million achieved during the quarter.

B3. Prospects of the Group

The Group is feeling the effects of the global slowdown which is not expected to reverse in the near term. The Group has started diversifying into other product range in mitigating any further adverse effects.

B4. Profit Forecast

The Group did not publish any profit forecast during the quarter.

B5. Tax Expense

Taxation comprises the following:

	Individual quarter ended		Cumulative quarters ended	
	31 Mar 2008 RM'000	31 Mar 2007 RM'000	31 Mar 2008 RM'000	31 Mar 2007 RM'000
In respect of the current period:-				
Income tax	(81)	(70)	(81)	(70)
Deferred taxation	310	17	310	17
Tax credit/(charge)	<u>229</u>	<u>(53)</u>	<u>229</u>	<u>(53)</u>

The effective tax rate of the Group's current tax charge for the period was lower than statutory tax rate mainly arising from the permanent loss by its subsidiary.

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B6. Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments or properties during the quarter.

B7. Purchase and disposal of quoted and marketable securities

There was no purchase or disposal of quoted and marketable securities during the quarter.

B8. Borrowings

The Group's borrowings, all are repayable in Ringgit Malaysia and secured, as of the end of the quarter are as follows:

	Total RM'000
Short Term Borrowings	
Bankers' Acceptance	1,904
Term Loans	203
Hire Purchase Payables	635
	<hr/> 2,742
Long Term Borrowings	
Term Loans	550
Hire Purchase Payables	1,229
	<hr/> 1,779
Total	<hr/> <hr/> 4,521

B9. Off Balance Sheet Financial Instruments

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

B10. Material Litigation

Other than the legal action initiated to recover costs and losses arising from the termination of the Technology Licence Agreement with Sansun (HK) Limited, the Group is not engaged in any material litigation either as plaintiff or defendant. Other than the above, the directors do not have any knowledge of any proceedings pending or threatened against the Group as at date of this announcement.

B11. Dividend

There were no dividend being declared or proposed by the Company for the quarter ended 31 March 2008.

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B12. (Loss)/Earnings Per Share

Basic (loss)/earnings per share (EPS)

	Individual quarter ended		Cumulative quarters	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
Net (loss)/profit for the period (RM'000)	(2,536)	568	(2,536)	568
Weighted average number of shares in issue ('000)#	76,908	77,605	76,908	77,605
Basic EPS (sen)	(3.30)	0.73	(3.30)	0.73

Note:

Represent the effect of treasury shares 3,092,000 and 83,000 shares respectively arising from share buy back exercise.

Diluted EPS

Diluted EPS is equal to the basic EPS as there were no potential ordinary shares outstanding in both the previous and current financial years.