

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
	Current Quarter 30 June 2008 RM'000	Preceding Year Corresponding Quarter 30 June 2007 RM'000	Current Year To Date 30 June 2008 RM'000	Preceding Year Corresponding Period 30 June 2007 RM'000
Revenue	14,914	19,014	28,920	39,481
Other income	66	238	300	310
Change in inventories of finished goods and work-in-progress	201	(206)	808	385
Raw material used	(7,555)	(9,583)	(14,868)	(18,607)
Staff cost	(2,801)	(2,899)	(5,960)	(6,142)
Depreciation	(1,408)	(1,030)	(2,775)	(2,118)
Other operating expenses	(5,043)	(4,220)	(10,744)	(11,324)
Finance costs	(88)	(59)	(160)	(109)
(Loss)/Profit before tax	(1,714)	1,255	(4,479)	1,876
Tax income/(expense)	235	(237)	464	(290)
(Loss)/Profit after tax	(1,479)	1,018	(4,015)	1,586
Attributable to:				
Equity Holders of The Parent	(1,479)	1,018	(4,015)	1,586
(Loss)/Earnings per share (sen)				
Basic (note B13)	(1.92)	1.32	(5.22)	2.06
Diluted (note B13)	(1.92)	1.32	(5.22)	2.06

(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 BERHAD

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**CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF 30 JUNE 2008**

	<u>Unaudited</u> As Of 30 June 2008 RM'000	<u>Audited</u> As Of 31 Dec 2007 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	42,084	38,101
Goodwill on consolidation	2,168	2,168
	44,252	40,269
CURRENT ASSETS		
Inventories	7,118	5,998
Trade receivables	9,979	9,900
Other receivables, deposits and prepayments	3,826	5,268
Tax recoverable	1,361	1,208
Fixed deposits	1,601	3,695
Cash and bank balances	3,454	7,979
	27,339	34,048
TOTAL ASSETS	71,591	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	4,630	8,645
Exchange translation reserve	20	20
Equity Attributable to Equity Holders of the Parent	48,400	52,415
NON-CURRENT LIABILITIES		
Bank borrowings	2,445	1,202
Deferred taxation	2,503	2,908
	4,948	4,110
CURRENT LIABILITIES		
Trade payables	10,528	10,980
Other payables and accruals	3,677	4,574
Amount owing to a director	10	-
Bank borrowings	3,643	1,889
Bank overdraft	385	349
	18,243	17,792
TOTAL LIABILITIES	23,191	21,902
TOTAL EQUITY AND LIABILITIES	71,591	74,317
Net Assets Per Ordinary Share Attributable to Equity Holders of the Parent (RM)	0.63	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 SECOND QUARTER ENDED 30 JUNE 2008

	Current Year To Date 30 June 2008 RM'000	Preceding Year Corresponding Period 30 June 2007 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(4,479)	1,876
Adjustments for:-		
Non-cash items	2,813	2,189
Non-operating items	137	(8)
	<u>(1,529)</u>	<u>4,057</u>
Operating (loss)/profit before changes in working capital		
Net changes in current assets	244	2,881
Net changes in current liabilities	(1,339)	(3,008)
	<u>(2,624)</u>	<u>3,930</u>
CASH (FOR)/FROM OPERATIONS		
Interest paid	(151)	(88)
Tax paid	(94)	(486)
	<u>(2,869)</u>	<u>3,356</u>
NET CASH (FOR)/FROM OPERATING ACTIVITIES		
NET CASH FOR INVESTING ACTIVITIES		
Interest received	14	96
Proceeds from disposal of plant and equipment	48	1,620
Purchases of plant and equipment	(3,970)	(4,739)
Purchase of intangible asset	-	(866)
	<u>(3,908)</u>	<u>(3,889)</u>
NET CASH FOR INVESTING ACTIVITIES		
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Net drawdown of other short-term bank borrowings	559	801
Repayments of hire purchase	(344)	(96)
Repayments of term loans	(93)	(993)
Acquisition of treasury shares	-	(1,106)
	<u>122</u>	<u>(1,394)</u>
NET CASH FROM/(FOR) FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,655)	(1,927)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,325	11,359
EFFECT OF CHANGES IN EXCHANGE RATES	-	(131)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,670</u>	<u>9,301</u>
* Cash and cash equivalents included in the cashflow statements comprise of the following:		
	RM'000	RM'000
Fixed Deposits	1,601	6,210
Cash and bank balances	3,454	3,585
Bank overdraft	(385)	(494)
	<u>4,670</u>	<u>9,301</u>

(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 30 JUNE 2008

	Attributable to Equity Holders of the Parent		Attributable to Equity Holders of the Parent		Dividends RM'000	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	52,415
Net loss for the period	-	-	-	-	(4,015)	(4,015)
As at 30 June 2008	40,000	5,593	(1,843)	20	4,630	48,400
As at 1 January 2007, restated	40,000	5,593	(737)	(74)	7,723	52,505
Net profit for the period	-	-	-	-	1,586	1,586
Purchase shares treasury shares	-	-	(1,106)	-	-	(1,106)
Dividend declared	-	-	-	-	(1,538)	1,538
Translation differences	-	-	-	(131)	-	(131)
As at 30 June 2007	40,000	5,593	(1,843)	(205)	7,771	52,854

(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 second quarter ended 30 June 2008 have been prepared in accordance with Financial Reporting Standard ("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 FRSs 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

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

The adoption of FRSs mentioned above will only impact the form and content of disclosures presented in the financial statements.

A2. Seasonality or Cyclicity Factors

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

A3. 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.

A4. 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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A5. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

During the quarter, 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.

A6. Dividends Paid

There was no dividend paid during the quarter under review.

A7. Segmental Reporting

(A) BY BUSINESS SEGMENT

No business segmental information has been presented as the Group is operating principally in one industry segment.

(B) BY GEOGRAPHICAL SEGMENT

Segment sales	Current Year To Date 30.6.2008 RM'000	Preceding Year Corresponding Quarter 30.6.2007 RM'000
Malaysia	21,090	38,507
Other ASEAN countries	7,830	974
	<u>28,920</u>	<u>39,481</u>

Comparatives are not presented as the overseas subsidiary has commenced its operations in September 2007 and started to deal with third parties in December 2007.

Segment assets	As at 30.6.2008 RM'000	As at 31.12.2007 RM'000
Malaysia	57,424	72,859
Other ASEAN countries	14,167	1,458
	<u>71,591</u>	<u>74,317</u>

Capital expenditure	As at 30.6.2008 RM'000	As at 31.12.2007 RM'000
Malaysia	3,660	3,873
Other ASEAN countries	3,183	6,716
	<u>6,843</u>	<u>10,589</u>

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A8. 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 six month period ended 30 June 2008, the Group acquired plant and machinery at a cost of RM4 million.

A9. Material Events Subsequent to the End of the Quarter Under Review

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

A10. Changes in the Composition of the Group

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

A11. 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 30 June 2008

For the current quarter under review, the Group recorded a revenue of RM14.914 million and loss before tax at RM1.714 million as compared to revenue of RM19.014 million and profit before tax at RM1.255 million for the corresponding quarter in previous financial year.

For the first half year, the Group registered a revenue of RM28.920 million and loss before tax at RM4.479 million as compared to revenue of RM39.481 million and profit before tax at RM1.876 million for the same period in last financial year.

The drop in revenue was primarily attributed to the slowdown in the global economies and market demand for electrical and electronic products. While the loss sustained by the Group was mainly due to the loss of RM2.856 million reported by the subsidiary in Vietnam as a result of low order.

B2. Variation of Results Against Preceding Quarter

The Group's achieved of net loss of RM1.714 million as compared to the preceding quarter of net loss of RM2.765 million.

B3. Prospects of the Group

The Group expects challenging times ahead due to global slowdown. Steps are being taken to mitigate any effects on the Group's results.

B4. Profit Forecast

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

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B5. Tax Expense

Tax expense comprises the following:

	Individual quarter ended		Cumulative quarters ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
In respect of the current period:-				
Income tax	81	(210)	-	(280)
Deferred tax	94	(27)	404	(10)
	<u>175</u>	<u>(237)</u>	<u>404</u>	<u>(290)</u>
In respect of prior year income tax:-				
Income tax	60	-	60	-
Deferred tax	-	-	-	-
Tax income/(expense)	<u>235</u>	<u>(237)</u>	<u>464</u>	<u>(290)</u>

Tax income was arising from the reversal of deferred tax liabilities as a result of the significant additions of property, plant and equipment in both Ezec Technology (M) Sdn. Bhd. and Ge-Shen Plastic (M) Sdn. Bhd..

There is no tax charge for the current quarter as the Group is in a tax loss position.

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.

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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	1,929
Term Loans	502
Hire Purchase Payables	1,212
	<hr/> 3,643
Long Term Borrowings	
Term Loans	204
Hire Purchase Payables	2,241
	<hr/> 2,445
Total	<hr/> 6,088 <hr/>

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 directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this announcement.

B11. Dividend

There were no dividend being declared or proposed by the Company for the quarter ended 30 June 2008.

B12. Audit Report

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

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B13. (Loss)/Earnings Per Share

Basic (loss)/earnings per share (LPS)/EPS

	Individual quarter ended		Cumulative quarters	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
Net (loss)/profit for the period (RM'000)	(1,479)	1,018	(4,015)	1,586
Weighted average number of shares in issue ('000)#	76,908	76,908	76,908	76,908
Basic (LPS)/EPS (sen)	(1.92)	1.32	(5.22)	2.06

Note:

Upon deducting 3,092,000 treasury shares held by the Company as at end of the quarter under review.

Diluted (LPS)/EPS

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