

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
	Current Quarter 30 Sep 2008 RM'000	Preceding Year Corresponding Quarter 30 Sep 2007 RM'000	Current Period To Date 30 Sep 2008 RM'000	Preceding Year Corresponding Period 30 Sep 2007 RM'000
Revenue	15,807	18,755	44,727	58,236
Other income	267	135	567	531
Change in inventories of finished goods and work-in-progress	(13)	128	795	513
Raw material used	(7,003)	(6,244)	(21,871)	(24,851)
Staff cost	(2,727)	(1,968)	(8,687)	(8,110)
Depreciation	(1,462)	(1,092)	(4,237)	(3,210)
Other operating expenses	(5,639)	(8,337)	(16,383)	(19,747)
Finance costs	(98)	(58)	(258)	(167)
(Loss)/Profit before tax	(868)	1,319	(5,347)	3,195
Tax (expense)/income	(111)	(210)	353	(500)
(Loss)/Profit after tax	(979)	1,109	(4,994)	2,695
Attributable to:				
Equity Holders of The Parent	(979)	1,109	(4,994)	2,695
(Loss)/Earnings per share (sen)				
Basic (note B13)	(1.27)	1.44	(6.49)	3.50
Diluted (note B13)	(1.27)	1.44	(6.49)	3.50

(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 30 SEPTEMBER 2008**

	<u>Unaudited</u> As Of 30 Sep 2008 RM'000	<u>Audited</u> As Of 31 Dec 2007 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	41,641	38,101
Goodwill on consolidation	2,168	2,168
	43,809	40,269
CURRENT ASSETS		
Inventories	7,909	5,998
Trade receivables	8,649	9,900
Other receivables, deposits and prepayments	3,607	5,268
Tax recoverable	1,399	1,208
Fixed deposits	1,601	3,695
Cash and bank balances	4,524	7,979
	27,689	34,048
TOTAL ASSETS	71,498	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	3,651	8,645
Exchange translation reserve	20	20
Equity Attributable to Equity Holders of the Parent	47,421	52,415
NON-CURRENT LIABILITIES		
Bank borrowings	2,678	1,202
Deferred taxation	2,492	2,908
	5,170	4,110
CURRENT LIABILITIES		
Trade payables	11,655	10,980
Other payables and accruals	3,211	4,574
Bank borrowings	3,542	1,889
Bank overdraft	499	349
	18,907	17,792
TOTAL LIABILITIES	24,077	21,902
TOTAL EQUITY AND LIABILITIES	71,498	74,317
Net Assets Per Ordinary Share Attributable to Equity Holders of the Parent (RM)	0.62	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)

GE-SHEN CORPORATION BERHAD

Company No. 633814-X

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2008**

	Current Year To Date 30 Sep 2008 RM'000	Preceding Year Corresponding Period 30 Sep 2007 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(5,347)	3,195
Adjustments for:-		
Non-cash items	4,275	3,233
Non-operating items	175	-
Operating (loss)/profit before changes in working capital	(897)	6,428
Net changes in current assets	1,000	1,436
Net changes in current liabilities	(686)	1,054
CASH (FOR)/FROM OPERATIONS	(583)	8,918
Interest paid	(190)	(136)
Tax paid	(253)	(842)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(1,026)	7,940
NET CASH FOR INVESTING ACTIVITIES		
Interest received	14	142
Proceeds from disposal of plant and equipment	48	1,620
Purchases of plant and equipment	(4,480)	(7,957)
NET CASH FOR INVESTING ACTIVITIES	(4,418)	(6,195)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	-	(1,538)
Net drawdown of other short-term bank borrowings	640	1,262
Repayments of hire purchase	(755)	(300)
Repayments of term loans	(140)	(1,189)
Acquisition of treasury shares	-	(1,106)
NET CASH FOR FINANCING ACTIVITIES	(255)	(2,871)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,699)	(1,126)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,325	11,359
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,626	10,233

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

	RM'000	RM'000
Fixed Deposits**	1,601	5,219
Cash and bank balances	4,524	5,520
Bank overdraft	(499)	(506)
	<u>5,626</u>	<u>10,233</u>

** Included in fixed deposits are RM1.0 million (2007: RM1.0 million) which have been pledged to licensed banks for banking facilities made available to the Group.

(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)

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Attributable to Equity Holders of the Parent		Distributable		Total RM'000
	Share capital RM'000	Non-distributable	Exchange translation reserve RM'000	Retained profits RM'000	
As at 1 January 2008	40,000	5,593	(1,843)	20	52,415
Net loss for the period	-	-	-	(4,994)	(4,994)
As at 30 September 2008	40,000	5,593	(1,843)	20	47,421
As at 1 January 2007, restated	40,000	5,593	(737)	(74)	52,505
Net profit for the period	-	-	-	2,695	2,695
Purchase of treasury shares	-	-	(1,106)	-	(1,106)
Dividends paid	-	-	-	(1,538)	(1,538)
As at 30 September 2007	40,000	5,593	(1,843)	(74)	52,556

(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)

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the third quarter ended 30 September 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 the above FRSs does not have any material financial effect on the financial statements of the Group.

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.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
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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 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 Period To Date 30.9.2008 RM'000	Preceding Year Corresponding Period 30.9.2007 RM'000
Malaysia	30,672	52,892
Other ASEAN countries	14,055	5,344
	<u>44,727</u>	<u>58,236</u>

Segment assets	As at 30.9.2008 RM'000	As at 31.12.2007 RM'000
Malaysia	57,196	72,859
Other ASEAN countries	14,302	1,458
	<u>71,498</u>	<u>74,317</u>

Capital expenditure	Current Period To Date 30.9.2008 RM'000	Preceding Year 12 months Period To 31.12.2007 RM'000
Malaysia	5,975	3,873
Other ASEAN countries	1,887	6,716
	<u>7,862</u>	<u>10,589</u>

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
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A8. Property, Plant and Equipment

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

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.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Group's Results for the Quarter Ended 30 September 2008

For the current quarter under review, the Group recorded a revenue of RM15.807 million and loss before tax at RM0.868 million as compared to revenue of RM18.755 million and profit before tax at RM1.319 million for the corresponding quarter in previous financial year.

For the 9 months period ended 30 September 2008, the Group registered a revenue of RM44.727 million and loss before tax at RM5.347 million as compared to revenue of RM58.236 million and profit before tax at RM3.195 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. The loss by the Group was mainly due to the loss of RM3.266 million reported by the subsidiary in Vietnam as a result of low order.

B2. Variation of Results Against Preceding Quarter

The Group achieved a net loss of RM0.979 million as compared to the preceding quarter of net loss of RM1.479 million.

B3. Prospects of the Group

The Group anticipates the effect of the global slowdown to materially impact its financial results for the rest of the year. Though steps have been taken to mitigate the impact, any benefits arising therefrom are not expected to be felt until sometime towards the later part of the financial year ending 31 December 2009.

B4. Profit Forecast

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

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
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B5. Tax Expense

Tax expense comprises the following:

	Individual quarter ended		Cumulative quarters ended	
	30 Sep 2008 RM'000	30 Sep 2007 RM'000	30 Sep 2008 RM'000	30 Sep 2007 RM'000
In respect of the current period:-				
Income tax	(122)	(226)	(122)	(506)
Deferred tax	(75)	16	329	6
	<u>(197)</u>	<u>(210)</u>	<u>207</u>	<u>(500)</u>
In respect of prior year income tax:-				
Income tax	-	-	60	-
Deferred tax	86	-	86	-
Tax (expense)/income	<u>(111)</u>	<u>(210)</u>	<u>353</u>	<u>(500)</u>

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

Tax charge for the current quarter was mainly due to balancing charges arising from disposals of plant and equipment.

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	2,010
Term Loans	206
Hire Purchase Payables	1,326
	<hr/> 3,542
Long Term Borrowings	
Term Loans	453
Hire Purchase Payables	2,225
	<hr/> 2,678
Total	<hr/> <hr/> 6,220

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 September 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 Sep 2008	30 Sep 2007	30 Sep 2008	30 Sep 2007
Net (loss)/profit for the period (RM'000)	(979)	1,109	(4,994)	2,695
Weighted average number of shares in issue ('000)#	76,908	76,908	76,908	76,908
Basic (LPS)/EPS (sen)	(1.27)	1.44	(6.49)	3.50

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.

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B13. (Loss)/Earnings Per Share

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

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