

**GE-SHEN CORPORATION BERHAD**Company No. 633814-X  
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2008**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
	Current Quarter 31 Dec 2008 RM'000	Preceding Year Corresponding Quarter 31 Dec 2007 RM'000 (Restated)	Current Period To Date 31 Dec 2008 RM'000	Preceding Year Corresponding Period 31 Dec 2007 RM'000 (Restated)
Revenue	20,198	20,156	64,925	78,392
Other income	216	181	785	712
Change in inventories of finished goods and work-in-progress	(670)	486	125	999
Raw material used	(9,249)	(11,130)	(31,119)	(35,981)
Staff cost	(2,656)	(4,357)	(11,343)	(12,467)
Depreciation	(1,507)	(1,129)	(5,745)	(4,339)
Other operating expenses	(6,482)	(4,092)	(22,867)	(23,839)
Finance costs	(111)	(248)	(368)	(415)
<b>(Loss)/Profit before tax</b>	<b>(261)</b>	<b>(133)</b>	<b>(5,607)</b>	<b>3,062</b>
Tax (expense)/income	(331)	(102)	22	(602)
<b>(Loss)/Profit after tax</b>	<b>(592)</b>	<b>(235)</b>	<b>(5,585)</b>	<b>2,460</b>
<b>Attributable to:</b>				
Equity Holders of The Parent	(592)	(235)	(5,585)	2,460
<b>(Loss)/Earnings per share (sen)</b>				
Basic (note B13)	(0.77)	(0.31)	(7.26)	3.20
Diluted (note B13)	(0.77)	(0.31)	(7.26)	3.20

(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**Company No. 633814-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS OF 31 DECEMBER 2008**

	<u>Unaudited</u> As Of 31 Dec 2008 RM'000	<u>Audited</u> As Of 31 Dec 2007 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	41,650	38,101
Goodwill on consolidation	2,168	2,168
	<u>43,818</u>	<u>40,269</u>
<b>CURRENT ASSETS</b>		
Inventories	6,623	5,998
Trade receivables	12,244	9,900
Other receivables, deposits and prepayments	3,301	5,268
Tax recoverable	1,276	1,208
Fixed deposits	1,609	3,695
Cash and bank balances	4,332	7,979
	<u>29,385</u>	<u>34,048</u>
<b>TOTAL ASSETS</b>	<u>73,203</u>	<u>74,317</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	40,000	40,000
Share premium	5,593	5,593
Treasury shares	(1,843)	(1,843)
Retained profits	3,060	8,645
Exchange translation reserve	20	20
Equity Attributable to Equity Holders of the Parent	<u>46,830</u>	<u>52,415</u>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	4,457	1,202
Deferred taxation	2,807	2,908
	<u>7,264</u>	<u>4,110</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	7,970	10,980
Other payables and accruals	6,445	4,574
Bank borrowings	4,476	1,889
Bank overdraft	218	349
	<u>19,109</u>	<u>17,792</u>
<b>TOTAL LIABILITIES</b>	<u>26,373</u>	<u>21,902</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>73,203</u>	<u>74,317</u>
Net Assets Per Ordinary Share Attributable to Equity Holders of the Parent (RM)	0.61	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**

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2008**

	Current Year To Date 31 Dec 2008 RM'000	Preceding Year Corresponding Period 31 Dec 2007 RM'000 (Restated)
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(5,607)	3,062
Adjustments for:-		
Non-cash items	5,823	4,533
Non-operating items	<u>278</u>	<u>15</u>
Operating (loss)/profit before changes in working capital	494	7,610
Net changes in current assets	(1,115)	2,466
Net changes in current liabilities	<u>(1,067)</u>	<u>2,095</u>
<b>CASH (FOR)/FROM OPERATIONS</b>	<b>(1,688)</b>	<b>12,171</b>
Interest paid	(301)	(185)
Tax paid	<u>(146)</u>	<u>(438)</u>
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b><u>(2,135)</u></b>	<b><u>11,548</u></b>
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Interest received	23	170
Proceeds from disposal of plant and equipment	91	1,098
Purchases of plant and equipment	<u>(4,050)</u>	<u>(9,572)</u>
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b><u>(3,936)</u></b>	<b><u>(8,304)</u></b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid	-	(1,538)
Net drawdown of other short-term bank borrowings	1,567	724
Repayments of hire purchase	(1,004)	(365)
Repayments of term loans	(187)	(1,264)
Acquisition of treasury shares	<u>-</u>	<u>(1,106)</u>
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b><u>376</u></b>	<b><u>(3,549)</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,695)</b>	<b>(305)</b>
<b>NET CHANGE IN FOREX</b>	<b>93</b>	<b>271</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b><u>11,325</u></b>	<b><u>11,359</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>5,723</u></b>	<b><u>11,325</u></b>

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

	RM'000	RM'000
Fixed Deposits**	1,609	3,695
Cash and bank balances	4,332	7,979
Bank overdraft	<u>(218)</u>	<u>(349)</u>
	<u>5,723</u>	<u>11,325</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**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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		Retained profits RM'000
As at 1 January 2008	40,000	5,593	(1,843)	20	8,645	52,415
Exchange translation differences	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(5,585)	(5,585)
As at 31 December 2008	40,000	5,593	(1,843)	20	3,060	46,830
As at 1 January 2007, restated	40,000	5,593	(737)	(74)	7,723	52,505
Net profit for the period	-	-	-	-	2,460	2,460
Exchange translation differences	-	-	-	94	-	94
Purchase of treasury shares	-	-	(1,106)	-	-	(1,106)
Dividends paid	-	-	-	-	(1,538)	(1,538)
As at 31 December 2007	40,000	5,593	(1,843)	20	8,645	52,415

(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**

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### **A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134**

#### **A1. Basis of Preparation**

The unaudited condensed interim financial statements for the fourth quarter ended 31 December 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

Amendment 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 Cyclical 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 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 31.12.2008 RM'000	Preceding Year Corresponding Period 31.12.2007 RM'000
Malaysia	39,702	65,610
Other ASEAN countries	25,223	12,782
	<u>64,925</u>	<u>78,392</u>
Segment assets	As at 31.12.2008 RM'000	As at 31.12.2007 RM'000
Malaysia	59,478	72,859
Other ASEAN countries	13,725	1,458
	<u>73,203</u>	<u>74,317</u>
Capital expenditure	Current Period To Date 31.12.2008 RM'000	Preceding Year 12 months Period To 31.12.2007 RM'000
Malaysia	7,537	3,873
Other ASEAN countries	1,977	6,716
	<u>9,514</u>	<u>10,589</u>

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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.

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### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

#### **B1. Review of Group's Results for the Quarter Ended 31 December 2008**

For the current quarter under review, the Group recorded a revenue of RM20.198 million and profit before tax at RM0.261 million as compared to revenue of RM20.156 million and loss before tax at RM0.133 million for the corresponding quarter in previous financial year.

For the 12 months period ended 31 December 2008, the Group registered a revenue of RM64.925 million and loss before tax at RM5.607 million as compared to revenue of RM78.392 million and profit before tax at RM3.062 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 RM0.691 million reported by the subsidiary in Vietnam as a result of low order.

#### **B2. Variation of Results Against Preceding Quarter**

The Group achieved a profit before tax of RM0.261 million as compared to the preceding quarter of loss before tax of RM0.868 million.

#### **B3. Prospects of the Group**

The Group anticipates the effect of the global slowdown to continue to materially impact its financial results. 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.



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**B5. Tax Expense/(Income)**

Tax expense comprises the following:

	Individual quarter ended		Cumulative quarters ended	
	31 Dec 2008 RM'000	31 Dec 2007 RM'000	31 Dec 2008 RM'000	31 Dec 2007 RM'000
In respect of the current period:-				
Income tax	16	121	138	627
Deferred tax	323	(101)	(6)	95
	<u>339</u>	<u>20</u>	<u>132</u>	<u>722</u>
In respect of prior year income tax:-				
Income tax	-	2	(60)	2
Deferred tax	(8)	80	(94)	(122)
Tax expense/(income)	<u>331</u>	<u>102</u>	<u>(22)</u>	<u>602</u>

Tax income for the financial year-to-date was mainly due to balancing charges arising from disposals for plant and equipment.

Tax charge for the current quarter was mainly due to deferred tax liability charge on temporary differences arising from 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
<b>Short Term Borrowings</b>	
Bankers' Acceptance	2,132
Term Loans	199
Hire Purchase Payables	2,145
	<hr/> 4,476
<b>Long Term Borrowings</b>	
Term Loans	785
Hire Purchase Payables	3,672
	<hr/> 4,457
<b>Total</b>	<hr/> <hr/> 8,933

### 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 31 December 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	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Net (loss)/profit for the period (RM'000)	(592)	(235)	(5,585)	2,460
Weighted average number of shares in issue ('000)#	76,908	76,908	76,908	76,908
Basic (LPS)/EPS (sen)	(0.77)	(0.31)	(7.26)	3.20

**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.