

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2009**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
	Current Quarter 31 Mar 2009 RM'000	Preceding Year Corresponding Quarter 31 Mar 2008 RM'000	Current Period To Date 31 Mar 2009 RM'000	Preceding Year Corresponding Period 31 Mar 2008 RM'000
Revenue	16,078	14,006	16,078	14,006
Other income	15	234	15	234
Change in inventories of finished goods and work-in-progress	(771)	607	(771)	607
Raw material used	(4,400)	(7,313)	(4,400)	(7,313)
Staff cost	(2,752)	(3,159)	(2,752)	(3,159)
Depreciation	(1,514)	(1,367)	(1,514)	(1,367)
Other operating expenses	(6,188)	(5,701)	(6,188)	(5,701)
Finance costs	(137)	(72)	(137)	(72)
Profit /(Loss) before tax	331	(2,765)	331	(2,765)
Tax income	131	229	131	229
Profit /(Loss) after tax	462	(2,536)	462	(2,536)
Attributable to:				
Equity Holders of The Parent	462	(2,536)	462	(2,536)
Earnings /(Loss) per share (sen)				
Basic (note B12)	0.60	(3.30)	0.60	(3.30)
Diluted (note B12)	0.60	(3.30)	0.60	(3.30)

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009**

	<u>Unaudited</u> As Of 31 Mar 2009 RM'000	<u>Audited</u> As Of 31 Dec 2008 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	42,972	41,659
Goodwill on consolidation	2,168	2,168
	<u>45,140</u>	<u>43,827</u>
CURRENT ASSETS		
Inventories	7,098	6,623
Trade receivables	7,986	11,156
Other receivables, deposits and prepayments	3,093	3,325
Tax recoverable	1,578	1,236
Fixed deposits	1,951	1,951
Cash and bank balances	2,768	4,332
	<u>24,474</u>	<u>28,623</u>
TOTAL ASSETS	<u>69,614</u>	<u>72,450</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	40,000
Share premium	5,593	5,593
Treasury shares	(1,843)	(1,843)
Retained profits	3,102	2,640
Exchange translation reserve	(92)	20
Equity Attributable to Equity Holders of the Parent	<u>46,760</u>	<u>46,410</u>
NON-CURRENT LIABILITIES		
Bank borrowings	5,467	4,456
Deferred taxation	2,543	2,789
	<u>8,010</u>	<u>7,245</u>
CURRENT LIABILITIES		
Trade payables	7,959	11,696
Other payables and accruals	1,443	2,406
Bank borrowings	4,950	4,475
Bank overdraft	492	218
	<u>14,844</u>	<u>18,795</u>
TOTAL LIABILITIES	<u>22,854</u>	<u>26,040</u>
TOTAL EQUITY AND LIABILITIES	<u>69,614</u>	<u>72,450</u>
Net Assets Per Ordinary Share Attributable to Equity Holders of the Parent (RM)	0.61	0.60

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009**

	Current Year To Date 31 Mar 2009 RM'000	Preceding Year Corresponding Period 31 Mar 2008 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit /(Loss) before tax	331	(2,765)
Adjustments for:-		
Non-cash items	1,514	1,404
Non-operating items	<u>678</u>	<u>45</u>
Operating profit /(loss) before changes in working capital	2,523	(1,316)
Net changes in current assets	2,375	390
Net changes in current liabilities	<u>(4,795)</u>	<u>782</u>
CASH FOR OPERATIONS	103	(144)
Interest paid	(126)	(58)
Tax paid	<u>(456)</u>	<u>(11)</u>
NET CASH FOR OPERATING ACTIVITIES	<u>(479)</u>	<u>(213)</u>
NET CASH FOR INVESTING ACTIVITIES		
Interest received	-	13
Proceeds from disposal of plant and equipment	-	48
Purchases of plant and equipment	<u>(2,734)</u>	<u>(4,765)</u>
NET CASH FOR INVESTING ACTIVITIES	<u>(2,734)</u>	<u>(4,704)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of other short-term bank borrowings	2,109	535
Repayments of hire purchase	(577)	(132)
Repayments of term loans	<u>(46)</u>	<u>(46)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>1,486</u>	<u>357</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,727)	(4,560)
EFFECT OF CHANGES IN EXCHANGE RATES	(111)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>6,065</u>	<u>11,325</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,227</u>	<u>6,765</u>

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

	RM'000	RM'000
Fixed Deposits**	1,951	3,706
Cash and bank balances	2,768	3,454
Bank overdraft	<u>(492)</u>	<u>(395)</u>
	<u>4,227</u>	<u>6,765</u>

** Included in fixed deposits are RM1.0 million (2008: 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 2008 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 2009

	Share capital		Share premium		Attributable to Equity Holders of the Parent		Exchange translation reserve		Retained profits		Total
	RM'000	RM'000	RM'000	RM'000	Non-distributable	Distributable	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2009	40,000	-	5,593	(1,843)	-	20	2,640	-	-	46,410	
Exchange translation differences	-	-	-	-	-	(112)	-	-	-	(112)	
Net profit for the period	-	-	-	-	-	-	462	-	462	462	
As at 31 March 2009	40,000	-	5,593	(1,843)	-	(92)	3,102	-	-	46,760	
As at 1 January 2008, restated	40,000	-	5,593	(1,843)	-	20	8,645	-	-	52,415	
Net loss for the period	-	-	-	-	-	-	(2,536)	-	-	(2,536)	
As at 31 March 2008	40,000	-	5,593	(1,843)	-	20	6,109	-	-	49,879	

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009 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 2008.

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 2008.

At the date of authorization of these interim financial statements, the following FRSs and interpretation were issued but not yet effective and have not been applied by the Group :-

<u>FRSs and Interpretations</u>	<u>Effective for financial periods beginning on or after</u>
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosure	1 January 2010
FRS 8 Operating Segments	1 July 2009
FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010

The adoption of the above FRSs and interpretation upon their effective dates are not expected to have significant financial impact to 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.

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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.

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

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 March 2009				
Revenue				
- Sales to external customer	14,132	1,946	-	16,078
- Inter-segment sales	-	34	(34)	-
Total revenue	<u>14,132</u>	<u>1,980</u>	<u>(34)</u>	<u>16,078</u>
Segment results	<u>1,492</u>	<u>(936)</u>	<u>(88)</u>	468
Finance Cost				(137)
Profit before tax				<u>331</u>
As at 31 March 2008				
Revenue				
- Sales to external customer	13,846	160	-	14,006
- Inter-segment sales	-	-	-	-
Total revenue	<u>13,846</u>	<u>160</u>	<u>-</u>	<u>14,006</u>
Segment results	<u>48</u>	<u>(1,149)</u>	<u>(1,592)</u>	(2,693)
Finance Cost				(72)
Loss before tax				<u>(2,765)</u>

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A8. 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.

A9. Changes in the Composition of the Group

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

A10. 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 2009

For the current quarter under review, the Group recorded a revenue of RM16.078 million and profit before tax at RM0.331 million as compared to revenue of RM14.006 million and loss before tax at RM2.765 million for the corresponding quarter in previous financial year.

B2. Variation of Results Against Preceding Quarter

The Group achieved a profit before tax of RM0.331 million as compared to the preceding quarter of loss before tax of RM2.765 million.

B3. Prospects of the Group

Measures taken in preparation for global slowdown have resulted in better financial results registered for the first quarter of the year. However, the Group expects the effect from the global slowdown to continue impact its financial performance.

B4. Profit Forecast

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

B5. Tax Income

Tax income comprises the following:

	Individual quarter ended		Cumulative quarters ended	
	31 Mar 2009 RM'000	31 Mar 2008 RM'000	31 Mar 2009 RM'000	31 Mar 2008 RM'000
In respect of the current period:-				
Income tax	(93)	(81)	(93)	(81)
Deferred tax	127	310	127	310
	<u>34</u>	<u>229</u>	<u>34</u>	<u>229</u>
In respect of prior year income tax:-				
Income tax	-	-	-	-
Deferred tax	97	-	97	-
Tax income	<u>131</u>	<u>229</u>	<u>131</u>	<u>229</u>

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B5. Tax Income (cont'd)

The effective tax rate for the current quarter is lower than its statutory tax rate mainly due to tax incentive enjoyed by its subsidiary.

For its Vietnam's subsidiary, the company is exempted from corporate income tax for 4 (four) years commencing from the first year having taxable income and shall be granted a 50% (fifty percent) reduction of corporate income tax for period of 7 (seven) subsequent years.

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	1,862
Term Loans	264
Hire Purchase Payables	2,824
Bank Overdraft	492
	<hr/> 5,442
Long Term Borrowings	
Term Loans	1,052
Hire Purchase Payables	4,415
	<hr/> 5,467
Total	<hr/> <hr/> 10,909

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

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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 March 2009.

B12. Earnings /(Loss) Per Share

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

	Individual quarter ended		Cumulative quarters	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
Net profit /(loss) for the period (RM'000)	462	(2,536)	462	(2,536)
Weighted average number of shares in issue ('000)#	76,908	76,908	76,908	76,908
Basic EPS /(LPS) (sen)	0.60	(3.30)	0.60	(3.30)

Note:

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

Diluted EPS /(LPS)

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

B13. Audit Report

The auditors' report of the Company for the financial year ended 31 December 2008 was not subject to any qualification.