

**GE-SHEN CORPORATION BERHAD**Company No. 633814-X  
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2009**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
	Current Quarter 31 Dec 2009 RM'000	Preceding Year Corresponding Quarter 31 Dec 2008 RM'000 (Restated)	Current Year To Date 31 Dec 2009 RM'000	Preceding Year Corresponding Period 31 Dec 2008 RM'000 (Restated)
Revenue	21,731	19,219	68,812	63,946
Other income	11	1,091	106	1,658
Change in inventories of finished goods and work-in-progress	748	(448)	319	347
Raw material used	(13,300)	(9,490)	(32,810)	(31,361)
Staff cost	(3,680)	(4,811)	(12,329)	(13,498)
Depreciation	(1,390)	(1,501)	(5,841)	(5,738)
Other operating expenses	(7,801)	(4,609)	(25,974)	(20,992)
Finance costs	(122)	(110)	(568)	(368)
<b>Loss before tax</b>	<b>(3,803)</b>	<b>(659)</b>	<b>(8,285)</b>	<b>(6,006)</b>
Tax (expense)/income	(56)	(352)	399	1
<b>Loss after tax</b>	<b>(3,859)</b>	<b>(1,011)</b>	<b>(7,886)</b>	<b>(6,005)</b>
<b>Attributable to:</b>				
Equity Holders of The Parent	(3,859)	(1,011)	(7,886)	(6,005)
<b>Loss per share (sen)</b>				
Basic (note B12)	(5.02)	(1.31)	(10.25)	(7.81)
Diluted (note B12)	(5.02)	(1.31)	(10.25)	(7.81)

**(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 BERHAD**Company No. 633814-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS OF 31 DECEMBER 2009**

	<u>Unaudited</u> As Of 31 Dec 2009 RM'000	<u>Audited</u> As Of 31 Dec 2008 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	37,111	41,659
Goodwill on consolidation	-	2,168
	37,111	43,827
<b>CURRENT ASSETS</b>		
Inventories	7,251	6,623
Trade receivables	8,850	11,156
Other receivables, deposits and prepayments	1,939	3,325
Tax recoverable	1,171	1,236
Fixed deposits	3,490	1,951
Cash and bank balances	6,400	4,332
	29,101	28,623
<b>TOTAL ASSETS</b>	66,212	72,450
<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)
(Accumulated loss)/Retained profits	(5,246)	2,640
Exchange translation reserve	250	20
	38,754	46,410
Equity Attributable to Equity Holders of the Parent	38,754	46,410
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	3,339	4,456
Deferred taxation	2,238	2,789
	5,577	7,245
<b>CURRENT LIABILITIES</b>		
Trade payables	10,598	11,696
Other payables and accruals	3,416	2,406
Bank borrowings	7,413	4,475
Bank overdraft	454	218
	21,881	18,795
<b>TOTAL LIABILITIES</b>	27,458	26,040
<b>TOTAL EQUITY AND LIABILITIES</b>	66,212	72,450
Net Assets Per Ordinary Share Attributable to Equity Holders of the Parent (RM)	0.50	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)**

**GE-SHEN CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

	<b>Current Year To Date 31 Dec 2009 RM'000</b>	<b>Preceding Year Corresponding Period 31 Dec 2008 RM'000 (Restated)</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Loss before tax	(8,285)	(6,006)
Adjustments for:-		
Non-cash items	10,765	5,996
Non-operating items	<u>385</u>	<u>(45)</u>
Operating profit/(loss) before changes in working capital	2,865	(55)
Net changes in current assets	2,512	(19)
Net changes in current liabilities	<u>225</u>	<u>(950)</u>
CASH FROM/(FOR) OPERATIONS	5,602	(1,024)
Interest paid	(438)	(320)
Tax paid	<u>(87)</u>	<u>(253)</u>
NET CASH FROM/(FOR) OPERATING ACTIVITIES	<u>5,077</u>	<u>(1,597)</u>
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Interest received	54	365
Proceeds from disposal of plant and equipment	340	91
Purchases of plant and equipment	<u>(2,011)</u>	<u>(4,148)</u>
NET CASH FOR INVESTING ACTIVITIES	<u>(1,617)</u>	<u>(3,692)</u>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Net drawdown of other short-term bank borrowings	2,116	763
Drawdown of term loan	380	372
Repayments of hire purchase	(2,134)	(1,012)
Repayments of term loans	<u>(215)</u>	<u>(187)</u>
NET CASH FROM/(FOR) FINANCING ACTIVITIES	<u>147</u>	<u>(64)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,607	(5,353)
Effect of changes in exchange rates	(236)	93
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><u>9,436</u></u>	<u><u>6,065</u></u>

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

	<b>RM'000</b>	<b>RM'000</b>
Fixed Deposits**	3,490	1,951
Cash and bank balances	6,400	4,332
Bank overdraft	<u>(454)</u>	<u>(218)</u>
	<u><u>9,436</u></u>	<u><u>6,065</u></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)**

**GE-SHEN CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2009**

	←————— Attributable to Equity Holders of the Parent —————→					Total RM'000
	←————— Non-distributable —————→			Distributable Retained		
	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Exchange translation reserve RM'000	profits/ (Accumulated Loss) RM'000	
As at 1 January 2009	40,000	5,593	(1,843)	20	2,640	46,410
Exchange translation differences	-	-	-	230	-	230
Net loss for the year	-	-	-	-	(7,886)	(7,886)
As at 31 December 2009	40,000	5,593	(1,843)	250	(5,246)	38,754
As at 1 January 2008, restated	40,000	5,593	(1,843)	20	8,645	52,415
Net loss for the year	-	-	-	-	(6,005)	(6,005)
As at 31 December 2008	40,000	5,593	(1,843)	20	2,640	46,410

**(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)**

## **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 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 Main Market 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.

#### **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.

#### **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.

## GE-SHEN CORPORATION BERHAD

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### 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
<b>As at 31 Dec 2009</b>				
Revenue				
- Sales to external customer	60,348	8,464	-	68,812
- Inter-segment sales	-	44	(44)	-
Total revenue	<u>60,348</u>	<u>8,508</u>	<u>(44)</u>	<u>68,812</u>
Segment results	<u>(956)</u>	<u>(4,306)</u>	<u>(2,455)</u>	<u>(7,717)</u>
Finance cost				<u>(568)</u>
Loss before tax				<u>(8,285)</u>
<b>As at 31 Dec 2008</b>				
Revenue				
- Sales to external customer	61,451	2,495	-	63,946
- Inter-segment sales	-	248	(248)	-
Total revenue	<u>61,451</u>	<u>2,743</u>	<u>(248)</u>	<u>63,946</u>
Segment results	<u>(3,180)</u>	<u>(4,631)</u>	<u>2,173</u>	<u>(5,638)</u>
Finance cost				<u>(368)</u>
Loss before tax				<u>(6,006)</u>

### 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.

## **GE-SHEN CORPORATION BERHAD**

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

#### **B1. Review of Group's Results for the Quarter Ended 31 Dec 2009**

For the current quarter under review, the Group recorded a revenue of RM21.731 million and loss before tax at RM3.803 million as compared to revenue of RM19.219 million and loss before tax at RM0.659 million for the corresponding quarter in previous financial year.

Included in the loss before tax of RM3.803 million in current quarter is goodwill impairment of RM2.168 million. The goodwill was in respect of from the acquisition of a subsidiary, namely Ezeq Technology (M) Sdn. Bhd.

For the current financial year to date, the Group recorded a revenue of RM68.812 million and loss before tax at RM8.285 million as compared to revenue of RM63.946 million and loss before tax at RM6.006 million for the corresponding period in previous financial year.

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

The Group reported a loss before tax of RM3.803 million as compared to the preceding quarter of loss before tax of RM0.659 million.

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

The Group is registering increasing level of orders but the Group does not expect any significant changes in its financial results over the short term due to the adverse impact from rising cost.

#### **B4. Profit Forecast**

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

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**B5. Tax Expense / Income**

Tax expense/income comprises the following:-

	Individual quarter ended		Cumulative quarters ended	
	31 Dec 2009 RM'000	31 Dec 2008 RM'000	31 Dec 2009 RM'000	31 Dec 2008 RM'000
In respect of the current period:-				
Income tax	36	(56)	(158)	(178)
Deferred tax	(71)	(304)	222	25
	<u>(35)</u>	<u>(360)</u>	<u>64</u>	<u>(153)</u>
In respect of prior year income tax:-				
Income tax	-	-	7	60
Deferred tax	(21)	8	328	94
Tax (expense)/income	<u>(56)</u>	<u>(352)</u>	<u>399</u>	<u>1</u>

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 the Vietnam entity 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.



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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:-

	<b>Total RM'000</b>
<b>Short Term Borrowings</b>	
Bankers' Acceptances	4,248
Term Loans	272
Hire Purchase Payables	2,893
	<hr/> 7,413
<b>Long Term Borrowings</b>	
Term Loans	877
Hire Purchase Payables	2,462
	<hr/> 3,339
<b>Total</b>	<hr/> <hr/> 10,752

### 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 2009.

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### B12. Loss Per Share

#### Basic loss per share (LPS)

	Individual quarter ended		Cumulative quarters	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Loss for the period (RM'000)	(3,859)	(1,011)	(7,886)	(6,005)
Weighted average number of shares in issue ('000)#	76,908	76,908	76,908	76,908
Basic LPS (sen)	(5.02)	(1.31)	(10.25)	(7.81)

Note:

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

#### Diluted LPS

Diluted LPS is equal to the basic 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.