

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2010

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
	Current Quarter 30 June 2010 RM'000	Preceding Year Corresponding Quarter 30 June 2009 RM'000 (Restated)	Current Year to Date 30 June 2010 RM'000	Preceding Year Corresponding Period 30 June 2009 RM'000 (Restated)
Revenue	20,080	13,372	43,023	29,450
Other income	91	118	111	133
Change in inventories for finished goods and work-in-progress	955	(124)	1,138	(895)
Raw materials used	(11,686)	(4,288)	(21,882)	(8,688)
Staff costs	(2,533)	(2,291)	(6,224)	(5,043)
Depreciation	(1,465)	(1,534)	(2,854)	(3,048)
Other operating expenses	(5,485)	(8,267)	(12,889)	(14,455)
Finance costs	(144)	(204)	(272)	(341)
(Loss) / Profit before tax	(187)	(3,218)	151	(2,887)
Tax (expense)/income	(85)	(17)	(222)	114
Loss after tax	(272)	(3,235)	(71)	(2,773)
Other Comprehensive Income				
Exchange differences on translating foreign operations	(16)	4	363	(108)
Total Comprehensive Income for the year	(288)	(3,231)	292	(2,881)
Profit attributable to:				
Equity Holders of The Parent	(256)	(3,235)	(27)	(2,773)
Minority Interest	(16)	-	(44)	-
	(272)	(3,235)	(71)	(2,773)
Total comprehensive income attributable to:				
Equity Holders of The Parent	(272)	(3,231)	336	(2,881)
Minority Interest	(16)	-	(44)	-
	(288)	(3,231)	292	(2,881)
Loss per share (sen)	(0.35)	(4.21)	(0.09)	(3.61)
Basic (Note B12)				
Diluted (Note B12)	(0.35)	(4.21)	(0.09)	(3.61)

The condensed consolidated statement of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	<u>Unaudited</u> <u>As at 30</u> <u>June 2010</u> <u>RM '000</u>	<u>Audited</u> <u>As at 31</u> <u>Dec 2009</u> <u>RM '000</u>
ASSETS		
Non-Current Asset		
Property, plant and equipment	<u>36,548</u>	<u>36,977</u>
Current Assets		
Inventories	8,651	7,251
Trade receivables	9,767	8,883
Other receivables, deposits and prepayments	2,265	1,906
Tax recoverable	931	1,171
Fixed deposits	2,009	3,490
Cash and bank balances	<u>7,608</u>	<u>6,397</u>
	<u>31,231</u>	<u>29,098</u>
Total Assets	<u><u>67,779</u></u>	<u><u>66,075</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	40,000
Share premium	5,593	5,593
Treasury shares	(1,843)	(1,843)
Accumulated losses	(5,377)	(5,350)
Minority interest	56	-
Exchange translation reserve	<u>615</u>	<u>252</u>
Equity Attributable to Equity Holders of the Parent	<u>39,044</u>	<u>38,652</u>
Non-Current Liabilities		
Bank borrowings	<u>2,319</u>	<u>3,339</u>
Deferred taxation	<u>2,155</u>	<u>2,239</u>
	<u>4,474</u>	<u>5,578</u>
Current Liabilities		
Trade payables	12,622	11,409
Other payables and accruals	3,362	2,570
Bank borrowings	7,822	7,412
Bank overdraft	<u>455</u>	<u>454</u>
	<u>24,261</u>	<u>21,845</u>
Total Liabilities	<u>28,735</u>	<u>27,423</u>
Total Equity and Liabilities	<u><u>67,779</u></u>	<u><u>66,075</u></u>
Net Assets Per Ordinary Shares Attributable to Equity Holders of the Parent (RM)	<u>0.51</u>	<u>0.50</u>

The condensed consolidated statement of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

	Current Year to Date 30 June 2010 RM'000	Preceding Year Corresponding Period 30 June 2009 RM'000 (Restated)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit / (Loss) before tax	150	(2,887)
Adjustment for:-		
Non-cash items	3,833	3,048
Non-operating items	222	805
Operating profit before working capital changes	4,205	966
Net changes in current assets	(2,694)	3,991
Net changes in current liabilities	2,003	(4,218)
CASH FROM OPERATIONS	3,514	739
Interest paid	(244)	(253)
Tax paid	(65)	(488)
NET CASH FROM / (FOR) OPERATING ACTIVITIES	3,205	(2)
NET CASH FOR INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	1	2,390
Interest received	22	-
Purchase of property, plant and equipment	(2,824)	(2,741)
NET CASH FOR INVESTING ACTIVITIES	(2,801)	(351)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of other short-term bank borrowings	473	3,644
Drawdown of hire purchase	227	-
Repayment of other short-term bank borrowings	-	-
Repayment of hire purchase	(1,178)	(1,215)
Repayment of term loan	(131)	(86)
NET CASH (FOR) / FROM FINANCING ACTIVITIES	(609)	2,343
Net cash (DECREASE) / INCREASE in and cash equivalents	(205)	1,990
Effect of changes in exchange rates	(65)	(109)
Cash and cash equivalents at beginning of period	9,432	6,065
Cash and cash equivalents at end of period	9,162	7,946

The condensed consolidated statement of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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
SECOND QUARTER ENDED 31 JUNE 2010
(continued)**

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

	RM'000	RM'000
Fixed deposits**	2,009	1,968
Cash and bank balances	7,608	6,431
Bank overdraft	<u>(455)</u>	<u>(453)</u>
	<u><u>9,162</u></u>	<u><u>7,946</u></u>

** included in fixed deposits are RM1.0 million (2009: RM1.0 million) which have been pledged to licensed banks for banking facilities made available to the Group.

The condensed consolidated statement of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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

Statement of compliance

The unaudited condensed interim financial statements for the first quarter ended 30 June 2010 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 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 2009.

Significant accounting policies

Except as described below, 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 2009.

(a) Change in accounting policy

(i) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

l) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event and embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

Significant accounting policies (continued)

(a) Change in accounting policy (continued)

(i) FRS 139, *Financial Instruments: Recognition and Measurement (continued)*

II) Financial Instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

Significant accounting policies (continued)

(a) Change in accounting policy (continued)

(i) FRS 139, *Financial Instruments: Recognition and Measurement* (continued)

II) Financial Instrument categories and subsequent measurement (continued)

Financial assets (continued)

(d) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair values through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

Significant accounting policies (continued)

(a) Change in accounting policy (continued)

(i) FRS 139, *Financial Instruments: Recognition and Measurement (continued)*

III) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an assets to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

IV) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Significant accounting policies (continued)

(a) **Change in accounting policy (continued)**

(i) **FRS 139, *Financial Instruments: Recognition and Measurement (continued)***

IV) **Hedge accounting (continued)**

Cash flow hedge (continued)

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs.

When the forecast transaction is no longer expected to occur, any related reclassified from equity into profit or loss.

Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

V) ***Derecognition***

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the assets. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

Significant accounting policies (continued)

(a) **Change in accounting policy (continued)**

(i) **FRS 139, *Financial Instruments: Recognition and Measurement (continued)***

V) ***Derecognition (continued)***

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured as fair value through profit or loss, or as available-for-sale as detailed above.

Prior to the adoption of FRS 139, current investments were carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. With the adoption of FRS 139, current investments are now categorised and measured as fair value through profit or loss as detailed above.

Investments in debt securities

Prior to the adoption of FRS 139, current investments in non-current debts securities were stated amortised cost using the effective interest method less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, investments in non-current debt securities are now categorised and measured at fair value through profit or loss, available-for-sale or at amortised cost as detailed above.

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in the profit or loss other than derivatives designated as hedging instrument which are accounted or ain accordance with the hedge accounting requirement as described in the hedge accounting policy as detailed above.

Staff loans

Prior to the adoption of FRS 139, staff loans were recorded at cost. With the adoption of FRS 139, staff loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in the profit of loss using the effective interest method.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

Significant accounting policies (continued)

(a) Change in accounting policy (continued)

(i) FRS 139, *Financial Instruments: Recognition and Measurement (continued)*

V) *Derecognition (continued)*

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivable and is measured as the difference between the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance with the transitional provision of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial period were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption FRS 139 to the current period's basic and diluted earnings per ordinary share.

(ii) *FRS101 (revised), Presentation of Financial Statements*

The Group applies revised FRS 101 (revised) effective from 01 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

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
(Incorporated in Malaysia)

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 by-backs, shares cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A6. Dividend 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 30 June 2010				
Revenue				
- Sales to external customer	40,074	2,949	-	43,023
- Inter-segment sales	2,621	-	(2,621)	-
Total revenue	<u>42,695</u>	<u>2,949</u>	<u>(2,621)</u>	<u>43,023</u>
Segment results	<u>1,750</u>	<u>(620)</u>	<u>(707)</u>	423
Finance cost				<u>(272)</u>
Profit before tax				<u><u>151</u></u>

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 30 June 2009				
Revenue				
- Sales to external customer	25,582	3,868	-	29,450
- Inter-segment sales	-	34	(34)	-
Total revenue	<u>25,582</u>	<u>1,980</u>	<u>(34)</u>	<u>16,078</u>
Segment results	<u>1,784</u>	<u>(3,781)</u>	<u>(549)</u>	(2,546)
Finance cost				<u>(341)</u>
Loss before tax				<u><u>(2,887)</u></u>

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

A7. Segmental Reporting (Continued)**(c) By Industry Segment**

	Injection Moulding RM'000	Cosmetics and Skin Care RM'000	Elimination RM'000	Consolidated RM'000
As at 30 June 2010				
Revenue				
- Sales to external customer	42,790	233	-	43,023
- Inter-segment sales	2,621	-	(2,621)	-
Total revenue	<u>45,411</u>	<u>233</u>	<u>(2,621)</u>	<u>43,023</u>
Segment results	<u>1,490</u>	<u>(360)</u>	<u>(707)</u>	423
Finance cost				<u>(272)</u>
Profit before tax				<u><u>151</u></u>

	Injection Moulding RM'000	Cosmetics and Skin Care RM'000	Elimination RM'000	Consolidated RM'000
As at 30 June 2009				
Revenue				
- Sales to external customer	29,450	-	-	29,450
- Inter-segment sales	-	-	-	-
Total revenue	<u>16,078</u>	<u>-</u>	<u>-</u>	<u>16,078</u>
Segment results	<u>(2,546)</u>	<u>-</u>	<u>-</u>	(2,546)
Finance cost				<u>(341)</u>
Loss before tax				<u><u>(2,887)</u></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

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 June 2010**

For the current quarter under review, the Group recorded a revenue of RM20.080 million and loss before tax at RM187,000 as compared to revenue of RM13.372 million and loss before tax at RM3,218,000 for the corresponding quarter in previous financial year.

B2. Variation of Results Against Preceding Quarter

The Group reported a loss before tax of RM187,000 as compared to the preceding quarter of loss before tax of RM3,218,000.

B3. Prospects of the Group

The Group's financial performance had improved in the second quarter. However, the financial performance was affected by the start-up loss of Ultraspa (M) Sdn Bhd and the continuing losses recorded by Ge-Shen Vietnam.

B4. Profit Forecast

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

B5. Tax (Expense)/Income

Tax (expense)/income comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
In respect of the current period:-				
Income tax	(67)	(87)	(305)	(180)
Deferred tax	(167)	70	(66)	197
	(234)	(17)	(371)	17
In respect of prior year income tax:-				
Income tax	-	-	-	-
Deferred tax	149	-	149	97
Tax (expense)/income	(85)	(17)	(222)	114

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

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

B5. Tax (Expense)/Income (Continued)

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 of Unquoted Investments and/or Properties

There was no purchase of unquoted investments or properties during the quarter.

B8. Purchase and disposal of quoted and marketable securities

There was no purchase or disposal of quoted and marketable securities during the quarter.

B9. Borrowings

The Group's borrowings, all are repayable in Ringgit Malaysia and secured, as of the end of the quarter are as follows:-

	30 June 2010 RM'000	31 December 2009 RM'000
Short Term Borrowings		
Bankers' Acceptance	4,721	4,248
Term Loans	276	270
Hire Purchase Payable	<u>2,825</u>	<u>2,894</u>
	<u>7,822</u>	<u>7,412</u>
Long Term Borrowings		
Term Loans	741	878
Hire Purchase Payable	<u>1,578</u>	<u>2,461</u>
	<u>2,319</u>	<u>3,339</u>
	<u>10,141</u>	<u>10,751</u>

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material Litigation

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

B12. Dividend

There were no dividends declared or proposed by the company for the quarter ended 30 June 2010.

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

B13. Profit Per Share (PPS)**Basic profit per share**

	Individual quarter ended		Cumulative quarter ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
Profit for the period (RM'000)	(272)	(3,235)	(71)	(2,773)
Weighted average number of shares in issue ('000)#	76,908	76,908	76,908	76,908
Basic PPS (sen)	(0.35)	(4.21)	(0.09)	(3.61)

Note:

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

Diluted PPS

Diluted PPS is equal to the basic PPS as there were no potential ordinary shares outstanding in both the previous and current financial years.

B14. Audit Report

The auditors' report of the company for the financial year ended 31 December 2009 was not subject to any qualification.