

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Period
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	24,475	19,624	45,321	38,126
Other income	1,005	419	2,456	966
Changes in inventories of finished goods and work-in-progress	(1,551)	548	(1,138)	341
Raw materials used	(10,111)	(9,280)	(20,080)	(16,966)
Employee benefits	(5,472)	(4,775)	(10,620)	(9,831)
Depreciation of property, plant and equipment	(1,499)	(1,337)	(3,057)	(2,671)
Other operating expenses	(5,711)	(4,039)	(10,456)	(8,046)
Finance costs	(167)	(121)	(314)	(258)
Profit Before Tax	969	1,039	2,112	1,661
Tax expense (Note B6)	(577)	(346)	(1,144)	(548)
Profit After Tax	392	693	968	1,113
Other Comprehensive Income				
Exchange differences on translating foreign operations	77	291	(155)	359
Total Comprehensive Income for the period	469	984	813	1,472
Profit/(Loss) After Tax Attributable to:				
Owners of the Company	399	733	987	1,194
Non-Controlling Interests	(7)	(40)	(19)	(81)
	392	693	968	1,113
Total Comprehensive Income Attributable to:				
Owners of the Company	476	1,024	832	1,553
Non-Controlling Interest	(7)	(40)	(19)	(81)
	469	984	813	1,472
Earnings per Share (Sen)				
Basic (Note B14)	0.52	0.95	1.28	1.55
Diluted (Note B14)	0.52	0.95	1.28	1.55

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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
AT 30 JUNE 2014**

	<u>Unaudited</u> as at 30 June 2014 RM'000	<u>Audited</u> as at 31 December 2013 RM'000
ASSETS		
Non-Current Asset		
Property, plant and equipment	<u>33,372</u>	<u>36,221</u>
Current Assets		
Inventories	9,802	10,227
Trade receivables	9,074	10,088
Other receivables, deposits and prepayments	2,194	1,453
Tax recoverable	-	99
Fixed deposits with licensed banks	5,013	4,927
Cash and bank balances	<u>10,115</u>	<u>10,398</u>
	<u>36,198</u>	<u>37,192</u>
Total Assets	<u><u>69,570</u></u>	<u><u>73,413</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000	40,000
Share premium	5,593	5,593
Treasury shares	(1,843)	(1,843)
Foreign exchange translation reserves	150	305
Retained Earnings/(Accumulated losses)	<u>495</u>	<u>(492)</u>
Total Equity Attributable to Owners of the Company	<u>44,395</u>	<u>43,563</u>
Non-controlling interests	<u>53</u>	<u>72</u>
Total Equity	<u>44,448</u>	<u>43,635</u>
Non-Current Liabilities		
Bank borrowings	2,246	2,407
Deferred taxation	<u>2,267</u>	<u>2,125</u>
	<u>4,513</u>	<u>4,532</u>
Current Liabilities		
Trade payables	9,893	10,988
Other payables and accruals	3,858	6,389
Bank borrowings	6,199	7,131
Bank overdraft	420	494
Tax payables	239	244
	<u>20,609</u>	<u>25,246</u>
Total Liabilities	<u>25,122</u>	<u>29,778</u>
Total Equity and Liabilities	<u><u>69,570</u></u>	<u><u>73,413</u></u>
Net Assets per Ordinary Share		
Attributable to Owners of the Company (RM)	<u>0.58</u>	<u>0.57</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	Current Year to Date 30 June 2014 RM'000	Preceding Year Corresponding Period 30 June 2013 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	2,112	1,661
Adjustments for:		
Non-cash and operating items	<u>3,691</u>	<u>3,521</u>
Operating profit before working capital changes	5,803	5,182
Net changes in current assets	256	(4,562)
Net changes in current liabilities	<u>(3,532)</u>	<u>(369)</u>
CASH FROM OPERATIONS	2,527	251
Interest paid	(254)	(220)
Tax refund	-	39
Tax paid	<u>(908)</u>	<u>(824)</u>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u>1,365</u>	<u>(754)</u>
NET CASH FOR INVESTING ACTIVITIES		
Interest received	108	89
Proceed from disposal of property, plant and equipment	23	-
Purchase of property, plant and equipment	<u>(173)</u>	<u>(1,411)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(42)</u>	<u>(1,322)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Net repayment of other short-term bank borrowings	(724)	(1,158)
Placement of fixed deposits pledged to licensed banks	(33)	-
Net drawdown/(repayment) of hire purchase	(714)	(726)
Net (repayment)/drawdown of term loan	<u>(251)</u>	<u>1,051</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,722)</u>	<u>(833)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(399)	(2,909)
EFFECT OF CHANGES IN EXCHANGE RATES	242	405
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>12,983</u>	<u>11,707</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>12,826</u>	<u>9,203</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 – CONTINUED**

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

	30 June 2014 RM'000	30 June 2013 RM'000
Fixed deposits with licenced banks	5,013	4,882
Cash and bank balances	10,115	6,459
Bank overdraft	(420)	(354)
Less : Fixed deposit pledged to licensed banks	(1,882)	(1,784)
	<u>12,826</u>	<u>9,203</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	<----- Non-Distributable ----->				Distributable Retained Earnings / (Accumulated Losses)	Total Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Foreign Exchange Translation Reserves				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2014	40,000	5,593	(1,843)	305	(492)	43,563	72	43,635
Profit for the period	-	-	-	-	987	987	(19)	968
Other comprehensive income	-	-	-	(155)	-	(155)	-	(155)
As at 30 June 2014	40,000	5,593	(1,843)	150	495	44,395	53	44,448
As at 1 January 2013	40,000	5,593	(1,843)	(133)	(2,577)	41,040	13	41,053
Profit for the period	-	-	-	-	1,194	1,194	(81)	1,113
Other comprehensive income	-	-	-	359	-	359	-	359
Reclassification	-	-	-	(3)	(37)	(40)	40	-
As at 30 June 2013	40,000	5,593	(1,843)	223	(1,420)	42,553	(28)	42,525

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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

Statement of compliance

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

Significant accounting policies

- (a) The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the preparation of the financial statements of the Group for the financial year ended 31 December 2013.

On 1 January 2013, the Group adopted the following accounting standards and interpretations:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurements	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income – (Annual Improvement 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116 Property, Plant and Equipment	1 January 2013
Amendments to MFRS 119 Employee Benefits	1 January 2013

The adoption of the above accounting standards and interpretations did not have any material impact on the financial performance or position of the Group.

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	To be announce by MASB
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

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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.

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. Dividend Paid

There was no dividend paid during the quarter under review.

A7. Segmental Reporting**(a) By Business Segment**

Business segmental information has been presented as follows.

(b) By Geographical Segment**Current Quarter**

	Malaysia RM'000	Vietnam RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
As at 30 June 2014					
Revenue					
- Sales to external customer	19,797	4,629	49	-	24,475
- Inter-segment sales	1,298	-	-	(1,298)	-
Total revenue	21,095	4,629	49	(1,298)	24,475
Segment results	575	194	(22)	389	1,136
Finance costs					(167)
Profit before tax					969

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**A7. Segmental Reporting – continued****b) By Geographical Segment – continued****Preceding Quarter**

	Malaysia RM'000	Vietnam RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
As at 31 March 2014					
Revenue					
- Sales to external customer	15,878	4,928	40	-	20,846
- Inter-segment sales	1,539	-	-	(1,539)	-
Total revenue	17,417	4,928	40	(1,539)	20,846
Segment results	918	162	(39)	249	1,290
Finance costs					(147)
Profit before tax					1,143

Preceding Year Corresponding Quarter

	Malaysia RM'000	Vietnam RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
As at 30 June 2013					
Revenue					
- Sales to external customer	14,951	4,667	6	-	19,624
- Inter-segment sales	1,501	-	-	(1,501)	-
Total revenue	16,452	4,667	6	(1,501)	19,624
Segment results	693	423	(34)	78	1,160
Finance costs					(121)
Profit before tax					1,039

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(Incorporated in Malaysia)**A7. Segmental Reporting – continued****(c) By Industry Segment****Current Quarter**

	Injection Moulding	Cosmetics and Skin Care	Fibre Products	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2014					
Revenue					
- Sales to external customer	23,796	633	46	-	24,475
- Inter-segment sales	1,298	-	-	(1,298)	-
Total revenue	25,094	633	46	(1,298)	24,475
Segment results	1,892	(620)	(525)	389	1,136
Finance costs					(167)
Profit before tax					969

Preceding Quarter

	Injection Moulding	Cosmetics and Skin Care	Fibre Products	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 March 2014					
Revenue					
- Sales to external customer	19,980	782	84	-	20,846
- Inter-segment sales	1,539	-	-	(1,539)	-
Total revenue	21,519	782	84	(1,539)	20,846
Segment results	1,658	(209)	(408)	249	1,290
Finance costs					(147)
Profit before tax					1,143

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A7. Segmental Reporting – continued**(c) By Industry Segment – continued****Preceding Year Corresponding Quarter**

	Injection Moulding	Cosmetics and Skin Care	Fibre Products	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2013					
Revenue					
- Sales to external customer	19,036	557	31	-	19,624
- Inter-segment sales	1,501	-	-	(1,501)	-
Total revenue	<u>20,537</u>	<u>557</u>	<u>31</u>	<u>(1,501)</u>	<u>19,624</u>
Segment results	<u>1,672</u>	<u>(301)</u>	<u>(289)</u>	<u>78</u>	<u>1,160</u>
Finance costs					(121)
Profit before tax					<u>1,039</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 are no material changes in the composition of the Group for the current financial period ended 30 June 2014.

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 30 June 2014

In view of increased demand for plastic products, the Group achieved revenue growth of 24.7% to RM24.4 million in current quarter as compared to RM19.6 million in preceding year corresponding quarter.

The Group profit before tax for the current quarter contracted slightly to RM970 thousand as compared to profit before tax of RM1.0 million registered in preceding year corresponding quarter.

B2. Variation of Results Against Preceding Quarter

The Group reported lower profit before tax of RM970 thousand compared to the preceding quarter's profit before tax of RM1.1 million.

While plastic segment continued to provide stability and profitability, the non-plastic segments did not perform to expectation and unfavourably affected the Group results.

B3. Prospects of the Group

Against the background of the continuous challenges from market competition and volatile global economic condition, the Group will take all necessary efforts to achieve business profitability in its business operations.

B4. Profit Forecast

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

B5. Explanation Note on Profit Forecast

Not Applicable.

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B6. Tax Expense

Tax expense comprises of the followings:

	Individual quarter ended		Cumulative quarter ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Income tax	496	346	1,002	548
Deferred tax	81	-	142	-
	<u>577</u>	<u>346</u>	<u>1,144</u>	<u>548</u>
In respect of the prior year:				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
Tax expense	<u>577</u>	<u>346</u>	<u>1,144</u>	<u>548</u>

B7. Sale of Unquoted Investments, or Properties

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

B8. Purchase or Disposal of Quoted and Marketable Securities

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

B9. Corporate Proposals

There were no corporate proposals during the quarter.

B10. 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	30 June
	2014	2013
	RM'000	RM'000
Short Term Borrowings		
Bankers' acceptance	4,977	4,662
Term loans	417	452
Hire purchase payables	805	1,000
	<u>6,199</u>	<u>6,114</u>
Long Term Borrowings		
Term loans	902	1,443
Hire purchase payables	1,344	851
	<u>2,246</u>	<u>2,294</u>
	<u>8,445</u>	<u>8,408</u>

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B11. Off Balance Sheet Financial Instruments

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

B12. Material Litigation

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

B13. Dividends

There was no dividend declared or proposed by the company for the current quarter ended 30 June 2014.

B14. Earnings per Share (EPS)**Basic earnings per share**

	Individual quarter ended		Cumulative quarter ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Profit attributable to ordinary shareholders (RM'000)	399	733	987	1,194
Weighted average number of shares in issue (RM'000)*	76,908	76,908	76,908	76,908
Basic EPS (Sen)	<u>0.52</u>	<u>0.95</u>	<u>1.28</u>	<u>1.55</u>

Note:

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

Diluted EPS

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

B15. Audit Report

The auditors' report of the company for the financial year ended 31 December 2013 was not subject to any qualification.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**B16. Notes to the Statement of Comprehensive Income**

	Individual quarter ended		Cumulative quarter ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Profit before taxation is arrived at after crediting:				
Interest income	64	45	108	89
Gain on disposal of property, plant and equipment	23	-	23	-
Gain on foreign exchange				
- Realised	875	72	1,993	51
- Unrealised	37	485	256	686
and charging:				
Interest expense	127	102	253	220
Depreciation of property, plant and equipment	1,499	1,337	3,057	2,671
Plant and equipment written off	409	22	409	77
Loss on disposal of property, plant and equipment	-	4	-	4
Loss on foreign exchange				
- Realised	175	-	392	-
- Unrealised	358	44	358	44

Save as disclosed in the above, there were no gain/(loss) on disposal of quoted/unquoted investments, exceptional items, and other items required to be disclosed under the additional disclosure requirement for public listed companies that are listed on Main or Ace Markets of the Bursa Malaysia Securities Berhad.

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B17. Realised/Unrealised Losses

	30 June 2014 RM'000	30 June 2013 RM'000
Total realised profits/(loss) of Ge-Shen Corporation Berhad and its subsidiaries	2,864	(245)
Total unrealised losses of Ge-Shen Corporation Berhad and its subsidiaries		
- in respect of deferred tax recognised in the income statement	(2,267)	(1,817)
- in respect of unrealised gain on foreign exchange	256	686
- other unrealised losses	(358)	(44)
Total realised/unrealised profit/(loss)	495	(1,420)