

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Fourth Quarter Results
Period ended
31 December 2017

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Quarter</u>	<u>Preceding Year Corresponding Quarter</u>
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	58,988	55,100	228,389	185,510
Other income	242	2,315	638	3,247
Share of results in associate, net of tax	(28)	80	(96)	80
Changes in inventories of finished goods and work-in-progress	(2,748)	(2,043)	(1,189)	(1,163)
Raw materials used	(26,671)	(21,474)	(102,146)	(77,649)
Employee benefits	(12,736)	(9,733)	(53,114)	(38,557)
Depreciation of property, plant and machinery	(2,414)	(2,251)	(9,357)	(7,501)
Other operating expenses	(12,137)	(13,380)	(43,673)	(39,213)
Finance costs	(1,071)	(851)	(3,374)	(2,135)
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Profit before tax	1,425	7,763	16,078	22,619
Tax expenses (Note B6)	(784)	(484)	(5,231)	(5,652)
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Profit for the period	641	7,279	10,847	16,967
Other Comprehensive Income				
Exchange differences on Translating foreign operations	(125)	463	(451)	153
Share of other comprehensive Income of associate	14	-	14	34
	-----	-----	-----	-----
Total Comprehensive Income For the period	530	7,742	10,410	17,154
	=====	=====	=====	=====
Profit after tax attributable to:				
Owners of the Company	761	6,775	10,557	15,232
Non-Controlling Interest	(120)	504	290	1,735
	-----	-----	-----	-----
	641	7,279	10,847	16,967
	=====	=====	=====	=====
Total Comprehensive Income attributable to:				
Owners of the Company	648	7,238	10,116	15,409
Non-Controlling Interest	(118)	504	294	1,745
	-----	-----	-----	-----
	530	7,742	10,410	17,154
	=====	=====	=====	=====

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 – CONTINUED**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current</u> <u>Quarter</u>	<u>Preceding</u> <u>Year</u> <u>Corresponding</u> <u>Quarter</u>	<u>Current</u> <u>Quarter</u>	<u>Preceding</u> <u>Year</u> <u>Corresponding</u> <u>Quarter</u>
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Earnings per share (Sen)				
Basic (Note B14)	0.99	8.81	12.44	18.52
	=====	=====	=====	=====
Diluted (Note B14)	0.75	6.38	10.01	14.49
	=====	=====	=====	=====

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 31 DECEMBER 2017**

	<u>Unaudited</u> 31 Dec 2017 RM'000	<u>Audited</u> 31 Dec 2016 RM'000
ASSETS		
Non-Current Assets		
Investment in an associate	898	981
Property, plant and equipment	90,530	78,586
Prepaid lease payments	3,918	3,915
Goodwill on consolidation	31,195	31,195
	-----	-----
	126,541	114,677
	-----	-----
Current Assets		
Inventories	25,121	23,380
Trade receivables	48,876	44,670
Other receivables, deposits and prepayments	7,037	4,699
Current tax assets	1,299	744
Fixed deposits with licensed banks	2,920	2,798
Cash and bank balances	10,266	11,388
	-----	-----
	95,519	87,679
	-----	-----
Total Assets	222,060	202,356
	=====	=====
EQUITY AND LIABILITIES		
Equity		
Share capital	45,643	40,000
Share premium	-	5,593
Treasury shares	(1,843)	(1,843)
Share option reserves	1,464	-
Redeemable convertible preference shares	13,738	13,738
Foreign exchange translation reserves	2,175	2,616
Retained earnings	35,604	25,047
	-----	-----
Total Equity Attributable to Owners of the Company	96,781	85,151
Non-controlling interests	5,819	5,585
	-----	-----
	102,600	90,736
	-----	-----
Non-Current Liabilities		
Long term borrowings (Note B10)	37,806	31,761
Redeemable convertible preference shares	2,047	2,836
Deferred taxation	3,497	3,821
Other payable	-	56
	-----	-----
	43,350	38,474
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GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 – CONTINUED**

	<u>Unaudited</u> 31 Dec 2017 RM'000	<u>Audited</u> 31 Dec 2016 RM'000
Current Liabilities		
Trade payables	28,229	27,011
Other payables and accruals	20,310	21,038
Short-term borrowings (Note B10)	24,909	16,429
Bank overdraft	1,730	7,085
Current tax liabilities	932	1,583
	-----	-----
	76,110	73,146
	-----	-----
Total Liabilities	119,460	111,620
	-----	-----
Total Equity and Liabilities	222,060	202,356
	=====	=====
Net Assets per Ordinary Share		
Attributable to Owners of the Company (RM)	1.26	1.11
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 FOURTH QUARTER ENDED 31 DECEMBER 2017**

	Current Year to Date 31 Dec 2017 RM'000	Preceding Year Corresponding Period 31 Dec 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,078	22,619
Adjustments for:		
Bad debts written off	-	2
Depreciation of property, plant and equipment	9,357	7,501
Amortisation of prepaid lease payment	143	-
Interest expense	3,374	2,135
Inventories written down	-	385
Loss/(Gain) on foreign exchange – unrealised	1,835	(1,847)
Employee benefits expense	1,480	-
(Gain)/Loss on disposal of property, plant and equipment	(35)	22
Property, plant and equipment written off	1	7
Interest income	(130)	(100)
Share of results of an associate	96	(80)
Reversal of inventories written down	-	(181)
	-----	-----
Operating profit before working capital changes	32,199	30,463
(Increase)/Decrease in inventories	(1,741)	377
Increase in trade and other receivables	(8,565)	(14,012)
(Decrease)/Increase in trade and other payables	(2,409)	10,553
	-----	-----
CASH FLOWS FROM OPERATIONS	19,484	27,381
Interest paid	(346)	(303)
Tax paid	(7,171)	(7,926)
Tax refund	454	129
Tax penalty paid	(45)	-
	-----	-----
NET CASH FROM OPERATING ACTIVITIES	12,376	19,281
	-----	-----
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	130	100
Purchase of interest in a subsidiary	-	(18,330)
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(6,572)
Purchase of property, plant and equipment	(11,291)	(21,576)
Proceeds from disposal of property, plant and equipment	369	29
Addition to prepaid lease payments	(516)	(3,618)
Increase in fixed deposits with maturity period of more than 3 months	-	(573)
Increase in pledged fixed deposits with licensed banks	(106)	(53)
	-----	-----
NET CASH FOR INVESTING ACTIVITIES	(11,414)	(50,593)
	-----	-----

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 – CONTINUED**

	Current Year to Date 31 Dec 2017 RM'000	Preceding Year Corresponding Period 31 Dec 2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(60)	(875)
Dividend paid to RCPS holders	(990)	(990)
Interest expenses	(2,827)	(1,574)
Drawdown of term loans	13,391	43,474
Repayment of term loans	(8,693)	(20,544)
Repayment to associate	(209)	(81)
Net drawdown of bankers' acceptance	4,534	743
Repayment of hire purchase obligations	(3,329)	(1,781)
Proceeds from exercise of employees' share options	34	-
Net drawdown of credit card	170	-
	-----	-----
NET CASH FROM FINANCING ACTIVITIES	2,021	18,372
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,983	(12,940)
EFFECT OF CHANGES IN EXCHANGE RATES	1,266	251
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	4,875	17,564
	-----	-----
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	9,124	4,875
	=====	=====

Cash and cash equivalents included in the cash flows statement comprise of the followings:

	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Fixed deposits with licensed banks	2,920	2,798
Cash and bank balances	10,266	11,388
Bank overdrafts	(1,730)	(7,085)
Less: Fixed deposits pledged to licensed banks	(2,332)	(1,653)
Less: Fixed deposits with original maturity period of more than 3 months	-	(573)
	-----	-----
	9,124	4,875
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 FOURTH QUARTER ENDED 31 DECEMBER 2017

	<-----Non-Distributable----->						Distributable	Total Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Shares Option Reserve RM'000	Redeemable Convertible Preference Share RM'000	Foreign Exchange Translation Reserve RM'000				
As at 1 January 2016	40,000	5,593	(1,843)	-	13,738	2,439	14,744	74,671	13,566	88,237
Profit for the period	-	-	-	-	-	-	15,232	15,232	1,735	16,967
Other comprehensive income:										
- Foreign currency translation- differences	-	-	-	-	-	153	-	153	-	153
- Share of an associate's Other comprehensive income	-	-	-	-	-	24	-	24	10	34
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	(875)	(875)
Contribution by non-controlling interest of a subsidiary company	-	-	-	-	-	-	-	-	4,549	4,549
Arising from acquisition of additional interest of subsidiary	-	-	-	-	-	-	(4,929)	(4,929)	(13,400)	(18,329)
As at 31 December 2016	40,000	5,593	(1,843)	-	13,738	2,616	25,047	85,151	5,585	90,736

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 - CONTINUED

	<-----Non-Distributable----->						Distributable	Total Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Shares Option Reserve RM'000	Redeemable Convertible Preference Share RM'000	Foreign Exchange Translation Reserve RM'000				
As at 1 January 2017	40,000	5,593	(1,843)	-	13,738	2,616	25,047	85,151	5,585	90,736
Profit for the period	-	-	-	-	-	-	10,557	10,557	290	10,847
Other comprehensive income:										
- Foreign currency translation differences	-	-	-	-	-	(451)	-	(451)	-	(451)
- Share of an associate's other comprehensive income	-	-	-	-	-	10	-	10	4	14
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	(60)	(60)
Transfer to share capital upon Implementation of the Companies Act 2016	5,593	(5,593)	-	-	-	-	-	-	-	-
Employees' share option reserve	-	-	-	1,480	-	-	-	1,480	-	1,480
Employees' share option exercised	34	-	-	-	-	-	-	34	-	34
Transfer of Share Option Reserve to Share Capital for Employees' share option exercised	16	-	-	(16)	-	-	-	-	-	-
As at 31 December 2017	45,643	-	(1,843)	1,464	13,738	2,175	35,604	96,781	5,819	102,600

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

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A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134

A1. Basis of Preparation

Statement of compliance

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 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 2016. 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 2016.

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 2016.
- (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 Interpretations	Effective for financial periods beginning on or after
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018

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A1. Basis of Preparation – continued

Significant accounting policies – continued

MFRSs and Interpretations	Effective for financial periods beginning on or after
Annual Improvements to MFRS Standards 2014 – 2017 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for Fourth-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The Group is in the process of making an assessment of the impact of the adoption of these standards and amendments to existing standards.

A2. Seasonality or Cyclicity Factors

The Group's operations experience certain seasonality or cyclicity that is common in the industry of which the Group operates in.

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 significant changes in estimates 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.

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A7. Segmental Reporting

The Group is organised into the two main geographical segments and operating in manufacturing of plastic moulded products, metal stamping products and components. The segmental information has been presented as follows:

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

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 Dec 2017				
Revenue				
- sales to external parties	52,198	6,790	-	58,988
- inter-segment sales	14	-	(14)	-
	<hr style="border-top: 1px dashed black;"/>			
Total revenue	52,212	6,790	(14)	58,988
	<hr style="border-top: 3px double black;"/>			
Segment results	4,158	(1,610)	(52)	2,496
	<hr style="border-top: 1px dashed black;"/>			
Finance costs				(1,071)
	<hr style="border-top: 1px dashed black;"/>			
Profit before taxation				1,425
	<hr style="border-top: 3px double black;"/>			

Preceding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 30 Sep 2017				
Revenue				
- sales to external parties	54,197	6,971	-	61,168
- inter-segment sales	14	-	(14)	-
	<hr style="border-top: 1px dashed black;"/>			
Total revenue	54,211	6,971	(14)	61,168
	<hr style="border-top: 3px double black;"/>			
Segment results	5,253	(668)	(15)	4,570
	<hr style="border-top: 1px dashed black;"/>			
Finance costs				(722)
	<hr style="border-top: 1px dashed black;"/>			
Profit before taxation				3,848
	<hr style="border-top: 3px double black;"/>			

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A7. Segmental Reporting – continued**(a) By Geographical Segment – continued****Preceding Year Corresponding Quarter**

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 Dec 2016				
Revenue				
- sales to external parties	47,325	7,775	-	55,100
- inter-segment sales	36	-	(36)	-

Total revenue	47,361	7,775	(36)	55,100
	=====			
Segment results	9,373	(720)	(39)	8,614

Finance costs				(851)

Profit before taxation				7,763
				=====

(b) By Industry Segment

Industrial segmental information is not applicable.

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 require disclosure or adjustments to the unaudited 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 31 December 2017.

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 except for the company provided corporate guarantee of RM92.92 million to subsidiary companies and RM60.47 million was utilised as at 31 December 2017.

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A11. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements are as follows:

	<u>Unaudited</u> 31 Dec 2017 RM'000	<u>Audited</u> 31 Dec 2016 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	9,094	203
	=====	=====
Approved but not contracted for:		
Purchase of property, plant and equipment	7,300	1,022
	=====	=====

A12. Related Party Transactions

Significant transactions between the Company and related parties are as follows:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Transaction with related parties:				
Purchase of components	468	482	1,910	993
Transport charges	22	14	83	83
Rental of premises	185	177	738	638
Technical fee	41	-	146	-
Sales of goods	629	655	2,181	1,050
	=====	=====	=====	=====

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 December 2017**

	Individual Quarter			Cumulative Quarter		
	Current Quarter	Preceding Year Corresponding Quarter	Changes %	Current Quarter	Preceding Year Corresponding Quarter	Changes %
	31 Dec 2017	31 Dec 2016		31 Dec 2017	31 Dec 2016	
	RM'000	RM'000		RM'000	RM'000	
Revenue	58,988	55,100	7.1	228,389	185,510	23.1
Operating Profit	2,367	8,534	(72.3)	19,548	24,674	(20.8)
Profit Before Interest and Tax	2,496	8,614	(71.0)	19,452	24,754	(21.4)
Profit Before Tax	1,425	7,763	(81.6)	16,078	22,619	(28.9)
Profit After Tax	641	7,279	(91.2)	10,847	16,967	(36.1)
Profit Attributable to Owners of the Company	761	6,775	(88.8)	10,557	15,232	(30.7)
EBITDAF	5,853	7,668	(23.7)	31,615	29,288	7.9

i) Quarter Ended 31 December 2017 compared to Quarter Ended 31 December 2016

For the current quarter, the Group recorded higher revenue but lower profit before tax of RM58.99 million and RM1.43 million respectively as compared to the revenue and profit before tax of RM55.10 million and RM7.76 million respectively for the corresponding quarter of the preceding financial year.

The higher revenue was mainly contributed by an increase in sales demand from existing and new customers. However, profit before tax have decreased by 81.6% mainly due to higher raw material costs attributed to different product mix, certain cost pressures by existing customers and foreign exchange volatilities during the quarter. Labour cost has also recorded increases throughout the group which were mainly attributable to the new business opportunities and CAPEX initiatives which the group is pursuing.

Overall, the Group recorded foreign exchange loss of RM0.94 million in the current quarter as compared to foreign exchange gain of RM3.15 million in corresponding quarter of the preceding financial year. Additional CAPEX resulted in higher depreciation and finance cost.

Overall EBITDAF (Earnings before Interest, Taxation, Depreciation, Amortization and Foreign exchange gain/loss) was RM5.85 million vs RM7.67 million in 2016.

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B1. Review of Group's Results for the Quarter Ended 31 December 2017 - Continued

- ii) Twelve Months Ended 31 December 2017 compared to Twelve Months Ended 31 December 2016

For the twelve months ended 31 December 2017, the Group recorded higher revenue of RM228.39 million as compared to RM185.51 million in the preceding financial year which represents an increase by RM42.88 million or 23.1%. The higher revenue mainly resulted from the Group consolidation of the full 12 months results of the newly acquired subsidiary, Demand Options Sdn Bhd ("DOSB") in the current financial year ended 31 December 2017 as compared to 5 months results in the preceding financial year. The higher revenue was also driven by an increase in sales demand from existing and new customers.

The profit before tax, amounting to RM16.08 million was lower by 28.9% or RM6.54 million for the financial year ended 31 December 2017 as compared to the preceding financial year with profit before tax of RM22.62 million. Despite higher revenue achieved for the current financial year, profit before tax was affected by higher raw material cost arising from different product mix, employee benefits expenses of RM1.48 million for the Employee Share Option Scheme ("ESOS"), higher depreciation arising from the additional Capital Expenditure ("CAPEX") and higher foreign exchange loss.

Earnings before interest and taxation, depreciation and amortisation and foreign exchange ("EBITDAF") has increased from RM29.29 million to RM31.62 million which represents increase of 7.9% or RM2.33 million arising from economies of scale.

B2. Variation of Results Against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes %
	31 Dec 2017	30 Sep 2017	
	RM'000	RM'000	
Revenue	58,988	61,168	(3.6)
Operating Profit	2,367	4,537	(47.8)
Profit Before Interest and Tax	2,496	4,570	(45.4)
Profit Before Tax	1,425	3,848	(63.0)
Profit After Tax	641	2,698	(76.2)
Profit Attributable to Owners of the Company	761	2,598	(70.7)
EBITDAF	5,853	7,424	(21.2)

The Group's revenue for the current quarter decreased by RM2.18 million from RM61.17 million to RM58.99 million in the preceding quarter as the fourth quarter is seasonally lower. Profit before tax decreased by 63.0% from RM3.85 million in the immediate preceding quarter to RM1.43 million for the current period.

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B2. Variation of Results Against Preceding Quarter - Continued

Profit before tax was substantially affected by increases in raw material and labour costs. Furthermore, the Group incurred higher foreign exchange loss of RM0.96 million for the current period as compared to loss of RM0.46 million in the preceding quarter.

B3. Prospects of the Group

The changing economics of production continues to be a challenge in 2018 and the Group is progressing towards automation and new technologies to stay competitive in the highly challenging environment. Additional CAPEX to increase the Group's manufacturing capacity and the enhanced level of automation will continue drive the Group's overall prospects moving into the near future. Automation enables the Group to reduce operating cost and improve productivity and quality to meet growing demand and gain more sales. Furthermore, automation will hedge the risk of future increase in labour costs.

The Group is still looking towards factory expansion across the subsidiaries to increase factory space and manufacturing assets in order to, amongst others to improve sales, improve cost structure and gain economies of scale.

- The construction and renovation of the new facilities in Vietnam is in progress and is expected to fully operate in the 2nd Quarter of 2018 which is expected to improve its cost structure and increase production capacity in the Vietnam subsidiary.
- The proposed acquisition of the land and building (Lot 3929) by Ge-Shen Plastic (M) Sdn Bhd provides the security of tenure and allows Management to make long term plans for more efficient factory design.

Business development activities and efforts to grow revenue across all subsidiaries in the group remains high on the Group's agenda.

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:

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec</u> <u>2017</u> <u>RM'000</u>	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2017</u> <u>RM'000</u>	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>
In respect of the current period:				
Income tax	1,062	1,309	5,555	6,227
Deferred tax	(278)	(825)	(324)	(575)
	-----	-----	-----	-----
Tax expense	784	484	5,231	5,652
	=====	=====	=====	=====

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

The following is the corporate proposal that has been announced by the Company which has not yet completed as at 15 February 2018, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report:

- (a) Ge-Shen Plastic (M) Sdn Bhd's proposed acquisition of a piece of land held under H.S.(D) 6136, No. PT: lot 3929, Mukim Terbau, District of Johor Bahru, State of Johor Darul Takzim measuring approximately 0.383 hectare together with one (1) unit of detached factory erected thereon measuring approximately 25,755 square feet ("property") for the consideration of RM6,300,000.00.

The Proposed Acquisition is expected to be completed during the third quarter of 2020.

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B10. Borrowings (Secured)

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

	<u>Unaudited</u> 31 Dec 2017 RM'000	<u>Audited</u> 31 Dec 2016 RM'000
Short term borrowings:		
Bankers' acceptance	12,925	8,391
Hire purchase payables	3,236	2,795
Term loans	8,748	5,243
	-----	-----
	24,909	16,429
	-----	-----
Long term borrowings:		
Hire purchase payables	5,300	5,347
Term loans	32,506	26,414
	-----	-----
	37,806	31,761
	-----	-----
	62,715	48,190
	=====	=====

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. Dividend Proposed

There was no dividend declared or proposed by the company for the current quarter ended 31 December 2017.

GE-SHEN CORPORATION BERHADCompany No. 633814-X
(Incorporated in Malaysia)**B14. Earnings per Share (EPS)****Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec</u> <u>2017</u>	<u>31 Dec</u> <u>2016</u>	<u>31 Dec</u> <u>2017</u>	<u>31 Dec</u> <u>2016</u>
Profit attributable to ordinary shareholders (RM'000)	761	6,775	10,556	15,232
Dividends on RCPS	-	-	(990)	(990)
	-----	-----	-----	-----
	761	6,775	9,566	14,242
	=====	=====	=====	=====
Weighted average number of shares in issue ('000)*	76,927	76,908	76,927	76,908
	=====	=====	=====	=====
Basic EPS (Sen)	0.99	8.81	12.44	18.52
	=====	=====	=====	=====

Diluted earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec</u> <u>2017</u>	<u>31 Dec</u> <u>2016</u>	<u>31 Dec</u> <u>2017</u>	<u>31 Dec</u> <u>2016</u>
Profit attributable to ordinary shareholders(RM'000)	761	6,775	10,557	15,232
Impact of assumed conversion, interest on RCPS (RM'000)	43	43	201	258
	-----	-----	-----	-----
	804	6,818	10,758	15,490
	=====	=====	=====	=====
Weighted average number Of shares in issue ('000)*	76,927	76,908	76,927	76,908
Weighted average number of new ordinary shares, assumption on conversion of the remaining :-				
- RCPS ('000)	30,000	30,000	30,000	30,000
- ESOS ('000)	495	-	495	-
	-----	-----	-----	-----
	107,422	106,908	107,422	106,908
	=====	=====	=====	=====
Diluted EPS (Sen)	0.75	6.38	10.01	14.49
	=====	=====	=====	=====

Note:

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

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B15. Audit Report

The auditors' report of the company for the financial year ended 31 December 2016 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec</u> <u>2017</u> <u>RM'000</u>	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>	<u>31 Dec</u> <u>2017</u> <u>RM'000</u>	<u>31 Dec</u> <u>2016</u> <u>RM'000</u>
Profit before taxation is arrived at after crediting:				
Interest income	21	22	130	100
Gain on foreign exchange				
- realised	2	1,269	41	1,173
- unrealised	-	1,878	-	1,860
Gain on disposal of property, plant and equipment	13	-	89	-
and charging:				
Depreciation of property, plant and equipment	2,414	2,251	9,357	7,501
Interest expense	1,071	851	3,374	2,135
Loss on disposal of property, plant and equipment	1	22	54	22
Loss on foreign exchange				
- realised	675	-	1,013	54
- unrealised	270	-	1,835	13
Property, plant and equipment written off	1	-	1	7
	=====	=====	=====	=====

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.