

**GE-SHEN CORPORATION BERHAD**  
(Incorporated in Malaysia)

**Interim Financial Statements**

**Fourth Quarter Results**  
**Period ended**  
**31 December 2018**

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	Notes	<u>INDIVIDUAL</u>		<u>CUMULATIVE</u>	
		3 Month Ended 31 Dec 2018 RM'000	3 Month Ended 31 Dec 2017 RM'000	12 Month Ended 31 Dec 2018 RM'000	12 Month Ended 31 Dec 2017 RM'000
Revenue		43,176	58,988	202,346	228,389
Other income		189	242	1,769	638
Share of results in associate		79	(129)	158	(96)
Changes in inventories of finished goods and work-in-progress		(990)	(2,748)	669	(1,189)
Raw materials used		(21,077)	(26,679)	(98,132)	(102,146)
Employee benefits		(10,929)	(12,736)	(50,522)	(53,114)
Depreciation of property, plant and machinery		(2,449)	(2,427)	(9,347)	(9,370)
Other operating expenses		(6,824)	(12,045)	(35,182)	(43,690)
Finance costs		(1,021)	(1,042)	(4,226)	(3,345)
Profit before tax		154	1,424	7,533	16,077
Tax expenses	B6	(259)	(784)	(3,018)	(5,231)
(Loss) / Profit for the period		(105)	640	4,515	10,846
Other Comprehensive (Loss) / Income					
Exchange differences on translating foreign operations		(93)	(124)	(149)	(451)
Share of other comprehensive income of associate		17	14	17	14
Total Comprehensive (Loss) / Income for the period		(181)	530	4,383	10,409
<b>(Loss) / Profit after tax attributable to:</b>					
Owners of the Company		(25)	762	4,501	10,556
Non-Controlling Interest		(80)	(122)	14	290
		(105)	640	4,515	10,846
<b>Total Comprehensive (Loss) / Income attributable to:</b>					
Owners of the Company		(101)	648	4,369	10,115
Non-Controlling Interest		(80)	(118)	14	294
		(181)	530	4,383	10,409
<b>(Loss) / Earnings per share (Sen)</b>					
Basic	B14	(0.68)	0.35	4.56	12.44
Diluted	B14	0.00	0.85	4.34	10.02

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Notes	<u>Unaudited</u> As at 31 Dec 2018 RM'000	<u>Audited</u> As at 31 Dec 2017 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment in an associate		1,074	899
Property, plant and equipment		97,988	90,530
Prepaid lease payments		3,874	3,918
Goodwill on consolidation		31,195	31,195
		<u>134,131</u>	<u>126,542</u>
<b>Current Assets</b>			
Inventories		22,010	25,121
Trade receivables		31,495	48,876
Other receivables, deposits and prepayments		6,539	7,037
Current tax assets		2,676	1,299
Fixed deposits with licensed banks		2,354	2,920
Cash and bank balances		12,100	10,266
		<u>77,174</u>	<u>95,519</u>
<b>Total Assets</b>		<u>211,305</u>	<u>222,061</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		45,643	45,643
Treasury shares		(1,843)	(1,843)
Reserves		58,098	52,980
<b>Total Equity Attributable to Owners of the Company</b>		<u>101,898</u>	<u>96,780</u>
Non-controlling interests		5,824	5,819
		<u>107,722</u>	<u>102,599</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	B10	42,040	37,806
Redeemable convertible preference shares		1,195	2,047
Deferred taxation		3,555	3,497
		<u>46,790</u>	<u>43,350</u>
<b>Current Liabilities</b>			
Trade payables		16,913	28,229
Other payables and accruals		13,404	20,312
Short-term borrowings	B10	23,309	24,909
Bank overdraft		3,167	1,730
Current tax liabilities		-	932
		<u>56,793</u>	<u>76,112</u>
<b>Total Liabilities</b>		<u>103,583</u>	<u>119,462</u>
<b>Total Equity and Liabilities</b>		<u>211,305</u>	<u>222,061</u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.32	1.26

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	<b>12 Month Ended 31 Dec 2018 RM'000</b>	<b>12 Month Ended 31 Dec 2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,533	16,077
Adjustments for:		
Depreciation of property, plant and equipment	9,347	9,370
Property, plant and equipment written off	563	1
Amortisation of prepaid lease payment	114	121
Employee benefits expense	740	1,480
Interest expense	4,226	3,345
(Gain)/Loss on foreign exchange – unrealised	(1,064)	1,835
Share of results of an associate	(158)	96
Loss/(Gain) on disposal of property, plant and equipment	(89)	(63)
Interest income	(101)	(130)
Provision for and write off of inventories	437	392
Operating profit before working capital changes	21,548	32,524
Net changes in inventories	2,674	(2,133)
Net changes in trade and other receivables	18,959	(8,565)
Net changes in trade and other payables	(18,460)	4,263
<b>CASH FLOWS FROM OPERATIONS</b>	<b>24,721</b>	<b>26,089</b>
Tax paid	(5,426)	(7,216)
Tax refunded	158	454
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>19,453</b>	<b>19,327</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	101	130
Decrease/(Increase) in pledged fixed deposits with licensed bank	567	(694)
Payment of retention sum for subsidiary acquired in the previous year	-	(6,500)
Proceeds from disposal of property, plant and equipment	473	397
Purchase of property, plant and equipment	(11,112)	(16,175)
Additions to prepaid lease payments	-	(516)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(9,971)</b>	<b>(23,358)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 - CONTINUED**

	<b>12 Month Ended 31 Dec 2018 RM'000</b>	<b>12 Month Ended 31 Dec 2017 RM'000</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest	-	(60)
Dividend paid to RCPS holders	(990)	(990)
Interest paid	(4,088)	(3,144)
Net (repayment)/drawdown of term loan	(3,362)	9,438
Net (repayment)/drawdown of multi currency trade loan	(692)	1,028
Net (repayment)/drawdown of bankers' acceptance	(1,528)	1,156
Net drawdown of revolving credit	1,823	3,378
Net drawdown/(repayment) of hire purchase obligations	148	(3,329)
Repayment of associate	(56)	(209)
Proceeds of issuance of shares	-	34
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>	<b>(8,745)</b>	<b>7,302</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>737</b>	<b>3,271</b>
Effect of changes in exchange rates	(341)	390
<b>CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD</b>	<b>8,536</b>	<b>4,875</b>
<b>CASH AND CASH EQUIVALENT AS AT END OF PERIOD</b>	<b>8,933</b>	<b>8,536</b>

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

	<b>31 Dec 2018 RM'000</b>	<b>31 Dec 2017 RM'000</b>
Fixed deposits with licensed banks	2,354	2,920
Cash and bank balances	12,100	10,266
Less: Bank overdrafts	(3,167)	(1,730)
Less: FD pledged to licensed banks	(1,744)	(2,332)
Less: FD with maturity more than 3 months	(610)	(588)
	<b>8,933</b>	<b>8,536</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	← Non-Distributable →						Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Redeemable Shares Option Reserve	Convertible Preference Share	Foreign Exchange Translation Reserve	Retained Earnings	Total Attributable to Owners of the Company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2018	45,643	-	(1,843)	1,464	13,738	2,175	35,603	96,780	5,819	102,599
Profit for the period	-	-	-	-	-	-	4,515	4,515	-	4,515
Other comprehensive income:										
- Foreign currency translation - differences	-	-	-	-	-	(149)	-	(149)	-	(149)
- Share of an associate's other comprehensive income	-	-	-	-	-	12	-	12	5	17
Contributions by and distributions to owners of the Company:										
- Share options to employees	-	-	-	740	-	-	-	740	-	740
- Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-
Employee' share options reserve	-	-	-	-	-	-	-	-	-	-
As at 31 December 2018	45,643	-	(1,843)	2,204	13,738	2,038	40,118	101,898	5,824	107,722

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 - CONTINUED**

	← Non-Distributable →						Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Option Reserve	Redeemable Preference Share	Foreign Exchange Translation Reserve	Retained Earnings	Total Attributable to Owners of the Company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	10,556	10,556	290	10,846
Other comprehensive income:										
- Foreign currency translation - differences	-	-	-	-	-	(451)	-	(451)	-	(451)
- Share of an associate's other comprehensive income	-	-	-	-	-	10	-	10	4	14
Contributions by and distributions to owners of the Company:										
- Issuance of shares under the ESOS	50	-	-	(16)	-	-	-	34	-	34
- Share options to employees	-	-	-	1,480	-	-	-	1,480	-	1,480
- Dividends to non-controlling interest	-	-	-	-	-	-	-	-	(60)	(60)
Transfer to share capital upon implementation of the Companies Act 2016	5,593	(5,593)	-	-	-	-	-	-	-	-
As at 31 December 2017	45,643	-	(1,843)	1,464	13,738	2,175	35,603	96,780	5,819	102,599

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.

## GE-SHEN CORPORATION BERHAD

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### PART 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 2017. 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 financial year ended 31 December 2017.

##### 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 2017.
- (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:

<b>MFRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendment 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 Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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.



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**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)****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.

**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**

	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 31 December 2018</b>				
Revenue				
- sales to external parties	37,222	5,954	-	43,176
- inter-segment sales	15	-	(15)	-
Total revenue	37,237	5,954	(15)	43,176
Segment results	1,791	(604)	(12)	1,175
Finance costs				(1,021)
Profit before taxation				154

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**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)****A7. Segmental Reporting - continued****(a) By Geographical Segment - continued****Preceding Quarter**

	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 September 2018</b>				
Revenue				
- sales to external parties	44,884	5,904	-	50,788
- inter-segment sales	13	-	(13)	-
Total revenue	44,897	5,904	(13)	50,788
Segment results	4,316	(1,462)	(13)	2,841
Finance costs				(1,108)
Profit before taxation				1,733

**Preceding Year Corresponding Quarter**

	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 31 December 2017</b>				
Revenue				
- sales to external parties	52,199	6,789	-	58,988
- inter-segment sales	14	-	(14)	-
Total revenue	52,213	6,789	(14)	58,988
Segment results	4,129	(1,611)	(52)	2,466
Finance costs				(1,042)
Profit before taxation				1,424

**(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.

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**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)****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 2018.

**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 RM104.55 million to subsidiary companies and RM60.87 million was utilised as at 31 December 2018.

**A11. Capital Commitments**

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

	<u>Unaudited</u> 31 Dec 2018 RM'000	<u>Audited</u> 31 Dec 2017 RM'000
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	15,320	9,204
<b>Approved but not contracted for:</b>		
Purchase of property, plant and equipment	7,143	6,300

**A12. Related Party Transactions**

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

	<b>Individual Quarter ended</b>		<b>Cumulative Quarter ended</b>	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Transaction with related parties:				
Purchase of components	1,498	998	3,545	2,440
Transport charges	-	-	-	61
Rental of premises	45	108	213	662
Technical fee	44	9	134	114
Sales of goods	1,514	1,133	2,907	2,684
Research and development	109	111	430	449

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS****B1. Review of Group's Results for the Quarter Ended 31 December 2018**

	INDIVIDUAL			CUMULATIVE		
	3 Month Ended 31 Dec 2018 RM'000	3 Month Ended 31 Dec 2017 RM'000	Changes %	12 Month Ended 31 Dec 2018 RM'000	12 Month Ended 31 Dec 2017 RM'000	Changes %
Revenue	43,176	58,988	(26.8)	202,346	228,389	(11.4)
Operating Profit	1,096	2,595	(57.8)	11,601	19,518	(40.6)
Profit Before Interest and Tax	1,175	2,466	(52.4)	11,759	19,422	(39.5)
Profit Before Tax	154	1,424	(89.2)	7,533	16,077	(53.1)
(Loss) / Profit After Tax	(105)	640	(116.4)	4,515	10,846	(58.4)
(Loss) / Profit Attributable to Owners of the Company	(25)	762	(103.3)	4,501	10,556	(57.4)
EBITDAF	3,575	5,957	(40.0)	20,598	31,720	(35.1)

i. Quarter Ended 31 December 2018 compared to Quarter Ended 31 December 2017

For the current quarter, the Group recorded lower revenue and lower profit before tax of RM43.2 million and RM0.2 million respectively as compared to the revenue and profit before tax of RM59.0 million and RM1.4 million respectively for the corresponding quarter of the previous year.

The revenue of the Group experienced a significant reduction compared to the previous year's corresponding quarter due to a decrease in customers' orders as a result of a general slowdown in global demand, also relocations of customers caused in part by the trade war between global economic powers. As a result of this fall off in revenue, the profitability of the Group was affected more disproportionately due to the overheads having to be absorbed by lower sales revenue despite the efforts of management to reduce operational costs.

Overall Earnings before Interest, Taxation, Depreciation, Amortization and Foreign exchange gain/loss (EBITDAF) was RM3.6 million for the current quarter compared to RM6.0 million for the previous year's corresponding quarter due to the above reasons.

ii. Twelve Months Ended 31 December 2018 compared to Twelve Months Ended 31 December 2017

The revenue of the Group for the year ended 31 December 2018 decreased by RM26.0 million to RM202.3 million from RM228.4 million in 2017. The fall off in sales for the year was largely caused by a reduction in customers' orders as a result of a general slowdown in global demand, with most of the effect felt in the fourth quarter as mentioned above, although sales were already generally trending lower for much of the year.

Profit before tax amounting to RM7.5 million was lower by 53.1% or RM8.6 million for the financial year ended 31 December 2018 as compared to the previous year's profit before tax of RM16.1 million. Overall margins were squeezed by the overheads of the Group having to be absorbed by a lower top line number, but also impacting margins were higher finance charges arising from CAPEX programmes and also a general increase in statutory costs such as foreign worker's levy as well as higher electricity charges.

As a result of the lower profit, EBITDAF decreased from RM31.7 million for the twelve months ended 31 December 2017 to RM20.6 million for the twelve months ended 31 December 2018.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)**
**B2. Variation of Results Against Preceding Quarter**

	<u>INDIVIDUAL</u>		Changes %
	3 Month Ended 31 Dec 2018 RM'000	3 Month Ended 30 Sep 2018 RM'000	
Revenue	43,176	50,788	(15.0)
Operating Profit	1,096	2,792	(60.7)
Profit Before Interest and Tax	1,175	2,841	(58.6)
Profit Before Tax	154	1,733	(91.1)
(Loss) / Profit After Tax	(105)	920	(111.4)
(Loss) / Profit Attributable to Owners of the Company	(25)	775	(103.3)
EBITDAF	3,575	4,618	(22.6)

The Group's revenue for the current quarter decreased by RM7.6 million from RM50.8 million in the preceding quarter to RM43.2 million due to a seasonally lower revenue trend in the fourth quarter and a reduction of sales order from existing customers as explained above.

Profit before tax has dropped by RM1.5 million from RM1.7 million in the immediate preceding quarter to RM0.2 million for the current period due to the lower sales, unfavourable forex timing differences and increased raw material costs.

**B3. Prospects of the Group**

The management is facing up to the challenge of the decline in sales through continuous effort in search of new business opportunities. The management is anticipating that the business development effort over the past quarters will materialize and contribute in 2019. Trade friction between global super powers while being a negative factor in pushing revenue lower in the immediate near future also have potentially a better outcome for the Group over the longer term as customers are looking to at potential change in their supply chain with manufacturers in South East Asia being a potential beneficiary.

The challenge is to ensure that the Group manufacturing capacity and capability matches up to the expectations of the customers. In the meantime, investment in renovation and new machineries is currently underway in Johor (a renovation of the plastic manufacturing floor and also for Demand Options for higher capacity in metal stamping) and Penang (investment in cleanroom for medical products) plant to increase production capacity to cater for new business opportunities. Meanwhile the newly renovated plant in Vietnam is attracting a lot of customer enquiry without need for more substantial capex.

Higher operating costs arising from minimum wage and regulatory cost will impact overall costs in Malaysia and Vietnam in 2019. However, streamlining manufacturing process to achieve cost optimization is high on the management's agenda in order to regain some of the lost margins while longer term development in ERP (Enterprise Resource Planning) and MES (Manufacturing Execution System) is being upgraded to better manage the manufacturing process.

With all the rather targeted measures taken to increase sales and control costs, the management is optimistic that in the longer term, sales revenue will increase and with it some of the lost margin can be regained, however in the short term, the extent of the sales slowdown will dictate the short term profitability and it is always a question of how much longer of this current global slowdown do we have to endure before sales from new customers kick in and take the Group into a new growth dimension.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B4. Profit Forecast**

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

**B5. Explanation Note on Profit Forecast**

Not Applicable.

**B6. Tax Expense**

Tax expense comprises of the followings:

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	165	1,062	2,959	5,555
Deferred tax	94	(278)	59	(324)
Tax expenses	<u>259</u>	<u>784</u>	<u>3,018</u>	<u>5,231</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**

The following are the corporate proposal that have been announced by the Company which have not yet completed as at 26 February 2019, 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 by the third quarter of 2020.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)**
**B9. Corporate Proposals - continued**

- (b) Demand Options Sdn Bhd's proposed renting with option to purchase of all that piece of freehold land held under H.S.D 169007 PTD 91805, Mukim, Plentong, Daerah Johor Bahru measuring approximately 4,909.1147 square metres together with the building erected thereon bearing a postal address of No.12, Jalan Mahir 5, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, by Demand Options Sdn. Bhd. (446459-W), for a period of fifteen (15) months, as a monthly rental of RM23,000/- and purchase consideration of RM7,300,000/-.

The Proposed Acquisition is expected to be completed by the fourth quarter of 2019.

**B10. Borrowings (Secured)**

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

	<u>Unaudited</u> 31 Dec 2018 RM'000	<u>Audited</u> 31 Dec 2017 RM'000
<b>Short term borrowings:</b>		
Bankers' acceptance	8,019	9,547
Hire purchase payables	3,740	3,236
Term loans	5,984	7,720
Revolving credit	5,230	3,378
Multi currency trade loan	336	1,028
	<u>23,309</u>	<u>24,909</u>
<b>Long term borrowings:</b>		
Hire purchase payables	6,230	5,300
Term loans	35,810	32,506
	<u>42,040</u>	<u>37,806</u>
	<u>65,349</u>	<u>62,715</u>

**B11. Off Balance Sheet Financial Instrument**

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.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B13. Dividend Proposed**

There was no dividend declared or proposed by the company for the current quarter ended 31 December 2018.

**B14. (Loss) / Earnings per share (Sen)****Basic (loss) / earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
(Loss) / Profit attributable to ordinary shareholders (RM'000)	(25)	762	4,501	10,556
Dividends on RCPS	(495)	(495)	(990)	(990)
	<u>(520)</u>	<u>267</u>	<u>3,511</u>	<u>9,566</u>
Weighted average number of shares in issue ('000)*	<u>76,927</u>	<u>76,911</u>	<u>76,927</u>	<u>76,911</u>
Basic EPS (Sen)	<u>(0.68)</u>	<u>0.35</u>	<u>4.56</u>	<u>12.44</u>

**Diluted earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
(Loss) / Profit attributable to ordinary shareholders (RM'000)	(25)	762	4,501	10,556
Interests on RCPS	27	151	139	201
	<u>2</u>	<u>913</u>	<u>4,640</u>	<u>10,757</u>
Weighted average number of shares in issue ('000)*	<u>76,927</u>	<u>76,911</u>	<u>76,927</u>	<u>76,911</u>
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)	-	422	-	422
	<u>106,927</u>	<u>107,333</u>	<u>106,927</u>	<u>107,333</u>
Diluted EPS (Sen)	<u>0.00</u>	<u>0.85</u>	<u>4.34</u>	<u>10.02</u>

Note:

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



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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B15. Audit Report**

The auditors' report of the company for the financial year ended 31 December 2017 was not subject to any qualification.

**B16. Notes to the Statement of Comprehensive Income**

	Individual Quarter ended		Cumulative Quarter ended	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Profit before taxation is arrived at after crediting:				
Interest income	(15)	(20)	(101)	(130)
Gain on foreign exchange				
- realised	(285)	(2)	(155)	(41)
- unrealised	-	-	(1,142)	-
Gain on disposal of property, plant and equipment	(5)	1	(89)	(89)
and after charging:				
Depreciation of property, plant and equipment	2,449	2,427	9,347	9,370
Interest expenses	1,021	1,042	4,226	3,345
Loss on foreign exchange				
- realised	-	675	597	1,013
- unrealised	122	270	78	1,835
Property, plant and equipment written off	(5)	1	563	1
Provision for and write off of inventories	437	392	437	392
Loss on disposal of property, plant and equipment	(84)	(42)	-	26

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.