

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

**Interim Financial Statements**

**Second Quarter Results**  
**Period ended**  
**30 June 2020**

**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 2020**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months</u>	<u>3 Months</u>	<u>6 Months</u>	<u>6 Months</u>
		<u>Ended</u>	<u>Ended</u>	<u>Ended</u>	<u>Ended</u>
		<u>30 Jun 2020</u>	<u>30 Jun 2019</u>	<u>30 Jun 2020</u>	<u>30 Jun 2019</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue		30,516	38,464	67,983	72,730
Other income		(930)	373	725	677
Share of results in associate		10	(28)	(80)	147
Changes in inventories of finished goods and work-in-progress		703	2,294	(959)	918
Raw materials used		(14,417)	(19,689)	(34,599)	(35,311)
Employee benefits		(7,602)	(12,006)	(18,957)	(23,253)
Depreciation and amortisation		(2,907)	(2,609)	(5,847)	(4,894)
Other operating expenses		(3,840)	(7,726)	(10,694)	(14,882)
Finance costs		(1,291)	(1,147)	(2,621)	(2,170)
(Loss) / Profit before tax		242	(2,074)	(5,049)	(6,038)
Tax income / (expenses)	B6	1	(83)	4	(74)
(Loss) / Profit for the period		243	(2,157)	(5,045)	(6,112)
Other Comprehensive Income / (Loss)		-	70	-	(16)
Exchange differences on translating foreign operations		(21)	-	216	-
Share of other comprehensive income of associate		-	-	-	-
Total Comprehensive (Loss) / Income for the period		222	(2,087)	(4,829)	(6,128)
<b>(Loss) / Profit after tax attributable to:</b>					
Owners of the Company		492	(1,945)	(4,425)	(5,564)
Non-Controlling Interest		(249)	(212)	(620)	(548)
		243	(2,157)	(5,045)	(6,112)
<b>Total Comprehensive (Loss) / Income attributable to:</b>					
Owners of the Company		471	(1,875)	(4,209)	(5,580)
Non-Controlling Interest		(249)	(212)	(620)	(548)
		222	(2,087)	(4,829)	(6,128)
<b>(Loss) / Earnings per share (Sen)</b>					
Basic	B14	0.46	(3.17)	(4.14)	(7.88)
Diluted	B14	0.46	(1.80)	(4.13)	(5.16)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 30 JUNE 2020**

	Notes	<u>Unaudited</u> As at 30 Jun 2020 RM'000	<u>Audited</u> As at 31 Dec 2019 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment in an associate		1,103	1,183
Property, plant and equipment		97,466	96,989
Right-of-use assets		26,320	29,645
Goodwill on consolidation		31,195	31,195
		<u>156,084</u>	<u>159,012</u>
<b>Current Assets</b>			
Inventories		31,930	29,820
Trade receivables		24,659	30,401
Other receivables, deposits and prepayments		3,257	3,161
Current tax assets		2,679	2,386
Fixed deposits with licensed banks		5,943	3,371
Cash and bank balances		8,520	7,218
		<u>76,988</u>	<u>76,357</u>
<b>Total Assets</b>		<u><u>233,072</u></u>	<u><u>235,369</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		60,643	45,643
Treasury shares		(1,843)	(1,843)
Reserves		30,358	49,567
<b>Total Equity Attributable to Owners of the Company</b>		<u>89,158</u>	<u>93,367</u>
Non-controlling interests		4,886	5,506
		<u>94,044</u>	<u>98,873</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	B10	48,443	53,899
Deferred taxation		2,569	2,573
		<u>51,012</u>	<u>56,472</u>
<b>Current Liabilities</b>			
Trade payables		16,997	24,748
Other payables and accruals		20,783	13,828
Short-term borrowings	B10	36,920	32,359
Bank overdraft		13,316	8,812
Redeemable convertible preference shares		-	277
		<u>88,016</u>	<u>80,024</u>
<b>Total Liabilities</b>		<u>139,028</u>	<u>136,496</u>
<b>Total Equity and Liabilities</b>		<u><u>233,072</u></u>	<u><u>235,369</u></u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		0.85	1.24

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	<b>6 Months Ended 30 Jun 2020 RM'000</b>	<b>6 Months Ended 30 Jun 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before tax	(5,049)	(6,038)
Adjustments for:		
Depreciation and amortisation	4,136	4,894
Property, plant and equipment written off	129	-
Amortisation of right-of-use asset	1,711	-
Amortisation of prepaid lease payment	-	59
Employee benefits expense	-	247
Interest expense	2,621	2,170
Loss / (Gain) on foreign exchange – unrealised	(453)	(94)
Share of results of an associate	80	(147)
Gain on disposal of property, plant and equipment	(3)	(92)
Interest income	(50)	(59)
Operating profit before working capital changes	3,122	940
Net changes in inventories	(2,109)	(2,712)
Net changes in trade and other receivables	5,833	3,217
Net changes in trade and other payables	(767)	(986)
<b>CASH FLOWS FROM OPERATIONS</b>	<b>6,079</b>	<b>459</b>
Tax paid	(293)	(1,676)
Tax refunded	-	133
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5,786</b>	<b>(1,084)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	50	59
(Increase) / Withdrawal of fixed deposits with licensed bank	496	(313)
Proceeds from disposal of property, plant and equipment	39	166
Purchase of property, plant and equipment	(1,367)	(5,671)
Purchase of right-of-use asset	(735)	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(1,517)</b>	<b>(5,759)</b>

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - CONTINUED**

	<b>6 Months Ended 30 Jun 2020 RM'000</b>	<b>6 Months Ended 30 Jun 2019 RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(2,608)	(2,125)
Net drawdown/(repayment) of term loan	(3,066)	(1,199)
Net drawdown/(repayment) of multi currency trade loan	3,256	-
Net drawdown/(repayment) of bankers' acceptance	1,824	-
Net drawdown/(repayment) of revolving credit	(1,353)	-
Net drawdown/(repayment) of hire purchase obligations	-	(2,227)
Net drawdown/(repayment) of other short-term bank borrowings	-	4,387
Repayment of lease liabilities	(1,871)	(320)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(3,818)</b>	<b>(1,484)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>451</b>	<b>(8,327)</b>
Effect of changes in exchange rates	(553)	424
<b>CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD</b>	<b>(1,594)</b>	<b>8,934</b>
<b>CASH AND CASH EQUIVALENT AS AT END OF PERIOD</b>	<b>(1,696)</b>	<b>1,031</b>

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

	<b>30 Jun 2020 RM'000</b>	<b>30 Jun 2019 RM'000</b>
Fixed deposits with licensed banks	5,943	3,344
Cash and bank balances	8,520	7,091
Less: Bank overdrafts	(13,316)	(6,060)
Less: FD pledged to licensed banks	(2,843)	(1,775)
Less: FD with maturity more than 3 months	-	(1,569)
	<b>(1,696)</b>	<b>1,031</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	← Non-Distributable		→ Distributable			Retained Earnings RM'000	Total Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Shares Option Reserve RM'000	Redeemable Convertible Preference Share RM'000	Foreign Exchange Translation Reserve RM'000				
<b>As at 1 January 2020</b>	45,643	(1,843)	2,450	13,738	1,982	31,397	93,367	5,506	98,873
- effect of adopting MFRS 16									-
<b>As at 1 January 2020 (restated)</b>	45,643	(1,843)	2,450	13,738	1,982	31,397	93,367	5,506	98,873
<b>Loss for the period</b>	-	-	-	-	-	(4,425)	(4,425)	(620)	(5,045)
<b>Other comprehensive income:</b>									
- Foreign currency translation - differences	-	-	-	-	216	-	216	-	216
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Contributions by and distributions to owners of the Company:</b>									
- Conversion of RCPS to share capital	15,000	-	-	(13,738)	-	(1,262)	-	-	-
<b>As at 30 June 2020</b>	60,643	(1,843)	2,450	0	2,198	25,710	89,158	4,886	94,044

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - CONTINUED**

	← Non-Distributable		→ Distributable			Retained Earnings RM'000	Total Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Shares Option Reserve RM'000	Redeemable Convertible Preference Share RM'000	Foreign Exchange Translation Reserve RM'000				
<b>As at 1 January 2019</b>	45,643	(1,843)	2,204	13,738	2,038	40,104	101,884	5,838	107,722
- effect of adopting MFRS 16	-	-	-	-	-	(10)	(10)	-	(10)
<b>As at 1 January 2019 (restated)</b>	45,643	(1,843)	2,204	13,738	2,038	40,094	101,874	5,838	107,712
<b>Loss for the period</b>	-	-	-	-	-	(5,564)	(5,564)	(548)	(6,112)
<b>Other comprehensive income:</b>									
- Foreign currency translation - differences	-	-	-	-	(15)	-	(15)	-	(15)
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Contributions by and distributions to owners of the Company:</b>									
- Conversion of RCPS to share capital	-	-	-	-	-	-	-	-	-
- Share options to employees	-	-	247	-	-	-	247	-	247
<b>As at 30 June 2019</b>	45,643	(1,843)	2,451	13,738	2,023	34,530	96,542	5,290	101,832

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and accompanying explanatory notes attached to the interim financial statements.

## GE-SHEN CORPORATION BERHAD

Company No. 633814-X  
(Incorporated in Malaysia)

### 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 2019. 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 2019.

##### 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 2019.
- (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 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020

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 was the conversion of Redeemable Convertible Preference Shares ("RCPS") in April 2020 into Share Capital amounting RM15 million.



**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)****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 30 June 2020</b>				
Revenue				
- sales to external parties	25,156	5,360	-	30,516
- inter-segment sales	504	-	(504)	-
Total revenue	25,660	5,360	(504)	30,516
Segment results	1,472	76	(15)	1,533
Finance costs				(1,291)
Profit before taxation				242

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**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 31 March 2020</b>				
Revenue				
- sales to external parties	31,431	6,036	-	37,467
- inter-segment sales	6	-	(6)	-
Total revenue	31,437	6,036	(6)	37,467
Segment results	(3,867)	(80)	(14)	(3,961)
Finance costs				(1,330)
Loss before taxation				(5,291)

**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 30 June 2019</b>				
Revenue				
- sales to external parties	30,622	7,842	-	38,464
- inter-segment sales	15	-	(15)	-
Total revenue	30,637	7,842	(15)	38,464
Segment results	(1,706)	795	(16)	(927)
Finance costs				(1,147)
Loss before taxation				(2,074)

**(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.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**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 30 June 2020.

**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 RM133 million to subsidiary companies and RM89.63 million was utilised as at 30 June 2020.

**A11. Capital Commitments**

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

	<u>Unaudited</u> 30 Jun 2020 RM'000	<u>Audited</u> 31 Dec 2019 RM'000
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	<u>2,635</u>	<u>2,846</u>
<b>Approved but not contracted for:</b>		
Purchase of property, plant and equipment	<u>1,610</u>	<u>1,825</u>

**A12. Related Party Transactions**

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

	Individual Quarter ended		Cumulative Quarter ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 Jun 2020 RM'000	30 Jun 2019 RM'000
Transaction with related parties:				
Purchase of components	86	486	467	931
Transport charges	-	-	-	-
Rental of premises	6	46	51	91
Technical fee	13	33	46	66
Sales of goods	381	365	584	1,445
Research and development	66	109	<u>175</u>	<u>218</u>

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X

(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS****B1. Review of Group's Results for the Quarter Ended 30 June 2020**

	<b>INDIVIDUAL QUARTER</b>			<b>CUMULATIVE QUARTER</b>		
	<b>3 Months Ended 30 Jun 2020</b>	<b>3 Months Ended 30 Jun 2019</b>	<b>Changes %</b>	<b>6 Months Ended 30 Jun 2020</b>	<b>6 Months Ended 30 Jun 2019</b>	<b>Changes %</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Revenue	30,516	38,464	(20.7)	67,983	72,730	(6.5)
Operating (Loss) / Profit	1,523	(899)	269.4	(2,348)	(4,015)	41.5
(Loss) / Profit Before Interest and Tax	1,533	(927)	265.4	(2,428)	(3,868)	37.2
(Loss) / Profit Before Tax	242	(2,074)	111.7	(5,049)	(6,038)	16.4
(Loss) / Profit After Tax	243	(2,157)	111.3	(5,045)	(6,112)	17.5
(Loss) / Profit Attributable to Owners of the Company	492	(1,945)	125.3	(4,425)	(5,564)	20.5
EBITDAF	5,028	1,371	266.8	3,122	976	219.9

i. Quarter Ended 30 June 2020 compared to Quarter Ended 30 June 2019

Notwithstanding the fact that the Group went through some of the most tumultuous period in terms of economic disruptions, the Group managed to record a profit before tax of RM0.242 million for the quarter which is a dramatic improvement from the RM2.074 million loss before tax that was recorded for the comparable quarter last year. This is despite the fact that sales revenue came in at RM30.516 million which was a 20.7% lower than the RM38.464 million recorded during the comparable quarter of last year. The drop in sales revenue was due to the closure of the factories during the Movement Control Order (MCO) period. At the initial stage the impact of COVID 19 was direct and immediate with the factories in Malaysia being closed and subsequently after the factory were allowed to reopened, work force limitation and other Standard Operating Procedures to deal with the pandemic limited our production. Perhaps more importantly, our customers' facilities were only able to be re-opened on a more extended timeline especially those that are located in the Western economies. This has the effect of extending out the period for the recovery of our sales trajectory.

Notwithstanding the slower sales, the return to profitability for the Group was due to the very strong emphasis on cost control to ensure that cash outlays are minimized, better monitoring also allowed operational efficiency to be achieved, while a better sales mix was also a contributory factor. The other strong contributor to the improved cost control is the cooperation of all stakeholders in rationalizing costs and in particular the cost of employment. In this regards the management is very grateful to parties who have contributed to ensure the survival of the companies. In terms of cashflow, the Group is also able to report an increased EBITDAF (Earnings Before Interest, Tax, Depreciation/Amortisation and Unrealised Foreign Exchange movements) of RM5.028 million an improvement of over 260% when compared to the EBITDAF of RM1.371 million of the similar quarter of the past year. This coupled with the moratorium from the financial institutions and the close monitoring of the daily cashflow during and after the MCO period has allowed the Group to manage our cashflow effectively and hence the Group is well on its way to normalization and return to a 'business as usual' mode. The management is thankful to our customers who have paid us on time and also the financial institutions who have extended moratoriums where needed to allow our cashflow to be more effectively utilized. In turn the Group have also been regularising payments to our suppliers as well.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)**ii. Six Months Ended 30 June 2020 compared to Six Months Ended 30 June 2019

For the cumulative six months period the results were similar in that the Group have shown a turnaround in its fortunes with all the key matrixes showing improvements despite the drop in sales revenues. As with the reasons stated above, better margins from product mix and cost control allowed the Group to report better earnings in all the lines and in particular the EBITDAF line managed to register a cumulative gain of RM3.122 million against the tepid number of RM0.976 million for the six months period of last year.

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

	<b>INDIVIDUAL QUARTER</b>		<b>Changes %</b>
	<b>3 Months Ended 30 Jun 2020 RM'000</b>	<b>3 Month Ended 31 Mar 2020 RM'000</b>	
Revenue	30,516	37,467	(18.6)
Operating Profit / (Loss)	1,523	(3,871)	139.3
Profit / (Loss) Before Interest and Tax	1,533	(3,961)	138.7
Profit / (Loss) Before Tax	242	(5,291)	104.6
Profit / (Loss) After Tax	243	(5,288)	104.6
Profit / (Loss) Attributable to Owners of the Company	492	(4,917)	110.0
EBITDAF	5,028	(1,906)	363.8

The current quarter compares favourably with the preceding quarter on all measures (except revenue) because of the sudden nature of the imposition of the MCO measures. During the preceding quarter, the Group was busy gearing up to meet increased customer demand as several new models was starting to go into mass production phase and resources have to be prepared to meet the ramping up. Unfortunately, with the imposition of the lockdown there was a lot of resultant wastage which impacted profitability very negatively. Despite the fact that sales were lower at RM30.516 million against the preceding quarter's RM37.467 million, the management have been able to take counter measures to ensure that costs is well managed and production efficiency is enhanced. As a result, the profit before tax for the current quarter of RM0.242 million is quite a substantial improvement from the loss before tax of RM5.291 million of the preceding quarter, a turnaround of RM5.533 million. Cashflow wise the EBITDAF improvement of RM6.934 million speak volumes of the turnaround in liquidity condition of the Group from the second quarter against the first quarter of 2020.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B3. Prospects of the Group**

Looking ahead, the disruptive effects of the pandemic COVID 19 and its potential to disrupt still looms very large ahead and it is also something that the Group is likely to keep a watchful eye for. At the time of this report, the fear of a second wave and further lockdowns is something that the management must be on the alert for. Further lockdowns coupled with the possibility of governments of the large consumer economies changing their fiscal approach towards the support of their economies will also have a large bearing on the likely sales revenues for the coming quarter and henceforth for the rest of 2020. Thus far there have not been indications of any orders or project cancellations rather a postponement or a deferral of the purchase orders, and as such, management is cautiously optimistic that there will be a gradual normalization of the sales trajectory over the course of the remaining months of this year. Obviously, the caveat being that COVID 19 is by and large kept under control. This gradual increase in sales revenue will result in an eventual improvement in cashflow which will allow the Group to navigate through the expiry of the moratorium period of financial institutions relatively smoothly. The Group have kept up with an active engagement schedule with our customers and our goal is to continue to provide the engineering driven manufacturing solutions of the GeShen Group to a wider market.

**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	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	-	96	-	96
Deferred tax	(1)	(13)	(4)	(22)
Tax expenses	<u>(1)</u>	<u>83</u>	<u>(4)</u>	<u>74</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 were no corporate proposals during the quarter.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****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> 30 Jun 2020 RM'000	<u>Audited</u> 31 Dec 2019 RM'000
<b>Short term borrowings:</b>		
Bankers' acceptance	10,066	8,242
Term loans	8,149	9,267
Revolving credit	8,118	7,535
Multi currency trade loan	6,164	2,908
	<u>32,497</u>	<u>27,952</u>
<b>Long term borrowings:</b>		
Term loans	40,150	43,720
	<u>40,150</u>	<u>43,720</u>
<b>Lease liabilities</b>		
Current liabilities	4,423	4,407
Non-Current Liabilities	8,293	10,179
	<u>12,716</u>	<u>14,586</u>
	<u>85,363</u>	<u>86,258</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.

**B13. Dividend Proposed**

There was no dividend declared or proposed by the company for the current quarter ended 30 June 2020.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B14. (Loss) / Earnings per share (Sen)****Basic (loss) / earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Jun 2020</u>	<u>30 Jun 2019</u>	<u>30 Jun 2020</u>	<u>30 Jun 2019</u>
(Loss) / Profit attributable to ordinary shareholders (RM'000)	492	(1,945)	(4,425)	(5,564)
Dividends on RCPS (RM'000)	-	(495)	-	(495)
	<u>492</u>	<u>(2,440)</u>	<u>(4,425)</u>	<u>(6,059)</u>
Weighted average number of shares in issue ('000)*	<u>106,927</u>	<u>76,927</u>	<u>106,927</u>	<u>76,927</u>
Basic EPS (Sen)	<u>0.46</u>	<u>(3.17)</u>	<u>(4.14)</u>	<u>(7.88)</u>

**Diluted (loss) / earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Jun 2020</u>	<u>30 Jun 2019</u>	<u>30 Jun 2020</u>	<u>30 Jun 2019</u>
(Loss) / Profit attributable to ordinary shareholders (RM'000)	492	(1,945)	(4,425)	(5,564)
Interests on RCPS (RM'000)	-	18	9	45
	<u>492</u>	<u>(1,927)</u>	<u>(4,416)</u>	<u>(5,519)</u>
Weighted average number of shares in issue ('000)*	<u>106,927</u>	<u>76,927</u>	<u>106,927</u>	<u>76,927</u>
Weighted average number of new ordinary shares, assumption on conversion of the remaining:-				
- RCPS ('000)	-	30,000	-	30,000
- ESOS ('000)	-	-	-	-
	<u>106,927</u>	<u>106,927</u>	<u>106,927</u>	<u>106,927</u>
Diluted EPS (Sen)	<u>0.46</u>	<u>(1.80)</u>	<u>(4.13)</u>	<u>(5.16)</u>

Note:

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

**B15. Audit Report**

The auditors' report of the company for the financial year ended 31 December 2019 was not subject to any qualification.



**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X

(Incorporated in Malaysia)

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B16. Notes to the Statement of Comprehensive Income**

	Individual Quarter ended		Cumulative Quarter ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
(Loss) / Profit before taxation is arrived at after crediting:				
Interest income	(33)	(30)	(50)	(59)
Gain on foreign exchange				
- realised	(294)	(142)	(407)	(239)
- unrealised	1,375	(33)	(69)	(84)
Gain on disposal of property, plant and equipment	(3)	(1)	(3)	(92)
Gain on disposal of right-of-use asset	-	-	-	-
and after charging:				
Depreciation and amortisation	2,907	2,609	5,847	4,894
Interest expenses	1,291	1,147	2,621	2,170
Loss on foreign exchange				
- realised	33	187	384	511
- unrealised	(741)	(28)	(384)	82
Property, plant and equipment written off	-	-	129	-
Inventories written down	-	(2)	-	30
Loss on disposal of property, plant and equipment	-	-	-	-

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.