

9. FINANCIAL INFORMATION**9.1 HISTORICAL FINANCIAL INFORMATION**

This proforma consolidated results has been extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 December 2003, presented for illustrative purposes only and on the assumption that the Group has been in existence throughout the period under review.

Financial year ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Revenue	60,974	63,406	66,326	77,265	110,596
Profit before depreciation and interest	11,315	7,436	9,199	11,887	14,242
Depreciation/(losses)	(2,894)	(3,119)	(4,787)	(3,603)	(3,650)
Interest expense	(1,403)	(1,162)	(2,200)	(1,728)	(1,415)
Interest income	130	94	-	26	166
Share of profits of associated companies	(192)	-	-	-	-
PBT	6,956	3,249	2,212	6,582	9,343
Taxation	(146)	(789)	(203)	(285)	(2,803)
PAT	6,810	2,460	2,009	6,297	6,540
MI	(19)	(49)	(164)	(204)	(691)
PAT after MI	6,791	2,411	1,845	6,093	5,849
No. of ordinary shares in issue during the year ('000)	63,156	63,156	63,156	63,156	63,156
Gross EPS	11.0	5.1	3.2	10.1	13.7
Net EPS	10.8	3.8	2.9	9.6	9.3

Notes: -

- (1) In 1999, the increased turnover resulted from continued expansion to overseas market such as China coupled with the installation of new machinery to increase production capacity.
- (2) Gross margin improved in 1999 mainly due to an increase in production volume and reduction in the costs of some raw materials.
- (3) The increase in PBT in 1999 was consistent with the increase in gross profit margin and was further due to an increase in realised foreign exchange gain.
- (4) Pursuant to the Income Tax (Amended) Act, 1999, all income (except dividend income) falling within the waiver year was waived from income tax. Accordingly, no provision for taxation was made in respect of year ended 31 December 1999. The tax charge in 1999 was in respect of a deferred tax.
- (5) Turnover for year 2000 increased mainly due to the continuous effort of management to expand the Group's presence in the overseas market.
- (6) Gross profit margin dropped to 19.3% in 2000 due to an increase in costs of sales by RM3.8 million (8.1%) resulting from an increase in raw material, production and distribution costs during the year.
- (7) The decrease in the PBT was consistent with the decrease in the gross profit margin and realised foreign exchange gain in year 2000.
- (8) The lower effective tax rate was due to the utilization of tax losses in a subsidiary company in year 2000.

9. FINANCIAL INFORMATION (Cont'd)

- (9) Turnover for 2001 increased mainly due to the continuous effort of management to expand the Group' continuous effort of management to expand the Group's presence in the overseas market.
- (10) Gross profit margin dropped to 18.6% in 2001 was mainly due to an increase in the cost of production for the year.
- (11) The decrease in PBT in 2001 was mainly due to the decrease in gross profit margin and the increase in depreciation expense arising from additions to plant and machinery and the increase in interest expense for the utilisation of term loans to finance these additions.
- (12) The lower effective tax rate was due to the utilisation of capital allowance and reinvestment allowance incentive in a subsidiary company in year 2001.
- (13) Turnover for 2002 increased mainly due to the continuous effort of the management to expand the Group's presence in the overseas market.
- (14) In 2002, gross profit margin increase by 4% mainly due to an increase in the selling price of finished goods as well as the reduction in raw material cost and a change in depreciation rate.
- (15) The increase in PBT was due to the increase in the turnover and gross profit margin coupled with a reduction in depreciation expense due to a change in the depreciation rate for plant and machinery.
- (16) The lower effective tax rate is due to the utilisation of reinvestment allowance incentive in year 2002.
- (17) Turnover in 2003 increased by approximately 43% compared to the previous year. The increase in turnover is mainly attributable to the increase in export sales as a result of the additional promotion and advertising effort by the management.
- (18) Gross profit margin reduced by approximately 4% as there was an increase in raw material costs in year 2003.
- (19) The increase in PBT was due to the increase in turnover which was slightly set off by the decrease in the gross profit margin in year 2003.
- (20) The higher effective rate was due to deferred tax charge arising from the reversal of temporary difference in year 2003.
- (21) There were no extraordinary items and exceptional items for all the financial years under review, except for the unrealised gain of foreign exchange in 2003.
- (22) The gross and net EPS have been calculated based on PBT after MI and PAT respectively and on the weighted average number of ordinary shares in issue.

The financial statements of the Group for the years under review were not subjected to any audit qualification.

9.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION**9.2.1 Segmental Analysis of Revenue and Operating Profit****Analysis of Revenue by Corporations: -**

Financial Year Ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Goodway Integrated	-	-	-	-	-
Goodway Rubber	54,266	60,918	60,480	72,081	95,645
Goodway Australia	13,608	12,418	9,261	19,500	39,968
Kilotrac	-	-	7,128	6,724	6,111
Goodway Marketing	2,366	777	-	-	-
Goodway Technology	-	-	-	-	-
	70,240	74,113	76,869	98,305	141,724
Consolidated adjustments	(9,266)	(10,707)	(10,543)	(21,040)	(31,128)
Proforma Consolidated Revenue	60,974	63,406	66,326	77,265	110,596

9. FINANCIAL INFORMATION (Cont'd)**Analysis of Revenue by Products and Services: -**

Financial Year Ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Retread rubber compound	70,240	74,113	69,741	91,581	135,613
Retreading services	-	-	7,128	6,724	6,111
	70,240	74,113	76,869	98,305	141,724
Consolidated adjustments	(9,266)	(10,707)	(10,543)	(21,040)	(31,128)
Proforma Consolidated Revenue	60,974	63,406	66,326	77,265	110,596

Analysis of Revenue by Markets / Geographical Location: -

Financial Year Ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Local	23,559	22,754	27,108	29,697	35,293
Export	46,681	51,359	49,761	68,608	106,431
	70,240	74,113	76,869	98,305	141,724
Consolidated adjustments	(9,266)	(10,707)	(10,543)	(21,040)	(31,128)
Proforma Consolidated Revenue	60,974	63,406	66,326	77,265	110,596

Analysis of Operating Profits by Corporations: -

Financial Year Ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Goodway Integrated	-	-	-	-	-
Goodway Rubber	8,479	3,940	4,008	7,192	7,870
Goodway Australia	92	244	64	927	2,259
Kilotrac	-	-	882	702	508
Goodway Marketing	21	(12)	(15)	6	(9)
Goodway Technology	-	-	-	(2)	(3)
	8,592	4,172	4,939	8,825	10,625
Consolidated adjustments	(171)	145	(527)	(541)	(33)
Proforma Consolidated Profits	8,421	4,317	4,412	8,284	10,592

Analysis of Operating Profits by Markets / Geographical Location: -

Financial Year Ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Local	2,929	789	1,306	1,028	2,948
Export	5,663	3,383	3,633	7,797	7,677
	(171)	145	(527)	(541)	(33)
Consolidated adjustments	(171)	145	(527)	(541)	(33)
Proforma Consolidated Profits	8,421	4,317	4,412	8,284	10,592

9. FINANCIAL INFORMATION (Cont'd)**Analysis of Operating Profits by Products and Services: -**

Financial Year Ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Retread rubber compound	8,592	4,172	4,057	8,123	10,117
Retreading services	-	-	882	702	508
	8,592	4,172	4,939	8,825	10,625
Consolidated adjustments	(171)	145	(527)	(541)	(33)
Proforma Consolidated Profits	8,421	4,317	4,412	8,284	10,592

9.2.2 OVERVIEW OF REVENUE AND OPERATING PROFIT

As explained in the notes in Section 9.1 above, the turnover shows an upward trend from year 1999 to year 2003. Turnover in year 2003 increased by RM33.3 million (i.e. 43%) as compared to 2002. The increase is attributable to an increase in export sales as a result of the heavy promotion and advertising effort by the management.

There is also an increase in profit before depreciation and interest ("PBDI") in year 2003 by 19.8% as compared to year 2002. However, PBDI margin decreased by 2.5% due to the decrease in gross profit margin.

Gross profit margin reduced by approximately 4% during the year as there was an increase in costs of material. This cost was passed down to customers around second quarter of 2003 via an increase in the selling price of the Group's products. Further changes in the product mix also contributed to the reduction in GP margin.

Increase in marketing and administrative expenses also lead to the reduction in PBDI. During the year 2003, Goodway Rubber incurred heavy expenditure on advertising and promotion activities in order to penetrate new markets and maintain its existing customers as well.

Tax expenses for year 2003 increased by RM2,518,000. This was mainly due to an increase in deferred tax expense for originating and reversal of temporarily timing differences as well as an increase of tax expenses from Goodway Australia.

As disclosed in Section 9.1 above, there are no exceptional and extraordinary items reported in the financial statements of the Group for the years under review.

9.3 FINANCIAL PERFORMANCE, POSITION AND OPERATIONS

Save as disclosed in Sections 9.1, 9.2, 9.4 and 9.5 of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following: -

- (i) Any known trends, demands, commitments, events or uncertainties that have had, or that the corporation reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the corporation/group;
- (ii) Any material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;
- (iii) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the corporation/group; and the extent to which the financial performance, position and operations of the corporation/group was so affected;

9. FINANCIAL INFORMATION (Cont'd)

- (iv) Where there has been a substantial increase in revenue, state the extent to which such increase is attributable to prices, volume of goods/services being sold, the introduction of new products/services or any other factors; and
- (v) Any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND LITIGATION

(i) Working Capital

Of the total proceeds, RM14.13 million will be used as general working capital for the Group including the payment of creditors, purchase of raw materials/stocks and operating expenses. The Directors of Goodway Integrated are of the opinion that, after taking into consideration the cashflow position, the banking facilities available and the net proceeds from the IPO, Goodway Integrated will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

(ii) Borrowings

As at 31 May 2004 (latest practicable date prior to the printing of this Prospectus) the total utilised bank borrowings in the form of term loans, trust receipts, banker's acceptance and hire purchase financing amounted to approximately RM43.97 million. The borrowings can be analysed further as follows: -

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9. FINANCIAL INFORMATION (Cont'd)

Borrowings	Domestic		Foreign		Total	
	Facility Limit ('000)	Outstanding ('000)	Facility Limit ('000)	Outstanding ('000)	Facility Limit ('000)	Outstanding ('000)
Long Term						
Goodway Rubber						
Term Loan	RM2,200	RM2,200	-	-	RM2,200	RM2,200
Offshore Term Loan	-	-	USD 2,500	RM2,078	RM9,500	RM2,078
Hire purchase	RM878	RM613	-	-	RM878	RM613
Goodway Australia						
Term loan	-	-	AUD297	RM549	RM805	RM549
Leasing facility	-	-	AUD84	RM23	RM228	RM23
Kilotrac						
Term loans	RM2,110	RM817	-	-	RM2,110	RM817
Hire purchase	RM259	RM102	-	-	RM259	RM102
Sub-total		RM3,732		RM2,650		RM6,382
Short Term						
Goodway Rubber						
Bank overdraft	RM6,000	(RM446)	-	-	RM6,000	(RM446)
Revolving credit		RM6,000	-	-		RM6,000
Bank overdraft	RM1,200	RM325	-	-	RM1,200	RM325
Various short term facilities *	RM19,800	RM15,177	-	-	RM19,800	RM15,177
Various Islamic banking facilities #	RM17,000	RM14,784	-	-	RM17,000	RM14,784
Foreign Exchange Currency	RM24,800	-	-	-	RM24,800	-
Kilotrac						
Bank overdraft	RM650	RM399	-	-	RM650	RM399
Bankers' acceptance	RM1,500	RM1,349	-	-	RM1,500	RM1,349
Foreign Exchange Currency	RM2,000	-	-	-	RM2,000	-
Sub total		RM37,588		-		RM37,588
Total						RM43,970

Notes: -

* Inclusive of Letter of Credit, Trust Receipts, Bankers' Acceptance, Bankers' Guarantee, Export Credit Refinancing, Shipping Guarantee, Foreign Bill Exchange Purchase, Foreign Bill Exchange Purchase (Authority to Purchase);

Inclusive of Letter of Credit Murabahah, Murabahan Trust Receipt, Islamic Accepted Bill, Islamic Export Credit Refinancing, Islamic Bank Guarantee, Islamic Shipping Guarantee, Foreign Outward Bills of Exchange Purchased and Foreign Outward Bills of Exchange Purchased (Authority to Purchase).

MBB Malayan Banking Berhad

BLR Base Lending Rate

N/A Not applicable

The Group has no foreign currency borrowings, save and except for an Offshore term loan amounting to USD546,740 (RM2,077,614) from Malayan Banking Berhad for Goodway Rubber, and under Goodway Australia, a term loan amounting to AUD202,557.55 (RM548,930.96 at an exchange rate of AUD1 : RM2.71) from National Australia Bank Limited and a leasing facility amounting to AUD8,637.21 (RM23,406.84 at an exchange rate of AUD1 : RM2.71) from Sutton's Motor Leasing Pty Ltd, which represents approximately 6.03% of the Group's total borrowings.

9. FINANCIAL INFORMATION (Cont'd)**(iii) Contingent Liabilities**

As at 31 May 2004 being the latest practicable date prior to the printing of this Prospectus, there is no material contingent liabilities incurred by the Group.

(iv) Material Capital Commitment

As at 31 May 2004 being the latest practicable date prior to the printing of this Prospectus, there is no material contingent liabilities incurred by the Group.

(v) Material Litigation/Arbitration

Save as disclosed in Section 13.6, as at 31 May 2004, being the latest practicable date to the printing of the Prospectus, neither the Company nor its subsidiary corporations are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Goodway Integrated or its subsidiary corporations and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of Goodway Integrated or its subsidiary corporations.

(vi) Trade Debtors

As at 31 May 2004, the Group total trade debtors after provision of doubtful debts, was recorded at RM31.45 million. The normal credit period extended to the customers of the Group, ranging from cash terms to 120 days. The ageing analysis for the trade debtors is as follows:

As at 31 May 2004	Ageing Analysis					Total (RM'000)
	0-30 days (RM'000)	31-60 days (RM'000)	61-90 days (RM'000)	91-120 days (RM'000)	> 120 days (RM'000)	
Total Group Debtors	16,266	5,479	4,720	2,754	6,247	35,466
	45.9%	15.4%	13.3%	7.8%	17.6%	100.0%
Bad & doubtful debts (> 180days)					(4,019)	(4,019)
Trade debtors balance	16,266	5,479	4,720	2,754	2,228	31,447
	51.7%	17.4%	15.0%	8.8%	7.1%	100.0%

The Directors of the Group have confirmed that the above provision of RM4.0 million is adequate to cover the debts under litigation, in dispute and outstanding for more than 180 days. The balance of the trade debts is fully recoverable in view of long-term relationship with these customers and various credit control measures being implemented by the Group.

9. FINANCIAL INFORMATION (Cont'd)

9.5 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004
(Prepared for inclusion in the Prospectus)



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

Tel + (603) 2095 3388
Fax + (603) 2095 0971
Email: info@kpmg.com.my

www.kpmg.com.my

The Board of Directors
Goodway Integrated Industries Berhad
Suite 13A-2, Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

Our ref: A5/CKS/CBH/NGC

21 June 2004

Dear Sirs

Reporting accountants' letter on the consolidated profit forecast for the year ending 31 December 2004

We have reviewed the consolidated profit forecast of Goodway Integrated Industries Berhad ("GIIB" or "Company") and its subsidiaries ("the Group") for the year ending 31 December 2004 as set out in Appendix I (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus to be dated 23 June 2004 in connection with the following proposals and should not be relied on for any other purposes.

- i. The acquisition of the entire issued and paid-up share capital of Good Way Rubber Industries Sdn Bhd ("GWRI") comprising 12,458,482 shares ("GWRI shares") for a total purchase consideration of RM31,577,998 satisfied by the issuance of 63,155,996 new GIIB shares at issue price of RM0.50 per ordinary share on 19 May 2004.
- ii. Subsequently, GWRI had transferred all its shares held in its subsidiaries to GIIB at a nominal cost of RM1.00 for each subsidiary satisfied in cash.
- iii. Public issue of 16,844,000 new and offer for sale of 12,328,000 existing ordinary shares of RM0.50 each at issue price of RM1.25 per ordinary share to the general public, eligible directors, business associates and employees of the Company.
- iv. Listing of and quotation for the entire issued and paid up share capital of GIIB comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).
- v. Employee Share Option Scheme ("ESOS") issue of 8,000,000 new ordinary shares of RM0.50 each at issue price of either RM1.25 or based on the five days weighted average market price to eligible employees and directors of the Group.

The above-mentioned are hereinafter collectively referred to as "the Proposals".



KPMG, a partnership established under the
Malaysian law, is the Malaysian member
firm of KPMG International, a Swiss cooperative

9. FINANCIAL INFORMATION (Cont'd)



*Goodway Integrated Industries Berhad
Reporting accountants' letter on the
proforma consolidated profit forecast for the
year ending 31 December 2004*

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 December 2003. The Directors of GIIB are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matter stated in the preceding paragraph:-

- i. nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in Appendix I, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- ii. in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 December 2003, except that adjustments have not been made to account for the fair value of the assets and liabilities of GWRI upon acquisition by GIIB and its consequent effect on goodwill or negative goodwill amortisation.

Yours faithfully

KPMG

Firm Number: AF 0758

Chartered Accountants

Siew Chin Kiang @ Seow Chin Kiang

Partner

Approval Number: 2012/11/04 (J)

9. FINANCIAL INFORMATION (Cont'd)

APPENDIX I



**GOODWAY INTEGRATED INDUSTRIES BERHAD
and its subsidiary companies**

**Consolidated profit forecast for the year ending
31 December 2004**

The Directors forecast that, the Group's consolidated profit after taxation for the year ending 31 December 2004 will be as follows:

	2004
	RM'000
Consolidated profit after taxation and minority interest	10,006
Pre-acquisition profit	(1,472)

Negative goodwill – amortisation	8,534
	104

Profit attributable to shareholders	8,638
	=====
Number of ordinary shares in issue ('000 units)	80,000*
Earnings per share (sen)	
- based on profit after taxation and minority interest	12.5
- based on profit attributable to shareholders	10.8

*It is assumed that the ESOS is not exercised upon listing.

The principal bases and assumptions upon which the above consolidated profit forecast has been made are as follows:

1. It is assumed that the consolidated revenue and gross margin of the Group as identified and scheduled by the Directors and management of the Group will materialise.
2. There will no changes in the accounting policies presently adopted by the Group.
3. There will be no major incidence of bad and doubtful debts.
4. The Group will be able to market, sell and deliver its products as planned by the Directors. There will be no delays or any abnormal circumstances which will adversely affect the forecast revenue pattern.
5. It is assumed that the product sales mix will be consistent with prior years with Precured Tread Liner (PTL), Orbistrip (OBT) and Masterbatch/Compound (MB/CPD) being the main products contributing to the revenues of the Group.
6. There will be no significant changes in the prevailing economic and political conditions that will adversely affect the activities and performance of the Group.
7. There will be no significant changes in the present legislation and governmental regulations which will adversely affect the operations of the Group or the markets in which it operates.
8. There will be no material contingent liabilities and litigations which are likely to give rise to any proceedings which might materially affect the Group's assets, financial position and operations and the profit forecast.

GOODWAY INTEGRATED INDUSTRIES BERHAD (618972-T)

(Formerly known as Prosperous Image Berhad)

29-7, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.
Tel: (603) 2284 9322 Fax: (603) 2284 9122 website: www.goodway-integrated.com

9. FINANCIAL INFORMATION (Cont'd)

APPENDIX I



9. Inflation rates will remain at current levels.
10. There will be no material fluctuations in foreign currency exchange rates from prevailing rates, including the exchange rate of RM3.80 to United States Dollar ("USD") 1.00 and RM2.64 Australian Dollar ("AUD") to 1.00.
11. There will be no significant changes in the rate and basis of taxation.
12. There will no significant changes in the principal activities, composition and structure of the Group other than the Proposals mentioned at the cover to this letter.
13. There will be no significant changes in the existing senior management and existing accounting, management and operational policies which will adversely affect the Group.
14. Existing financing facilities will remain available to the Group and interest rates will not change significantly from those presently prevailing. In addition, the Group will be able to obtain financing facilities at the present prevailing interest rates.
15. There will be no industrial disputes or any other abnormal factors or changes that will significantly affect the Group's operations or disrupt its planned operations.
16. Capital expenditure will be incurred as planned.
17. There will be no significant changes in the prices of major raw materials, labour and other operating costs other than as planned. Management expects that increases in the price of natural rubber will be passed on to their customer on a timely basis to maintain the profit margin.
18. There will be no significant changes in the pricing of the Group's products and sales of products other than as planned. Management anticipates that there will be a general price increase of approximately 4% for major products compared to previous years.
19. Existing trading relationships with major suppliers and business partners will be maintained. There will be no limitation or delay in the supply of critical raw materials by these suppliers and business partners that will materially affect the operations and performance of the Group.
20. Management anticipates that the overall net contract workers wages will only increase by 2% even with annual wage increment of 12% as management expects to achieve production efficiency of 10%.
21. The gross proceeds of RM21,055,000 from the public issue will be received by July 2004 and utilised as follows:-

	RM'000
Repayment of trade facilities	5,021
Working capital	14,134
Listing expenses	1,900

	21,055
	=====

GOODWAY INTEGRATED INDUSTRIES BERHAD (618972-T)*(Formerly known as Prosperous Image Berhad)*

29-7, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.
 Tel: (603) 2284 9322 Fax: (603) 2284 9122 website: www.goodway-integrated.com

9. FINANCIAL INFORMATION (Cont'd)**9.6 DIRECTORS' COMMENTS ON THE PROFIT FORECAST**

The Directors are expecting Group's revenue to increase for the financial year ending 31 December 2004, resulting from the expected increase in selling price of rubber compound retreads as well as increase in sales volume from existing and new markets. With the forecasted increase in sale in 2004, the revenue for financial year 2004 is expected to reach approximately at RM122.6 million, and, compared to revenue in financial year 2003, this reflects an increase of approximately RM12 million or approximately 10.8%. On Group's PAT, it is projected to increase by approximately 71% as compared to the financial year 2003, which is in tandem to the increase in turnover of rubber compound retreads and due to improvement in production efficiency.

9.7 DIVIDEND FORECAST

The Board intends to recommend the payment of dividends to allow shareholders to participate in the profits of the Group and leave adequate reserves for the future growth of the Group.

Based on the consolidated profit forecast for the financial year ending 31 December 2004 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, the Directors of Goodway Integrated anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a dividend of 4.25 sen or 8.5% per share for the financial year ending 31 December 2004, based on the enlarged issued and paid-up share capital of 80,000,000 ordinary shares of RM0.50 each.

The intended appropriation of the forecast consolidated PAT after MI for the financial year ending 31 December would be as follows: -

Financial Year Ending 31 December	Forecast 2004 (RM'000)
Consolidated PBT	12,178
Less : Taxation	(1,948)
Consolidated PAT	10,230
Less : MI	(224)
Consolidated PAT after MI	10,006
Less : Pre-acquisition profit	(1,472)
	8,534
Negative goodwill – amortisation	104
Profit attributable to shareholders	8,638
Retained Profits brought forward	23,953
Less : Final Dividend for year ended 2003	(3,500)
Less : Proposed Dividend	(2,448)
Retained Profits	26,643
Gross dividend per share (sen)	4.25
Gross dividend yield (%) ^(Note 2)	3.40
Net dividend cover (times)	4.08

Notes: -

- (1) Based on the enlarged share capital of 80,000,000 ordinary shares of RM0.50 each.
- (2) Based on the IPO price of RM1.25 per ordinary share.

9. FINANCIAL INFORMATION (Cont'd)**9.8 SENSITIVITY ANALYSIS**

The following sensitivity analysis is prepared by the management of the Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 9.6 above and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the turnover and the cost of sales. Notwithstanding the impacts of the variations in the turnover and cost of sales as outlined here, there may exist other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows: -

9.8.1 Variations in Revenue (Movement in Price)

Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin (%)
As Forecast	122,620	95,128	27,492	12,178	10,006	22
Up to 10%	134,882	95,128	39,754	24,440	20,307	29
Up to 5%	128,751	95,128	33,623	18,309	15,156	26
Down 5%	116,489	95,128	21,361	6,047	4,856	18
Down 10%	110,358	95,128	15,230	(84)	(295)	14

9.8.2 Variations in Cost of Sales

Forecast for the financial year ending 31 December 2004

	Revenue RM'000	Cost of Sales RM'000	Gross Profit RM'000	PBT RM'000	PAT & After MI RM'000	GP Margin %
As Forecast	122,620	95,128	27,492	12,178	10,006	22
Up to 10%	122,620	104,641	17,979	2,665	2,015	15
Up to 5%	122,620	99,884	22,736	7,422	6,010	19
Down 5%	122,620	90,372	32,248	16,934	14,002	26
Down 10%	122,620	85,615	37,005	21,691	17,997	30

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9. FINANCIAL INFORMATION (Cont'd)**9.9 MOVEMENTS IN THE SHARE CAPITAL AND SHARE PREMIUM**

The movements in the share capital and share premium account of the Company are as follows: -

	Share capital	Cash and bank	Share premium
	RM'000	balances	account
		RM'000	RM'000
As at 31 December 2003	*	*	-
Proforma 1: Acquisition of Goodway Rubber and the subsidiaries	31,578	4,867	-
Proforma 2: Public Issue and Offer for Sale and repayment of trade facilities and payment of listing expenses	8,422	14,134	10,733
Proforma 3 ESOS	4,000	10,000	6,000
Total	44,000	29,001	16,733

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9. FINANCIAL INFORMATION (Cont'd)

**9.10 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS AS AT 31 DECEMBER 2003
(Prepared for inclusion in the Prospectus)**



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

Tel + (603) 2095 3388
Fax + (603) 2095 0971
Email: info@kpmg.com.my

www.kpmg.com.my

The Board of Directors
Goodway Integrated Industries Berhad
Suite 13A-2, Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

Our ref:A5/CKS/CBH/NGC

21 June 2004

Dear Sirs

**Reporting accountants' letter on the proforma consolidated balance sheets as at 31
December 2003**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Goodway Integrated Industries Berhad ("GIIB") and its subsidiaries ("the Group") as at 31 December 2003, which has been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in Appendix I, for inclusion in the Prospectus to be dated 23 June 2004 in connection with the following proposals ("Proposed Scheme"), and should not be relied on for any other purposes.

The proforma consolidated balance sheets, together with the notes thereon as set out in Appendices AI-1 to AI-3, incorporate the following: -

- i. The acquisition of the entire issued and paid-up share capital of Good Way Rubber Industries Sdn Bhd ("GWRI") comprising 12,458,482 shares ("GWRI shares") for a total purchase consideration of RM31,577,998 satisfied by the issuance of 63,155,996 new GIIB shares at issue price of RM0.50 per ordinary share on 19 May 2004.
- ii. Subsequently, GWRI had transferred all its shares held in its subsidiaries to GIIB at a nominal cost of RM1.00 for each subsidiary satisfied in cash.
- iii. Public issue of 16,844,000 new and offer for sale of 12,328,000 existing ordinary shares of RM0.50 each at issue price of RM1.25 per ordinary share to the general public, eligible directors, business associates and employees of the Company.
- iv. Listing of and quotation for the entire issued and paid up share capital of GIIB comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).
- v. Employee Share Option Scheme ("ESOS") issue of 8,000,000 new ordinary shares of RM0.50 each at issue price of either RM1.25 or based on the five days weighted average market price to eligible employees and directors of the Group.



KPMG, a partnership established under the
Malaysian law, is the Malaysian member
firm of KPMG International, a Swiss cooperative.

9. FINANCIAL INFORMATION (Cont'd)



*Goodway Integrated Industries Berhad
Reporting accountants' letter on the
proforma consolidated balance sheets
as at 31 December 2003*

In our opinion,

- the proforma consolidated balance sheets have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies of GIIB Group other than as stated in the notes to the proforma consolidated balance sheets where adjustments have not been made to account for the fair value of the assets and liabilities of GWRI upon acquisition by GIIB; and
- the adjustments made are appropriate for the purposes of the proforma consolidated balance sheet.

Yours faithfully

KPMG

Firm Number: AF 0758

Chartered Accountants

Siew Chin Kiang @ Seow Chin Kiang

Partner

Approval Number: 2012/11/04 (J)

9. FINANCIAL INFORMATION (Cont'd)



Appendix AI-1

**GOODWAY INTEGRATED INDUSTRIES BERHAD
AND ITS PROPOSED SUBSIDIARIES**

**Proforma consolidated balance sheets
as at 31 December 2003**

The proforma consolidated balance sheets of Goodway Integrated Industries Berhad ("GIIB") as at 31 December 2003 as set out below is provided for illustrative purpose only to show the effects of the transactions referred to in the notes:

	<i>Note</i>	<i>Balance sheet at 31 December 2003 RM'000</i>	<i>Proforma consolidated balance sheet after Stage 1 RM'000</i>	<i>Proforma consolidated balance sheet after Stage 2 RM'000</i>	<i>Proforma consolidated balance sheet after Stage 3 RM'000</i>
Property, plant and equipment		-	38,464	38,464	38,464
Goodwill		-	1,648	1,648	1,648
Deferred tax asset		-	563	563	563
Current assets					
Inventories		-	12,687	12,687	12,687
Trade and other receivables		-	30,149	30,149	30,149
Tax recoverable		-	373	373	373
Cash and cash equivalents	4	*	4,867	19,001	29,001
		*	48,076	62,210	72,210
Current liabilities					
Trade and other payables		-	10,504	10,504	10,504
Borrowings		-	35,021	30,000	30,000
Taxation		-	979	979	979
		-	46,504	41,483	41,483
Net current assets		*	1,572	20,727	30,727
		*	42,247	61,402	71,402
Financed by:					
Capital and reserves					
Share capital	5	*	31,578	40,000	44,000
Share premium	6	-	-	10,733	16,733
Reserves		-	5,270	5,270	5,270
Shareholders' funds		*	36,848	56,003	66,003
Minority interests		-	722	722	722
Long term and deferred liabilities					
Deferred tax		-	2,917	2,917	2,917
Borrowings		-	1,760	1,760	1,760
		-	4,677	4,677	4,677
		*	42,247	61,402	71,402
NTA per share (RM)		0.50	0.56	0.68	0.73

9. FINANCIAL INFORMATION (Cont'd)

Appendix AI-2

**GOODWAY INTEGRATED INDUSTRIES BERHAD
AND ITS PROPOSED SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2003**

1. The proforma consolidated balance sheets of the Group are based on the audited financial statements of GWRI and its subsidiaries as at 31 December 2003.
2. The proforma consolidated balance sheets of the Group have been prepared using accounting principles and bases consistent with those normally adopted in the preparation of the audited financial statements except that adjustments have not been made to account for the fair value of the assets and liabilities of GWRI upon acquisition by GIIB.
3. The proforma consolidated balance sheets are for illustrative purposes only to incorporate the following transactions as though they were affected on 31 December 2003.

Stage 1

- The acquisition of the entire issued and paid-up share capital of GWRI comprising 12,458,482 shares ("GWRI shares") for a total purchase consideration of RM31,577,998 satisfied by the issuance of 63,155,996 new GIIB shares at issue price of RM0.50 per ordinary share on 19 May 2004.
- Subsequently, GWRI had transferred all its shares held in its subsidiaries to GIIB at a nominal cost of RM1.00 for each subsidiary satisfied in cash.
- The acquisition of GWRI and the subsidiaries resulted in a reserve on consolidation of RM5,270,000.

Stage 2

- Public issue of 16,844,000 new and offer for sale of 12,328,000 existing ordinary shares of RM0.50 each at issue price of RM1.25 per ordinary share to the general public, eligible directors, business associates and employees of the Company.
- The gross proceeds of RM21,055,000 from the public issue will be utilised as follows:-

	RM'000
Repayment of trade facilities	5,021
Working capital	14,134
Estimated listing expenses	1,900

	21,055
	=====

Stage 3

- In conjunction with its listing, GIIB propose to implement an Employee Share Option Scheme ("ESOS") involving up to 8,000,000 new ordinary shares of RM0.50 each assuming at issue price of RM1.25 per ordinary share, to be issued pursuant to the exercise of the Options to be granted under the ESOS to the eligible employees and directors of the Group.

9. FINANCIAL INFORMATION (Cont'd)**Appendix AI-3**

4. Movement in cash and cash equivalents:-

	RM'000
Balance at 31 December 2003	*
Stage 1:	
Acquisition of GWRI and the subsidiaries	4,867

Balance after Stage 1	4,867
Stage 2:	
Public issue	21,055

	25,922
Repayment of trade facilities	(5,021)
Payment of listing expenses	(1,900)

Balance after Stage 2	19,001
Stage 3:	
ESOS	10,000

	29,001
Balance after Stage 3	=====

5. Movement in share capital account:-

	RM'000
Balance at 31 December 2003	*
Stage 1:	
Acquisition of GWRI	31,578

Balance after Stage 1	31,578
Stage 2:	
Public issue	8,422

Balance after Stage 2	40,000
Stage 3:	
ESOS	4,000

Balance after Stage 3	44,000
	=====

* Issued and paid-up capital of GIBB of RM2.00, representing 4 ordinary shares of RM0.50 each.

9. FINANCIAL INFORMATION (Cont'd)**Appendix AI-4**

6. Movement in share premium account:-

	RM'000
Balance at 31 December 2003	-
Stage 2:	
Public issue	12,633
Listing expenses	(1,900)

Balance after Stage 2	10,733
Stage 3:	
ESOS	6,000

Balance after Stage 3	16,733
	=====