

GOODWAY INTEGRATED INDUSTRIES BERHAD
(Company No. 618972-T)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30.6.08 RM'000	Preceding Year Corresponding Quarter ended 30.6.07 RM'000	Current Year Period-to-date ended 30.6.08 RM'000	Preceding Year Corresponding Period-to-date ended 30.6.07 RM'000
Revenue	71,776	49,308	132,936	96,474
Cost of sales	<u>(63,231)</u>	<u>(41,578)</u>	<u>(117,674)</u>	<u>(81,920)</u>
Gross profit	8,545	7,730	15,262	14,554
Other operating income	546	114	844	222
Interest Income	35	38	77	61
Operating expenses	(5,446)	(3,936)	(10,293)	(8,094)
Finance cost	(2,401)	(1,583)	(4,281)	(3,152)
Profit before tax	<u>1,279</u>	<u>2,363</u>	<u>1,609</u>	<u>3,591</u>
Profit for the period	<u><u>510</u></u>	<u><u>1,284</u></u>	<u><u>809</u></u>	<u><u>2,062</u></u>
Attributable to:				
Equity holders of the parent	561	1,647	720	2,734
Minority interest	(51)	(363)	89	(672)
	<u>510</u>	<u>1,284</u>	<u>809</u>	<u>2,062</u>
Earnings per share attributable to equity holders of the parent				
- Basic earnings per share (sen)	<u>0.70</u>	<u>2.05</u>	<u>0.90</u>	<u>3.41</u>
- Diluted earnings per share (sen)	<u>0.70</u>	<u>2.03</u>	<u>0.90</u>	<u>3.38</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the accompanying explanatory notes to the interim financial statements and the audited financial statements for the year ended 31 December 2007.

GOODWAY INTEGRATED INDUSTRIES BERHAD
(Company No. 618972-T)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2008
(The figures have not been audited)

	As At End of Current Quarter 30.6.08 RM'000	Audited As At 31.12.07 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	93,087	94,596
Prepaid interest in leased land	29,282	29,109
Other investments	500	500
Deferred tax assets	5,537	5,537
Intangible Assets	6,148	6,148
	<u>134,554</u>	<u>135,890</u>
Current assets		
Inventories	46,483	42,431
Receivables	63,881	59,172
Tax recoverable	1,400	1,141
Cash and cash equivalents	13,860	16,401
	<u>125,624</u>	<u>119,145</u>
	<u>260,178</u>	<u>255,035</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	40,189	40,189
Reserves	15,584	14,368
Retained earnings	21,970	22,442
	<u>77,743</u>	<u>76,999</u>
Minority shareholders' interests	608	658
Total equity	<u>78,351</u>	<u>77,657</u>
Non-current liabilities		
Deferred tax liabilities	12,665	12,969
Long term borrowings	54,427	54,786
Total non-current liabilities	<u>67,092</u>	<u>67,755</u>
Current liabilities		
Payables	47,955	42,995
Short term borrowings	65,460	66,212
Taxation	130	416
Proposed dividend	1,190	-
Total current liabilities	<u>114,735</u>	<u>109,623</u>
Total liabilities	<u>181,827</u>	<u>177,378</u>
TOTAL EQUITY AND LIABILITIES	<u>260,178</u>	<u>255,035</u>
Net Assets per share (RM)	0.97	0.97

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying explanatory notes to the interim financial statements and the audited financial statements for the year ended 31 December 2007.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008
(The figures have not been audited)

	Attributable to shareholders of the company						Sub-total RM'000	Minority Interest RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Share Option Reserves RM'000	Capital Reserve RM'000				Distributable Retained Profit/(Loss) RM'000
Balance as at 1 January 2008	40,189	11,143	(45)	3,049	222	-	18,297	72,855	658	73,513
Changes in accounting policies:										
- Recognition of Reinvestment Allowance	-	-	-	-	-	-	4,144	4,144	-	4,144
Restated balance	40,189	11,143	(45)	3,049	222	-	22,441	76,999	658	77,657
Changes in equity ended 30 June 2008										
Exchange differences on translation of foreign subsidiary	-	-	1,010	-	-	-	-	1,010	(139)	871
Issue of shares to minority shareholder	-	-	-	-	-	204	-	204	-	204
Net profit recognised in equity	-	-	1,010	-	-	204	-	1,214	(139)	1,075
Profit for the period	-	-	-	-	-	-	720	720	89	809
Total recognised income and expense for the period	-	-	1,010	-	-	204	720	1,934	(50)	1,884
Proposed dividend	-	-	-	-	-	-	(1,190)	(1,190)	-	(1,190)
Balance as at 30 June 2008	40,189	11,143	965	3,049	222	204	21,971	77,743	608	78,351
Balance as at 1 January 2007	40,000	11,087	(168)	3,049	94	-	14,881	68,943	1,047	69,990
Changes in accounting policies:										
- Recognition of Reinvestment Allowance	-	-	-	-	-	-	4,144	4,144	-	4,144
Restated balance	40,000	11,087	(168)	3,049	94	-	19,025	73,087	1,047	74,134
Changes in equity ended 30 June 2007										
Exchange differences on translation of foreign subsidiary	-	-	251	-	-	-	-	251	81	332
Net loss recognised in equity	-	-	251	-	-	-	-	251	81	332
Profit for the period	-	-	-	-	-	-	2,734	2,734	(672)	2,062
Total recognised income and expense for the period	-	-	251	-	-	-	2,734	2,985	(591)	2,394
Proposed dividend	-	-	-	-	-	-	(1,300)	(1,300)	-	(1,300)
Issuance of new ordinary shares	86	22	-	-	-	-	-	108	-	108
Share based payments	-	-	-	-	128	-	-	128	-	128
Balance as at 30 June 2007	40,086	11,109	83	3,049	222	-	20,459	75,008	456	75,464

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes to the interim financial statements and the audited financial statement for the year ended 31 December 2007.

GOODWAY INTEGRATED INDUSTRIES BERHAD
(Company No. 618972-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008
(The figures have not been audited)

	Cumulative Current Year Ended 30.6.08 RM'000	Cumulative Preceding Year Ended 30.6.07 RM'000
Cash flows from operating activities		
Profit before taxation	1,609	3,591
Adjustments for :		
Non-cash items adjustments	<u>8,621</u>	<u>6,612</u>
Operating profit before working capital changes	10,230	10,203
Increase/(Decrease) in working capital		
Inventories	(4,053)	(5,888)
Receivables	(5,046)	(6,488)
Payables	<u>3,630</u>	<u>1,988</u>
Cash generated from/ (used in) operations	4,761	(185)
Interest received	77	61
Interest paid	(4,282)	(3,152)
Tax (paid)/ refund	<u>(321)</u>	<u>739</u>
Net cash flow generated from/ (used in) operating activities	<u>235</u>	<u>(2,537)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,715)	(8,868)
Proceeds from disposal of property, plant and equipment	<u>520</u>	<u>38</u>
Net cash flow used in investing activities	<u>(2,195)</u>	<u>(8,830)</u>
Cash flows from financing activities		
(Repayment)/ Proceeds of borrowings	(3,048)	9,650
(Repayment)/ Drawdown of hire purchase creditors	(262)	358
Proceeds from issuance of new ordinary shares	<u>-</u>	<u>108</u>
Net cash flow (used in)/ generated from financing activities	<u>(3,310)</u>	<u>10,116</u>
Exchange differences on translation of the financial statements of foreign subsidiary	<u>923</u>	<u>305</u>
Net changes in cash and cash equivalents	(4,347)	(946)
Cash and cash equivalents at beginning of period	<u>15,327</u>	<u>5,014</u>
Cash and cash equivalents at end of period	<u>10,980</u>	<u>4,068</u>
<u>Cash and cash equivalents comprises of</u>		
Cash and bank balances	13,860	4,068
Bank Overdraft	<u>(2,880)</u>	<u>-</u>
	<u>10,980</u>	<u>4,068</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying explanatory notes to the interim financial statements and latest audited financial statement for the year ended 31 December 2007.

GOODWAY INTEGRATED INDUSTRIES BERHAD

(Company No. 618972-T)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - FRS 134**A1. Basis of Preparation**

This interim financial statement has been prepared under the historical cost convention except for the revaluation of landed properties.

This interim financial statement is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 - "Interim Financial Reporting" and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("BMSB") and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2008.

Revised FRS 112 - Income Taxes

The adoption of these new accounting standards do not have any material impact on the results of the Group for the current financial period except as stated belows:

(a) Revised FRS 112: Income Taxes

FRS 112 addresses the accounting treatment for income taxes. However, FRS 112 does not prescribe the accounting treatment for reinvestment allowance and investment tax allowance (tax incentives). In the current accounting policy for income taxes, reinvestment allowance or investment tax allowance is treated as the tax base of an asset. On adoption of FRS 112, the Group accounts for the tax incentives as a reduction in tax rate applied to deferred tax liabilities in FRS 112. The change in accounting policy is to be applied retrospectively and have the following impact on the financial statements:

	31 December 07 as previously reported RM'000	Adjustment RM'000	31 December 07 restated RM'000
ASSETS			
Non-current assets			
Deferred tax assets	1,393	4,144	5,537
	<hr/>		<hr/>
EQUITY			
Retained earnings	18,298	4,144	22,442
	<hr/>		<hr/>

A3. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's Financial Statements for the year ended 31 December 2007 was not subject to any qualifications.

A4. Seasonality or Cyclical

The Group's operations are not materially affected by seasonality or cyclical factors during the quarter under review.

A5. Unusual Items

There were no items affecting assets, liabilities, equity, net income or cash flows during the current financial period that are unusual because of their nature, size or incidence.

A6. Changes in Estimates

There were no material changes in estimates that have been used in the preparation of the current financial period or changes in estimates of amounts reported for the last financial year ended 31 December 2007.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

A8. Dividend Paid

No dividend has been paid or declared in the current financial quarter except that on 24 June 2008, at the Company's Fifth Annual General Meeting, the shareholders of the Company had approved the payment of first and final dividend of 2 sen per share less 26% for the year ended 31 December 2007 and will be payable on 26 September 2008.

A9. Segment Reporting

Segmental information is presented in respect of the Group's business segments:-

	<u>Compounding</u> RM'000	<u>Retreading</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Consolidation adjustment</u> RM'000	<u>Cumulative Quarter ended</u> 30.6.08 RM'000
External revenue	77,764	33,866	21,306	-	-	132,936
Inter-segment revenue	27,522	20,886	3,796	-	(52,204)	-
Total revenue	<u>105,286</u>	<u>54,752</u>	<u>25,102</u>	<u>-</u>	<u>(52,204)</u>	<u>132,936</u>
Overseas revenue	50,968	655	-	-	(9,252)	42,371
Local revenue	54,318	54,097	25,102	-	(42,952)	90,565
Total revenue	<u>105,286</u>	<u>54,752</u>	<u>25,102</u>	<u>-</u>	<u>(52,204)</u>	<u>132,936</u>
Segment results	4,371	763	839	(626)	466	5,813
Interest Income						77
Finance cost						(4,281)
Profit before taxation						1,609
Taxation						(800)
Minority Interest						(89)
Profit for the period attributable to equity holders of the parent						<u>720</u>

A10. Valuation of Property, Plant and Equipment

Valuations of freehold and leasehold land and buildings have been brought forward, without amendments from the previous annual financial statements.

A11. Subsequent Events

There were no material events subsequent to the end of the period that have not been reflected in the financial statements for this quarter and financial period to-date.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date.

A13. Contingent Liabilities and Contingent Assets

	As at 30.6.08 RM'000
Contingent Liabilities	
Corporate guarantee for credit facilities granted to subsidiaries	<u>41,940</u>

Save as disclosed above, there were no material changes in contingent liabilities and contingent assets since the last audited financial statements for the year ended 31 December 2007.

A14. Capital Commitments

There are no other outstanding capital commitments at the end of the current quarter except for the following:-

	As at 30.6.08 RM'000
(i) Investment cost	
- Contracted and balance unpaid	<u>2,000</u>

A15. Related Party Transactions

Related Party Transactions had been entered into in the ordinary course of business based on normal commercial terms and at arms length.

B. BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Performance Review

	Current Year Quarter ended 30.6.08 RM'000	Preceding Year Corresponding Quarter ended 30.6.07 RM'000	Current Year Period-to-date ended 30.6.08 RM'000	Preceding Year Corresponding Period-to-date ended 30.6.07 RM'000
Revenue	71,776	49,308	132,936	96,474
Profit for the period	510	1,284	809	2,062

The Group achieved revenue of RM71.8 million for the quarter ended 30 June 2008 as compared to RM49.3 million in the corresponding quarter of the preceding year, an increase of RM22.5 million or 46%. The increase in revenue was mainly due to RM 12.5 million sales arises from the trading segment, and RM10.0 million or 20% growth recorded from the existing compounding and retreading segment.

The Group reported profit after tax of RM0.5 million as compared to RM1.3 million in the corresponding quarter of the preceding year. The result in Q2 2008 was affected by profit margin erosion due to significant increase in material costs and weakening US Dollar compared to the last financial year.

B2. Comparison of The Current Quarter Results Against Preceding Quarter

	Current Quarter ended 30.6.08 RM'000	Preceding Quarter ended 31.3.08 RM'000
Revenue	71,776	61,160
Profit After Tax	510	297

The Group's revenue in current financial quarter increased 17% from RM 61.2 million in Q1 2008 to RM 71.8 million. The growth was mainly from the trading segment which increased RM3.7 million or 42% and RM6.9 million or 13% growth from existing compounding and retreading compared to the last quarter.

Overall, the group achieved a net profit of RM0.5 million for the current financial quarter.

B3. Prospects

The Group is optimistic and will continue to handle the challenges (mainly raising cost) with austerity and enthusiasm. Despite these challenges, the demand for the Group's product is still high.

B4. Profit Forecast

The Group has not issued any profit forecast or profit guarantee during the current financial quarter.

B5. Taxation Charge

The taxation comprises the following :

	Current Quarter Ended 30.6.08 RM'000	Cumulative Period-to-date Ended 30.6.08 RM'000
Taxation		
- Current year	841	1,027
Deferred taxation		
- Current year	(72)	(227)
Total taxation	<u>769</u>	<u>800</u>

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate as certain expenses were not deductible for tax purposes .

B6. Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter and financial period to-date.

B7. Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and financial period to-date.

B8. Corporate Proposal

There were no corporate proposals announced but not completed as at the date of this report except:-

i) On 5 September 2007, Goodway (HK) Pte Limited, a wholly-owned subsidiary of the Company entered into a Joint Venture Agreement with World Bond (H.K.) Limited, Lu Xiao Fei and Guan Huai Yun for the establishment and management of a new joint venture company. The company is to undertake the investment in the business of the manufacturing and sales of rubber tyres and recycled rubber tyres, production of precured tread liner in the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan. On 15 August 2008, the Joint Venture Agreement had been terminated by mutual consent due to the non-performance of the obligations by all parties.

ii) On 8 October 2007, the Company entered into a Joint Venture Agreement with Shenzhen Xinxihu Holdings Co Ltd for the establishment and management of a new joint venture company which will be principally involved in manufacturing and trading of retread tyres in the People's Republic of China. The joint venture company was successfully incorporated on 23 July 2008.

iii) Further to the Company's announcement made on 4 July 2008 in relation to non-compliance with the requirement of the public shareholding spread as required by Para 8.15(1) of the LR, Bursa Malaysia has vide their letter dated 16 July 2008 approved the Company's application for a further extension of time of six (6) months until 14 January 2009 in order to comply with the public shareholding spread requirement. As at 30 June 2008, the public shareholding spread of the Company according to the Record of Depositors was 41.55% and there were 928 public shareholders holding not less than 100 shares.

B9. Group Borrowings

The Group borrowings as at 30 June 2008 were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	20,417	15,043	35,460
- Bonds (RM)	30,000	-	30,000
	<u>50,417</u>	<u>15,043</u>	<u>65,460</u>
Long term borrowings			
- Local currency (RM)	4,427	-	4,427
- Bonds (RM)	50,000	-	50,000
	<u>54,427</u>	<u>-</u>	<u>54,427</u>
Total	<u>104,844</u>	<u>15,043</u>	<u>119,887</u>

B10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report except for the following:-

	As at 30.6.08 RM'000
Forward foreign exchange contracts	<u>14,382</u>

The Group uses foreign exchange forward contracts to hedge its exposure to foreign exchange rates risk arising from operational, financing and investment activities.

Foreign exchange forward contracts are used to reduce exposure to fluctuations in foreign exchange rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Foreign exchange forward contracts that do not qualify for hedge accounting are accounted for as trading instruments and marked to market at balance sheet date. Any profit or loss is recognised in the income statement.

The maturity dates for the forward foreign exchange contracts entered into range from 1 to 3 months.

B11. Material litigation

The Group does not have any material litigation as at the date of this report.

B12. Proposed Dividend

The Board of Directors has not recommended any dividend for the current financial quarter under review.

B13. Earnings Per Share (EPS)

	Current Quarter Ended	Cumulative Period-to-date Ended
	30.6.08	30.6.08
<u>Basic EPS</u>		
Net profit attributable to the shareholders (RM'000)	561	724
Weighted average number of shares ('000)	80,377	80,377
Basic Earnings Per Share (sen)	0.70	0.90

Diluted EPS

The weighted average number of ordinary shares was calculated as follows:-

Net profit attributable to the shareholders (RM'000)	565	724
Weighted average number of shares ('000)	80,377	80,377
Adjustment for the exercise of ESOS ('000)	103	-
Adjusted weighted average number of shares ('000)	80,480	80,377
Diluted Earnings Per Share (sen)	0.70	0.90

By order of the Board

GOODWAY INTEGRATED INDUSTRIES BERHAD

Lim Hooi Mooi

Company Secretary MAICSA 0799764

Kuala Lumpur
26 August 2008