



GOODWAY INTEGRATED INDUSTRIES BERHAD

(Company No: 618972-T)
(Incorporated in Malaysia)

**Interim Financial Statement for the period
ended 31 March 2010**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2010
(The figure have not been audited)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Three months ended 31 March		Three months ended 31 March	
	Current Year 2010	Preceding Year 2009	Current Year 2010	Preceding Year 2009
	RM'000	RM'000	RM'000	RM'000
Revenue	58,087	38,392	58,087	38,392
Cost of sales	(49,082)	(34,732)	(49,082)	(34,732)
Gross profit	9,005	3,660	9,006	3,660
Other operating income	119	1,645	119	1,645
Operating expense	(6,025)	(4,316)	(6,025)	(4,316)
Operating profit	3,099	989	3,099	989
Finance cost	(1,819)	(1,780)	(1,819)	(1,780)
Interest income	29	11	29	11
Finance cost – net	(1,790)	(1,769)	(1,790)	(1,769)
Share of post tax loss of an associate	(74)	(96)	(74)	(96)
Share of post tax loss of a joint controlled entity	(7)	-	(7)	-
Profit before tax	1,228	(876)	1,228	(876)
Tax expense	(224)	(19)	(224)	(19)
Profit/(loss) for the period	1,004	(895)	1,004	(895)
Profit/(loss) attributable to:				
Equity holders of the parent	967	(900)	967	(900)
Minority Interest	37	5	37	5
	1,004	(895)	1,004	(895)
Other Comprehensive Income:				
Net Gain / (Loss) on financial assets or liabilities designated at fair value through profit or loss	23	-	23	-
Exchange difference on translation of foreign operations	(244)	(130)	(244)	(130)
Interest expense for financial liability at fair value	(315)	-	(315)	-
Revaluation Reserve	-	(576)	-	(576)
Total other comprehensive income for the period, net of tax	(536)	(706)	(536)	(706)
Total comprehensive income for the period	468	(1,601)	468	(1,601)
Total comprehensive income attributable to:				
Equity holders of the parent	431	(1,606)	431	(1,606)
Minority interest	37	5	37	5
	468	(1,601)	468	(1,601)
Earnings per share attributable to Equity holders of the parent (sen)				
- Basic earnings per share	1.20	(1.12)	1.20	(1.12)
- Diluted earnings per share	Nil	Nil	Nil	Nil

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes to the interim financial statement and the audited financial statements for the year ended 31 December 2009.

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2010**

	Unaudited as at 31 March 2010 RM'000	Audited as at 31 December 2009 RM'000
ASSETS:		
Non-Current Assets		
Property, plant and equipment	73,796	74,375
Intangible assets	6,110	6,116
Prepaid land lease payments	27,924	27,946
Investment in jointly controlled entity	1,634	1,641
Investment in associate company	208	282
Receivables, deposit and prepayments	1,673	1,532
	111,345	111,892
Current Assets		
Receivables, deposit and prepayments	46,176	46,260
Inventories	44,356	37,053
Current tax assets	1,078	874
Cash and cash equivalents	13,062	12,628
	104,672	96,815
TOTAL ASSETS:	216,017	208,707
EQUITY AND LIABILITIES:		
Total Equity Attributable to Equity Holder of the Parent Company		
Share capital	40,189	40,189
Reserve	14,362	14,898
Retained earnings	15,352	12,048
	69,903	67,135
Minority Interests	758	721
Total Equity	70,661	67,856
Non-Current Liabilities		
Loans and borrowings	46,174	69,010
Deferred tax liabilities	9,091	8,726
	55,265	77,736
Current Liabilities		
Payables and accruals	16,441	21,403
Derivatives financial instruments	63	-
Current tax liabilities	608	630
Loans and borrowings	72,979	41,082
	90,091	63,115
TOTAL EQUITY AND LIABILITIES:	216,017	208,707
Net assets per share attributable to shareholder (RM)	0.88	0.84

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying explanatory notes to the interim financial statement and the audited financial statements for the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010
(The figures have not been audited)

Group	<-----Attributable to shareholders of the Parent ----->					Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
	<----- Non-distributable ----->			Distributable					
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Share option reserve RM'000				
At 1 January 2009, as previously stated	40,189	11,143	(657)	3,049	222	9,085	63,031	620	63,651
Total comprehensive income for the period	-	-	(130)	(576)	-	(900)	(1,606)	5	(1,601)
At 31 March 2009	40,189	11,143	(787)	2,473	222	8,185	61,425	625	62,050

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010 (continued)
(The figures have not been audited)

Group	<-----Attributable to shareholders of the Parent ----->							<----- Non-distributable ----->		Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Hedging Reserve RM'000	Fair Value Reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000		
At 1 January 2010, as previously stated	40,189	11,143	1060	2,473	222	-	-	12,048	67,135	721	67,856	
Effect of adopting FRS139	-	-	-	-	-	-	-	2,337	2,337	-	2,337	
At 1 January 2010, restated	40,189	11,143	1060	2,473	222	-	-	14,385	69,472	721	70,193	
Total comprehensive income for the period	-	-	(244)	-	-	23	(315)	967	431	37	468	
At 31 March 2010	40,189	11,143	816	2,473	222	23	(315)	15,352	69,903	758	70,661	

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes to the interim financial statement and the audited financial statements for the year ended 31 December 2009.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2010
(The figures have not been audited)

	Cumulative current year ended 31 March 2010 RM'000	Cumulative preceding year ended 31 December 2009 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	1,228	(876)
Adjustments for non-cash items:	3,398	2,229
Operating profit before working capital changes	4,626	1,353
Change in working capital		
Inventories	(7,303)	6,089
Receivables, deposits and prepayments	(153)	5,751
Payables	(4,643)	(6,821)
Cash (used in)/generated from operations	(7,473)	6,372
Interest received	29	11
Interest paid	(1,819)	(1,780)
Tax paid/tax refund	(404)	(43)
Net cash flow (used in)/generated from operating activities:	(9,667)	4,560
Cash flows from investing activities		
Purchase of property, plant and equipment	(860)	(27)
Proceeds from disposal of property, plant and equipment	-	622
Net cash flow (used in)/generated from investing activities	(860)	595
Cash flows from finance activities:		
Drawdown/(repayment) of borrowings	11,133	(11,181)
Repayment of hire purchase creditors	(114)	(127)
Net cash flow (used in)/generated from financing activities	11,019	(11,308)
Exchange differences on translation of the financial statements of foreign subsidiary	(210)	(115)
Net changes in cash and cash equivalents	282	(6,268)
Cash and cash equivalents at beginning of period	12,628	8,961
Cash and cash equivalents at end of period	12,910	2,693
Cash and cash equivalents comprises of		
Cash and bank balances	13,062	4,748
Bank Overdraft	(152)	(2,055)
	12,910	2,693

The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes to the interim financial statement and latest audited financial statements for the year ended 31 December 2009.

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENT

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 FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Rule 9.22 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

A2. Changes in Accounting Policies

The accounting policies and method of computation adopted by the Group in this statement are consistent with those adopted in the financial statements for the year ended 31 December 2009. The adoption of the standards, amendments and interpretations have no material impact on this interim financial statement save and except for the adoption of the following standards, which impact the presentation and disclosure aspect:-

- FRS 8 - Operating Segments
- FRS 101 - Presentation of Financial Statements (revised)
- FRS 139 - Financial Instruments: Recognition and Measurement

In accordance with the transitional provision of FRS 139, the changes are applied respectively and the comparatives as of 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the opening retained earnings in the balance sheet as of 1 January 2010.

<u>Retained Earnings</u>	(RM'000)
At 1 January 2010, previously stated at	12,048
<u>Effect under FRS 139:</u>	
Financial liability measured at amortised cost – loans and borrowings	227
Financial liability measured at amortised cost – Islamic Bond	2,196
Losses on forward contract	(86)
At 1 January 2010, restated at	<u>14,385</u>

A3. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's Financial Statements for the year ended 31 December 2009 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 and 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 2009.

A7. Debt and Equity Securities

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

A8. Dividend Paid

There was no dividend payment in this quarter.

A9. Segment Reporting

FRS 8 requires separate reporting of segmental information for the Group's business segments:-

	Compounding RM'000	Retreading RM'000	Trading RM'000	Other RM'000	Consolidation Adjustment RM'000	Cumulative Quarter ended 31.03.2010 RM'000
External revenue	29,151	17,076	11,860	-	-	58,087
Inter-segment Revenue	9,561	150	5,773	-	(15,483)	-
Total revenue	38,712	17,226	17,633	-	(15,483)	58,087
Overseas revenue	25,996	1,401	-	-	(5,308)	22,089
Local revenue	12,716	15,825	17,633	-	(10,175)	35,999
Total revenue	38,712	17,226	17,633	-	(15,483)	58,087
Segments results	1,681	1,476	112	(284)	114	3,099
Interest Income						29
Share of loss in jointly controlled entity						(7)
Share of loss in associate company						(74)
Finance cost						(1,819)
Profit before tax						1,228
Tax expense						(224)
Minority interest						(37)
Profit for the period attributable to equity holder of the holding company						967

A10. Valuation of Property, Plant and Equipment

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

A11. Events subsequent to Balance Sheet Date

There were no material events subsequent to the end of the period that have not been reflected in the financial report for this quarter and financial period to-date save and except for the listing of 8,037,000 new ordinary shares of RM0.50 each in the Company on the Main Market of Bursa Malaysia Securities Berhad on 23 April 2010, arising from the private placement exercise undertaken by the Company during the current quarter under review.

A12. Changes in the Composition of the Group

During the quarter under review, there were changes in the composition of the group, of which the details are as follows: -

- a) On 11 January 2010, the joint venture company, namely PT Vulkanisir Goodway Indonesia (“VGI”) had been duly incorporated. In this regard, VGI will be 60% owned by the Company.
- b) On 19 March 2010, the Company's wholly-owned subsidiary, namely Goodway (HK) Pte. Ltd (“GHK”) had been officially deregistered from the Company Registry of Hong Kong. As such, GHK has ceased to be owned by the Company.
- c) On 20 May 2010, the Company had acquired 150,000 ordinary shares of RM1.00 each in the total issued and paid-up capital of Bigwheel OTR Sdn Bhd (“BOTR”) from PT OTR Technology Internasional for cash. Upon completion of the said acquisition, BOTR will be 75% owned by the Company.

A13. Contingent Liabilities and Contingent Assets

Quarter ended
31 March 2010
RM'000

Contingent liabilities

Corporate guarantee for credit facilities granted to subsidiaries

33,025

Save as disclosed above, there were no material changes in contingent liabilities and contingents assets since the last audited financial statement for the year ended 31 December 2009.

A14. Capital Commitments

There are no outstanding capital commitments at the end of the current quarter under review.

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. Review of Performance

	Individual Quarter		Cumulative Quarter	
	Three months ended 31 March		Three months ended 31 March	
	Current Year 2010 RM'000	Preceding Year 2009 RM'000	Current Year 2010 RM'000	Preceding Year 2009 RM'000
Revenue	58,087	38,392	58,087	38,392
Profit after tax	1,004	(895)	1,004	(895)

The Group registered higher revenue of RM58.1 million during the quarter under review, an increase of 34% from RM38.4 million recorded in the same quarter last year, which was primarily attributable to the all-round improvement of the Group's business segments of rubber compounding, tyre retreading, and trading.

B2. Variation of Results against Previous Quarter

	Current Quarter ended 31 March 2010 RM'000	Preceding Quarter ended 31 December 2009 RM'000
Revenue	58,087	57,700
Profit after tax	1,004	682

The Group's revenue during the quarter under review recorded a marginal improvement from RM57.7 million of the preceding quarter of the previous year.

Profit after tax has improved by 47.2% to RM1 million as compared to the profit after tax of RM0.7 million posted in the previous preceding quarter. The better profitability for the quarter under review was largely due to the lower operating expenses as compared to that of the preceding quarter.

B3. Prospects

The Board is optimistic of the Group's prospects in the current financial year, in view of the firmer selling prices of rubber compounds as well as the stronger business sentiment in line with the gradual recovery of global economies.

To this end, the Group will continue to aggressively promote its rubber compounds and retreads in the local and regional markets, while maintaining various cost-control measures to mitigate rising cost of raw materials.

B4. Profit Forecast

The group has not issued any profit forecast or profit guarantee during the current quarter under review.

B5. Taxation Charge

The taxation comprises the following:-

	Current Quarter ended 31 March 2010 RM'000	Cumulative Period-To-Date ended 31 March 2010 RM'000
Current year	224	224
Total taxation	224	224

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 and certain subsidiaries' operational losses, which are not available for Group tax relief.

B6. Unquoted Investments and/or Properties

There were no sales of unquoted investment 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.

B9. Group Loans and Borrowings

The Group borrowings as at 31 March 2010 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current			
- Local currency	44,036	1,943	45,979
- Bonds	27,000	-	27,000
	71,036	1,943	72,979
Current			
- Local currency	8,281	-	8,281
- Bonds	40,000	-	40,000
	48,281	-	48,281
Total	119,317	1,943	121,260

B10. Financial Instruments

a) Contract value and fair value of Forward Contracts as of 31.03.2010

As at 31 March 2010, the Group has the following forward contracts:-

Type of Forward Contract	Contract/Notional Value RM'000	Fair Value Using FRS 139 RM'000
i. Forward Foreign Exchange Contract - AUD	574	558
ii. Forward Foreign Exchange Contract - EUR	251	225
iii. Forward Foreign Exchange Contract - SGD	3,453	3,433
Total:	4,278	4,216

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk, credit risk, liquidity risk and foreign currency risk.

b) Gains/(loss) Arising from Fair Value changes of Forward Contract Liabilities/Forward Contract Assets

Type of Forward Contract Assets/ Forward Contract Liabilities	Current Quarter 31 March 2010 RM'000	Interim Period-to Date 31 March 2010 RM'000
i. Forward Foreign Exchange Contract	23	23
Total Gain/(loss):	23	23

Basis in arriving at fair value changes: -

Gain or loss is the difference between fair value of the forward contract at the balance sheet date and the fair value that was last used for the contract.

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 is pleased to declare an interim dividend of 1.5 sen per ordinary shares of RM0.50 each less tax of 25% for the financial year ending 31 December 2010.

The aforesaid dividend is payable on 19 August 2010 and the entitlement to dividends will be determined on the basis of the record of depositors as at 19 July 2010. There was no dividend being declared or recommended in the corresponding period of last year.

The total dividend for the current financial year is 1.5 sen.

B13. Earnings per ordinary share (EPS)

	Current Quarter ended 31 March 2010 RM'000	Cumulative Period-to-Date ended 31 March 2009 RM'000
<u>Basic EPS</u>		
Net Profit attributable to the shareholder	967	967
Weighted average number of ordinary share	80,377	80,377
Basic earnings/(loss) per share (sen)	1.20	1.20

Diluted EPS

The effect on the basic earning per share arising from the assumed exercise of ESOS is anti-dilutive. Accordingly, the diluted earnings per share have not been presented.

By order of Board

GOODWAY INTEGRATED INDUSTRIES BERHAD

Koon Wai Ye
Company Secretary (MAICSA 7048269)
Shah Alam

27 May 2010