



**GOODWAY INTEGRATED INDUSTRIES BERHAD**

(Company No: 618972-T)

(Incorporated in Malaysia)

**Interim Financial Statement for the period  
ended 30 June 2010**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2010  
(The figure have not been audited)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Three months ended 30 June		Six months ended 30 June	
	Current Year 2010	Preceding Year 2009	Current Year 2010	Preceding Year 2009
	RM'000	RM'000	RM'000	RM'000
Revenue	60,251	45,762	118,338	84,154
Cost of sales	(50,653)	(37,094)	(99,735)	(71,826)
<b>Gross profit</b>	<b>9,598</b>	<b>8,668</b>	<b>18,603</b>	<b>12,328</b>
Other operating income	680	20	799	1,665
Operating expense	(6,920)	(4,872)	(12,945)	(9,188)
<b>Operating profit</b>	<b>3,358</b>	<b>3,816</b>	<b>6,457</b>	<b>4,805</b>
Finance cost	(1,092)	(1,724)	(2,911)	(3,504)
Interest income	61	9	90	20
<b>Finance cost – net</b>	<b>(1,031)</b>	<b>(1,715)</b>	<b>(2,821)</b>	<b>(3,484)</b>
Share of post tax loss of an associate	(152)	-	(226)	-
Share of post tax loss of a joint controlled entity	(13)	(26)	(20)	(122)
<b>Profit before tax</b>	<b>2,162</b>	<b>2,075</b>	<b>3,390</b>	<b>1,199</b>
Tax expense	3	(313)	(221)	(332)
<b>Profit/(loss) for the period</b>	<b>2,165</b>	<b>1,762</b>	<b>3,169</b>	<b>867</b>
<b>Profit/(loss) attributable to:</b>				
Equity holders of the parent	2,139	1,750	3106	850
Minority Interest	26	12	63	17
	<b>2,165</b>	<b>1,762</b>	<b>3,169</b>	<b>867</b>
<b>Other Comprehensive Income:</b>				
Net Gain / (Loss) on financial assets or liabilities designated at fair value through profit or loss	(133)	-	(110)	-
Exchange difference on translation of foreign operations	(675)	1,080	(919)	950
Interest expense for financial liability at fair value	(321)	-	(636)	-
Revaluation Reserve	-	-	-	(576)
Total other comprehensive income for the period, net of tax	(1,129)	1,080	(1,665)	374
<b>Total comprehensive income for the period</b>	<b>1,036</b>	<b>2,842</b>	<b>1,504</b>	<b>1,241</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	1,010	2,830	1,441	1,224
Minority interest	26	12	63	17
	<b>1,036</b>	<b>2,842</b>	<b>1,504</b>	<b>1,241</b>
<b>Earnings per share attributable to Equity holders of the parent (sen)</b>				
- Basic earnings per share	<b>2.42</b>	2.18	<b>3.51</b>	1.06
- 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 30 JUNE 2010**

	<b>Unaudited as at 30 June 2010 RM'000</b>	<b>Audited as at 31 December 2009 RM'000</b>
<b><u>ASSETS:</u></b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	75,658	74,375
Intangible assets	6,233	6,116
Prepaid land lease payments	24,259	27,946
Investment in jointly controlled entity	1,634	1,641
Investment in associate company	56	282
Receivables, deposit and prepayments	1,561	1,532
	<b>109,401</b>	<b>111,892</b>
<b>Current Assets</b>		
Receivables, deposit and prepayments	56,360	46,260
Inventories	41,925	37,053
Current tax assets	1,435	874
Cash and cash equivalents	11,332	12,628
	<b>111,052</b>	<b>96,815</b>
<b>TOTAL ASSETS:</b>	<b>220,453</b>	<b>208,707</b>
<b><u>EQUITY AND LIABILITIES:</u></b>		
<b>Total Equity Attributable to Equity Holder of the Parent Company</b>		
Share capital	44,208	40,189
Reserve	13,365	14,898
Retained earnings	17,491	12,048
	75,064	67,135
<b>Minority Interests</b>	784	721
<b>Total Equity</b>	<b>75,848</b>	<b>67,856</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	46,204	69,010
Deferred tax liabilities	9,082	8,726
	<b>55,286</b>	<b>77,736</b>
<b>Current Liabilities</b>		
Payables and accruals	29,406	21,403
Derivatives financial instruments	196	-
Current tax liabilities	159	630
Loans and borrowings	59,558	41,082
	<b>89,319</b>	<b>63,115</b>
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>220,453</b>	<b>208,707</b>
<b>Net assets per share attributable to shareholder (RM)</b>	<b>0.86</b>	<b>0.84</b>

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 30 JUNE 2010  
(The figures have not been audited)

Group	<-----Attributable to shareholders of the Parent ----->						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	Retained earnings 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	-	-	950	(576)	-	850	1,224	17	1,241
<b>At 30 June 2009</b>	<b>40,189</b>	<b>11,143</b>	<b>293</b>	<b>2,473</b>	<b>222</b>	<b>9,935</b>	<b>64,255</b>	<b>637</b>	<b>64,892</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 June 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
<b>At 1 January 2010, restated</b>	<b>40,189</b>	<b>11,143</b>	<b>1060</b>	<b>2,473</b>	<b>222</b>	<b>-</b>	<b>-</b>	<b>14,385</b>	<b>69,472</b>	<b>721</b>	<b>70,193</b>
Total comprehensive income for the period	-	-	(919)	-	-	(110)	(636)	3,106	1,441	63	1,504
Issuance of private placement shares	4,019	132	-	-	-	-	-	-	4,151	-	4,151
<b>At 30 June 2010</b>	<b>44,208</b>	<b>11,275</b>	<b>141</b>	<b>2,473</b>	<b>222</b>	<b>(110)</b>	<b>(636)</b>	<b>17,491</b>	<b>75,064</b>	<b>784</b>	<b>75,848</b>

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 30 JUNE 2010**  
(The figures have not been audited)

	<b>Cumulative current year ended 30 June 2010 RM'000</b>	<b>Cumulative preceding year ended 30 June 2009 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation	3,390	1,199
<b>Adjustments for non-cash items:</b>	<b>9,609</b>	<b>5,867</b>
<b>Operating profit before working capital changes</b>	<b>12,999</b>	<b>7,066</b>
Change in working capital		
Inventories	(4,872)	7,646
Receivables, deposits and prepayments	(9,988)	647
Payables	7,125	(2,682)
<b>Cash (used in)/generated from operations</b>	<b>5,264</b>	<b>12,677</b>
Interest received	90	20
Interest paid	(2,344)	(3,504)
Tax paid/tax refund	(19)	259
<b>Net cash flow (used in)/generated from operating activities:</b>	<b>2,991</b>	<b>9,452</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(860)	(169)
Proceeds from disposal of property, plant and equipment	-	759
<b>Net cash flow (used in)/generated from investing activities</b>	<b>(860)</b>	<b>590</b>
<b>Cash flows from finance activities:</b>		
Drawdown/(repayment) of borrowings	(2,933)	(14,338)
Repayment of hire purchase creditors	(373)	(237)
<b>Net cash flow (used in)/generated from financing activities</b>	<b>(3,306)</b>	<b>(14,575)</b>
Exchange differences on translation of the financial statements of foreign subsidiary	(885)	952
<b>Net changes in cash and cash equivalents</b>	<b>(2,060)</b>	<b>(3,581)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,628</b>	<b>8,961</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,568</b>	<b>5,380</b>
<b><u>Cash and cash equivalents comprises of</u></b>		
Cash and bank balances	11,332	8,295
Bank Overdraft	(764)	(2,915)
	<b>10,568</b>	<b>5,380</b>

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.

<b><u>Retained Earnings</u></b>	(RM'000)
At 1 January 2010, previously stated at	12,048
<b><u>Effect under FRS 139:</u></b>	
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)
<b>At 1 January 2010, restated at</b>	<b><u>14,385</u></b>

**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, save and except that the Group has during the quarter under review, make a payment totalling RM3 million of the second tranche of Murabahah Notes Issuance Facility and/or Islamic Medium Term Notes, which is due in August 2010.

**A8. Dividend Paid**

There was no dividend payment made in the current quarter ended 30 June 2010.

**A9. Segment Reporting**

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

	<b>Compounding RM'000</b>	<b>Retreading RM'000</b>	<b>Trading RM'000</b>	<b>Other RM'000</b>	<b>Consolidation Adjustment RM'000</b>	<b>Cumulative Quarter ended 30.06.2010 RM'000</b>
External revenue	59,385	34,486	24,468	-	-	118,339
Inter-segment Revenue	21,762	150	5,773	-	(27,684)	-
<b>Total revenue</b>	<b>81,147</b>	<b>34,636</b>	<b>30,240</b>	<b>-</b>	<b>(27,684)</b>	<b>118,339</b>
Overseas revenue	31,459	2,670	-	-	(12,068)	22,061
Local revenue	49,688	31,966	29,240	-	(14,616)	96,278
<b>Total revenue</b>	<b>81,147</b>	<b>34,636</b>	<b>29,240</b>	<b>-</b>	<b>(27,684)</b>	<b>118,339</b>
Segments results	<b>4,313</b>	<b>2,342</b>	<b>423</b>	<b>(1,388)</b>	<b>768</b>	<b>6,458</b>
Interest Income						90
Share of loss in jointly controlled entity						(20)
Share of loss in associate company						(226)
Finance cost						(2,911)
Profit before tax						3,391
Tax expense						(222)
Minority interest						(63)
Profit for the period attributable to equity holder of the holding company						<b>3,106</b>

**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.



**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter under review.

**A13. Contingent Liabilities and Contingent Assets**

Quarter ended  
 30 June 2010  
 RM'000

**Contingent liabilities**

Corporate guarantee for credit facilities granted to subsidiaries 19,003

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 30 June		Six months ended 30 June	
	Current Year 2010 RM'000	Preceding Year 2009 RM'000	Current Year 2010 RM'000	Preceding Year 2009 RM'000
Revenue	60,251	45,762	118,338	84,154
Profit after tax	2,165	1,762	3,169	867

The Group recorded an improved financial results for the second quarter ended 30 June 2010 ("2Q10"), driven by the recovering economic condition.

2Q10 group's revenue jumped 31.7% to RM60.251 million from RM45.762 million previously, backed by greater sales of rubber compounds and tyre retreading services. 2Q10 group's net profit grew by 22.2%, from last year's RM1.762 million to RM2.165 million.

On cumulative basis, the group's revenue for six months ended 30 June 2010 ("1H10") jumped 40.6% to RM118.338 million from RM84.154 million previously. The Group's net profit on the other hand rose significantly to RM3.169 million from RM0.867 million previously. The high profitability was driven by revenue growth and finance cost savings as a result of the Group's lower borrowings.

**B2. Variation of Results against Previous Quarter**

	Current Quarter ended 30 June 2010 RM'000	Preceding Quarter ended 31 March 2010 RM'000
Revenue	60,251	58,087
Profit after tax	<u>2,165</u>	<u>1,004</u>

The Group continued its rebound quarter after quarter since the second quarter of last year, with 2Q10 revenues of RM60.251 million being 3.72% higher than RM58.087 million in the preceding quarter. The positive growth was a result of improved market sentiment. The Group's 2Q10 net profits doubled to RM2.165 million from RM1.004 million in the previous quarter, contributed by not only the increase in sales but also the Group's continuous improvements in the manufacturing process of rubber compounds which helped reduce the cost of sales and overheads tremendously.

**B3. Prospects**

The Board remained optimistic of the Group's prospects in the second half of 2010, in view of the increasing demand for rubber compounds and retread tyre services. Further, the Board believes that in the long run, sales growth would continue as the economy improves and as the Group's new initiatives bear fruit, such as the joint venture in Indonesia to market and distribute retread products as well as the retreading franchise business in China.

**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 30 June 2010 RM'000	Cumulative Period-To-Date ended 30 June 2010 RM'000
Current year	(3)	313
<b>Total taxation</b>	<u><b>(3)</b></u>	<u><b>313</b></u>

The negative tax for the current quarter which is attributed by the tax refund in May.

**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 30 June 2010 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Non-Current</b>			
-Local currency	7,991	-	7,991
-Bonds	40,000		40,000
	<b>47,991</b>		<b>47,991</b>
<b><u>Effect under FRS 139:</u></b>			
Financial liability measured at amortised cost- <b>loans and borrowings</b>	(223)	-	(223)
Financial liability measured at amortised cost- <b>Islamic Bond</b>	(1,564)		(1,564)
	<b>46,204</b>	-	<b>46,204</b>
<b>Current</b>			
- Local currency	36,427	1,131	37,558
- Bonds	22,000	-	22,000
	<b>58,427</b>	<b>1,131</b>	<b>59,558</b>
<b>Total</b>	<b>104,631</b>	<b>1,131</b>	<b>105,762</b>

**B10. Financial Instruments**

a) Contract value and fair value of Forward Contracts as of 30.06.2010

As at 30 June 2010, the Group has the following forward contracts:-

Type of Forward Contract	<u>Contract/Notional Value</u> RM'000	<u>Fair Value</u> <u>Using FRS 139</u> RM'000
i. Forward Foreign Exchange Contract - AUD	1,768	1,676
ii. Forward Foreign Exchange Contract - EUR	437	416
iii. Forward Foreign Exchange Contract - SGD	6,760	6,817
iv. Forward Foreign Exchange Contract - USD	10,300	10,160
<b>Total:</b>	<b>19,265</b>	<b>19,069</b>

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 30 June 2010 RM'000	Interim Period-to Date 30 June 2010 RM'000
i. Forward Foreign Exchange Contract	(133)	(110)
<b>Total Gain/(loss):</b>	<b>(133)</b>	<b>(110)</b>

**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**

During the quarter under review, the Board of Directors had declared 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 which is payable on 19 August 2010. The total dividend for the financial year ending 31 December 2010 remained at 1.5 sen.

**B13. Earnings per ordinary share (EPS)**

	Current Quarter ended 30 June 2010 RM'000	Cumulative Period-to-Date ended 30 June 2010 RM'000
<b><u>Basic EPS</u></b>		
Net Profit attributable to the shareholder	2,139	3,106
Weighted average number of ordinary share	88,415	88,415
<b>Basic earnings/(loss) per share (sen)</b>	<b>2.42</b>	<b>3.51</b>

**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

20 August 2010