



GOODWAY INTEGRATED INDUSTRIES BERHAD

(Company No: 618972-T)

(Incorporated in Malaysia)

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Three months ended 30 September		Nine months ended 30 September	
	Current Year 2010	Preceding Year 2009	Current Year 2010	Preceding Year 2009
	RM'000	RM'000	RM'000	RM'000
Revenue	51,085	53,586	169,423	137,740
Cost of sales	(44,248)	(45,009)	(143,983)	(116,835)
Gross profit	6,837	8,577	25,440	20,905
Other operating income	1,007	(153)	1,806	1,512
Operating expense	(5,514)	(4,960)	(18,459)	(14,148)
Operating profit	2,330	3,464	8,787	8,269
Finance cost	(384)	(1,754)	(3,295)	(5,258)
Interest income	35	13	125	33
Finance cost – net	(349)	(1,741)	(3,170)	(5,225)
Share of post tax loss of an associate	216	-	(10)	-
Share of post tax loss of a joint controlled entity	(2)	(3)	(22)	(125)
Profit before tax	2,195	1,720	5,585	2,919
Tax expense	(584)	(579)	(805)	(911)
Profit/(loss) for the period	1,611	1,141	4,780	2,008
Profit/(loss) attributable to:				
Equity holders of the parent	1,575	1,097	4,681	1,947
Non-controlling interest	36	44	99	61
	1,611	1,141	4,780	2,008
Other Comprehensive Income:				
Net Gain / (Loss) on financial assets or liabilities designated at fair value through profit or loss	44	-	(66)	-
Exchange difference on translation of foreign operations	1,176	583	257	1,663
Interest expense for financial liability at fair value	(327)	-	(963)	-
Revaluation Reserve	-	-	-	(576)
Total other comprehensive income for the period, net of tax	893	583	(772)	1,087
Total comprehensive income for the period	2,504	1,724	4,008	3,095
Total comprehensive income attributable to:				
Equity holders of the parent	2,468	1,680	3,909	3,034
Non-controlling interest	36	44	99	61
	2,504	1,724	4,008	3,095
Earnings per share attributable to Equity holders of the parent (sen)				
- Basic earnings per share	1.78	1.36	5.29	2.42
- 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 STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010**

	Unaudited as at 30 September 2010 RM'000	Audited as at 31 December 2009 RM'000
<u>ASSETS:</u>		
Non-Current Assets		
Property, plant and equipment	73,708	74,375
Intangible assets	6,809	6,116
Prepaid land lease payments	27,832	27,946
Investment in jointly controlled entity	1,619	1,641
Investment in associate company	272	282
Receivables, deposit and prepayments	175	1,532
	110,415	111,892
Current Assets		
Receivables, deposit and prepayments	67,450	46,260
Inventories	47,614	37,053
Current tax assets	1,934	874
Cash and cash equivalents	7,029	12,628
	124,027	96,815
TOTAL ASSETS:	234,442	208,707
<u>EQUITY AND LIABILITIES:</u>		
Total Equity Attributable to Equity Holder of the Parent Company		
Share capital	44,208	40,189
Reserve	14,245	14,898
Retained earnings	18,072	12,048
Parent Equity Interest	76,525	67,135
Non-Controlling Interest	820	721
Total Equity	77,345	67,856
Non-Current Liabilities		
Loans and borrowings	46,165	69,010
Deferred tax liabilities	9,222	8,726
	55,387	77,736
Current Liabilities		
Payables and accruals	31,841	21,403
Derivatives financial instruments	151	-
Current tax liabilities	478	630
Loans and borrowings	69,240	41,082
	101,710	63,115
TOTAL EQUITY AND LIABILITIES:	234,442	208,707
Net assets per share attributable to shareholder (RM)	0.87	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 30 SEPTEMBER 2010
(The figures have not been audited)

Group	<-----Attributable to shareholders of the Parent ----->						Total RM'000	Non- Controlling Interest 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
Transfer of Reserve	-	-	-	-	-	576	576	-	576
Total comprehensive income for the period	-	-	1,663	(576)	-	1,947	3,034	61	3,095
At 30 September 2009	40,189	11,143	1,006	2,473	222	11,608	66,641	681	67,322

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2010 (continued)
(The figures have not been audited)

Group	<-----Attributable to shareholders of the Parent ----->							<----- Non-distributable ----->		Distributable	Non-Controlling 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 reserve RM'000	Hedging Reserve RM'000	Fair Value Reserve RM'000	Retained earnings RM'000	Total 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	-	-	257	-	-	(66)	(963)	4,681	3,909	99	4,008	
Share option exercised	4,019	119	-	-	-	-	-	-	4,138	-	4,138	
Interim dividend to shareholders	-	-	-	-	-	-	-	(994)	(994)	-	(994)	
At 30 September 2010	44,208	11,262	1,317	2,473	222	(66)	(963)	18,072	76,525	820	77,345	

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 SEPTEMBER 2010
(The figures have not been audited)

	Cumulative current year ended 30 September 2010 RM'000	Cumulative preceding year ended 30 September 2009 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	5,585	2,919
Adjustments for non-cash items:	8,796	10,015
Operating profit before working capital changes	14,381	12,934
Change in working capital		
Inventories	(10,561)	2,679
Receivables, deposits and prepayments	(19,835)	473
Payables	10,439	(4,441)
Cash (used in)/generated from operations	(5,576)	11,645
Interest received	125	33
Interest paid	(3,295)	(5,258)
Tax paid/tax refund	(1,521)	438
Net cash flow (used in)/generated from operating activities:	(10,267)	6,858
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,507)	(466)
Proceeds from disposal of property, plant and equipment	-	946
Net cash flow (used in)/generated from investing activities	(5,507)	480
Cash flows from finance activities:		
Proceeds from issuance of share capital	4,138	-
Dividend paid to shareholders	(994)	-
Drawdown/(repayment) of borrowings	4,503	(11,179)
Repayment of hire purchase creditors	(348)	(444)
Net cash flow (used in)/generated from financing activities	7,299	(11,623)
Exchange differences on translation of the financial statements of foreign subsidiary	257	1,664
Net changes in cash and cash equivalents	(8,218)	(2,621)
Cash and cash equivalents at beginning of period	12,628	8,961
Cash and cash equivalents at end of period	4,410	6,340
<u>Cash and cash equivalents comprises of</u>		
Cash and bank balances	7,029	9,370
Bank Overdraft	(2,619)	(3,030)
	4,410	6,340

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, save and except that the Group has as to date, made a payment totalling RM4.5 million of the second tranche of the Murabahah Notes Issuance Facility and/or Islamic Medium Term Notes, which is due in August 2010.

A8. Dividend Paid

During the quarter under review, the Company had paid an interim dividend payment of 1.5 sen per share less 25% tax.

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 30.09.2010 RM'000
External revenue	92,630	49,361	27,432	-	-	169,423
Inter-segment Revenue	35,927	818	12,574	1	(49,320)	-
Total revenue	128,557	50,179	40,006	1	(49,320)	169,423
Overseas revenue	42,910	362	-	-	(18,673)	24,599
Local revenue	85,647	49,817	40,006	1	(30,647)	144,824
Total revenue	128,557	50,179	40,006	1	(49,320)	169,423
Segments results	6,257	3,614	287	(2,363)	992	8,787
Interest Income						125
Share of loss in jointly controlled entity						(22)
Share of loss in associate company						(10)
Finance cost						(3,295)
Profit before tax						5,585
Tax expense						(805)
Minority interest						(99)
Profit for the period attributable to equity holder of the holding company						4,681

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 changes in the composition of the Group for the current quarter under review, which is as stated below:-

- i) On 26 August 2010, the Company had via its subsidiary, namely Goodway Rubber Company Pty Ltd (“GRC”) subscribed for 7,000 ordinary shares of AUD1.00 each at par value in the share capital of Goodway Supercool Pty Ltd (“GSP”), for a total cash consideration of AUD7,000. Further to the aforesaid subscription, GSP will be a 70% owned subsidiary of GRC, which in turn will be 63% owned by the Company based on its 90% direct shareholding in the share capital of GRC;
- ii) On 30 August 2010, the Company had received notification from the Companies Commission of Malaysia (hereinafter referred to as “CCM”) on the completion of the strike-off of its wholly-owned subsidiary, namely Ever Lord Tyres Sdn Bhd under Section 308(4) of the Companies Act, 1965;
- iii) On 23 September 2010, the Company had submitted an application to the CCM to strike-off its wholly-owned subsidiary, namely Goodway Rubber Technology Sdn Bhd pursuant to Section 308 of the Companies Act, 1965.

A13. Contingent Liabilities and Contingent Assets

	Quarter ended 30 September 2010 RM’000
Contingent liabilities	
Corporate guarantee for credit facilities granted to subsidiaries	22,458

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 September		Nine months ended 30 September	
	Current Year 2010 RM’000	Preceding Year 2009 RM’000	Current Year 2010 RM’000	Preceding Year 2009 RM’000
Revenue	51,085	53,586	169,423	137,740
Profit after tax	1,611	1,141	4,780	2,008

The Group registered lower revenue for the third quarter ended 30 September 2010 (“3Q10”), primarily attributable to lower sales contribution from the Group’s rubber compounding segment.

For 3Q10, the group's revenue declined by 5% to RM51.1 million from RM53.6 million previously. Notwithstanding the aforesaid, the 3Q10 net profit increased by 41% to RM1.6 million from RM1.1 million in the preceding quarter of last year.

On a cumulative basis, the Group's revenue for the nine months period ended 30 September 2010 rose by 23% to RM169.4 million from RM137.7 million previously. The Group's net profit soared by 138% to RM4.8 million from RM2.0 million previously. The increase in net profit was mainly driven by the Group's cumulative revenue growth.

B2. Variation of Results against Previous Quarter

	Current Quarter ended 30 September 2010 RM'000	Preceding Quarter ended 30 June 2010 RM'000
Revenue	51,085	60,251
Profit after tax	1,611	2,165

The Group's revenue for 3Q10 dropped by 15% to RM51.1 million from RM60.3 million in the preceding quarter. The decline was mainly due to lower sales volume contribution from the Group's rubber compounding business. The Group's profit after tax in 3Q10 also decreased by 26% to RM1.6 million compared to RM2.2 million registered in the preceding quarter. The lower net profit was largely due to the upward trend in the price of natural rubber that the Group has experienced since the second quarter ended 30 June 2010.

B3. Prospects

As the demand for rubber compound and retread tyres services is expected to improve, the Board is of the view that the outlook for the Group's performance shall further record commendable results for the financial year end.

The Group will continue to strengthen its market presence both locally and globally through extensive sales and marketing efforts, while maintaining the on-going cost-control measures.

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 September 2010 RM'000	Cumulative Period-To-Date ended 30 September 2010 RM'000
Current year	(584)	(805)
Total taxation	(584)	(805)

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 save and except for the Memorandum of Understanding between the Company and Indag Rubber Ltd (“MOU”) which was announced on 25 August 2010, 20 September 2010 and 5 October 2010. As at the date of this report, there is no significant update on the aforesaid MOU.

B9. Group Loans and Borrowings

The Group borrowings as at 30 September 2010 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current			
-Loans and borrowings	7,626	-	7,626
-Islamic bonds	40,000		40,000
	47,626		47,626
<u>Effect under FRS 139:</u>			
Financial liability measured at amortised cost-	(221)	-	(221)
Loans and borrowings			
Financial liability measured at amortised cost-	(1,240)		(1,240)
Islamic Bond			
	46,165	-	46,165
Current			
-Loans and borrowings	46,193	3,047	49,240
-Islamic bonds	20,000	-	20,000
	66,193	3,047	69,240
Total	112,358	3,047	115,405

B10. Financial Instruments

a) Contract value and fair value of Forward Contracts as of 30.09.2010

As at 30 September 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	874	859
ii. Forward Foreign Exchange Contract - EUR	32	32
iii. Forward Foreign Exchange Contract - SGD	4,110	4,107
iv. Forward Foreign Exchange Contract - USD	2,438	2,305
Total:	7,454	7,303

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 September 2010 RM'000	Interim Period-to Date 30 September 2010 RM'000
i. Forward Foreign Exchange Contract	44	(66)
Total Gain/(loss):	44	(66)

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

There was no dividend being declared for the current quarter under review.

B13. Earnings per ordinary share (EPS)

	Current Quarter ended 30 September 2010 RM'000	Cumulative Period-to-Date ended 30 September 2010 RM'000
<u>Basic EPS</u>		
Net Profit attributable to the shareholder	1,575	4,681
Weighted average number of ordinary share	88,415	88,415
Basic earnings/(loss) per share (sen)	1.78	5.29

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

25 November 2010