



GOODWAY INTEGRATED INDUSTRIES BERHAD

(Company No: 618972-T)

(Incorporated in Malaysia)

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2010**

	3 months ended		12 months ended	
	Unaudited 31.12.2010	Audited 31.12.2009	Unaudited 31.12.2010	Audited 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	64,004	57,700	233,427	193,438
Cost of sales	(53,644)	(47,242)	(197,627)	(165,418)
Gross profit	10,360	10,458	35,800	28,020
Other operating income	266	1,572	2,072	5,476
Operating expense	(9,352)	(7,420)	(27,811)	(21,432)
Operating profit	1,274	4,610	10,061	12,064
Finance cost	(1,761)	(1,427)	(5,056)	(6,483)
Interest income	30	32	155	70
Finance cost – net	(1,731)	(1,395)	(4,901)	(6,413)
Share of post tax loss of an associate	(26)	-	(36)	-
Share of post tax profit/(loss) of a jointly controlled entity	(235)	(244)	(257)	(496)
(Loss)/Profit before tax	(718)	2,971	4,867	5,155
Taxation	1,111	(2,289)	306	(2,667)
Profit for the period	393	682	5,173	2,488
Profit attributable to:				
Equity holders of the parent	724	636	5,405	2,387
Non-controlling interest	(331)	46	(232)	101
	393	682	5,173	2,488
Other Comprehensive Income:				
Net gain on financial assets or liabilities designated at fair value through profit or loss	66	-	-	-
Exchange difference on translation of foreign operations	283	(276)	540	1,717
Interest expense for financial liability at fair value	(333)	-	(1,296)	-
Revaluation reserve	-	-	-	(576)
Total other comprehensive income for the period, net of tax	16	(276)	(756)	1,141
Total comprehensive income for the period	409	406	4,417	3,629
Total comprehensive income attributable to:				
Equity holders of the parent	740	360	4,649	3,528
Non-controlling interest	(331)	46	(232)	101
	409	406	4,417	3,629
Earnings per share attributable to Equity holders of the parent (sen)				
- Basic earnings per share	0.82	0.79	6.29	2.97
- 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 statements and the audited financial statements for the year ended 31 December 2009.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Unaudited as at 31.12. 2010 RM'000	Audited as at 31.12.2009 RM'000 Restated
<u>ASSETS:</u>		
Non-Current Assets		
Property, plant and equipment	95,307	102,321
Intangible assets	6,892	6,116
Prepaid land lease payments	-	-
Investment in jointly controlled entity	1,384	1,641
Investment in associate company	246	282
Receivables, deposit and prepayments	175	1,532
	104,004	111,892
Current Assets		
Receivables, deposit and prepayments	71,795	46,260
Inventories	45,168	37,053
Current tax assets	1,756	874
Derivative financial instruments – Forward Contact	25	12,628
Cash and cash equivalents	7,301	96,815
	126,045	74,375
Assets classified as held for sale	5,976	-
Total current assets	132,021	74,375
TOTAL ASSETS:	236,025	208,707
<u>EQUITY AND LIABILITIES:</u>		
Total Equity Attributable to Equity Holder of the Parent Company		
Share capital	44,208	40,189
Reserve	14,039	14,898
Retained earnings	19,018	12,048
Parent Equity Interest	77,265	67,135
Non-Controlling Interest	489	721
Total Equity	77,754	67,856
Non-Current Liabilities		
Loans and borrowings	56,166	69,010
Deferred tax liabilities	6,343	8,726
	62,509	77,736
Current Liabilities		
Payables and accruals	31,550	21,403
Current tax liabilities	180	630
Loans and borrowings	64,032	41,082
	95,762	63,115
TOTAL EQUITY AND LIABILITIES:	236,025	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 statements and the audited financial statements for the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010

<-----Attributable to shareholders of the Parent ----->

<----- Non-distributable -----> Distributable

Group	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	Total RM'000	Non-Controlling Interest RM'000	Total equity 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	-	-	1,717	(576)	-	2,387	3,528	101	3,629
At 31 December 2009	40,189	11,143	1,060	2,473	222	12,048	67,135	721	67,856

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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	
ESOS expired					(222)			222	-		-	
Total comprehensive income for the period	-	-	540	-	-	-	(1,296)	5,405	4,649	(232)	4,417	
Share issued	4,019	119	-	-	-	-	-	-	4,138	-	4,138	
Interim dividends to shareholders	-	-	-	-	-	-	-	(994)	(994)	-	(994)	
At 31 December 2010	44,208	11,262	1,600	2,473	-	-	(1,296)	19,018	77,265	489	77,754	

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 statements for the year ended 31 December 2009.

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

	12 months ended 31.12.2010 (Unaudited) RM'000	12 months ended 31.12.2009 (Audited) RM'000
Cash flows from operating activities		
Profit before taxation	4,867	5,155
Adjustments for non-cash items:	12,253	14,213
Operating profit before working capital changes	17,120	19,368
Change in working capital		
Inventories	(8,115)	482
Receivables, deposits and prepayments	(24,178)	(3,133)
Payables	10,034	(4,916)
Cash (used in)/generated from operations	(5,139)	11,801
Interest received	155	70
Interest paid	(5,056)	(6,483)
Tax paid	(3,409)	(489)
Net cash flow (used in)/generated from operating activities:	(13,449)	4,899
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,150)	(598)
Proceeds from disposal of property, plant and equipment	355	6,961
Net cash flow (used in)/generated from investing activities	(6,795)	6,363
Cash flows from finance activities:		
Proceeds from issuance of share capital	4,138	-
Dividend paid to shareholders	(994)	-
Drawdown/(repayment) of borrowings	9,545	(8,103)
Drawdown/(repayment) of hire purchase creditors	426	(678)
Net cash flow generated from/(used in) financing activities	13,115	(8,781)
Exchange differences on translation of the financial statements of foreign subsidiary	540	1,186
Net changes in cash and cash equivalents	(6,589)	2,481
Cash and cash equivalents at beginning of year	12,628	8,961
Cash and cash equivalents at end of year	6,039	12,628
<u>Cash and cash equivalents comprises of</u>		
Cash and bank balances	7,301	12,628
Bank Overdraft	(1,262)	-
	6,039	12,628

The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes to the interim financial statements 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 except for the adoption of the following Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2010.

FRS 7	- Financial Instruments: Disclosure
FRS 8	- Operating Segments
FRS 101	- Presentation of Financial Statements (revised 2009)
FRS 123	- Borrowing Costs
FRS 139	- Financial Instruments: Recognition and Measurement
Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	- Share-based Payment – Vesting Conditions and Cancellations
Amendment to FRS 7	- Financial Instruments: Disclosures
Amendment to FRS 8	- Operating Segments
Amendment to FRS 107	- Statement of Cash Flows
Amendment to FRS 108	- Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	- Events After the Reporting Period
Amendment to FRS 116	- Property, Plant and Equipment
Amendment to FRS 117	- Leases
Amendment to FRS 118	- Revenue
Amendment to FRS 119	- Employee Benefits
Amendment to FRS 123	- Borrowing Costs
Amendment to FRS 127	- Consolidated and Separate Financial Statements
Amendment to FRS 128	- Investments in Associates
Amendment to FRS 131	- Interest in Joint Ventures
Amendment to FRS 132	- Financial Instruments: Presentation
Amendment to FRS 134	- Interim Financial Reporting
Amendment to FRS 136	- Impairment of Assets
Amendment to FRS 138	- Intangible Assets
Amendment to FRS 139	- Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 9	- Reassessment of Embedded Derivatives
IC Interpretation 10	- Interim Financial Reporting and Impairment
IC Interpretation 11	- FRS 2 – Group and Treasury Share Transactions

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.

A2.Changes in Accounting Policies (cont'd)

FRS 101 (revised): Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only detail of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the statement of comprehensive income. The adoption of this standard does not have any impact on the financial position and results of the Group.

Amendment to FRS 117: Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payment on the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie.

Accordingly, the Group has applied the change in accounting policy and changed the classification of long leasehold lands (unexpired period more than 50 years) from operating leases to finance leases in the current quarter. This change in classification has no effect to the profit or loss of the current period ended 31 December 2010 or the comparative in prior period. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

	As previously stated (RM'000)	Effect on adoption of FRS 117 (RM'000)	As restated (RM'000)
Balance Sheet			
<u>As at 31 December 2009</u>			
Prepaid land lease payments	27,946	(27,946)	-
Property, plant and equipment	74,375	27,946	102,321

FRS 139: Financial Instruments: Recognition and Measurement

Retained Earnings

(RM'000)

At 1 January 2010, previously stated at 12,048

Effect under FRS 139:

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 14,385

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

Other than as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current period under review.

(a) Share Capital

During the current period under review, the issued and paid-up share capital of the Company was increased from 80,377,000 ordinary shares of RM0.50 each to 88,414,000 ordinary shares of RM0.50 each by the issuance of 8,037,000 ordinary shares of RM0.50 each pursuant to a private placement at an issue price of RM0.55 each.

(b) Repayment of Debts

During the current period under review, the Company has made a payment totalling RM10 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

The interim dividend of 1.5 sen per ordinary share of RM0.50 each less tax of 25% for the financial year ended 31 December 2010 was paid on 19 August 2010 based on the record of depositors as at 19 July 2010.

A9. Segment Reporting

Segmental information for the current period under review was as follow:-

	Compounding RM'000	Retreading RM'000	Trading RM'000	Other RM'000	Consolidation Adjustment RM'000	Cumulative Quarter ended 31.12.2010 RM'000
External revenue	129,112	68,035	36,280	-	-	233,427
Inter-segment Revenue	47,315	847	18,869	-	(67,031)	-
Total revenue	176,427	68,882	55,149	-	(67,031)	233,427
Overseas revenue	50,803	672	-	-	(23,440)	28,035
Local revenue	125,624	68,210	55,149	-	(43,591)	205,392
Total revenue	176,427	68,882	55,149	-	(67,031)	233,427
Segments results	7,732	4,683	545	(3,607)	708	10,061
Interest income						155
Share of loss in jointly controlled entity						(257)
Share of loss in associate company						(36)
Finance cost						(5,056)
Profit before tax						4,867
Tax expense						306
Non-controlling interest						232
Profit for the period attributable to equity holders of the holding company						5,405

A10. Valuation of Property, Plant and Equipment

Valuation of freehold and leasehold land and buildings have been brought forward, without amendments from the previous audited 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 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 period under review, which is as stated below:-

- i) On 20 May 2010, the Company acquired 150,000 ordinary shares of RM1.00 each, representing 15% of the issued and paid-up share capital of Bigwheel OTR Sdn Bhd ("BOTR") from PT OTR Technology Internasional ("PTOTR") for a cash consideration of Ringgit Malaysia One (RM1) only. Consequently, the shareholding has increased from 60% to 75%;
- ii) 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;

A12. Changes in the Composition of the Group (cont'd)

- iii) 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;
- iv) 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

	Period ended 31 Dec 2010 RM'000
Contingent liabilities	
Corporate guarantee for credit facilities granted to subsidiaries	31,979

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 during the current period under review.

A15. Recurrent Related Party Transactions

The following are the Group's recurrent related transactions:

	Current Quarter ended 31.12.2010 RM'000	Cumulative Period ended 31.12.2010 RM'000
Transactions with a company connected to a Director		
- Supplying rubber compound and accessories	2,521	8,004
- Supplying tyre casing and stock retread	85	1,159

Related Party Transactions have 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 Dec		Twelve months ended 31 Dec	
	Current Year 2010 RM'000	Preceding Year 2009 RM'000	Current Year 2010 RM'000	Preceding Year 2009 RM'000
Revenue	64,004	57,700	233,427	195,438
Profit after tax	393	682	5,173	2,488

The Group registered higher revenue of RM64 million during the quarter under review, an increase of 10.9% from RM57.7 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 31.12.2010 RM'000	Preceding Quarter ended 30.09.2010 RM'000
Revenue	64,004	51,085
Profit after tax	393	1,611

The Group's revenue during the quarter under review recorded at RM64 million, an increase of 25% from RM51 million of the preceding quarter of this year.

Profit after tax has reduced by 76% to RM0.39 million as compared to the profit after tax of RM1.61 million posted in the previous preceding quarter. The lower profit for the quarter under review was largely due to the higher operating expenses as compared to that of the preceding quarter.

B3. Prospects

The Board is optimistic of the Group's prospects in the coming 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 costs 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

The taxation comprises the following:-

	Current Quarter ended 31.12.2010 RM'000	Cumulative Period ended 31.12. 2010 RM'000
Current year	1,282	2,087
Deferred taxation	(2,393)	(2,257)
Total taxation	(1,111)	(306)

Save for the over provision for deferred tax, the effective tax rate of the Group for the current period under review 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 December 2010 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current			
-Local currency	7,293	-	7,293
-Susuk (Bonds)	50,000		50,000
	57,293		57,293
Effect under FRS 139:			
Financial liability measured at amortised cost-loans and borrowings	(218)	-	(218)
Financial liability measured at amortised cost-Susuk (Bonds)	(909)	-	(909)
	56,166	-	56,166
Current			
- Local currency	18,655	35,377	54,032
- Susuk (Bonds)	10,000	-	10,000
	28,655	35,377	64,032
Total	84,821	35,377	120,198

B10. Financial Instruments

a) Contract value and fair value of Forward Contracts as of 31.12.2010

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

Type of Forward Contract	<u>Contract/Notional Value</u> RM'000	<u>Fair Value</u> Using FRS 139 RM'000
i. Forward Foreign Exchange Contract - AUD	1,240	1,242
ii. Forward Foreign Exchange Contract - SGD	581	600
iii. Forward Foreign Exchange Contract - USD	2,871	2,875
Total:	4,692	4,717

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.

B10. Financial Instruments (Cont'd)

b) Gain Arising from Fair Value changes of Forward Contract Liabilities/Forward Contract Assets

Type of Forward Contract Assets/ Forward Contract Liabilities	Current Quarter 31 Dec 2010 RM'000	Cumulative Period ended 31 Dec 2010 RM'000
i. Forward Foreign Exchange Contract	91	25
Total Gain	91	25

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 declared for the current quarter under review.

B13. Retained Earnings

The realised and unrealised profits of the Group are as follows:

	As at 31 Dec 2010 RM'000	As at 30 Sep 2010 RM'000
Retained Earnings		
- Realised	29,642	24,800
- Unrealised	6,550	9,358
Share of losses from associated companies:		
- Realised	(254)	(228)
- Unrealised	-	-
Share of losses from jointly controlled entities:		
- Realised	(692)	(457)
- Unrealised	-	-
	35,246	33,473
Less: Consolidated adjustments	(16,228)	(15,401)
	19,018	18,072

B14. Earnings Per Ordinary Share (EPS)

	Current Quarter ended 31 Dec 2010 RM'000	Cumulative Period ended 31 Dec 2010 RM'000
<u>Basic EPS</u>		
Net Profit attributable to the shareholder	725	5,405
Weighted average number of ordinary share	88,414	85,926
Basic earnings per share (sen)	0.82	6.29

Diluted EPS

Not applicable as the Company does not have dilutive ordinary shares in issue as at the balance sheet date.

By order of Board
GOODWAY INTEGRATED INDUSTRIES BERHAD

FOO SIEW LOON
Company Secretary (MAICSA 7006874)
Shah Alam

28 February 2011