



GOODWAY INTEGRATED INDUSTRIES BERHAD

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

**Interim Financial Statement for the period
ended 31 March 2011**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2011**

	Quarter and year-to date ended	
	Unaudited 31.03.2011	Unaudited 31.03.2010
	RM'000	RM'000
Revenue	56,608	58,087
Cost of sales	(50,285)	(49,082)
Gross profit	6,323	9,005
Other operating income	3,154	119
Operating expense	(5,893)	(6,025)
Operating profit	3,584	3,099
Finance cost	(1,804)	(1,819)
Interest income	31	29
Finance cost – net	(1,773)	(1,790)
Share of results of an associate	(9)	(74)
Share of results of a jointly controlled entity	-	(7)
Profit before tax	1,802	1,228
Taxation	239	(224)
Profit for the period	2,041	1,004
Profit attributable to:		
Equity holders of the parent	2,118	967
Minority interest	(77)	37
	2,041	1,004
Other Comprehensive Income:		
Net gain on financial assets or liabilities designated at fair value through profit or loss	-	23
Exchange difference on translation of foreign operations	(1)	(244)
Interest expense for financial liability at fair value	(339)	(315)
Total other comprehensive income for the period, net of tax	(340)	(536)
Total comprehensive income for the period	1,701	468
Total comprehensive income attributable to:		
Equity holders of the parent	1,778	431
Minority interest	(77)	37
	1,701	468
Earnings per share attributable to Equity holders of the parent (sen)		
- Basic earnings per share	2.40	1.20
- Diluted earnings per share	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 2010.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Unaudited as at 31.03.2011 RM'000	Audited as at 31.12.2010 RM'000
ASSETS:		
Non-Current Assets		
Property, plant and equipment	94,309	95,465
Intangible assets	6,819	6,737
Investment in jointly controlled entity	1,362	1,362
Investment in associate company	219	228
Receivables, deposit and prepayments	-	80
	102,709	103,872
Current Assets		
Receivables, deposit and prepayments	69,005	57,375
Inventories	53,466	46,097
Current tax assets	1,953	69
Forward contract assets	64	110
Cash and cash equivalents	10,456	10,807
	134,944	114,458
Assets classified as held for sale	-	5,976
Total current assets	134,944	120,434
TOTAL ASSETS:	237,653	224,306
EQUITY AND LIABILITIES:		
Total Equity Attributable to Equity Holder of the Parent Company		
Share capital	44,208	44,208
Reserve	13,735	14,075
Retained earnings	21,296	19,178
Parent Equity Interest	79,239	77,461
Minority Interest	481	558
Total Equity	79,720	78,019
Non-Current Liabilities		
Loans and borrowings	56,138	56,374
Deferred tax liabilities	6,073	5,981
	62,211	62,355
Current Liabilities		
Payables and accruals	27,289	22,037
Current tax liabilities	465	727
Forward contract liabilities	-	86
Loans and borrowings	67,968	61,082
	95,722	83,932
Total Liabilities	157,933	146,287
TOTAL EQUITY AND LIABILITIES:	237,653	224,306
Net assets per share attributable to shareholder (RM)	0.90	0.88

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 2010.

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

<-----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	Fair Value reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
At 1 January 2010	40,189	11,143	1,060	2,473	222	-	-	12,048	67,135	721	67,856
Effect of adopting FRS 139	-	-	-	-	-	-	-	2,337	2,337	-	2,337
Total comprehensive income for the period	-	-	(244)	-	-	(315)	23	967	431	37	468
At 31 March 2010	40,189	11,143	816	2,473	222	(315)	23	15,352	69,903	758	70,661
At 1 January 2011	44,208	11,262	1,627	2,473	-	(1,287)	-	19,178	77,461	558	78,019
Total comprehensive income for the period	-	-	(1)	-	-	(339)	-	2,118	1,778	(77)	1,701
At 31 March 2011	44,208	11,262	1,626	2,473	-	(1,626)	-	21,296	79,239	481	79,720

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 2010.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2011
(The figures have not been audited)

	3-month ended 31.03.2011 (Unaudited) RM'000	3-month ended 31.03.2010 (Unaudited) RM'000
Cash flows from operating activities		
Profit before taxation	1,802	1,228
Adjustments for non-cash items:	883	3,398
Operating profit before working capital changes	2,685	4,626
Change in working capital:		
Inventories	(7,369)	(7,303)
Receivables, deposits and prepayments	(11,550)	(153)
Payables	12,446	(4,643)
Cash (used in)/generated from operations	(3,788)	7,473
Interest received	31	29
Interest paid	(1,804)	(1,819)
Tax paid	(1,817)	(404)
Net cash flow (used in)/generated from operating activities:	(7,378)	9,667
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,215)	(860)
Proceeds from disposal of property, plant and equipment	1,913	-
Net cash flow generated from/ (used in) investing activities	698	(860)
Cash flows from finance activities:		
Drawdown of borrowings	6,253	11,133
Repayment of hire purchase creditors	(120)	(114)
Net cash flow generated from financing activities	6,133	11,019
Exchange differences on translation of the financial statements of foreign subsidiary	15	(210)
Net changes in cash and cash equivalents	(532)	282
Cash and cash equivalents at beginning of period	10,223	12,628
Cash and cash equivalents at end of period	9,691	12,910
<u>Cash and cash equivalents comprises of</u>		
Cash and bank balances	10,456	13,062
Bank Overdraft	(765)	(152)
	9,691	12,910

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 2010.

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 2010.

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 2010 except for the adoption of the following Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2011.

FRS 3	- Business combination (revised)
FRS 7	- Consolidated and Separate Financial Statement
Amendments to FRS 2	- Share-based Payment
Amendments to FRS 2	- Group Cash –settled Share based Payment Transactions
Amendment to FRS 7	- Improving Disclosures about Financial Instruments
Amendment to FRS 132	- Financial Instruments: Presentation
Amendment to FRS 138	- Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139, and Amendments to IC Interpretation 13	- Improvements to FRSs (2010)
Amendments to IC	- Reassessment of Embedded Derivatives

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group.

New/revised FRSs, Amendments to FRSs and Issue Committee Interpretations ("IC Interpretations") that are issued but not yet effective

The Group has not adopted the following new/revised FRSs and IC Interpretations (including its consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

New/revised FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 124	<i>Related Party Disclosures</i>	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011

IC Interpretation 15 Agreements for the Construction of Real Estate will also be effective for annual periods beginning on or after 1 January 2012. This IC Interpretation, is, however, not applicable to the Group

A3. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's Financial Statements for the year ended 31 December 2010 was not subject to any qualifications.

A4. Seasonality or Cyclical

The Group's performance is not materially affected by seasonal 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 2010.

A7. Debt and Equity Securities

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

A8. Dividend Paid

No dividend was paid during the current period under review.

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(Incorporated in Malaysia)

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	YTD 3-mth ended 31.03.2011 RM'000
External revenue						
Inter-segment Revenue	36,764	17,236	2,608	-	-	56,608
Total revenue	53,510	18,327	5,882	-	(21,111)	56,608
Overseas revenue	36,691	2,240	-	-	(10,776)	28,155
Local revenue	16,819	16,087	5,882	-	(10,335)	28,453
Total revenue	53,510	18,327	5,882	-	(21,111)	56,608
Segments results	2,304	4,166	(168)	(447)	(398)	5,457
Interest income	29	-	2	809	(809)	31
Depreciation & amortisation	(1,144)	(720)	(2)	(7)	-	(1,873)
Finance cost	(576)	(875)	(160)	(1,002)	809	(1,804)
Share of loss in associated company	-	-	-	-	(9)	(9)
Profit before tax	613	2,571	(328)	(647)	(407)	1,802
Taxation	(162)	-	-	-	401	239
Minority interest	(38)	115	-	-	-	77
Profit attributable to the owner of the Company	413	2,686	(328)	(647)	(6)	2,118

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 current period under review.

A12. Changes in the Composition of the Group

There was no change in the composition of the Group for the current period under review.

A13. Contingent Liabilities and Contingent Assets

As at
31.03.2011
RM'000

Contingent liabilities

Corporate guarantee for credit facilities granted to subsidiaries 45,128

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 2010.

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:

	3-mth ended	YTD 3-mth ended
	31.03.2011	31.03.2011
	RM'000	RM'000
Transactions with a company connected to a Director		
- Supplying rubber compound and accessories	2,058	2,058
- Supplying tyre casing and stock retread	36	36

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

	3-month ended		YTD 3-month ended	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Revenue	56,608	58,087	56,608	58,087
Profit after tax	2,041	1,004	2,041	1,004

The Group registered marginal lower revenue of RM1.5 million during the quarter under review, a slight decrease of 2.5% from RM58.1 million recorded in the same quarter last year, which was primarily attributable to the lower sales contribution from trading and retreading segment.

B2. Variation of Results against Previous Quarter

	3-mth ended 31.03.2011 RM'000	3-mth ended 31.12.2010 RM'000
Revenue	56,608	64,004
Profit after tax	2,041	393

The Group's revenue during the quarter under review recorded at RM56.6 million, represented a decrease of 12% from RM64 million of the preceding quarter of this year.

Profit after tax has improved by RM1.6 million to RM2 million as compared to the profit after tax of RM0.39 million posted in the previous preceding quarter. The higher profit for the quarter under review was mainly contributed by gain on disposal of property.

B3. Prospects

The Board is optimistic of the Group's prospects in the coming year, as the demand for rubber compound and retread tyres services are expected to improve.

The Group will continue to strengthen its market presence base locally and globally through extensive sales and marketing efforts while maintaining 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

The taxation comprises the following:-

	3-month ended		YTD 3-month ended	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Current tax expense	(162)	(224)	(162)	(224)
Deferred taxation	401	-	401	-
Total taxation	239	(224)	239	(224)

Save for the provision for deferred tax, the effective tax rate of the Group for the current period under review was lower than the statutory tax rate as certain subsidiaries has sufficient unabsorbed tax allowances to offset against its taxable profit.

B6. Unquoted Investments and Properties

There were no sales of unquoted investment for the current period under review.

During the financial period under review, Big Wheel (Malaysia) Sdn Bhd, a wholly-owned subsidiary, disposed a property located at Lot 1&3, Jalan Rivet 15/15, Seksyen 15, 40000 Shah Alam for a cash consideration of RM8.5 million. The gain on disposal of the said property was recorded at RM2.5 million.

B7. Quoted Securities

There were no purchases or disposals of quoted securities for the current period under review.

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 2011 are as follows:-

	As at 31.03.2011	As at 31.12.2010 (Audited)
	RM'000	RM'000
Non-Current		
-Borrowings (secured)	6,926	7,501
-Susuk (Bonds-secured)	50,000	50,000
-Effect under FRS 139	(788)	(1,127)
	56,138	56,374
Current		
-Borrowings (secured)	16,445	19,085
-Borrowings (unsecured)	41,523	31,997
- Susuk (Bonds-secured)	10,000	10,000
	67,968	61,082
Total	124,106	117,456

B10. Financial Instruments

Forward foreign exchange contracts are entered into by the Group in currencies other than the functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

Forward foreign exchange contracts are recognised on the contract dates and are measured at fair value with changes in fair value are recognised in profit or loss.

The outstanding forward foreign exchange contract as at 31 March 2011 is as follows:-

Type of Forward Contract	Contract/ Notional Value RM'000	Fair Value RM'000	Gain RM'000
Forward foreign exchange contracts - Not later than 1 year	3,432	3,366	64

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.

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 period under review.

B13. Retained Earnings

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

	As at 31.03.2011 RM'000	As at 31.12.2010 (Audited) RM'000
Retained Earnings		
- Realised	39,113	25,452
- Unrealised	(6,824)	6,190
Share of losses from associated companies:		
- Realised	(281)	(272)
Share of losses from jointly controlled entities:		
- Realised	(714)	(714)
	31,294	30,656
Less: Consolidated adjustments	(9,998)	(11,478)
	21,296	19,178

B14. Earnings Per Ordinary Share (EPS)

	3-month ended		YTD 3-month ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
<u>Basic EPS</u>				
Net Profit attributable to the owner of the Company	2,118	967	2,118	967
Weighted average number of ordinary share	88,414	80,377	88,414	80,377
Basic earnings per share (sen)	2.40	1.20	2.40	1.20

Diluted EPS

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

By order of Board

GOODWAY INTEGRATED INDUSTRIES BERHAD

FOO SIEW LOON

Company Secretary (MAICSA 7006874)

Selangor Darul Ehsan

27 May 2011