

**GOODWAY INTEGRATED INDUSTRIES BERHAD**

**(Company No: 618972-T)**

**(Incorporated in Malaysia)**

**Interim Financial Statement for the Period**

**Ended 30 September 2013**

**CONSOLIDATED INCOME STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

***(The figures have not been audited)***



*The above Consolidated Income Statements 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 2012.*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

***(The figures have not been audited)***



*The above 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 2012.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**



*The above 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 2012.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

***(The figures have not been audited)***



The above 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 2012.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

***(The figures have not been audited)***



**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2013 (CONT’D)**

***(The figures have not been audited)***



The above 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 2012.

**A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENT**

**A1. Basis of Preparation**

This interim financial statement is unaudited and has been prepared with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 134, “Interim Financial Reporting” and Rule 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the audited financial statements.

 **A2. Changes in Accounting Policies**

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 did not have segmental effect on the financial performance, position or presentation of financials of the Group.

|  |  |
| --- | --- |
| Amendments to MFRS 1 | Government Loan |
| Amendments to MFRS 1 | Annual Improvements 2009-2011 Cycle |
| Amendments to MFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| MFRS 10 | Consolidated Financial Statements |
| MFRS 11 | Joint Arrangements |
| MFRS 12 | Disclosure of Interests in Other Entities |
| Amendments to MFRS 10, MFRS 11 and MFRS 12 | Consolidated Financial Statements, Joint arrangements and Disclosure of Interests in Other Entities: Transition Guidance |
| MFRS 13 | Fair Value Measurement |
| Amendments to MFRS 101 | Annual Improvements 2009-2011 Cycle |
| Amendments to MFRS 116 | Annual Improvements 2009-2011 Cycle |
| MFRS 119 (as revised in 2011) | Employee Benefits |
| MFRS 127 (as revised in 2011) | Separate Financial Statements |
| Amendments to MFRS 132 | Annual Improvements 2009-2011 Cycle |

**MFRS and Amendments to MFRS that is applicable to the Group but not yet effective**

The Group did not adopt the following standards that have been issued by the Malaysian Accounting Standards Board as these are effective for the financial period beginning on or after 1 January 2014:

|  |  |
| --- | --- |
| MFRS 9 | Financial Instruments (effective from 1 January 2015) |
| Amendments to MFRS 132 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to MFRS 132 | Annual Improvements 2009-2011 Cycle |
| MFRS 134 | Annual Improvements 2009-2011 Cycle |

**A3. Audit Report of Preceding Annual Financial Statements**

The audit report of the Group's Financial Statements for the year ended 31 December 2012 was not subject to any qualifications.

**A4. Seasonality or Cyclical**

 The Group’s performance was 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 2012.

**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**

During the financial quarter ended 30 September 2013 under review, the Company had paid interim tax exempt dividend for the financial year ending 31 December 2012 of 1.086 sen per ordinary share which was paid on 20 September 2013.

**A9. Segment Reporting**

Segmental information for the period under review was as follows:-

 

**A10. Valuation of Property, Plant and Equipment**

The freehold and leasehold land and buildings of the Group were revalued based on professional valuations made by JS Valuers Property Consultants (E.M.) Sdn Bhd. And Messrs KGV International Property Consultants (M) Sdn. Bhd., on open market value basis conducted in 2012.

**A11. Subsequent Events**

 There were no material events subsequent to the end of the period that has not been reflected in the financial report for the current period under review.

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

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

**A13. Contingent Liabilities and Contingent Assets**

|  |  |  |
| --- | --- | --- |
|  | **As at****30.09.2013** | As at31.12.2012 |
|  | **RM’000** | RM’000 |
| **Contingent liabilities** |  |  |
| Corporate guarantee for credit facilities granted to subsidiaries | 44,917 | 44,917 |

Save as disclosed above, there were no material changes in contingent liabilities and contingent assets since the last audited financial statement for the year ended 31 December 2012.

**A14. Capital Commitments**

 There are no outstanding capital commitments during the period under review.

**A15. Recurrent Related Party Transactions**

The following are the Group’s recurrent related party transactions:

|  |  |  |
| --- | --- | --- |
|  |  |  **YTD** |
|  | **3 months ended** | **12 months ended** |
|  | **30.09.2013** | **31.12.2013** |
|  | RM’000 | RM’000 |
| Transactions with a company connected to a Director |  |  |
| * Supplying rubber compound and accessories
 | 2,813 | 5,524 |
|  |  |  |
|  |  |  |

 Related Party Transactions have been entered into in the ordinary course of business based on normal commercial terms and at arm’s length.

**B. BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1. Review of Performance**

|  |  |  |
| --- | --- | --- |
|  | **3 months ended**  | **9 months ended** |
| **30.09.2013** | **30.09.2012** | **30.09.2013** | **30.09.2012** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
| Revenue | 68,729 | 62,340 | 212,376 | 214,755 |
| Profit after tax | 1,152  | 1,124 | 5,044 | 4,144 |

For the nine months ended 30 September 2013, total revenues decreased by 1.1% to RM212.38 million from RM214.76 million while PAT registered growth of 21.9% to RM5.0 million from RM4.1 million respectively compared to preceding year cumulative quarter ended 30 September 2012. The decrease in sales revenue for the quarter under review compared to preceding year cumulative quarter was attributed to lower sales by both the compounding and retreading Business.

|  |  |  |
| --- | --- | --- |
|  | **Compounding Business** **(RM’000)** | **Retreading Business** **(RM’000)** |
| Q3FY2013 | 48,971 | 19,758 |
| Q3FY2012 | 42,603 | 19,738 |

Profit after tax (“PAT”) for the current quarter increased by 2.67% to RM1.15 million from RM1.12 million a year ago. At the PAT level, the increases in profit were mainly due to higher sales and better profit contribution from the compounding and retreading business.

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

|  |  |  |
| --- | --- | --- |
|  | **3-mth ended** **30.09.2013** | **3-mth ended** **30.09.2012** |
|  | RM’000 | RM’000 |
| Revenue | 68,729 | 62,340 |
| Profit after tax | 1,152  | 1,124 |

 Revenue increased by 10.2% from RM62.3 million reported in the immediate preceding quarter to RM68.7 million in the quarter under review as a result of higher sales reported for the compounding and retreading Business.

Profit after tax for the current quarter was reported at RM1.15 million, which is RM0.03 million higher than the Profit after tax of RM1.12 million posted in the preceding quarter due to improvement in operational efficiencies in the quarter under review.

**B3. Prospects**

 In the light of the global economic conditions, the Board is constantly working towards achieving a satisfactory Group performance in the coming year as the demand for the Group’s rubber compounding and retreading business segments is expected to improve.

**B4. Profit/(Loss) before Taxation**

Included in the profit/(loss) before taxation are the following items:



**B5. Profit Forecast**

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

**B6. Taxation**

 Taxation comprises the following:-

|  |  |  |
| --- | --- | --- |
|  | **3 months ended**  | **9 months ended** |
|  | **30.09.2013** | **30.09.2012** | **30.09.2013** | **30.09.2012** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
|  | ***(Unaudited)*** | ***(Unaudited)*** | ***(Unaudited)*** | ***(Unaudited)*** |
| Current tax (expense)/ credit | ( 717) |  (401) | (2,981) | (1,982) |
| Deferred taxation | 89 |  49 |  139 | (141) |
| Total taxation (expense)/ credit | ( 628) |  (352) | (2,792) | (2,123) |

 Domestic current income tax is calculated at the statutory tax rate of 25% of the taxable profit for the period. Taxation for other overseas subsidiaries is calculated at the rates prevailing in the respective jurisdictions.

 The higher tax rate for the current quarter was mainly due to:

1. certain expenses were not deductible for tax purposes
2. higher statutory corporate tax rate for certain foreign subsidiaries

**B7. Corporate Proposals**

 There were no corporate proposals announced as at the date of this report.

**B8. Group Loans and Borrowings**

 The Group borrowings as at 30 September 2013 are as follows:-

 

**B9. 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 values with changes in fair values being recognised as profit or loss.

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. Material Litigation**

 The Group does not have any material litigation as at the date of this report.

**B11. Proposed Dividend**

There was no dividend declared for the current period under review.

**B12. Retained Earnings**

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

 

**B13. Earnings Per Ordinary Share (EPS)**

|  |  |  |
| --- | --- | --- |
|  | **3 months ended**  | **9 months ended** |
|  | **30.09.2013** | **30.09.2012** | **30.09.2013** | **30.09.2012** |
|  | RM’000 | RM’000 | RM’000 | RM’000 |
| **Basic EPS** |  |  |  |  |
| Net Profit attributable to the owner of the Company | **1,153** | **1,096** | **4,904** | **4,191** |
|  |  |  |  |  |
| Weighted average number of ordinary share |  110,518 | 110,518 | 110,518 | 110,518 |
|  |  |  |  |  |
| **Basic earnings per share (sen)** | **1.04** | **0.99** | **4.44** | **3.79** |

**Diluted EPS**

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

By order of the Board

**GOODWAY INTEGRATED INDUSTRIES BERHAD**

FOO SIEW LOON

Company Secretary (MAICSA 7006874)

Selangor Darul Ehsan

Date: 21 November 2013