



**GOODWAY INTEGRATED INDUSTRIES BERHAD**

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

**Interim Financial Statement for the Period  
Ended 30 September 2016**



**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**  
*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
<b>RM'000</b>	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	43,254	47,794	127,980	144,143
Cost of sales	(34,453)	(41,187)	(107,407)	(124,974)
<b>Gross profit</b>	<b>8,801</b>	<b>6,607</b>	<b>20,573</b>	<b>19,169</b>
Other operating income	165	-	286	-
Operating expenses	(7,974)	(6,526)	(20,009)	(18,004)
<b>Operating profit</b>	<b>992</b>	<b>81</b>	<b>850</b>	<b>1,165</b>
Finance cost	(1,244)	(1,412)	(4,229)	(4,364)
Interest income	12	7	82	47
Finance cost – net	(1,232)	(1,405)	(4,147)	(4,317)
<b>Loss before tax</b>	<b>(240)</b>	<b>(1,324)</b>	<b>(3,297)</b>	<b>(3,152)</b>
Taxation	(167)	(210)	(383)	(1,294)
<b>Loss for the period</b>	<b>(407)</b>	<b>(1,534)</b>	<b>(3,680)</b>	<b>(4,446)</b>
<b>Loss attributable to:</b>				
Equity holders of the Company	(376)	(1,496)	(3,585)	(4,358)
Non-controlling interest	(31)	(38)	(95)	(88)
	(407)	(1,534)	(3,680)	(4,446)
<b>Loss per share attributable to equity holders of the Company (sen)</b>				
- Basic loss per share	(0.34)	(1.35)	(3.24)	(3.94)
- Diluted loss per share	NA	NA	NA	NA

*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 2015.*



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**  
*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
<b>RM'000</b>	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	(407)	(1,534)	(3,680)	(4,446)
<b>Other comprehensive income / (loss):</b>				
Foreign currency translation	558	(96)	42	954
	558	(96)	42	954
<b>Total comprehensive income/(loss) for the period</b>	<b>151</b>	<b>(1,630)</b>	<b>(3,638)</b>	<b>(3,492)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company	182	(1,592)	(3,543)	(3,404)
Non-controlling interest	(31)	(38)	(95)	(88)
	151	(1,630)	(3,638)	(3,492)

*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 2015.*



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

RM'000	As at 30.09.2016	As at 31.12.2015
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Property, plant and equipment	86,489	89,524
Land held for development	7,412	7,412
Intangible assets	586	586
<b>Total non-current assets</b>	94,487	97,522
Property development expenditure	27,099	22,831
Inventories	34,445	36,752
Receivables, deposit & prepayments	88,858	94,598
Tax recoverable	2,477	1,502
Cash and cash equivalents	9,575	11,459
<b>Total current assets</b>	162,454	167,142
<b>TOTAL ASSETS:</b>	256,941	264,664
<b>EQUITY AND LIABILITIES</b>		
Share capital	55,259	55,259
Reserves	7,969	7,927
Retained earnings	5,853	9,438
<b>Owners of the Company</b>	69,081	72,624
<b>Non-controlling interest</b>	291	386
<b>Total equity</b>	69,372	73,010
Loans and borrowings	42,108	46,370
Deferred tax liabilities	5,504	5,504
<b>Total non-current liabilities</b>	47,612	51,874
Payables and accruals	61,537	63,987
Loans and borrowings	78,013	75,781
Taxation	407	12
<b>Total current liabilities</b>	139,957	139,780
<b>Total liabilities</b>	187,569	191,654
<b>TOTAL EQUITY AND LIABILITIES</b>	256,941	264,664
<b>Net assets per share (RM)</b>	0.63	0.66

*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 2015.*

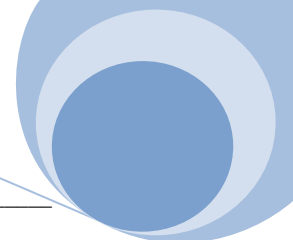


**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**  
*(The figures have not been audited)*

← Attributable to equity holders of the Company →  
← Non-distributable → Distributable

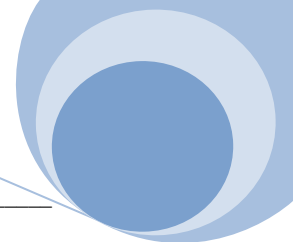
RM'000	Share capital	Share premium	Translation reserves	Revaluation reserves	Retained earnings	Total	Non-controlling Interests	Total
<b>At 1 January 2015, as previously stated</b>	55,259	211	(1,777)	5,888	18,783	78,364	290	78,654
Total comprehensive income / (loss) for the period	-	-	3,605	-	(9,345)	(5,740)	96	(5,644)
<b>At 31 December 2015</b>	55,259	211	1,828	5,888	9,438	72,624	386	73,010
<b>At 1 January 2016</b>	55,259	211	1,828	5,888	9,438	72,624	386	73,010
Total comprehensive income / (loss) for the period		-	42	-	(3,585)	(3,543)	(95)	(3,638)
<b>At 30 September 2016</b>	55,259	211	1,870	5,888	5,853	69,081	291	69,372

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 2015.



**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**  
*(The figures have not been audited)*

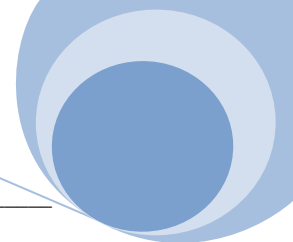
RM'000	CUMULATIVE PERIOD	
	Current Year To-Date 30.09.2016 (Unaudited)	Preceding Year Corresponding Period 30.09.2015 (Unaudited)
<b>Cash flows from operating activities</b>		
Loss before taxation	(3,297)	(3,152)
Adjustments for non-cash items:	12,473	11,242
Operating profit before working capital changes	9,176	8,090
Changes in working capital:		
(Increase)/Decrease in property development expenditure	(4,268)	2,159
Decrease in inventories	2,307	3,117
Decrease / (Increase) in receivables, deposits and prepayments	1,740	(10,873)
(Decrease) / Increase in payables	(2,450)	9,684
Cash generated from operations	6,505	12,177
Interest received	82	47
Interest paid	(4,229)	(4,364)
Tax paid	(975)	(358)
Net cash flow generated from operating activities:	1,383	7,502
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,279)	(7,648)
Net cash flow used in investing activities	(1,279)	(7,648)
<b>Cash flows from finance activities:</b>		
Net repayment of term loan and islamic financing	(3,758)	(1,330)
Net proceeds / (repayment) from bill payables	5,156	(13,230)
Net (repayment) / drawdown of hire purchase creditors	(505)	2,855
Net cash flow generated from / (used in) financing activities	893	(11,705)
<b>Net changes in cash and cash equivalents</b>	997	(11,851)
Exchange differences on translation of foreign subsidiary	42	954
<b>Cash and cash equivalents at beginning of period</b>	5,582	16,928
<b>Cash and cash equivalents at end of period</b>	6,621	6,031



**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (CONT'D)**  
*(The figures have not been audited)*

<b>RM'000</b>	<b>CUMULATIVE PERIOD</b>	
	<b>Current Year To-Date 30.09.2016 (Unaudited)</b>	<b>Preceding Year Corresponding Period 30.09.2015 (Unaudited)</b>
<b>Cash and cash equivalents comprises of:</b>		
Cash and bank balances	9,575	8,289
Bank Overdraft	(2,954)	(2,258)
	<b>6,621</b>	<b>6,031</b>

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 2015.



**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 Financial Reporting Standard (“FRS”) 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 2015 and the accompanying explanatory notes attached to the audited financial statements.

**A2. Changes in Accounting Policies**

On 1 January 2016, the Group adopted the following new and amended FRSs and IC Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2016:

1) Annual Improvements to FRSs 2012-2014 Cycle	
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 119	Employee Benefits
Amendments to FRS 134	Interim Financial Reporting
2) Amendments to FRS10: Consolidated Financial Statements	
3) Amendments to FRS12: Disclosure of Interests in Other Entities	
4) Amendments to FRS128: Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	
5) Amendments to FRS11: Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	
6) FRS14: Regulatory Deferral Accounts	
7) Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	
8) Amendments to FRS 116: Property, Plant and Equipment	
9) Amendments to FRS138: Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	

There is no material impact arising from adoption of the above standards and amendments on the financial statements of 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 2015 was not subject to any qualifications.

**A4. Seasonal or Cyclical Factors**

The Group’s performance was not materially affected by seasonal or cyclical factors during the quarter under review.

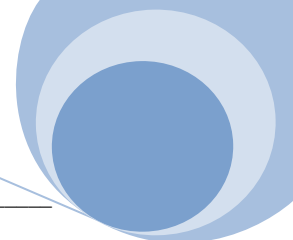
**A5. Unusual Items**

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 2015.





**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**

There was no dividend paid by the Company during the quarter under review.

**A9. Segment Reporting**

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

	Compounding	Retreading	Others	Consolidation Adjustment	9 months ended 30.09.2016	9 months ended 30.09.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
					(Unaudited)	(Unaudited)
External Revenue	78,207	23,986	25,787	-	127,980	144,143
Inter-Segment Revenue	20,304	1,422	1,164	(22,890)	-	-
<b>Total Revenue</b>	<b>98,511</b>	<b>25,408</b>	<b>26,951</b>	<b>(22,890)</b>	<b>127,980</b>	<b>144,143</b>
Overseas Revenue	69,693	-	-	(12,300)	57,393	54,689
Local Revenue	28,818	25,408	26,951	(10,590)	70,587	89,454
<b>Total Revenue</b>	<b>98,511</b>	<b>25,408</b>	<b>26,951</b>	<b>(22,890)</b>	<b>127,980</b>	<b>144,143</b>
Segment Results	2,976	(1,017)	4,971	-	<b>6,930</b>	<b>7,366</b>
Interest Income	37	-	45	-	<b>82</b>	<b>47</b>
Depreciation and Amortisation	(3,559)	(2,352)	(169)	-	<b>(6,080)</b>	<b>(6,202)</b>
Finance Cost	(2,985)	(1,232)	(12)	-	<b>(4,229)</b>	<b>(4,364)</b>
(Loss) / Profit Before Taxation	(3,531)	(4,601)	4,835	-	<b>(3,297)</b>	<b>(3,152)</b>
Taxation	(333)	-	(50)	-	<b>(383)</b>	<b>(1,294)</b>
<b>Non-controlling Interests</b>	-	95	-	-	<b>95</b>	<b>88</b>
<b>(Loss) / Profit for The Period</b>						
<b>Attributable to the equity holders of the Company</b>	<b>(3,864)</b>	<b>(4,506)</b>	<b>4,785</b>	<b>-</b>	<b>(3,585)</b>	<b>(4,358)</b>

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

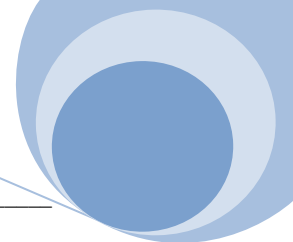
The freehold and leasehold land and buildings of the Group were revalued based on professional valuations made by JS Valuers Property Consultants (E.M.) Sdn Bhd. and Messrs KGV International Property Consultants (M) Sdn. Bhd., on open market value basis conducted in 2012.

**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 except the voluntary liquidation of a wholly-owned subsidiary in Sweden, Goodway Europe (Sweden) AB. The liquidation will not have any material effect on the issued and paid-up share capital, earnings and net assets of the Group.



**A13. Contingent Liabilities and Contingent Assets**

	<b>Company</b>	
	<b>As at</b>	<b>As at</b>
	<b>30.9.2016</b>	<b>30.9.2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contingent liabilities</b>		
Corporate guarantees for credit facilities granted to subsidiaries	<u>82,377</u>	<u>84,292</u>

**A14. Capital Commitments**

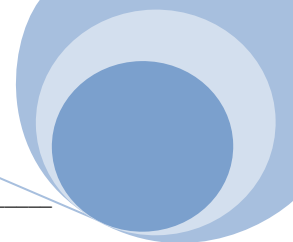
There are no outstanding capital commitments during the period under review.

**A15. Recurrent Related Party Transactions**

The Group's recurrent related party transactions are as follows:

	<b>Current Quarter</b>	<b>Preceding Quarter</b>
	<b>Ended</b>	<b>Ended</b>
	<b>30.9.2016</b>	<b>30.6.2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Transactions with a company connected to a Director		
- Supplying rubber compound and accessories	<u>1,237</u>	<u>1,214</u>

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**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30.9.2016 RM'000 (Unaudited)	30.9.2015 RM'000 (Unaudited)	30.9.2016 RM'000 (Unaudited)	30.9.2015 RM'000 (Unaudited)
Revenue	43,254	47,794	127,980	144,143
Loss before tax	(240)	(1,324)	(3,297)	(3,152)

For the three months ended 30 September 2016, total revenues decreased by about RM4.6 million from RM47.8 million to RM43.2mil. The decrease was mainly due to reduction of rubber compounding sales by RM2 million and retreading business of RM3.2 million. 3rd quarter 2016 registered a loss before tax of approximately RM0.24 million as compared to RM1.32 million in preceding year's quarter mainly due to higher profit recognised from property development.

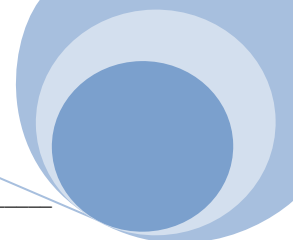
For the nine months ended 30 September 2016, total revenues decreased by about RM16 million. The decrease was mainly from rubber compounding and retreading sales of RM13 million and RM10 million respectively but was partially offset by the increase of property development billing during the period. The Group registered loss before tax of RM3.3 million as compared to RM3.1 million in previous year corresponding period in line with lower sales but was cushioned by higher profit recognised from property development.

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

	Current Year Quarter 30.9.2016 RM'000 (Unaudited)	Preceding Quarter Ended 30.06.2016 RM'000 (Unaudited)
Revenue	43,254	37,297
Loss before tax	(240)	(1,958)

Revenue increased by RM5.9 million as compared to the immediate preceding quarter mainly due to higher sales registered from rubber compounding business of approximately RM3.2 million and higher revenue recognised from property development but was offset by lower retreading sales of RM0.5 million.

The current quarter registered loss before tax of RM0.24 million as compared to a loss before tax of RM1.9 million posted in the preceding quarter due mainly to higher gross margin registered in line with higher revenue in current quarter.



**B3. Prospects**

The Group's rubber compounding and retreading business are expected to be challenging but necessary measures to capture new export market opportunities and cost control continue to be implemented to meet the challenging period. For the property development project, the progressive billing is on-going but the new sales is slowing down in view of the current cautious economic outlook.

Hence, based on the above, the Board is cautiously optimistic for the Group performance in the year 2016.

**B4. Loss Before Taxation**

Included in the loss before taxation are the following items:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Interest income	12	7	82	47
Interest expenses	(1,244)	(1,412)	(4,229)	(4,364)
Depreciation and amortisation	(1,944)	(2,044)	(6,080)	(6,202)
Impairment of receivables	(3,000)	(819)	(4,000)	(819)
Loss on foreign exchange	(95)	(424)	(897)	(1,341)

**B5. Profit Forecast**

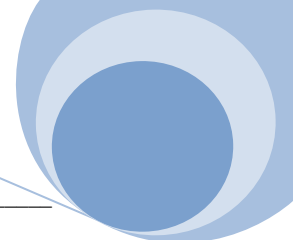
The group has not issued any profit forecast or profit guarantee during the quarter under review.

**B6. Taxation**

Taxation comprises the following:-

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax expense	167	210	383	1,294
Total taxation expense	167	210	383	1,294

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



**B7. Corporate Proposals**

On 18 July 2016, the Company entered into a conditional share sale agreement with NSA Technology Sdn Bhd (“NSA Technology” or “Vendor”) for the proposed acquisition of the entire issued and paid-up share capital of S5 Systems Sdn Bhd from the Vendor for a purchase consideration of RM900.0 million to be satisfied by the issuance of 1.8 billion new ordinary shares of RM0.50 each of the Company (“Proposed Acquisition”).

Further, the Company will also undertake below proposals in conjunction of the above Proposed Acquisition:

1. proposed increase in the authorised share capital of the Company and in consequence thereof, the Company’s Memorandum and Articles of Association to be altered accordingly (“Proposed IASC”).
2. proposed exemption to the Vendor and persons acting in concert with it from the obligation to undertake a mandatory take-over offer for all the remaining voting shares in the Company not already owned by them after the Proposed Acquisition under Paragraph 16.1(a) of Practice Note 9, Part II of the Malaysian Code on Take-overs and Mergers, 2010 (“Proposed Exemption”);
3. proposed restricted offer for sale by the Vendor of the rights to allotment of up to 165,776,250 Consideration Shares (“Rights to Offer Shares”) to the entitled shareholders of the Company on the basis of three (3) Rights to Offer Shares for every two (2) Shares held at an entitlement date to be determined (“Proposed Offer for Sale”);
4. proposed placement by the Vendor of the rights to allotment of up to 440,000,000 Consideration Shares to investors to be identified (“Proposed Placement”);
5. proposed establishment of an employees’ share option scheme of up to 15% of the issued and paid-up share capital (excluding treasury shares) of the Company (“Proposed ESOS”); and

**B8. Group Loans and Borrowings**

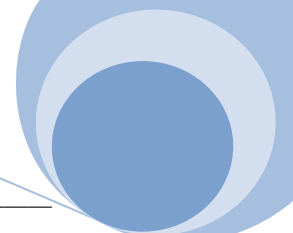
The Group loans and borrowings as at 30 September 2016 are as follows:-

	As at 30.09.2016 (Unaudited)	As at 31.12.2015 (Audited)
	RM'000	RM'000
<b>Non-Current</b>		
-Borrowings (secured)	2,776	3,279
-Term loans (secured)	39,332	43,091
	<b>42,108</b>	<b>46,370</b>
<b>Current</b>		
-Borrowings (secured)	34,478	19,113
-Borrowings (unsecured)	34,067	47,200
-Term loans (secured)	6,668	6,668
-Term loans (unsecured)	2,800	2,800
	<b>78,013</b>	<b>75,781</b>
<b>Total</b>	<b>120,121</b>	<b>122,151</b>

**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:

	<b>As at 30.09.2016 (Unaudited) RM'000</b>	<b>As at 31.12.2015 (Audited) RM'000</b>
Retained Earnings		
-Realised	49,214	52,894
-Unrealised	(5,471)	(5,504)
	<u>43,743</u>	<u>47,390</u>
Less: Consolidation adjustments	(37,890)	(37,952)
	<u>5,853</u>	<u>9,438</u>

**B13. Loss Per Ordinary Share (LPS)**

	<b>3<sup>rd</sup> Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.9.2016 (Unaudited) RM'000</b>	<b>30.9.2015 (Unaudited) RM'000</b>	<b>30.9.2016 (Unaudited) RM'000</b>	<b>30.9.2015 (Unaudited) RM'000</b>
<b><u>Basic LPS</u></b>				
Net loss attributable to the owner of the Company	<b>(376)</b>	<b>(1,496)</b>	<b>(3,585)</b>	<b>(4,358)</b>
Weighted average number of ordinary shares	110,518	110,518	110,518	110,518
<b>Basic loss per share (sen)</b>	<b>(0.34)</b>	<b>(1.35)</b>	<b>(3.24)</b>	<b>(3.94)</b>

**Diluted LPS**

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: 30 November 2016