



GOODWAY INTEGRATED INDUSTRIES BERHAD

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

**Interim Financial Statement for the Period
Ended 31 March 2017**



CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017
(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
RM'000	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	41,024	47,429	41,024	47,429
Cost of sales	(35,558)	(40,247)	(35,558)	(40,247)
Gross profit	5,466	7,182	5,466	7,182
Other operating income	36	87	36	87
Operating expenses	(4,254)	(6,928)	(4,254)	(6,928)
Operating profit	1,248	341	1,248	341
Finance cost	(1,145)	(1,487)	(1,145)	(1,487)
Interest income	1	47	1	47
Finance cost – net	(1,144)	(1,440)	(1,144)	(1,440)
Profit/(Loss) before tax	104	(1,099)	104	(1,099)
Taxation	-	(166)	-	(166)
Profit/(Loss) for the period	104	(1,265)	104	(1,265)
Profit/(Loss) attributable to:				
Equity holders of the Company	105	(1,272)	105	(1,272)
Non-controlling interest	(1)	7	(1)	7
	104	(1,265)	104	(1,265)
Earnings/(Loss) per share attributable to equity holders of the Company (sen)				
- Basic earnings/(loss) per share	0.10	(1.15)	0.10	(1.15)
- Diluted earning/(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 2016.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017
(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
RM'000	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	104	(1,265)	104	(1,265)
Other comprehensive income:				
Foreign currency translation	606	(522)	606	(522)
	606	(522)	606	(522)
Total comprehensive profit/(loss) for the period	710	(1,787)	710	(1,787)
Total comprehensive profit/(loss) attributable to:				
Equity holders of the Company	711	(1,794)	711	(1,794)
Non-controlling interest	(1)	7	(1)	7
	710	(1,787)	710	(1,787)

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 2016.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

RM'000	As at 31.03.2017	As at 31.12.2016
	(Unaudited)	(Audited)
ASSETS		
Property, plant and equipment	99,835	101,507
Land held for development	7,412	7,412
Intangible assets	586	586
Total non-current assets	107,833	109,505
Property development expenditure	27,151	33,165
Inventories	26,186	29,770
Receivables, deposit & prepayments	48,633	51,587
Tax recoverable	829	917
Cash and cash equivalents	3,215	3,071
Total current assets	106,014	118,510
TOTAL ASSETS:	213,847	228,015
EQUITY AND LIABILITIES		
Share capital	55,259	55,259
Reserves	25,994	25,388
Accumulated losses	(35,970)	(36,075)
Owners of the Company	45,283	44,572
Non-controlling interest	114	115
Total equity	45,397	44,687
Loans and borrowings	36,226	38,199
Deferred tax liabilities	12,530	12,530
Total non-current liabilities	48,756	50,729
Payables and accruals	48,281	55,243
Loans and borrowings	71,413	77,356
Taxation	-	-
Total current liabilities	119,694	132,599
Total liabilities	168,450	183,328
TOTAL EQUITY AND LIABILITIES	213,847	228,015
Net assets per share (RM)	0.41	0.40

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 2016.

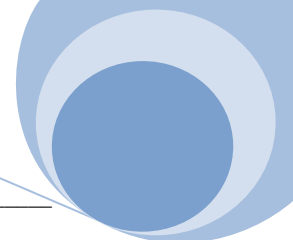


**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017**
(The figures have not been audited)

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

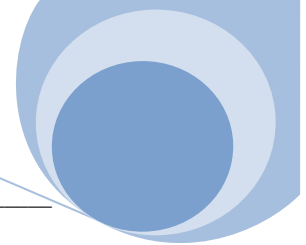
RM'000	Share capital	Share premium	Translation reserves	Revaluation reserves	Retained earnings (Accumulated losses) /	Total	Non-controlling Interests	Total
At 1 January 2016	55,259	211	1,828	5,888	9,438	72,624	386	73,010
Total comprehensive income / (loss) for the period	-	-	(209)	17,670	(45,513)	(28,052)	(271)	(28,323)
At 31 December 2016	55,259	211	1,619	23,558	(36,075)	44,572	115	44,687
At 1 January 2017	55,259	211	1,619	23,558	(36,075)	44,572	115	44,687
Total comprehensive income / (loss) for the period	-	-	606	-	105	711	(1)	710
At 31 March 2017	55,259	211	2,225	23,558	(35,970)	45,283	114	45,397

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 2016.



CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017
(The figures have not been audited)

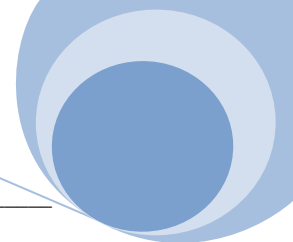
RM'000	Current Year To-Date 31.03.2017 (Unaudited)	Preceding Year Corresponding Period 31.03.2016 (Unaudited)
Cash flows from operating activities		
Profit/(Loss) before taxation	104	(1,099)
Adjustments for non-cash items:	3,129	4,587
Operating profit before working capital changes	3,233	3,488
Changes in working capital:		
Decrease/(Increase) in property development expenditure	6,014	(2,970)
Decrease in inventories	3,584	2,020
Decrease in receivables, deposits and prepayments	2,954	4,021
Decrease in payables	(6,962)	(6,852)
Cash generated from/(used in) operations	8,823	(293)
Interest received	1	47
Interest paid	(1,145)	(1,487)
Tax refund/(paid)	88	(1,221)
Net cash flow generated from/(used in) operating activities:	7,767	(2,954)
Cash flows from investing activities		
Purchase of property, plant and equipment	(438)	(179)
Proceeds from disposal of property, plant and equipment	139	-
Net cash flow used in investing activities	(299)	(179)
Cash flows from finance activities:		
Net repayment of term loan and islamic financing	(1,631)	(1,652)
Net (repayment) / proceeds from bill payables	(2,635)	9,156
Net repayment of hire purchase creditors	(330)	(155)
Net cash flow (used in) / generated from financing activities	(4,596)	7,349
Net changes in cash and cash equivalents		
Exchange differences on translation of foreign subsidiary	606	(522)
Cash and cash equivalents at beginning of period	(2,947)	5,462
Cash and cash equivalents at end of period	531	9,156



CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017 (CONT'D)
(The figures have not been audited)

RM'000	Current Year To-Date 31.03.2017 (Unaudited)	Preceding Year Corresponding Period 31.03.2016 (Unaudited)
Cash and cash equivalents comprises of:		
Cash and bank balances	3,215	13,347
Pledged deposits	-	(120)
Bank Overdraft	(2,684)	(4,071)
	531	9,156

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 2016.



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 2016 and the accompanying explanatory notes attached to the audited financial statements.

A2. Changes in Accounting Policies

On 1 January 2017, 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 2017:

1) Annual Improvements to FRSs 2014-2016 Cycle	
Amendment to FRS 12	Disclosure of Interests in Other Entities
2) Amendments to FRS107: Statement of Cash Flows – Disclosure Initiative	
3) Amendments to FRS112: Income Tax – Recognition of Deferred Tax Assets for Unrealised Losses	

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 2016 was qualified. In relation to this, the Board of Directors of the Company had on 30 April and 4 May 2017 deliberated on the matters and an external independent professional firm will be appointed to assess and evaluate whether there is any indication of impairment on the carrying amount of plant and equipment, and inventories in the financial statements of the Group as at 31 December 2016

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

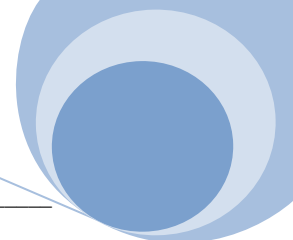
There were no material changes in estimates that have been used in the preparation of the current financial period or changes in estimates of amounts reported for the last financial year ended 31 December 2016.

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 RM'000	Retreading RM'000	Property and Consolidation		3 months ended	3 months ended
			Others RM'000	Adjustment RM'000	31.03.2017 RM'000 (Unaudited)	31.03.2016 RM'000 (Unaudited)
External Revenue	23,568	8,188	9,268	-	41,024	47,429
Inter-Segment Revenue	2,161	-	389	(2,550)	-	-
Total Revenue	25,729	8,188	9,657	(2,550)	41,024	47,429
Overseas Revenue	18,520	-	-	-	18,520	21,464
Local Revenue	7,209	8,188	9,657	(2,550)	22,504	25,965
Total Revenue	25,729	8,188	9,657	(2,550)	41,024	47,429
Segment Results	2,738	1,273	(725)	-	3,286	2,487
Interest Income	1	-	-	-	1	47
Depreciation and Amortisation	(1,227)	(755)	(56)	-	(2,038)	(2,146)
Finance Cost	(908)	(237)	-	-	(1,145)	(1,487)
Profit/(Loss) Before Taxation	604	281	(781)	-	104	(1,099)
Taxation	-	-	-	-	-	(166)
Non-controlling Interests Profit/(Loss) for The Period Attributable to the equity holders of the Company	604	282	(781)	-	105	(1,272)

A10. Valuation of Property, Plant and Equipment

The leasehold land and buildings of the Group were revalued based on professional valuations made by JS Valuers Property Consultants (E.M.) Sdn Bhd, Messrs KGV International Property Consultants (M) Sdn. Bhd and Opteon Property Group, on open market value basis conducted in 2016.

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

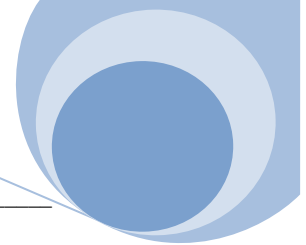
There were no changes in the composition of the Group for the period under review.

A13. Contingent Liabilities and Contingent Assets

	Company	
	As at 31.03.2017 (Unaudited) RM'000	As at 31.03.2016 (Unaudited) RM'000
Contingent liabilities		
Corporate guarantees for credit facilities granted to subsidiaries	76,806	89,429

A14. Capital Commitments

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

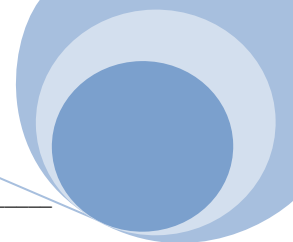


A15. Recurrent Related Party Transactions

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

	Current Quarter Ended 31.03.2017 (Unaudited) RM'000	Preceding Quarter Ended 31.12.2016 (Unaudited) RM'000
Transactions with a company connected to a Director		
- Supplying rubber compound and accessories	1,243	967

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
	31.03.2017 RM'000 (Unaudited)	31.03.2016 RM'000 (Unaudited)	31.03.2017 RM'000 (Unaudited)	31.03.2016 RM'000 (Unaudited)
Revenue	41,024	47,429	41,024	47,429
Profit/(Loss) before tax	104	(1,099)	104	(1,099)

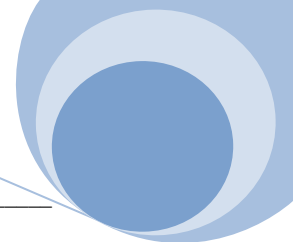
For the three months ended 31st March 2017, total revenues decreased by about RM6.4 million from RM47.4 million to RM41 million. The decrease was mainly due to lower sales recorded from all business segments as compared to the previous year's corresponding quarter. In this quarter, the Group registered a profit before tax of approximately RM0.10 million as compared to loss of RM1.1 million in the preceding year's quarter mainly due to further cost reductions.

B2. Variation of Results against Preceding Quarter

	Current Year Quarter 31.03.2017 RM'000 (Unaudited)	Preceding Quarter Ended 31.12.2016 RM'000 (Unaudited)
Revenue	41,024	40,270
Profit/(Loss) before tax	104	(38,778)

Revenue increased marginally by RM0.75 million as compared to the immediate preceding quarter mainly due to higher progress billings from property development.

The current quarter the Group registered profit before tax of RM0.10 million as compared to a loss before tax of RM38.8 million posted in the preceding quarter was due mainly to absence of one-off impairment of receivables as well as higher margins generated from the product sales mix in this quarter.



B3. Prospects

The Group's rubber compounding and retreading business are expected to be challenging but necessary measures to break into new export markets for rubber compounds coupled with tighter cost and credit control have been implemented to mitigate the challenges ahead. The retreading business has seen a significant drop in 2016 and is expected to continue declining as low price imported new tyres from China continue to flood into the local market, thus impacting demand for retreads. The Group will strengthen its business focus in the trading of new tyres, which it started in 2016, to leverage on its extensive network of tyre retailers customer base. Business growth in this area has been encouraging since commencement and is expected to make up for the loss in volume from retreading business in the future.

The uncertainties surrounding the Ringgit Malaysia exchange rate versus the US Dollar and raw materials prices will continue to pose a challenge to maintaining healthy margin spread for the rubber compound and tyre wholesale businesses. However, management will endeavour to overcome these challenges through close monitoring and active management of these variables. The pricing of rubber compounds and retreading have been revised to recover some margins depleted due to the higher cost of materials recorded in recent months.

For the property development project, the progressive billing is on-going but new sales are expected to be slow. However, as the project is nearing completion and the Certificate of Completion and Compliance ("CCC") is expected to be obtained within this year, marketing activities will be escalated to promote and sell the remaining unsold units.

Hence, based on the above initiatives, the Board is reasonably confident of a recovery for the Group performance in the year 2017.

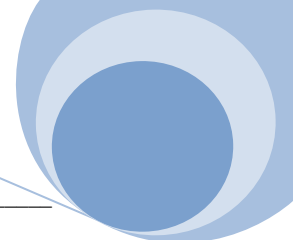
B4. Profit/(Loss) Before Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	31.03.2017 (Unaudited)	31.03.2016 (Unaudited)	31.03.2017 (Unaudited)	31.03.2016 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Interest income	(1)	(47)	(1)	(47)
Gain on sale of property, plant and equipment	(67)	-	(67)	-
Interest expenses	1,145	1,487	1,145	1,487
Depreciation and amortisation	2,038	2,146	2,038	2,146
Impairment of receivables	-	1,000	-	1,000
Loss on foreign exchange	106	573	106	573

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:-

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	31.03.2017 (Unaudited)	31.03.2016 (Unaudited)	31.03.2017 (Unaudited)	31.03.2016 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax expense	-	(166)	-	(166)
Total taxation expense	-	(166)	-	(166)

Domestic current income tax is calculated at the statutory tax rate of 24% of the taxable profit for the period. Taxation for overseas subsidiaries is calculated at the rates prevailing in the respective jurisdictions. In this quarter, no provision is made to taxation due to availability of unabsorbed tax losses to be utilised.

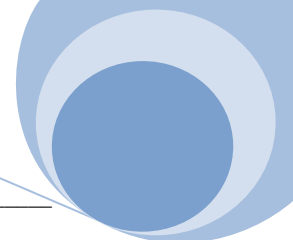
B7. Corporate Proposals

On 11 April 2017, the Company had announced the termination the Proposed Acquisition, Proposed Offer for Sale, Proposed Placement and Proposed ESOS ("Proposals") which was first announced on 18 July 2016.

B8. Group Loans and Borrowings

The Group loans and borrowings as at 31 March 2017 are as follows:-

	As at 31.03.2017 (Unaudited)	As at 31.12.2016 (Audited)
	RM'000	RM'000
Non-Current		
-Borrowings (secured)	1,422	1,756
-Term loans (secured)	34,804	36,443
	36,226	38,199
Current		
-Borrowings (secured)	60,205	66,157
-Borrowings (unsecured)	1,997	1,997
-Term loans (secured)	9,211	9,202
	71,413	77,356
Total	107,639	115,555



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.

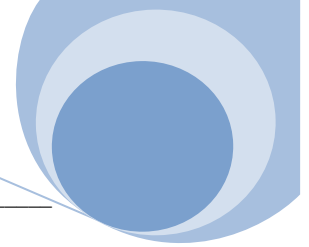
B12. Realised and Unrealised Losses

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

	As at 31.03.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
Accumulated losses		
-Realised	20,148	13,018
-Unrealised	(12,530)	(5,504)
	7,618	7,514
Less: Consolidation adjustments	(43,588)	(43,589)
	(35,970)	(36,075)

B13. Earnings/(Loss) Per Ordinary Share (EPS)/(LPS)

	1 st Quarter Ended		Cumulative Quarter Ended	
	31.03.2017 (Unaudited) RM'000	31.03.2016 (Unaudited) RM'000	31.03.2017 (Unaudited) RM'000	31.03.2016 (Unaudited) RM'000
Basic EPS/(LPS)				
Net profit/(loss) attributable to the owner of the Company	105	(1,272)	105	(1,272)
Weighted average number of ordinary shares	110,518	110,518	110,518	110,518
Basic earnings/(loss) per share (sen)	0.10	(1.15)	0.10	(1.15)



B13. Earnings/Loss Per Ordinary Share (EPS/(LPS)) (Cont'd)

Diluted (EPS/(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 May 2017