



GOODWAY INTEGRATED INDUSTRIES BERHAD
(Company No: 618972-T)
(Incorporated in Malaysia)

Interim Financial Statements for the Period
Ended 31 March 2018
(Quarter 5)

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2018
(The figures have not been audited)

	INDIVIDUAL QUARTER		Changes (Amount/%)	CUMULATIVE PERIOD		Changes (Amount/%)	
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Period		
RM'000	31.03.2018	NA		31.03.2018	31.12.2016		
	(Unaudited)	NA		(Unaudited)	(Audited)		
Revenue	12,637	NA	-	133,595	157,117	(23,522)	-15%
Cost of sales	(12,611)	NA	-	(112,354)	(137,651)	25,297	18%
Gross profit	26	NA	-	21,241	19,466	1,775	9%
Other operating income	3,990	NA	-	4,173	5,103	(930)	-18%
Operating expenses	(2,042)	NA	-	(18,416)	(62,886)	44,470	71%
Operating profit/(loss)	1,974	NA	-	6,998	(38,317)	45,315	118%
Finance cost	(1,020)	NA	-	(5,532)	(4,966)	(566)	-11%
Interest income	-	NA	-	2	74	(72)	-97%
Finance cost – Net	(1,020)	NA	-	(5,530)	(4,892)	(638)	-13%
Profit/(Loss) before tax	954	NA	-	1,468	(43,209)	44,677	103%
Taxation	-	NA	-	-	(2,575)	2,575	100%
Profit/(Loss) for the period	954	NA	-	1,468	(45,784)	47,252	103%
Profit/(Loss) attributable to:							
Equity holders of the Company	955	NA	-	1,474	(45,623)	47,097	103%
Non-controlling interest	(1)	NA	-	(6)	(161)	155	96%
	954	NA	-	1,468	(45,784)	47,252	103%
Earnings/(Loss) per share attributable to equity holders of the Company (sen)							
- Basic earnings/(loss) per share	0.86	NA	-	1.33	(41.28)	42.61	103%
- 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 2018
(The figures have not been audited)

	INDIVIDUAL QUARTER		Changes (Amount/%)	CUMULATIVE PERIOD		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Period	
RM'000	31.03.2018	NA		31.03.2018	31.12.2016	
	(Unaudited)	NA		(Unaudited)	(Audited)	
Profit/(Loss) for the period	954	NA	-	1,468	(45,784)	47,252 103%
Other comprehensive income:						
Revaluation surplus, net of deferred tax	-	-	-	-	17,670	(17,670) -100%
Foreign currency translation	(695)	NA	-	(518)	(209)	(309) -148%
	(695)	NA	-	(518)	17,461	(17,979) -103%
Total comprehensive profit/(loss) for the period	259	NA	-	950	(28,323)	29,273 103%
Total comprehensive profit/(loss) attributable to:						
Equity holders of the Company	260	NA	-	956	(28,052)	29,008 103%
Non-controlling interest	(1)	NA	-	(6)	(271)	265 98%
	259	NA	-	950	(28,323)	29,273 103%

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 2018

RM'000	As at 31.03.2018 (Unaudited)	As at 31.12.2016 (Audited)
ASSETS		
Property, plant and equipment	83,333	101,507
Land held for development	7,412	7,412
Intangible assets	586	586
Total non-current assets	91,331	109,505
Property development expenditure	26,053	33,165
Inventories	16,875	29,770
Receivables, deposit & prepayments	43,172	51,587
Tax recoverable	2,013	917
Cash and cash equivalents	4,796	3,071
Total current assets	92,909	118,510
TOTAL ASSETS:	184,240	228,015
EQUITY AND LIABILITIES		
Share capital	55,259	55,259
Reserves	21,458	25,388
Accumulated losses	(31,189)	(36,075)
Owners of the Company	45,528	44,572
Non-controlling interest	109	115
Total equity	45,637	44,687
Loans and borrowings	28,390	38,199
Deferred tax liabilities	12,181	12,530
Total non-current liabilities	40,571	50,729
Payables and accruals	49,698	55,243
Loans and borrowings	48,334	77,356
Taxation	-	-
Total current liabilities	98,032	132,599
Total liabilities	138,603	183,328
TOTAL EQUITY AND LIABILITIES	184,240	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 2018
(The figures have not been audited)

RM'000	← Attributable to equity holders of the Company →						Non-controlling	
	Share capital	Share premium	Translation reserves	Revaluation reserves	(Accumulated losses) / Retained earnings	Total	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)
Transactions with owners:								
- Share issued	-	-	-	-	-	-	-	-
- Interim dividend to shareholders	-	-	-	-	-	-	-	-
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	-	-	(518)	-	1,474	956	(6)	950
Transfer due to disposal of Property	-	-	-	(3,412)	3,412	-	-	-
At 31 March 2018	55,259	211	1,101	20,146	(31,189)	45,528	109	45,637

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 STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018
(The figures have not been audited)

RM'000	Current Year To-Date 31.03.2018 (Unaudited)	Preceding Year Corresponding Period 31.12.2016 (Audited)
Cash flows from operating activities		
Profit/(Loss) before taxation	1,468	(43,209)
Adjustments for non-cash items:	13,985	46,081
Operating profit before working capital changes	15,453	2,872
Changes in working capital:		
Decrease in property development expenditure	7,112	8,386
Decrease in inventories	12,895	5,910
Decrease in receivables, deposits and prepayments	8,415	4,199
(Decrease) in payables and accruals	(5,545)	(16,156)
Cash generated from/(used in) operations	38,330	5,211
Interest received	2	74
Interest paid	(5,532)	(4,939)
Tax refund	-	45
Net cash flow generated from operating activities:	32,800	391
Cash flows from investing activities		
Purchase of property, plant and equipment	(823)	(1,986)
Uplift of fixed deposit	-	124
Proceeds from disposal of property, plant and equipment	9,095	345
Net cash flow from/(used in) investing activities	8,272	(1,517)
Cash flows from finance activities:		
Net repayment of term loan and islamic financing	(8,846)	(8,914)
(Net repayment)/proceeds from bill payables	(26,085)	3,191
Net repayment of hire purchase creditors	(2,198)	(1,523)
Net cash flow (used in) / generated from financing activities	(37,129)	(7,246)
Net changes in cash and cash equivalents		
Exchange differences on translation of foreign subsidiary	(517)	(38)
Cash and cash equivalents at beginning of period	(2,947)	5,463
Cash and cash equivalents at end of period	479	(2,947)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018 (CONT'D)
(The figures have not been audited)

RM'000	Current Year To-Date 31.03.2018 (Unaudited)	Preceding Year Corresponding Period 31.12.2016 (Audited)
Cash and cash equivalents comprises of:		
Cash and bank balances	4,796	3,071
Pledged deposits	-	-
Bank Overdraft	(4,317)	(6,018)
	479	(2,947)

The above Condensed Consolidated Cash Flow 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.

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENT

A1. Basis of Preparation

This interim financial statements are unaudited and have been prepared in accordance 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 Company and 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

The Group has reverted from MFRS Framework and applied the FRS Framework since 1 January 2015 as it became a Transitioning Entity upon diversification of its core businesses to include property development business in year 2015. However, due to the non-revision clause on the MFRS Framework issued by the Malaysian Accounting Standards Board (MASB), accordingly the Group resumed the application of the MFRS Framework on 1 January 2017 in preparing the financial statements.

The Group adopted the following Standards, Amendments and IC Interpretations:-

Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014-2016 Cycle
Amendments to MFRS 107 Disclosure Initiative
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
MFRS 15 Revenue from Contracts with Customers

The adoption of the above standards and interpretations did not have any material effect on the financial performance or the position of the Group.

A3. Change of Financial Year End

On 30 November 2017, the Company announced that the Board of Directors of the Company has approved the change of financial year end from 31 December to 30 June. Thus, the financial statements will be made up from 1 January 2017 to 30 June 2018 covering a period of 18 months.

A4. Audit Report of Preceding Annual Financial Statements

In the Auditors’ report of the Group’s Audited Financial Statements for the year ended 31 December 2016, the auditor stated it could not reliably assess the carrying amount of the plant and equipment of the Group, and inventories of a Subsidiary of the Group. In relation to this, the Board of Directors of the Company has appointed an independent professional firm, Messrs. PKF Business Services Sdn Bhd (“PKF”), to perform the assessment.

On 30 August 2017, PKF has completed the assessment and concluded that the overall impact of the impairment to the Group in the financial statements for the year ended 31 December 2016 are as follows:-

Item	RM
Plant and Equipment - Impairment of the Plant and Equipment	469,024
Inventories -Write down to Net Realisable Value	252,502
Total	721,526

The above impairment impact has been provided for in the interim results for the quarter ended 30 June 2017.

A5. Seasonal or Cyclical Factors

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

A6. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review and financial year-to-date.

A7. Changes in Estimates

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

A8. Debt and Equity Securities

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

A9. Dividend Paid

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

A10. Segment Reporting

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

	Compounding	Retreading	Property and Others	Consolidation Adjustments	15 months ended 31.03.2018	12 months ended 31.12.2016
	RM'000	RM'000	RM'000	RM'000	RM'000 (Unaudited)	RM'000 (Audited)
External Revenue	79,525	30,846	23,224	-	133,595	157,117
Inter-Segment Revenue	14,180	-	1,382	(15,562)	-	-
Total Revenue	93,705	30,846	24,606	(15,562)	133,595	157,117
Overseas Revenue	63,619	-	-	(1,813)	61,806	81,157
Local Revenue	30,086	30,846	24,606	(13,749)	71,789	75,960
Total Revenue	93,705	30,846	24,606	(15,562)	133,595	157,117
Segment Results	9,674	1,109	(4,453)	10,812	17,142	(29,953)
Interest Income	2	-	-	-	2	74
Depreciation and Amortisation	(6,244)	(3,607)	(293)	-	(10,144)	(8,364)
Finance Cost	(4,455)	(1,077)	(2,688)	2,688	(5,532)	(4,966)
Profit/(Loss) Before Taxation	(1,023)	(3,575)	(7,434)	13,500	1,468	(43,209)
Taxation	-	-	-	-	-	(2,575)
Non-controlling Interests	-	-	-	6	6	161
Profit/(Loss) for The Period						
Attributable to the equity holders of the Company	(1,023)	(3,575)	(7,434)	13,506	1,474	(45,623)

A11. 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., Messrs KGV International Property Consultants (M) Sdn. Bhd. and Opteon Property Group, on open market value basis conducted in 2016.

A12. 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.

A13. Changes in the Composition of the Group

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

A14. Contingent Liabilities and Contingent Assets

	Company	
	As at 31.03.2018 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
Contingent liabilities		
Corporate guarantees for credit facilities granted to subsidiaries	53,340	44,340

A15. Capital Commitments

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

A16. Recurrent Related Party Transactions

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	31.03.2018 (Unaudited) RM'000	NA - RM'000	31.03.2018 (Unaudited) RM'000	31.12.2016 (Audited) RM'000
Transactions with a company connected to a Director				
- Supplying rubber compound and accessories	443	NA	3,261	5,126

Related Party Transactions have been entered into in the ordinary course of business based on normal commercial terms and at arm's length. The total amount transacted for the period under review is within the Shareholders' mandate obtained on 23 May 2017.

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
	31.03.2018	NA	31.03.2018	31.12.2016
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	-	(Unaudited)	(Audited)
Revenue	12,637	NA	133,595	157,117
Profit/(Loss) before tax	954	NA	1,468	(43,209)

There are no comparative figures for preceding year corresponding quarter for review.

B2. Variation of Results against Preceding Quarter

	Current Year Quarter ended 31.03.2018 RM'000 (Unaudited)	Preceding Quarter Ended 31.12.2017 RM'000 (Unaudited)
Revenue	12,637	20,244
Profit before tax	954	1,092

For the current quarter the revenue decreased by RM 7.607 million as compared to the immediate preceding quarter due to lower sales recorded from all business segments. As a result of the lower revenue, the Group registered a lower profit of RM 954,000 in the quarter under review as compared to a profit of RM1,092,000 in the preceding quarter.

Also during the current quarter, the Group registered a higher other operating income, consist of bad debt recovery and gain from disposal of property.

B3. Prospects

The Group is focused on its core business of compounding. The 2 main product lines of its business are its Retread Compounds and Technical Compounds. The Group's direction moving forward are to work on 3 key factors, developing business with long term partners, prioritising sales on performance products as well as focusing on higher contribution segments.

In our retreading business, our exploration into the new tyre business has started as we are working with our existing customers to provide them with another product offering. This business shall eventually be repositioned to be a Fleet Solutions business. The Group is also currently exploring new technologies as part of its downstream business.

For the property development project, the progressive billing is on-going and the company continues to intensify its sales efforts. The project is nearing completion and the Certificate of Completion is expected to be obtained within the 3rd quarter of 2018.

The Group is confident that its action plans will lead the Group towards sustainable growth.

B4. Profit/(Loss) Before Taxation

The profit/(loss) before taxation is arrived at after crediting/(charging) the following items:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	31.03.2018 (Unaudited)	NA -	31.03.2018 (Unaudited)	31.12.2016 (Audited)
	RM'000	RM'000	RM'000	RM'000
Interest income	-	NA	2	74
Gain/(Loss) on sale of property, plant and equipment	306	NA	260	23
Gain on disposal of subsidiary company	-	NA	-	44
Bad debt recovery	3,500	NA	3,500	-
Bad debts written off	-	NA	-	(12,068)
Interest expenses	(1,020)	NA	(5,532)	(4,966)
Depreciation and amortisation	(1,940)	NA	(10,144)	(8,364)
Impairment of receivables	-	NA	-	(18,135)
Impairment of obsolete inventories	-	NA	-	(1,094)
Impairment loss of property, plant and equipment	-	NA	-	(2,646)
Gain/ (Loss) on foreign exchange	(353)	NA	(671)	312

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
	31.03.2018 (Unaudited)	NA -	31.03.2018 (Unaudited)	31.12.2016 (Audited)
	RM'000	RM'000	RM'000	RM'000
Current tax expense	-	NA	-	(2,575)
Total taxation expense	-	NA	-	(2,575)

Domestic current income tax is calculated at the statutory tax rate of 24% of the taxable profit for the period whereas taxation for overseas subsidiaries is calculated at the rates prevailing in the respective jurisdictions.

B7. Corporate Proposals

The Group has not entered into any corporate proposals or arrangement during the quarter under review.

B8. Group Loans and Borrowings

The Group loans and borrowings as at 31 March 2018 are as follows:-

	As at 5 th quarter ended 31 March 2018											Amount'000'	
	Long Term				Short Term				Total Borrowings				
	Foreign		Local		Foreign		Local		Foreign		Local		
	AUD	RM	RM	RM	AUD	RM	RM	RM	AUD	RM	RM	RM	Total
Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	Total		
Secured													
Trade Facilities /Overdraft	-	-	-	-	-	-	41,059	41,059	-	-	41,059	41,059	
Finance lease	-	-	325	325	-	-	663	663	-	-	988	988	
Term loans/Islamic financing	-	-	28,065	28,065	-	-	6,612	6,612	-	-	34,677	34,677	
Total	-	-	28,390	28,390	-	-	48,334	48,334	-	-	76,724	76,724	
	As at 4 th quarter ended 31 December 2016												
	Long Term				Short Term				Total Borrowings				
	Foreign		Local		Foreign		Local		Foreign		Local		
	AUD	RM	RM	RM	AUD	RM	RM	RM	AUD	RM	RM	RM	Total
Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	Total		
Secured													
Trade Facilities /Overdraft	-	-	-	-	-	-	68,845	68,845	-	-	68,845	68,845	
Finance lease	136	441	1,314	1,755	30	99	1,332	1,431	166	540	2,646	3,186	
Term loans/Islamic financing	555	1,802	34,642	36,444	62	200	6,880	7,080	617	2,002	41,522	43,524	
Total	691	2,243	35,956	38,199	92	299	77,057	77,356	783	2,542	113,013	115,555	

AUD – Australian Dollar; 2016-Exchange rate 1 AUD = RM 3.2436

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 /(Accumulated Losses)

The realised and unrealised profits/(losses) of the Group are as follows:

	As at 31.03.2018 (Unaudited)	As at 31.12.2016 (Audited)
	RM'000	RM'000
Retained Earnings/(Accumulated losses)		
-Realised	8,018	20,044
-Unrealised	(9,118)	(12,530)
	(1,100)	7,514
Less: Consolidation adjustments	(30,089)	(43,589)
	(31,189)	(36,075)

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

	5th Quarter Ended		Cumulative Quarter Ended	
	31.03.2018 (Unaudited)	NA	31.03.2018 (Unaudited)	31.12.2016 (Audited)
	RM'000	RM'000	RM'000	RM'000
<u>Basic EPS/(LPS)</u>				
Net profit/(loss) attributable to the owner of the Company	955	NA	1,474	(45,623)
Weighted average number of ordinary shares	110,518	NA	110,518	110,518
Basic earnings/(loss) per share (sen)	0.86	NA	1.33	(41.28)
<u>Diluted EPS/(LPS)</u>				

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

By order of the Board
GOODWAY INTEGRATED INDUSTRIES BERHAD
 FOO SIEW LOON
 Company Secretary (MAICSA 7006874)
 Selangor Darul Ehsan

Date: 24 May 2018