



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

Interim Financial Statements for the Period
Ended 30 June 2018
(Quarter 6)

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2018**
(The figures have not been audited)

	INDIVIDUAL QUARTER			Changes (Amount/%)	CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year To-Date	Preceding Year Corresponding Period	Changes (Amount/%)
RM'000	30.06.2018	NA		30.06.2018	31.12.2016		
	(Unaudited)	NA		(Unaudited)	(Audited)		
Revenue	45,830	NA	-	179,424	157,117	22,307	14%
Cost of sales	(37,748)	NA	-	(150,102)	(137,651)	(12,451)	-9%
Gross profit	8,082	NA	-	29,322	19,466	9,856	51%
Other operating income	843	NA	-	5,015	5,103	(88)	-2%
Operating expenses	(7,403)	NA	-	(25,819)	(62,886)	37,067	59%
Operating profit/(loss)	1,522	NA	-	8,518	(38,317)	46,835	122%
Finance cost	(1,248)	NA	-	(6,780)	(4,966)	(1,814)	-37%
Interest income	-	NA	-	2	74	(72)	-97%
Finance cost – Net	(1,248)	NA	-	(6,778)	(4,892)	(1,886)	-39%
Profit/(Loss) before tax	274	NA	-	1,740	(43,209)	44,949	104%
Taxation	472	NA	-	472	(2,575)	3,047	118%
Profit/(Loss) for the period	746	NA	-	2,212	(45,784)	47,996	105%
Profit/(Loss) attributable to:							
Equity holders of the Company	747	NA	-	2,220	(45,623)	47,843	105%
Non-controlling interest	(1)	NA	-	(8)	(161)	153	95%
	746	NA	-	2,212	(45,784)	47,996	105%
Earnings/(Loss) per share attributable to equity holders of the Company (sen)							
- Basic earnings/(loss) per share	0.68	NA	-	2.01	(41.28)	43.29	105%
- 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 30 JUNE 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	30.06.2018	NA		30.06.2018	31.12.2016	
	(Unaudited)	NA		(Unaudited)	(Audited)	
Profit/(Loss) for the period	746	NA	-	2,212	(45,784)	47,996 105%
Other comprehensive income:						
Revaluation surplus, net of deferred tax	-	NA	-	-	17,670	(17,670) -100%
Foreign currency translation	(436)	NA	-	(953)	(209)	(744) -356%
	(436)	NA	-	(953)	17,461	(18,414) -105%
Total comprehensive profit/(loss) for the period	310	NA	-	1,259	(28,323)	29,582 104%
Total comprehensive profit/(loss) attributable to:						
Equity holders of the Company	311	NA	-	1,267	(28,052)	29,319 105%
Non-controlling interest	(1)	NA	-	(8)	(271)	263 97%
	310	NA	-	1,259	(28,323)	29,582 104%

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

RM'000	As at 30.06.2018 (Unaudited)	As at 31.12.2016 (Audited)
ASSETS		
Property, plant and equipment	79,439	101,507
Land held for development	7,412	7,412
Intangible assets	-	586
Total non-current assets	86,851	109,505
Property development expenditure	13,553	33,165
Inventories	10,950	29,770
Receivables, deposit & prepayments	56,149	51,587
Tax recoverable	2,051	917
Cash and cash equivalents	3,744	3,071
Total current assets	86,447	118,510
TOTAL ASSETS:	173,298	228,015
EQUITY AND LIABILITIES		
Share capital	55,259	55,259
Reserves	20,238	25,388
Accumulated losses	(29,658)	(36,075)
Owners of the Company	45,839	44,572
Non-controlling interest	107	115
Total equity	45,946	44,687
Loans and borrowings	25,370	38,199
Deferred tax liabilities	11,681	12,530
Total non-current liabilities	37,051	50,729
Payables and accruals	39,471	55,243
Loans and borrowings	50,830	77,356
Taxation	-	-
Total current liabilities	90,301	132,599
Total liabilities	127,352	183,328
TOTAL EQUITY AND LIABILITIES	173,298	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 attached 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 30 JUNE 2018
(The figures have not been audited)

RM'000	Attributable to equity holders of the Company						Total	Non-controlling Interests	Total
	Share capital	*Share premium	Translation reserves	Revaluation reserves	(Accumulated losses) / Retained earnings				
At 1 January 2016	55,259	211	1,828	5,888	9,438	72,624	386	73,010	
Total comprehensive income / (loss) for the year	-	-	(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 year	-	-	(953)	-	2,220	1,267	(8)	1,259	
Transfer upon disposal of Property	-	-	-	(4,197)	4,197	-	-	-	
At 30 June 2018	55,259	211	666	19,361	(29,658)	45,839	107	45,946	

* The new Companies Act 2016 ("CA 2016"), which became effective on 31st January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the CA 2016.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached 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 30 JUNE 2018
(The figures have not been audited)

RM'000	Current Year To-Date 30.06.2018 (Unaudited)	Preceding Year Corresponding Period 31.12.2016 (Audited)
Cash flows from operating activities		
Profit/(Loss)before taxation	1,740	(43,209)
Adjustments for non-cash items:	18,948	46,081
Operating profit before working capital changes	20,688	2,872
Changes in working capital:		
Decrease in property development expenditure	19,612	8,386
Decrease in inventories	18,820	5,910
(Increase)/Decrease in receivables, deposits and prepayments	(4,562)	4,199
Decrease in payables and accruals	(15,772)	(16,156)
Cash generated from operations	38,786	5,211
Interest received	2	74
Interest paid	(6,780)	(4,939)
Tax refund	-	45
Net cash flow generated from operating activities	32,008	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	9,795	345
Net cash flow from/(used in) investing activities	8,972	(1,517)
Cash flows from financing activities:		
Net repayment of term loan and islamic financing	(11,881)	(8,914)
(Net repayment)/proceeds from bill payables	(22,313)	3,191
Net repayment of hire purchase creditors	(2,464)	(1,523)
Net cash flow used in financing activities	(36,658)	(7,246)
Net changes in cash and cash equivalents		
Exchange differences on translation of a foreign subsidiary	(953)	(38)
Cash and cash equivalents at beginning of period	(2,947)	5,463
Cash and cash equivalents at end of period	422	(2,947)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2018 (CONT'D)
(The figures have not been audited)

RM'000	Current Year To-Date 30.06.2018 (Unaudited)	Preceding Year Corresponding Period 31.12.2016 (Audited)
Cash and cash equivalents comprises of:		
Cash and bank balances	3,744	3,071
Bank Overdraft	(3,322)	(6,018)
	422	(2,947)

The above Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes attached 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 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 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

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

The Company and the Group adopted the following Standards, Amendments and IC Interpretations since 1 January 2017:-

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, Amendments and IC Interpretations does not have any material effect on the financial performance or the position of the Company and the Group during the financial period under review.

A3. Change in the Financial Year End

On 30 November 2017, the Company announced that the Board of Directors of the Company has approved the change of the financial year end of the Company from 31 December to 30 June. Therefore, these financial statements are prepared for an 18 months period from 1 January 2017 to 30 June 2018.

A4. Audit Report of Preceding Year’s Annual Financial Statements

In the Auditors’ report of the Group’s Audited Financial Statements for the year ended 31 December 2016, the auditors stated that they could not reliably assess the carrying amount of the plant and equipment of the Group, and inventories of a subsidiary. The Board of Directors of the Company consequently appointed an independent professional firm, Messrs. PKF Business Services Sdn Bhd (“PKF”), to assess these assets.

PKF completed the assessments on 30 August 2017 and concluded that the financial impact to the financial statements of the Group 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 amounts have been provided for in the interim results for the quarter ended 30 June 2017.

A5. Seasonal or Cyclical Factors

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

A6. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A7. Changes in Estimates

There were no material changes in estimates that have been used in the preparation of the interim financial statements or changes in estimates of amounts reported in the audited financial statements for the 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 financial period under review.

A9. Dividend Paid

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

A10. Segment Reporting

Segmental information for the financial period under review are as follows:-

	Compounding	Retreading	Property and Others	Consolidation Adjustments	18 months ended 30.06.2018	12 months ended 31.12.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
					(Unaudited)	(Audited)
External Revenue	100,640	32,711	46,073	-	179,424	157,117
Inter-Segment Revenue	16,033		1,877	(17,910)	-	-
Total Revenue	116,673	32,711	47,950	(17,910)	179,424	157,117
Overseas Revenue	74,712	-	-	(1,906)	72,806	81,157
Local Revenue	41,961	32,711	47,950	(16,004)	106,618	75,960
Total Revenue	116,673	32,711	47,950	(17,910)	179,424	157,117
Segment Results	10,717	(4,298)	475	13,528	20,422	(29,953)
Interest Income	2	-	-	-	2	74
Depreciation and Amortisation	(7,320)	(4,227)	(357)	-	(11,904)	(8,364)
Finance Cost	(5,501)	(1,278)	(2,689)	2,688	(6,780)	(4,966)
Profit/(Loss) Before Taxation	(2,102)	(9,803)	(2,571)	16,216	1,740	(43,209)
Taxation	472	-	-	-	472	(2,575)
Non-controlling Interests	-	-	-	8	8	161
Profit/(Loss) for The Period						
Attributable to the equity holders of the Company	(1,630)	(9,803)	(2,571)	16,224	2,220	(45,623)

A11. Valuation of Property, Plant and Equipment

The freehold and leasehold land and buildings of the Group were revalued by JS Valuers Property Consultants (E.M.) Sdn Bhd., Messrs KGV International Property Consultants (M) Sdn. Bhd. and Opteon Property Group, on an open market value basis, 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 financial period under review.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period under review except for the disposal of Goodway Simplex (HK) Pte Ltd ("GSHK"), a wholly owned subsidiary of the Company and the deregistration of Goodway Supercool Pty Ltd ("GSPL"), a 90% owned subsidiary of Goodway Rubber Company Pty Ltd ("GRC"). GRC is a 90% owned subsidiary of the Company.

The disposal of GSHK and deregistration of GSPL does not have any material effect on the issued and paid-up share capital, earnings, net assets and gearing of the Company for the financial period under review.

A14. Contingent Liabilities and Contingent Assets

	Company	
	As at 30.06.2018 (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 as at the end of the financial 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 30.06.2018 (Unaudited) RM'000	Preceding Year Corresponding Quarter NA -RM'000	Current Year-to-date 30.06.2018 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2016 (Audited) RM'000
Transactions with a company connected to a Director				
- Supplying rubber compound and accessories	345	NA	3,607	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
	30.06.2018	NA	30.06.2018	31.12.2016
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	-	(Unaudited)	(Audited)
Revenue	45,830	NA	179,424	157,117
Profit/(Loss) before tax	274	NA	1,740	(43,209)

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

B2. Variation of Results against Preceding Quarter

	Current Year Quarter ended 30.06.2018 RM'000 (Unaudited)	Preceding Quarter Ended 31.03.2018 RM'000 (Unaudited)
Revenue	45,830	12,637
Profit before tax	274	954

The Group's revenue has increased by RM33.193 million compared to the immediate preceding quarter and this is mainly due to an increase in sales generated in the rubber compound division and the property development division by RM11.455 million and RM22.649 million, respectively.

Despite the improvement in revenue, the Group registered a lower profit of RM 274,000 in the quarter under review compared to a profit of RM954,000 in the preceding quarter, as the increase in profit was reduced by provisions made for impairment of receivables, inventories and plant and machinery totalling RM5.642 million.

B3. Prospects

The main strategy of the Group is to focus on two main businesses, namely, compounding and property development. For the compound business, the Group aims to generate growth in the revenue and profit of the products by concentrating on increasing sales to its existing customers as well as focusing on higher profit contribution products. The Group is also exploring new technologies as part of its downstream business. Having said this, the Group is also identifying business opportunities relating to rubber products to sustain its growth.

For the property development sector, development of Phase I of the project was completed during the current quarter and the Certificate of Occupancy is expected to be obtained before the end of 2018. As at the end of the current quarter, the percentage of units sold is 82.5% and the balance is expected to be sold before the end of 2018. The Group is now planning to develop Phase II of the project.

The Group is confident that the above 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
	30.06.2018 (Unaudited)	NA -	30.06.2018 (Unaudited)	31.12.2016 (Audited)
	RM'000	RM'000	RM'000	RM'000
Interest income	-	NA	2	74
Gain on sale of property, plant and equipment	196	NA	456	23
Gain on disposal of a subsidiary	58	NA	58	44
(Loss) on liquidation of a subsidiary	(21)	NA	(21)	-
Bad debt written back	589	NA	4,501	-
Bad debts written off	-	NA	-	(12,068)
Interest expenses	(1,248)	NA	(6,780)	(4,966)
Depreciation and amortisation	(1,761)	NA	(11,904)	(8,364)
Impairment of receivables	(1,580)	NA	(1,580)	(18,135)
Impairment of obsolete inventories	(3,424)	NA	(3,676)	(1,094)
Impairment of property, plant and equipment	(1,648)	NA	(2,117)	(2,646)
Gain/ (Loss) on foreign exchange	(1,069)	NA	(1,740)	312

B5. Profit Forecast

The Group has not issued any profit forecast or profit guarantee during the financial period 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
	30.06.2018 (Unaudited)	NA -	30.06.2018 (Unaudited)	31.12.2016 (Audited)
	RM'000	RM'000	RM'000	RM'000
Current tax expense	(28)	NA	(28)	(2,575)
Deferred taxation	500	NA	500	-
Total taxation	472	NA	472	(2,575)

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

B7. Corporate Proposals

The Group did not enter into any corporate proposals or arrangement during the financial period under review.

B8. Group Loans and Borrowings

The Group loans and borrowings as at 30 June 2018 are as follows:-

	As at 30 June 2018											Amount'000'	
	Long Term				Short Term				Total Borrowings				
	Foreign		Local	Total	Foreign		Local	Total	Foreign		Local	Total	
	AUD	RM	RM	RM	AUD	RM	RM	RM	AUD	RM	RM	RM	Total
Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	RM	Total	
Secured													
Trade Facilities /Overdraft	-	-	-	-	-	-	43,835	43,835	-	-	43,835	43,835	
Finance lease	-	-	263	263	-	-	459	459	-	-	722	722	
Term loans/Islamic financing	-	-	25,107	25,107	-	-	6,536	6,536	-	-	31,643	31,643	
Total	-	-	25,370	25,370	-	-	50,830	50,830	-	-	76,200	76,200	
	As at 31 December 2016											Amount'000'	
	Long Term				Short Term				Total Borrowings				
	Foreign		Local	Total	Foreign		Local	Total	Foreign		Local	Total	
	AUD	RM	RM	RM	AUD	RM	RM	RM	AUD	RM	RM	RM	Total
	Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	Total	Borrowing	Equivalent	Borrowing	RM	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 at the end of the financial period under review 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 financial period under review.

B12. Retained Earnings /(Accumulated Losses)

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

	As at 30.06.2018 (Unaudited)	As at 31.12.2016 (Audited)
	RM'000	RM'000
Retained Earnings/(Accumulated losses)		
-Realised	6,765	20,044
-Unrealised	(8,334)	(12,530)
	(1,569)	7,514
Less: Consolidation adjustments	(28,089)	(43,589)
	(29,658)	(36,075)

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

	6th Quarter Ended		Cumulative Period Ended	
	30.06.2018 (Unaudited)	NA	30.06.2018 (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	747	NA	2,220	(45,623)
Weighted average number of ordinary shares	110,518	NA	110,518	110,518
Basic earnings/(loss) per share (sen)	0.68	NA	2.01	(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: 23 August 2018