

BROADWAY INDUSTRIAL GROUP LIMITED

Company Registration No. 199405266K

Unaudited Condensed Interim Financial Statements

For the Six Months Ended 30 June 2022

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Broadway Industrial Group Ltd
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022

A Condensed interim consolidated statement of profit or loss and other comprehensive Income

	Notes	Group 6 months ended		Change %
		30 Jun 2022 S\$'000	30 Jun 2021 S\$'000	
Revenue	4	228,384	211,359	8.1
Cost of sales		(212,765)	(196,661)	8.2
Gross profit		15,619	14,698	6.3
Distribution expenses		(695)	(857)	(18.9)
Administrative expenses		(5,725)	(6,011)	(4.8)
Sales and marketing expenses		(467)	(328)	42.4
Research and development expenses		(237)	(385)	(38.4)
Other income	5	8	1,011	(99.2)
Results from operating activities		8,503	8,128	4.6
Finance income		12	26	(53.8)
Finance costs		(772)	(574)	34.5
Net finance costs		(760)	(548)	38.7
Profit before income tax	6	7,743	7,580	2.2
Income tax expense	7	(554)	(218)	154.1
Profit for the period		7,189	7,362	(2.3)
<u>Other comprehensive income :</u>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations, net of tax		2,105	1,101	91.2
Total comprehensive income		9,294	8,463	9.8
Profit/(Loss) for the period attributable to :				
Owners of the Company		7,461	7,830	(4.7)
Non-controlling interests		(272)	(468)	(41.9)
		7,189	7,362	(2.3)
Total comprehensive income/(loss) attributable to :				
Owners of the Company		9,580	8,889	7.8
Non-controlling interests		(286)	(426)	(32.9)
Total comprehensive income		9,294	8,463	9.8

Earnings per share for profit for the period attributable to the owners of the Company

		Group 6 months ended		Change %
		30 Jun 2022 Cents	30 Jun 2021 Cents	
Basic	8	1.64	1.67	(2.2)
Diluted	8	1.64	1.67	(2.2)

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B Condensed interim statements of financial position

	Notes	Group		Company	
		30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Property, plant and equipment	11	69,396	71,400	35	39
Right-of-use assets		4,525	5,289	48	120
Investments in subsidiaries		-	-	106,400	106,400
Other assets		52	52	52	52
Other receivables		-	-	2,212	1,971
Total non-current assets		73,973	76,741	108,747	108,582
Inventories		38,458	39,735	-	-
Trade and other receivables		69,999	83,470	12,481	11,907
Other assets		1,826	1,116	126	12
Cash and cash equivalents		29,898	27,664	958	9,810
Total current assets		140,181	151,985	13,565	21,729
Total assets		214,154	228,726	122,312	130,311
EQUITY AND LIABILITIES					
Equity					
Share capital	12	113,163	113,166	113,163	113,166
(Accumulated losses)/Retained earnings		(7,133)	(10,041)	10,668	16,556
Other reserves		(14,873)	(16,266)	(2,643)	(1,917)
Equity attributable to owners of the Company		91,157	86,859	121,188	127,805
Non-controlling interests		601	887	-	-
Total equity		91,758	87,746	121,188	127,805
Other liabilities		2,107	2,019	-	-
Lease liabilities		3,141	3,927	-	-
Loans and borrowings	13	116	5,627	-	-
Total non-current liabilities		5,364	11,573	-	-
Income tax payable		4,253	3,909	5	5
Trade and other payables		104,561	118,131	1,072	2,384
Financial derivatives		626	-	-	-
Loans and borrowings	13	5,795	5,627	-	-
Lease liabilities		1,797	1,740	47	117
Total current liabilities		117,032	129,407	1,124	2,506
Total liabilities		122,396	140,980	1,124	2,506
Total equity and liabilities		214,154	228,726	122,312	130,311

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C Condensed interim statements of changes in equity

The Group	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Other reserves		(Accumulated losses)/ retained earnings S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
				Share-based payment reserve S\$'000	Translation reserve S\$'000				
Balance at 1 January 2022	113,166	(2,320)	2,924	403	(17,273)	(10,041)	86,859	887	87,746
Total comprehensive income/(loss) for the period	-	-	-	-	2,119	7,461	9,580	(286)	9,294
Purchase of treasury shares	-	(729)	-	-	-	-	(729)	-	(729)
Share-based payment	(3)	6	-	(3)	-	-	-	-	-
Dividend paid	-	-	-	-	-	(4,553)	(4,553)	-	(4,553)
Balance at 30 Jun 2022	113,163	(3,043)	2,924	400	(15,154)	(7,133)	91,157	601	91,758
Balance at 1 January 2021	113,164	(396)	2,924	423	(18,619)	(22,969)	74,527	1,666	76,193
Total comprehensive income/(loss) for the period	-	-	-	-	1,059	7,830	8,889	(426)	8,463
Share-based payment	2	6	-	(20)	-	-	(12)	-	(12)
Balance at 30 Jun 2021	113,166	(390)	2,924	403	(17,560)	(15,139)	83,404	1,240	84,644

The Company	Share capital S\$'000	Treasury shares S\$'000	Share-based payment reserve S\$'000	Other reserves		(Accumulated losses)/ retained earnings S\$'000	Total equity S\$'000
				Share-based payment reserve S\$'000	Translation reserve S\$'000		
Balance at 1 January 2022	113,166	(2,320)	403	16,556	-	127,805	
Total comprehensive income for the period	-	-	-	-	(1,335)	(1,335)	
Purchase of treasury shares	-	(729)	-	-	-	(729)	
Share-based payment	(3)	6	(3)	-	-	-	
Dividend paid	-	-	-	-	(4,553)	(4,553)	
Balance at 30 Jun 2022	113,163	(3,043)	400	10,668	-	121,188	
Balance at 1 January 2021	113,164	(396)	423	(3,204)	-	109,987	
Total comprehensive loss for the period	-	-	-	7,058	-	7,058	
Share-based payment	2	6	(20)	-	-	(12)	
Balance at 30 Jun 2021	113,166	(390)	403	3,854	-	117,033	

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D Condensed interim consolidated statement of cash flows

	Group	
	6 months ended	
	30 Jun	30 Jun
	2022	2021
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	7,743	7,580
Depreciation of property, plant and equipment	5,843	5,983
Depreciation of right-of-use assets	904	787
Equity-settled share-based payment transactions	-	(13)
Fair value losses on financial derivatives, net	616	-
Loss/(gain) on disposal of property, plant and equipment	49	(30)
Write-back of allowance for doubtful receivables	-	(30)
Interest expense	772	574
Interest income	(12)	(26)
Operating cash flows before changes in working capital	<u>15,915</u>	<u>14,825</u>
Inventories	2,402	(984)
Trade and other receivables	15,683	(18,523)
Other assets	(675)	(494)
Trade and other payables	(16,227)	720
Other liabilities	27	99
Net cash flows from operations	<u>17,125</u>	<u>(4,357)</u>
Income tax paid	(330)	(20)
Net cash flows from/(used in) operating activities	<u>16,795</u>	<u>(4,377)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,324)	(2,076)
Proceeds from disposal of property, plant and equipment	26	91
Interest income received	12	26
Net cash flow used in investing activities	<u>(2,286)</u>	<u>(1,959)</u>
Cash flows from financing activities		
Proceeds from bank borrowings	2,052	8,409
Repayment of bank borrowings	(7,637)	(5,362)
Dividend paid to equity owners	(4,553)	-
Payment of principal portion of lease liabilities	(881)	(717)
Purchase of treasury shares	(729)	-
Interest expense paid	(772)	(574)
Net cash flows used in/(from) financing activities	<u>(12,520)</u>	<u>1,756</u>
Net increase/(decrease) in cash and cash equivalents	1,989	(4,580)
Cash and cash equivalents, beginning balance	27,664	28,990
Effect of exchange rate fluctuations	245	308
Cash and cash equivalents, ending balance	<u>29,898</u>	<u>24,718</u>
<u>Cash flows used in discontinued operations are as follows:</u>		
Net cash flows used in operating activities	-	(1,000)
Net decrease in cash and cash equivalents	<u>-</u>	<u>(1,000)</u>

E Notes to the condensed interim consolidated financial statements

1. Corporation Information

Broadway Industrial Group Limited (the "company") is incorporated in Singapore with limited liability. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The company is an investment holding company.

The principal activities of the Group are disclosed in Note 4 below.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

All financial information in these interim financial statements are presented in Singapore dollar and rounded to the nearest thousand ("S\$'000") except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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4. Segment and revenue information

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standards on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

For management purposes, the group is organised into the following major strategic operating segments that offer different products and services: (1) hard disk drive ("HDD"); (2) robotics; and (3) Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance.

The segments and the types of products and services are as follows:

(1) HDD segment - This segment comprises the manufacturing and distribution of actuator arms and related assembly for the hard disk industry.

(2) Robotics segment - This segment comprises the provision of technical services, technology transfer, technology development, technology promotion, technical consultation and sales of robots, software and accessory devices for the robotics, manufacturing and services industries.

(3) Others segment - This segment comprises investment holding.

4.1 Reportable segments

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

	HDD	Robotics	Others	FCD & FPS (Disposed)	Group Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
From 1 January 2022 to 30 June 2022					
Revenue to external customers	228,289	95	-	-	228,384
EBITDA	16,103	(774)	(79)	-	15,250
Net finance (costs)/income	(760)	1	(1)	-	(760)
Depreciation expense	(6,710)	(29)	(8)	-	(6,747)
Profit/(Loss) before income tax	8,633	(802)	(88)	-	7,743
Income tax expense	(548)	-	(6)	-	(554)
Profit/(Loss), net of tax	8,085	(802)	(94)	-	7,189
Total assets for reportable segments	211,873	1,784	497	-	214,154
Total liabilities for reportable segments	121,596	133	667	-	122,396
Capital expenditure	1,843	12	5	-	1,860
From 1 January 2021 to 30 June 2021					
Revenue to external customers	211,338	21	-	-	211,359
EBITDA	16,556	(1,151)	(507)	-	14,898
Net finance (costs)/income	(562)	16	(2)	-	(548)
Depreciation expense	(6,753)	(9)	(8)	-	(6,770)
Profit/(Loss) before income tax	9,241	(1,144)	(517)	-	7,580
Income tax expense	(217)	-	(1)	-	(218)
Profit/(Loss), net of tax	9,024	(1,144)	(518)	-	7,362
Total assets for reportable segments	209,519	5,147	757	-	215,423
Total liabilities for reportable segments	130,393	47	138	201	130,779
Capital expenditure	1,571	110	-	-	1,681

* Foam Plastics Solutions and Flow Control Device businesses have been disposed off in prior years.

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4.2 Geographical information

Singapore is the country of domicile of the company. The principal activity of the company is investment holding. The company's subsidiaries in the reportable segment are located in the People's Republic of China, Thailand and Singapore.

In presenting information on the basis of geographical segments, revenue is attributable to countries on the geographical location of customers and the non-current assets are analysed by the geographical area in which the assets are located:

	Group Revenue		Group Non-Current Assets	
	6 months ended		30 Jun 2022	30 Jun 2021
	30 Jun 2022	30 Jun 2021		
	S\$'000	S\$'000	S\$'000	S\$'000
Thailand	152,254	137,363	44,671	48,941
People's Republic of China	75,905	73,727	29,140	33,017
Singapore	-	-	161	240
Other countries	225	269	-	-
Total	228,384	211,359	73,973	82,198

5. Other Income

	Group 6 months ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Foreign exchange gains, net	657	493
Unrealised fair value losses on financial derivatives, net	(616)	-
(Loss)/gain on disposal of property, plant & equipment	(49)	30
Scrap income	872	887
Government grants	151	200
Reversal of allowance for doubtful receivables	-	30
Insurance claims	88	-
Redundancy costs	(1,039)	(654)
Others	(56)	25
Total	8	1,011

6. Profit before income tax included

	Group 6 months ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Depreciation of property, plant and equipment	(5,843)	(5,983)
Depreciation of right-of-use assets	(904)	(787)

7. Income tax expense

	Group 6 months ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Current income tax expenses	(504)	(218)
Under provision in prior years	(50)	-
	(554)	(218)

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8. Earnings per share

The numerators and denominators used to calculate basic and diluted earnings per share of no par value are as follows :

	Group	
	6 months ended	
	30 Jun	30 Jun
	2022	2021
	S\$'000	S\$'000
Numerators :		
Profit attributable to owners of the Company	7,461	7,830
	<hr/>	
	No. of Shares	
	30 Jun	30 Jun
	2022	2021
	'000	'000
Denominators:		
Weighted average numbers of equity shares (basic)	456,069	468,231
Unreleased share awards effect	34	110
Weighted average numbers of equity shares (diluted)	456,103	468,341
	<hr/>	

9. Dividends

	Group	
	6 months ended	
	30 Jun	30 Jun
	2022	2021
	S\$'000	S\$'000
Ordinary dividends paid:		
Final exempt dividend of 0.5 cents per share and special exempt dividend of 0.5 cents per share for FY2021	4,553	-
	<hr/>	

10. Net asset value

	Group		Company	
	30 Jun	31 Dec	30 Jun	31 Dec
	2022	2021	2022	2021
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	20.05	18.95	26.65	27.89
	<hr/>		<hr/>	

Net asset value per ordinary share is calculated based on 454,656,461 ordinary shares as at 30 June 2022 (31 December 2021 : 458,281,561 ordinary shares).

11. Property, plant and equipment

During the six months ended 30 June 2022, the group acquired assets, mainly for manufacturing equipment, amounting to S\$1.9 million (30 June 2021: S\$1.7 million) and disposed assets that had net carrying value of S\$0.1 million (30 June 2021: S\$0.2 million).

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12. Share Capital

	Group and Company			
	30 Jun 2022		31 Dec 2021	
	Number of shares '000	Share Capital S\$'000	Number of shares '000	Share Capital S\$'000
Balance at 1 January 2022 and 1 January 2021	471,914	113,166	471,914	113,164
Shares issued under BIGL Share Plan	-	(3)	-	2
Balance at 30 June 2022 and 31 December 2021	<u>471,914</u>	<u>113,163</u>	<u>471,914</u>	<u>113,166</u>

During the period, 40,000 treasury shares were issued to our employees pursuant to the BIGL Share Plan.

As at 30 June 2022, there were nil (30 June 2021 : 40,000) outstanding shares in respect of unissued ordinary shares under the BIGL Share Plan.

As at 30 June 2022, there were 17,258,150 (30 June 2021 : 3,633,050) shares held as treasury shares.

Total number of issued shares excluding treasury shares as at 30 June 2022 was 454,656,461 (30 June 2021 : 468,281,561).

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 30 June 2021.

13. Borrowings (Secured)

	Group	
	30 Jun 2022 S\$'000	31 Dec 2021 S\$'000
Amount repayable in one year or less, or on demand	5,795	5,627
Amount repayable after one year	116	5,627
Total	<u>5,911</u>	<u>11,254</u>

Details of any collaterals

The Group's borrowings and debt securities relate to bank loans which are guaranteed by a subsidiary in the Group and are secured by land and buildings of a subsidiary.

14. Financial assets and financial liabilities

	Group		Company	
	30 Jun 2022 S\$'000	31 Dec 2021 S\$'000	30 Jun 2022 S\$'000	31 Dec 2021 S\$'000
Financial Assets				
Long term receivables	-	-	2,212	1,971
Trade and other receivables	69,999	83,470	12,481	11,907
Cash and cash equivalents	29,898	27,664	958	9,810
Total	<u>99,897</u>	<u>111,134</u>	<u>15,651</u>	<u>23,688</u>
Financial Liabilities				
Loans and borrowings	5,911	11,254	-	-
Lease Liabilities	4,938	5,667	47	117
Trade and other payables	104,561	118,131	1,072	2,384
Financial derivatives	626	-	-	-
Total	<u>116,036</u>	<u>135,052</u>	<u>1,119</u>	<u>2,501</u>

15. Subsequent Event

There are no known subsequent events which have led to adjustments to this set of unaudited condensed interim consolidated financial statements.

Other Information Required by Listing Rule

Appendix 7.2

Broadway Industrial Group Ltd
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Other Information

1. Review

The condensed consolidated statement of financial position of Broadway Industrial Group Limited and its subsidiary as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue and Gross Profit

The Group's revenue increased by 8.1% from S\$211.4 million in 1H21 to S\$228.4 million in 1H22, mainly due to higher average selling price of our HDD products arising from a shift in our product mix from personal and mobile computing segments to high performance enterprise segment. However, the volume declined by 20.4% in 1H22 as compared to 1H21.

The Group's gross profit margin decreased marginally from 7.0% in 1H21 to 6.8% in 1H22.

Operating Expenses

In line with the drop in volume, the Group's distribution expenses decreased by 18.9% from S\$0.9 million in 1H21 to S\$0.7 million in 1H22.

Administration expenses decreased by 4.8% from S\$6.0 million in 1H21 to S\$5.7 million in 1H22, mainly due to lower professional fees in 1H22.

Sales and marketing expenses increased by 42.4% from S\$0.33 million in 1H21 to S\$0.47 million in 1H22, mainly due to higher staff related costs in the robotics business in 1H22.

Research and development expenses decreased by 38.4% from S\$0.39 million in 1H21 to S\$0.24 million in 1H22, mainly due to lower staff related costs in the robotics business in 1H22.

The Group recorded net other income of S\$0.008 million in 1H22 as compared to S\$1.0 million in 1H21. The net other income in 1H22 comprised mainly foreign exchange gain, scrap income, government grants, offset by unrealized fair value losses on financial derivatives, loss on disposal of property, plant and equipment and headcount redundancy costs from the continuing productivity gain in the manufacturing operations. The net other income in 1H21 comprised mainly foreign exchange gain, government grants, scrap income and offset by redundancy costs.

Net Finance Costs

The Group recorded higher net finance costs of S\$0.8 million in 1H22 as compared to S\$0.6 million in 1H21, mainly due to higher financing charges.

Tax Expense

The Group recorded tax expense of S\$0.6 million in 1H22 as compared to S\$0.2 million in 1H21. The higher tax expense in 1H22 was mainly due to taxable income generated in Thailand and tax expense in an entity in China, after the full utilization of its tax losses.

Net Profit

The Group recorded a 2.3% decline in net profit from operations of S\$7.2 million in 1H22 as compared to S\$7.4 million in 1H21. The decrease was mainly due to higher tax expense in 1H22.

Earnings Per Share

The Group's earnings per share registered a marginal decline of 2.2% from 1.67 cents in 1H21 to 1.64 cents in 1H22.

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Balance Sheet

The Group's net working capital increased by S\$0.6 million from S\$22.6 million as at 31 December 2021 to S\$23.2 million as at 30 June 2022. The improvement came from the decrease in current liabilities of S\$12.4 million and offset by the decrease in current assets of S\$11.8 million. The decrease in current liabilities was mainly due to the S\$13.6 million decrease in trade and other payables and offset by S\$0.6 million increase in financial derivatives, S\$0.3 million increase in income tax payable, S\$0.2 million increase in loans and borrowings and S\$ 0.1 million increase in lease liabilities. The decrease in current assets was mainly due to the S\$1.3 million decrease in inventories and S\$13.5 million decrease in trade and other receivables and offset by S\$2.2 million increase in cash and cash equivalents and S\$0.7 million increase in other assets.

The net asset value per share of the Group increased by 5.8% from 18.95 cents as at 31 December 2021 to 20.05 cents as at 30 June 2022.

Cash Flow

The Group recorded net cash generated from operating activities of S\$16.8 million in 1H22, as compared to net cash used in operating activities of S\$4.4 million in 1H21.

The Group recorded net cash used in investing activities of S\$2.3 million in 1H22 as compared to S\$2.0 million in 1H21. The investing activities in 1H22 were mainly for capital expenditure of S\$2.3 million as compared to capital expenditure of S\$2.1 million in 1H21.

The Group recorded net cash used in financing activities of S\$12.5 million as compared to S\$1.8 million net cash generated from financing activities in 1H21. The financing activities in 1H22 were mainly for net repayment of bank borrowings and interest of S\$6.4 million (1H21 : S\$3.0 million from net proceeds from bank borrowings and S\$0.5 million for interest payment), dividend paid to shareholders of S\$4.6 million (1H21 : nil), purchase of treasury shares of S\$0.7 million (1H21 : nil) and payment of lease liabilities of S\$0.9 million (1H21 : S\$0.7 million).

Cash and cash equivalents as at 30 June 2022 increased to S\$29.9 million as compared to S\$24.7 million as at 30 June 2021, principally due to cash generated from operating activities.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it

No prospect statement has been previously disclosed.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

Despite the very challenging business environment caused by the ongoing COVID-19 pandemic, macroeconomic uncertainties and geopolitical tensions, the Group delivered a solid performance in the first half of 2022. The continued focus by the management team on operational efficiency and productivity improvement, working capital and cashflow management, and streamlining of manufacturing processes has contributed positively to the Group's operating gross margin and profit.

The increasingly uncertain global economic outlook, COVID-19 related lockdown in China and inventory correction in the HDD industry and its supply chain have resulted in a weaker HDD demand outlook for the second half of 2022. One of our key HDD customers noted that there was excessive inventory buildup in legacy product markets and also at China cloud service providers. This has necessitated a reduction in their CQ3 2022 build volume to rebalance the HDD inventory. In response to this near term challenge, the Group has and will continue to take the necessary measures to reduce our operating costs and bolster our margins. The Group remains cautiously optimistic about the longer-term prospects of our HDD business as the demand for mass storage, particularly in the high performance enterprise and nearline HDD products, are expected to remain strong and growing.

The Group remains focused on implementing COVID-19 related preventive measures at all our facilities to safeguard the health and safety of our employees and other stakeholders, executing operational efficiency and productivity improvement programs, improving the health of our balance sheet, and strengthening our technical bench strength. The Group will continue to monitor the changing COVID-19 situation and keep shareholders informed of any material developments that may impact our operations as and when they arise.

The continuing covid-19 lockdown in cities in China has significantly disrupted the business plan and product development plan for our robotic business in the first 6 months. This has resulted in delay in product delivery schedule, and product testing and evaluation at customers' locations.

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In line with its business plans, the Group's robotics business has broadened its portfolio of products to service robots, including delivery robots and disinfection robots. Beside China, these robots are now available in several South East Asia countries. Our business growth plan in China will continue to be affected by the Covid-19 lockdown in the country.

The Group is also discussing and collaborating with several cleaning industry partners to evaluate and launch the façade cleaning robot in the Singapore market. In addition, the Group continues to collaborate with selected robotics companies in China, leveraging on our research and development capabilities in Beijing and our portfolio of intellectual property to develop and sell service robots customised for different industries. The robotics business is not expected to make a significant contribution to the Group's revenue in 2022.

The Group remains on the lookout for other diversification business opportunities.

On 1 July 2021, the Company's wholly-owned subsidiaries, BIGL Asia Pte. Ltd. and BIGL Technologies (Shenzhen) Co., Ltd., (collectively, "the Sellers") issued a notice of termination of the Share Purchase Agreement ("SPA") to Suzhou Gefan Hardware ("the Purchaser") and Plastic Industrial Co., Ltd. and Seksun Technology (Suzhou) Co., Ltd in accordance with the terms and conditions of the SPA. Please refer to the Company's announcements made on 1 July 2021, 12 July 2021, 12 October 2021 and 17 January 2022 for material updates in respect of the termination.

The Company would like to update that there have been two hearings of the arbitration in March and in June 2022, and the arbitration is still ongoing. The Company will make further announcements to update shareholders when there are material updates in respect of the matter.

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? No

In view of the uncertain economic situation ahead, the Company has decided not to declare an interim dividend. We will decide on a final dividend after the full year results are finalised.

5b. Corresponding Period of the Immediate Preceding financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

None

Name of Dividend	Interim
Dividend Type	Cash
Dividend per share	0.5 cents
Tax Rate	Tax exempt
Date of payment	9-Sep-21

5c. Date Payable

N.A.

5d. Books Closure Date

Date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined:

N.A.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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8. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group for the six-month period ended 30 June 2022, to be false or misleading in any material aspect.

By Order of the Board

Lew Syn Pau
Chairman
10th August 2022