

BROADWAY INDUSTRIAL GROUP LIMITED
Company Registration No. 199405266K
First Quarter Financial Statement Announcement For the Period Ended 31 March 2018
PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group		Increase/ (Decrease) %
		Quarter ended		
		31-03-18 S\$'000	31-03-17 S\$'000	
Revenue		91,417	89,477	2.2
Cost of sales		(85,812)	(83,366)	2.9
Gross profit		5,605	6,111	(8.3)
Distribution expenses		(784)	(1,009)	(22.3)
Administrative, sales and marketing expenses		(3,344)	(4,137)	(19.2)
Other expenses	1	(294)	(278)	5.8
Results from operating activities		1,183	687	72.2
Finance income		141	178	(20.8)
Finance costs		(477)	(441)	8.2
Net finance costs		(336)	(263)	27.8
Profit before income tax	2	847	424	99.8
Income tax expense	3	(272)	(352)	(22.7)
Profit for the period		575	72	n.m.
<u>Other comprehensive loss :</u>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations, net of tax		(1,080)	(2,734)	(60.5)
Total other comprehensive loss, net of tax		(1,080)	(2,734)	(60.5)
Total comprehensive loss		(505)	(2,662)	(81.0)
Profit attributable to :				
Owners of the Company		588	160	267.5
Non-controlling interests		(13)	(88)	(85.2)
Profit for the period		575	72	n.m.
Total comprehensive loss attributable to:				
Owners of the Company		(518)	(2,621)	(80.2)
Non-controlling interests		13	(41)	n.m.
Total comprehensive loss		(505)	(2,662)	(81.0)

n.m. - not meaningful

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	Group		Increase/ (Decrease) %
	Quarter ended 31-03-18 S\$'000	31-03-17 S\$'000	
1) Other expenses			
Foreign exchange loss	(71)	(1,199)	(94.1)
Fair value (loss)/gain on financial derivatives	(2)	1,361	n.m.
Gain on disposal of property, plant & equipment	59	39	51.3
Scrap income	411	191	115.0
Redundancy costs	(718)	(1,177)	(39.0)
Government grants	93	83	12.0
Others	(22)	424	(105.1)
	<u>(294)</u>	<u>(278)</u>	<u>5.8</u>
2) Profit before income tax included			
Depreciation	(3,485)	(4,545)	(23.3)
3) Income tax expense			
Current tax	(11)	(97)	(88.7)
Under provision in prior years	(261)	(255)	2.4
	<u>(272)</u>	<u>(352)</u>	<u>(22.7)</u>

n.m. - not meaningful

1b(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-03-18	31-12-17	31-03-18	31-12-17
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	76,042	77,112	8	9
Investments in subsidiaries	-	-	100,000	100,000
Non-current assets	76,042	77,112	100,008	100,009
Assets held-for-sale	18,869	19,413	47	47
Financial derivatives	-	2	-	-
Inventories	26,454	27,121	-	-
Trade and other receivables	54,284	72,765	25,021	24,594
Cash and cash equivalents	9,479	18,059	2,203	2,931
Current assets	109,086	137,360	27,271	27,572
Total assets	185,128	214,472	127,279	127,581
Equity				
Share capital	113,147	113,147	113,147	113,147
(Accumulated losses)/retained earnings	(13,967)	(14,555)	12,331	12,683
Other reserves	(15,781)	(14,686)	202	191
Equity attributable to owners of the Company	83,399	83,906	125,680	126,021
Non-controlling interests	(1,370)	(1,383)	-	-
Total equity	82,029	82,523	125,680	126,021
Liabilities				
Other payables	2,558	2,992	-	-
Loans and borrowings	5,907	7,180	-	-
Non-current liabilities	8,465	10,172	-	-
Income tax payable	3,555	3,512	5	5
Trade and other payables	77,352	113,408	1,594	1,555
Loans and borrowings	13,727	4,857	-	-
Current liabilities	94,634	121,777	1,599	1,560
Total liabilities	103,099	131,949	1,599	1,560
Total equity and liabilities	185,128	214,472	127,279	127,581

Notes to statement of financial position :-

- 1) The decrease in the Group's trade and other receivables was mainly due to lower revenue generated in 1Q2018 as compared to 4Q2017.
- 2) The decrease in the Group's trade and other payables was mainly due to lower trade payables at 31 Mar 2018 and the payout in 1Q2018 pursuant to Deed of Payment as announced on 6 Feb 2018.

1b(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31-03-18		As at 31-12-17	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,727	-	4,857	-

Amount repayable after one year

As at 31-03-18		As at 31-12-17	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,907	-	7,180	-

Details of any collateral

The Group's borrowings and debt securities relate to bank loans and finance lease liabilities which are secured by machines of certain subsidiaries and guaranteed by one of the subsidiaries in the Group.

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- 1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	First quarter ended	31-03-17
	31-03-18	31-03-17
	S\$'000	S\$'000
<u>Continuing operations</u>		
Cash flows from operating activities		
Profit before income tax	847	424
Adjustments for :		
Depreciation on property, plant and equipment	3,485	4,545
Equity-settled share-based payment transactions	11	4
Fair value loss/(gain) on financial derivatives	2	(1,361)
Gain on disposal of property, plant and equipment	(59)	(39)
Loss on disposal of assets held-for-sale	44	-
Interest expense	477	441
Interest income	(141)	(178)
Cash flows before working capital changes	<u>4,666</u>	<u>3,836</u>
Change in inventories	149	780
Change in trade and other receivables	15,313	7,241
Change in trade and other payables	(17,668)	(513)
Net cash flows (used in)/from operations	<u>2,460</u>	<u>11,344</u>
Income tax paid	(161)	(878)
Net cash flows from operating activities	<u>2,299</u>	<u>10,466</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,178)	(2,153)
Interest income received	2	3
Proceeds from disposal of property, plant and equipment	73	91
Proceeds from disposal of asset held-for-sale	175	-
Net cash used in investing activities	<u>(3,928)</u>	<u>(2,059)</u>
Cash flows from financing activities		
Dividend paid to equity owners	-	(40,025)
Proceeds from bank borrowings	16,725	2,352
Repayments of bank borrowings	(8,804)	(84,756)
Payment of finance lease liabilities	(75)	-
Interest expense paid	(477)	(441)
Net cash from/(used in) financing activities	<u>7,369</u>	<u>(122,870)</u>
Net increase/(decrease) in cash and cash equivalents	<u>5,740</u>	<u>(114,463)</u>
<u>Discontinued operations</u>		
Net cash used in operating activities	<u>(14,471)</u>	<u>(7,204)</u>
Net decrease in cash and cash equivalents for the Group	(8,731)	(121,667)
Cash and cash equivalents at 1 January	18,054	145,230
Effect of exchange rate fluctuations on cash held	151	(1,821)
Restricted cash (fixed deposits pledged as security)	5	5
Cash and cash equivalents at 31 March	<u>9,479</u>	<u>21,747</u>

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1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Other reserves					(Accumulated losses)/ retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Share-based payment reserve	Translation reserve				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	113,147	(299)	2,924	490	(17,801)	(14,555)	83,906	(1,383)	82,523
Total comprehensive (loss)/ income for the period	-	-	-	-	(1,106)	588	(518)	13	(505)
Share-based payment	-	-	-	11	-	-	11	-	11
At 31 March 2018	113,147	(299)	2,924	501	(18,907)	(13,967)	83,399	(1,370)	82,029
At 1 January 2017	113,139	(237)	2,924	542	(11,696)	40,460	145,132	(1,356)	143,776
Total comprehensive (loss)/ income for the period	-	-	-	-	(2,781)	160	(2,621)	(41)	(2,662)
Share-based payment	-	-	-	4	-	-	4	-	4
Dividends paid	-	-	-	-	-	(40,025)	(40,025)	-	(40,025)
At 31 March 2017	113,139	(237)	2,924	546	(14,477)	595	102,490	(1,397)	101,093

The Company	Other reserves				Total equity
	Share capital	Treasury shares	Share-based payment reserve	Retained earnings	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	113,147	(299)	490	12,683	126,021
Total comprehensive loss for the period	-	-	-	(352)	(352)
Share-based payment	-	-	11	-	11
At 31 March 2018	113,147	(299)	501	12,331	125,680
At 1 January 2017	113,139	(237)	542	50,563	164,007
Total comprehensive loss for the period	-	-	-	(581)	(581)
Share-based payment	-	-	4	-	4
Dividends paid	-	-	-	(40,025)	(40,025)
At 31 March 2017	113,139	(237)	546	9,957	123,405

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's issued capital during the period from 31 Dec 2017 to 31 Mar 2018. There was no exercise of share options under the BIGL Share Option Scheme 2001 during the period.

As at 31 Mar 2018, there were 396,000 (31 Mar 2017 : 1,336,000) outstanding share options in respect of unissued ordinary shares under the BIGL Share Option Scheme 2001.

As at 31 Mar 2018, there were 875,000 (31 Mar 2017 : 1,170,000) outstanding shares in respect of unissued ordinary shares under the BIGL Share Plan.

As at 31 Mar 2018, there were 1,734,650 (31 Mar 2017 : 1,030,150) shares held as treasury shares.

As at 31 Mar 2018 and 31 Mar 2017, there were no subsidiary holdings.

Total number of issued shares excluding treasury shares as at 31 Mar 2018 was 470,179,961 (31 Mar 2017 : 470,884,461).

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares as at 31 Mar 2018 was 470,179,961 (31 Dec 2017 : 470,179,961).

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

As at 31 Mar 2018, there were no sales, transfers, cancellation and/or use of treasury shares.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

As at 31 Mar 2018, there were no sales, transfers, cancellation and/or use of subsidiary holdings.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Other than adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") as mentioned in paragraph 5 below, there were no changes in the accounting policies and methods of computation adopted in the financial statements of the Group for the current reporting period as compared to the most recently audited financial statements for the reporting year ended 31 December 2017.

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- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2018, the Group adopted SFRS(I), the equivalent to the International Financial Reporting Standards, as required by the listing requirements of the Singapore Exchange. Accordingly the financial statements have been prepared based in this new reporting framework. The adoption of SFRS(I) did not result in any substantial change to the Group's accounting policies as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I).

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

Earnings per ordinary share	Quarter ended	
	31-03-18	31-03-17
Based on weighted average number of ordinary shares in issue (cents)	0.13	0.03
On a fully diluted basis (cents)	0.12	0.03

a) Earnings per ordinary share is calculated based on the weighted average number of ordinary shares (excluding treasury shares) of 470,179,961 ordinary shares (31 Mar 2017 : 470,884,461 ordinary shares).

b) Diluted earnings per ordinary share is calculated based on the weighted average number of ordinary shares (excluding treasury shares) of 471,061,705 ordinary shares (31 Mar 2017 : 472,172,525 ordinary shares).

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-

- (a) current period reported on; and
(b) immediately preceding financial year.

Net asset value per ordinary share	As at 31-03-18	As at 31-12-17
Group (cents)	17.74	17.85
Company (cents)	26.73	26.80

Net asset value per ordinary share is calculated based on 470,179,961 ordinary shares as at 31 Mar 2018 (31 Dec 2017 : 470,179,961 ordinary shares).

- 8 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 2.2% for the financial quarter ended 31 March 2018 ("1Q2018") year on year ("yoy") to S\$91.4 million mainly due to higher demand from customers.

Gross profit margin declined marginally to 6.1% in 1Q2018 as compared to 6.8% in 1Q2017, mainly due to higher subcontracted costs in 1Q2018.

Operating Expenses

The Group's distribution expenses decreased by 22.3% to S\$0.8 million in 1Q2018 as compared to S\$1.0 million in 1Q2017 mainly due to lower carriage cost resulting from consolidation of production sites within the Group.

Administration, sales and marketing expenses decreased to S\$3.3 million in 1Q2018 as compared to S\$4.1 million in 1Q2017 mainly due to lower salary costs resulting from ongoing cost-cutting initiatives such as rightsizing and process

streamlining.

Tax Expense

The Group recorded a tax expense of S\$0.3 million in 1Q2018 as compared to S\$0.4 million in 1Q2017.

Net Profit

Due to the above factors, the Group recorded a profit after tax and minority interest of S\$0.6 million as compared to S\$0.2 million in 1Q2017.

Statement of financial position

The Net Asset Value ("NAV") per share of the Group decreased to 17.74 cents as at 31 March 2018 from 17.85 cents as at 31 December 2017.

The NAV per share decreased mainly due to the depreciation of the USD vs SGD which resulted in translation loss in the value of our USD denominated assets.

Cash Flow

The Group recorded net cash from operating activities of S\$2.3 million in 1Q2018 as compared to S\$10.5 million in 1Q2017 mainly due to changes in working capital.

Net cash used in investing activities increased to S\$3.9 million in 1Q2018 as compared S\$2.1 million in 1Q2017 mainly due to increased capital expenditure.

Net cash from financing activities was S\$7.4 million in 1Q2018 as compared to net cash used in financing activities of S\$122.9 million in 1Q2017, mainly due to higher repayment of loans and dividend paid in 1Q2017.

Cash and cash equivalents as at 31 March 2018 were S\$9.5 million as compared to S\$18.1 million as at 31 Dec 2017 mainly due to the payout in 1Q18 pursuant to Deed of Payment as announced on 6 February 2018.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No prospect statement has been previously disclosed.

- 10 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 reporting period and the next 12 months.

According to Trendfocus' Executive Brief dated 27 Mar 2018, the outlook of a 5% Total Addressable Market ("TAM") reduction in demand for HDD for all of 2018 remains unchanged.

Looking ahead, the Group will continue to improve on its gross profit margin by driving initiatives geared towards boosting productivity and enhancing operational efficiency in order to maintain sustainable growth.

The Group will also intensify its business development activities to explore new business opportunities.

- 11 Dividend

- (a) Current financial period reported on

Any dividend declared for the present financial period reported on ? None

- (b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

- (c) Date payable

NIL

- (d) Books closure date

N.A.

- 12 If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended by the Company.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT mandate.

- 14 Confirmation by the Board pursuant to Rule 705 (5)

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 results of the Group for the quarter ended 31 March 2018, to be false or misleading in any material aspect.

- 15 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 procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

By Order of the Board

Lew Syn Pau
Chairman
2 May 2018