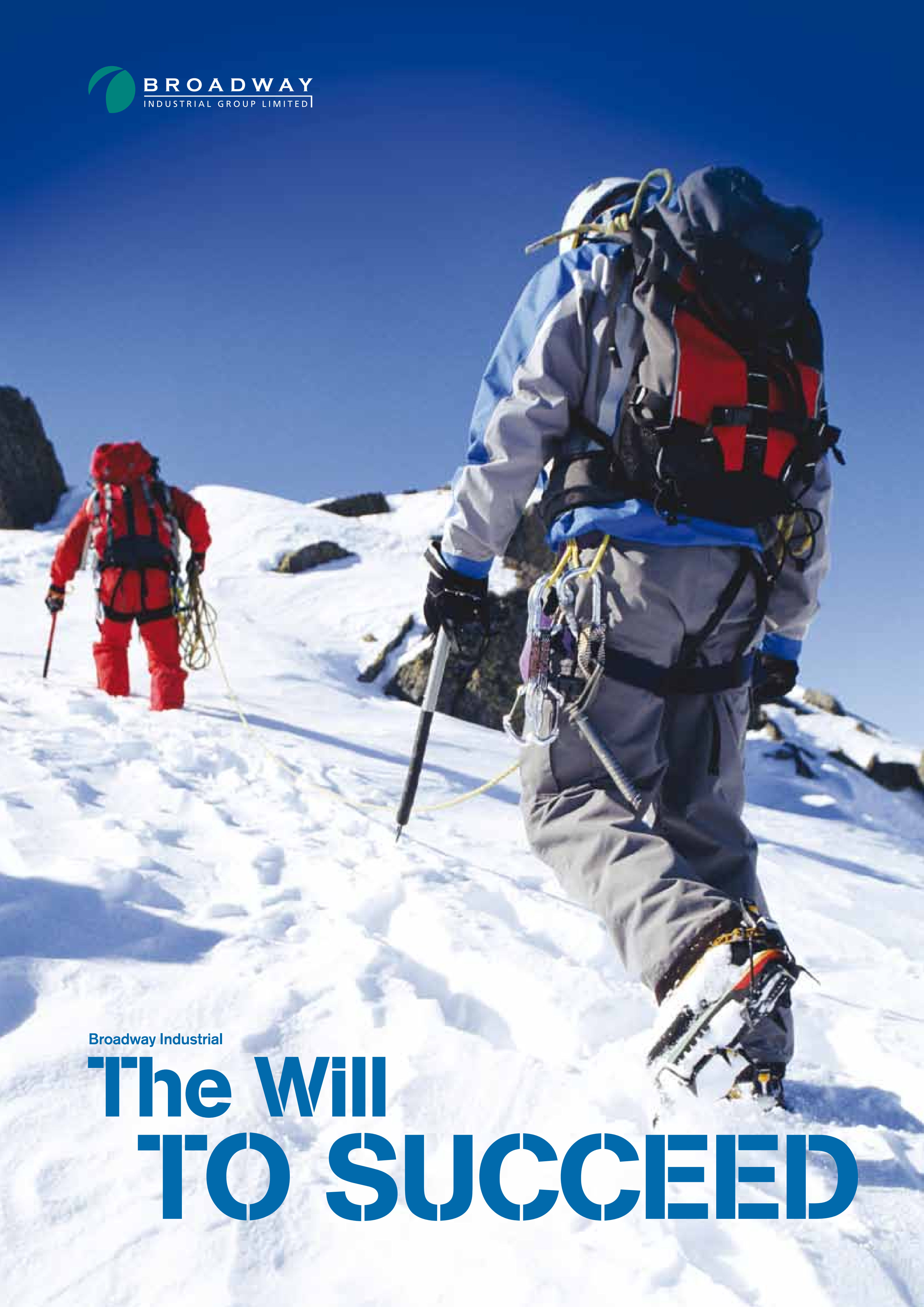
BROADWAY
INDUSTRIAL GROUP LIMITED



Broadway Industrial

The Will TO SUCCEED

OVERCOMING CHALLENGES

"We have prevailed over the many challenges in 2011, which posed a stern test of the strength of our business fundamentals and financial position."

Corporate Profile

BROADWAY INDUSTRIAL GROUP LIMITED

BROADWAY (Foam Plastics)

COMPART (Precision Components)

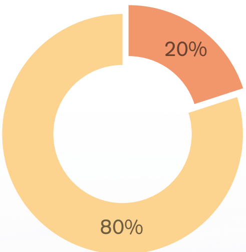
Protective Packaging

Automotive & Other Components

HDD Actuator Arm & Assembly

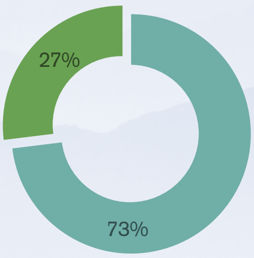
Semiconductor & Other Industrial Components

Sales Breakdown averaged across last 5 years



Precision Component
Foam Plastic

* Profit before tax breakdown averaged across last 5 years



Precision Component
Foam Plastic

Broadway Industrial Group Limited ("Broadway") is a leading manufacturer of precision-machined components and engineered foam plastic solutions provider, offering an excellent mix of cost-efficient manufacturing facilities, state-of-the-art technologies, experienced management team, and innovative solutions to a global customer base.

Founded in 1969 and listed on the SGX Mainboard in 1994, the Broadway Group comprises over 15 manufacturing facilities across China, Thailand and the USA and employs more than 15,000 people worldwide.

Through its wholly-owned subsidiary, Compart Asia Pte Ltd, Broadway is one of the top manufacturers of actuator arms and related assembled parts for the global hard disk drive ("HDD") industry. Other than the HDD industry, Compart also supplies precision components to the semiconductor, automotive and other industries.

With over 40 years of track record, Broadway is also a leading-edge producer of eco-friendly foam plastic solutions for protective packaging, insulation, automotive, medical and other applications. With an emphasis on innovation, quality and reliability, Broadway's foam plastic division has developed a strong pool of global customers in the consumer electronics, automotive, construction, shipbuilding and other emerging industries.

For more information, please visit our website at **www.bw-grp.com**.

* Exclude impact from forex and Thailand floods (FY2011)

COHESIVE SPIRIT

"We can count on the unity and passion of our 15,000 staff worldwide to continue to drive the growth of our businesses."

Chairman's Statement

"Over the last 18 years since our listing in 1994, Broadway's resilient business model has weathered the Asian Financial Crisis, Dotcom bubble, SARS and natural disasters and has continued to grow."

Dear Shareholders,

The year ended 31 December 2011 ("FY2011") will be remembered for the Thailand flood crisis in the fourth quarter which pushed our Group into losses for the first time in the last decade and altered the competitive landscape for our HDD business.

Thailand accounts for more than a third of global HDD production and houses key manufacturing facilities for major HDD manufacturers as well as many of their suppliers. The floods resulted in the temporary closure of many of these plants and severely crippled global HDD production capability through a shortage of production capacity and vital components.

As a result, the global HDD industry suffered one of its worst downturn since the global economic recession of 2008. Global HDD shipments fell more than 30% to 120 million units in 4Q2011 from 176 million units in 3Q2011, compared to the 21.2% sequential decline in 4Q2008 at the height of the global economic recession.

Our HDD business, under our subsidiary Compart, was not spared from the crisis. We had to close down our Thailand plant, which was inundated by the floods, while managing a drastic drop in customer orders in 4Q2011. It was a critical period for Compart as we had to ensure our commitment and deliverables to our customers were met despite the disruption to our operations.

It was only through the swift actions by our Compart management team that we were able to overcome this challenge and ensure production continuity. Within the space of one month, we were able to transfer our HDD hook-up programmes and secure customer qualification for Wuxi to produce for our Thailand's requirements. Their efforts not only ensured our competitive position with our existing customers, Seagate and Hitachi, but also provided the platform for us to secure a new HDD customer, Western Digital ("WD"), whom we have started initial qualification works in 4Q2011.

We are thankful to have overcome the crisis and are now in a stronger position to leverage on the recovery of the HDD industry. Securing WD has strengthened our market leadership position for the long-term as we are now affiliated

Compart Thailand's Managing Director reopening the plant in March 2012

with two of the remaining three HDD manufacturers left in the industry with the impending merger between WD and Hitachi Global Storage Technologies ("HGST"). Based on 2011 figures, the post consolidation market share of our two customers, WD and Seagate, could potentially be more than 85%.

Over the last 18 years since our listing in 1994, Broadway's resilient business model has weathered the Asian Financial Crisis, Dot-com bubble, SARS and natural disasters and has continued to grow. While the unresolved debts crisis in Europe and slower US economic growth will continue

Chairman's Statement

to pose considerable risks to the global economy and to our businesses, we remain confident that our established customer base, wide manufacturing footprint and the passion and dedication of our 15,000 staff worldwide will help us overcome further challenges in our way.

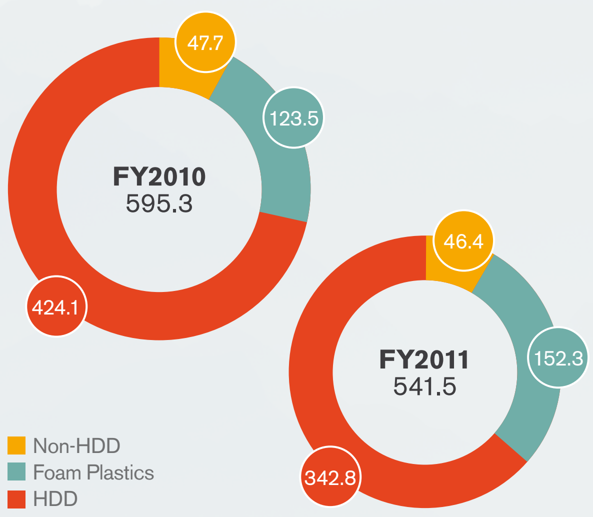
Despite a difficult year, the Group remains committed to paying dividends. The Board has proposed a final dividend of S$0.005 per ordinary share, which will bring total FY2011 dividend to S$0.015 per share, compared to S$0.02 (adjusted for bonus issue of 1 for 1 share) for FY2010.

Financial Review

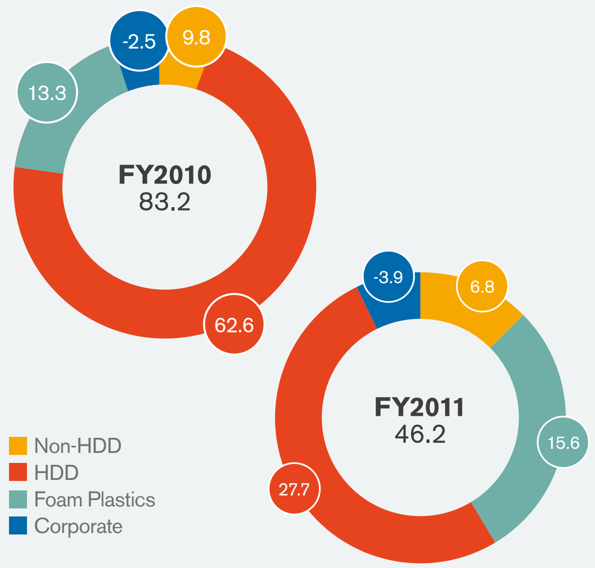
The Group recorded a 9.0% drop in sales to S$541.5 million from S$595.3 million a year ago. This is largely due to a 19.2% yoy contraction in HDD sales to S$342.8 million from S$424.1 million in FY2010 weighed down by a sharp 43.9% yoy decline in 4Q2011 sales. This was mitigated by continued strong sales growth of 23.3% yoy by the foam plastic segment to S$152.3 million while the Non-HDD precision component segment remained flat at S$46.4 million compared to S$47.7 million a year ago.

Performance by Businesses

Sales



Core EBIDTA



With lower sales, the HDD business recorded profit before tax of S$3.1 million in FY2011, down from S$36.6 million in FY2010. Its profit margin was also eroded by higher labour and other manufacturing costs, change in product mix, and price erosion for existing products compared to the previous year.

Our Non-HDD precision component division recorded losses of S$281,000 in FY2011 compared to profits of S$2.8 million as sales for semiconductor components came in lower than projected and below our higher break-even level as we had expanded the business with a new Suzhou factory in 3Q2010. It was affected by lower contribution from automotive components in line with the slowdown in the industry.

Our foam plastic division maintained its growth momentum since the financial crisis of 2009 with another year of double-digit sales growth. Profit before tax rose 16.2% yoy to S$8.9 million from S$7.7 million in FY2010 despite profit margins being squeezed by higher labour and energy costs, as well as start-up expenses from new entities in Chongqing, Chengdu and Suzhou, in FY2011.

Notwithstanding the Thailand floods, FY2011 has been a challenging year for Broadway as rising labour and manufacturing costs in China impacted our operating profit margins whereas the global financial uncertainties brought about volatile forex movements that distorted our financial performance. The latter resulted in the Group recognizing S$19.6 million in unrealized marked-to-market ("MTM") losses due to changes in the fair value of our derivative contracts.

The Group reported a net loss attributable to shareholders of S$7.2 million compared to a net profit of S$45.0 million in FY2010. Excluding the net forex loss of S$10.4 million (comprising S$19.6 million in unrealized MTM losses as above and S$9.1 million in realized forex gains) and S$5.6 million in one-off impairment charges due to the Thailand floods, the Group would have recorded profit after tax and minority interest of S$8.8 million in FY2011.

The Group continued to generate positive operating cash flows of S$25.5 million in FY2011 (FY2010: S$72.3 million) with cash balance of S$53.7 million (FY2010: S$35.7 million). The Group's net gearing rose to 39.3% in FY2011 from 8.8% in FY2010 with increased borrowings to finance our working capital requirements and capacity expansion in FY2011. The Group's net asset value stood at S$211.0 million or approximately 50.78 cents per share as at 31 December 2011.

Outlook & Future Prospects

The production capability of the HDD industry will gradually recover over 2012, testament again to the resilience of the industry and its supply chain. With major HDD manufacturers ramping up to meet pent-up demand for HDD, demand for our components is expected to recover in 2012.

We will be expanding our production capacity to fulfil our existing customers' requirements as well as to meet WD's demand once programmes under qualification go into mass production. The successful execution of our expansion plans in 2011 will be timely in helping us to meet increasing demand as our new plants in Chongqing and Huizhou have since commenced operations. We have also completed the restoration of our Compart Thailand plant and will be expanding the facility to take on higher volumes, which is to be expected once the supply chain in Thailand is restored.

HDD Expansion

Compart's new Huizhou plant

Compart's new Wanzhou, Chongqing, plant

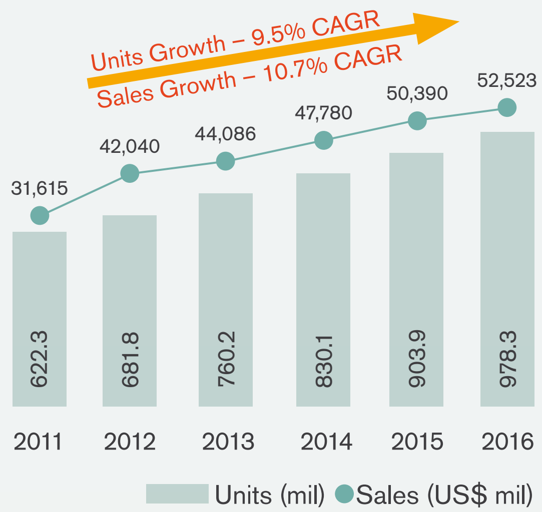
Successful relocation of labour-intensive back-end HDD processes to Chongqing

Long-term outlook for the HDD industry remains positive as capacity storage demand remains strong and broad based with new and existing applications for the technology. According to Trendfocus, the industry is expected to continue

Chairman's Statement

growth at 9.5% Compound Annual Growth Rate ("CAGR") from 622 million units in 2011 to 978 million units in 2016. The ongoing industry consolidation will also be beneficial to the industry and the supply chain as it will bring about price stability and greater collaboration between the remaining HDD majors to advance research into new HDD technologies and applications.

Long-term HDD Industry Growth remains Intact



source: Trendfocus

Our Non-HDD precision component business faced slower demand in 2011 as economic uncertainties dampened demand from existing customers primarily in the automotive and semiconductor industries. As the near-term outlook for these industries remains tepid, we will focus on cost containment measures to better align our cost structure with demand.

We believe the Non-HDD business will overcome the challenges in 2011 and realise its potential to be a growth driver for the Group. As such, we will continue to invest in new technologies, market access capabilities and talents to help us gain traction with existing accounts as well as penetrate into new sectors.

Our foam plastic division has undergone a major restructuring exercise over the last two years. After a thorough strategic and financial review, we closed down non-performing units

Foam Plastic Expansion

Broadway's New Chengdu Plant

Opening Ceremony of Broadway's Chengdu foam plastic plant, officiated by Mr Lawrence Wong, Singapore's Minister of State, Ministry of Defence & Ministry of Education

Broadway's New Chongqing Plant

in Xinjiang, Tianjin, Wuxi and Ningbo, and consolidated our operations in growth areas in Shanghai, Suzhou and Shenzhen. We also made a successful foray into Western China with new plants established in Chongqing and Chengdu. We believe these bold steps will create a leaner operation with our resources focused on driving growth in key manufacturing hubs in China.

2012 is expected to be another year of growth for the foam plastic division. We are expecting full year revenue recognition from our new sites while sales for our three product clusters – packaging, insulation and components – are expected to be higher on rising demand. The profitability of the division should also improve due to the cessation of loss-making units and with the bulk of start-up expenses for new sites already incurred in FY2011.

In view of the above developments, barring any unforeseen circumstances, we expect the Group's core financial performance to improve in FY2012 compared to FY2011, not taking into consideration the MTM adjustments for our forex derivative contracts.

In line with our long-term growth strategy, the Group will also continue to explore appropriate M&A opportunities, taking a prudent approach in screening for complementary businesses that offer earnings accretion and exposure to new industries. Together with the continued growth of our core HDD and foam plastic businesses, we are positive that Broadway will continue to deliver sustainable long-term value for our stakeholders.

Bonus Share Issue

The Company has completed the Bonus Issue of 1 for 1 shares following the issuance and allotment of 208,221,064 Bonus Shares (comprising 207,981,064 new Shares and 240,000 treasury shares) to shareholders on 31 May 2011. The bonus issue has doubled the total number of issued shares of the Company to 416,442,128 Shares (including treasury shares that increased from 240,000 treasury shares to 480,000 treasury shares).

In FY2011, the Company purchased a total of 476,000 ordinary shares in a series of transactions from the open market, raising the amount of shares retained as treasury shares to 956,000. The Company believes that the bonus share issue will broaden our shareholders' base and hopefully enhance accessibility, trading liquidity and greater participation by investors.

Strengthening the Board

With the continued growth of our business, we believe it is important to continually assess our Board size and competencies to best represent interests of our shareholders and deliver effective governance. We are delighted to welcome the addition of two new Independent Directors to our Board in 2011, which will bring our Board size to seven, comprising 2 Executive Directors, 1 Non-Executive Director and 4 Independent Directors.

Joining the Board are Mr Richard Tsiang, former Executive Vice President, Chief Development Officer of Melco Crown Entertainment Ltd, and Mr Lew Syn Pau, who currently sits on the board of various listed companies such as Food Empire Holdings Ltd, Golden-Agri Resources Ltd and Poh Tiong Choon Logistics Ltd.

We are fortunate to have the services of the two new directors, who bring with them vast experience and knowledge that will further strengthen and complement our existing Board members' expertise.

I would also like to take this opportunity to thank our Executive Director, Mr Lee Khong Kee, who retired this year after 32 years of service to the Company. Mr Lee is a pioneer of our foam plastic division and has played a significant role in its expansion to become one of the largest foam plastic solutions providers in China. We are therefore pleased that he has agreed to remain as a senior advisor to the division, sharing his invaluable knowledge and extensive experience with our next generation of leaders. Mr Lee has been redesignated as a Non-Executive Director of the Group with effect 16 March 2012, and remains a member of the Board and Audit Committee.

Appreciation

On behalf of the Board, I would like to express my gratitude to our management and staff for their hard work as well as loyal customers, shareholders, bankers and business partners for their support during this difficult year. Last but not least, I would like to thank my fellow board members for their strong support and invaluable advice all through the years.

WONG SHEUNG SZE
Executive Chairman
Broadway Industrial Group Limited

Our Footprint

World-wide manufacturing footprint with **15** facilities across China, Thailand, and U.S.A with over **15,000** employees worldwide

SINGAPORE
Investment Holding Company
Broadway Industrial Group Limited
65 Chulia Street
#48-03 OCBC Centre
Singapore 049513
Tel : (65) 6236 0088
Fax : (65) 6226 6119

BROADWAY

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Shanghai Broadway Packaging & Insulation Materials Co., Ltd.
No.8 Guxu Road Pudong New District
Shanghai 201209 P.R.C.
Tel : 86 (21) 5863 2133
Fax : 86 (21) 5863 4874

Broadway Packaging (HK) Co., Ltd.
61 Liu Xian Road Two Shenzhen Bao An District 71 518100 P.R.C.
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Fax : 86 (755) 2979 6695

Chongqing Broadway Foam Applications & Total Packaging Co., Ltd.
No. 798 North Biqing Road Bicheng Street Bishan County Chongqing 402760 P.R.C.
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Fax : 86 (23) 6430 2132

Suzhou Broadway Plastic Packaging Co., Ltd.
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Suzhou 215011 P.R.C.
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Fax : 86 (512) 6825 2389

Wujiang Weltop Packaging Co., Ltd
Fu Qiang Road, Science and Technology Industrial Park, Tongli town, Wujiang city, Suzhou, China, 215217 P.R.C.
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Fax : 86(512) 63324975

Chengdu Broadway Foam Applications & Total Packaging Co., Ltd.
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Fax : 86 (28) 6104 2132

Shenzhen Broadway Total Packaging Solution Co., Ltd.
Block 34 East Juhuang Industrial Park
Dasan Village, Dasan Community Guanlan Community Office
Bao An District Shenzhen 518110 P.R.C.
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Fax : 86 (755) 2944 3320

COMPART

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Singapore 049513
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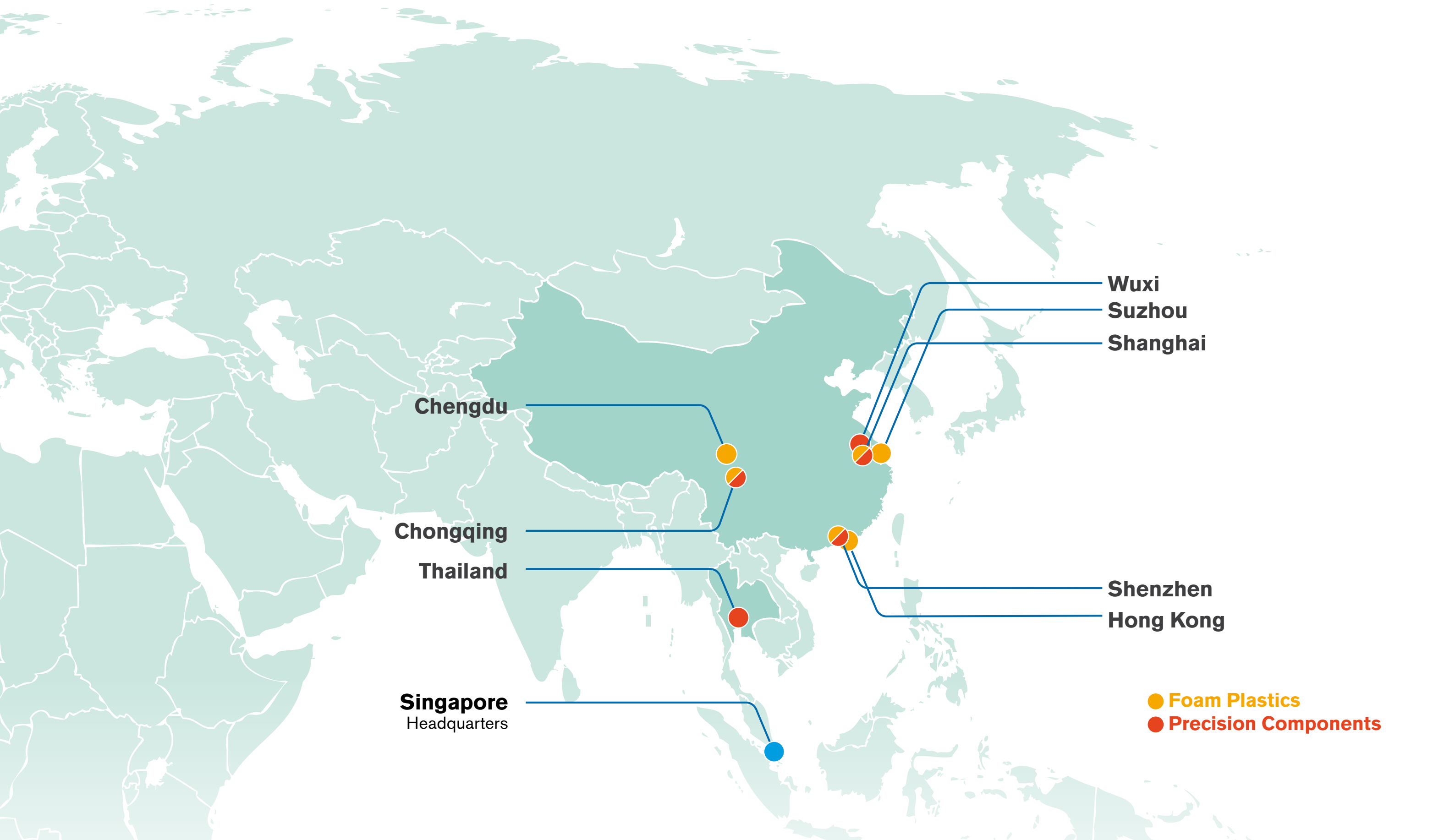
Fax : (65) 6226 6119



Compart Austin (USA)
Distribution Hub & Marketing and Business Development Office
2221 W Braker Lane, Austin TX 78758
Office : (512) 490-1699
Fax : (512) 490-1518

Compart Engineering Inc. (USA)
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Ontario, CA 91761
Office : (909) 947-6688
Fax : (909) 947-6026

Compart Precision (Thailand) Co., Ltd
135 Moo 1 Hi-Tech Industrial Estate
T. Banpo, A. Bangpa-in,
Ayutthaya 13160, Thailand
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Fax : (66-35) 315699

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Shenzhen, Guangdong Province,
P.R.C., 518101
Office : (86-755) 3368 0688
Fax : (86-755) 2786 4498

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Guangdong Province, P.R.C., 518118
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Fax : (86-755) 3321 2006

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Fax : (86-755) 3365 7799

Compart Precision Components Manufacturing (Wuxi) Co., Ltd
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Fax : (86-510) 5038296

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Chongqing Municipal, P.R.C.
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Fax : (86-23) 85729280

Compart Technologies (Huizhou) Co. Ltd.
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Huizhou, Guangdong Province,
P.R.C., 516200
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Fax : (86-752)3078220

CAPTURING OPPORTUNITIES

"We are leveraging on our market leadership position in the HDD and foam plastics industry to capture new opportunities with an unwavering focus to deliver sustainable growth to all stakeholders."

At A Glance

"We continue to expand our market share with key customers, while reaping rewards from the streamlining of our operations over the last few years to focus on growth regions."

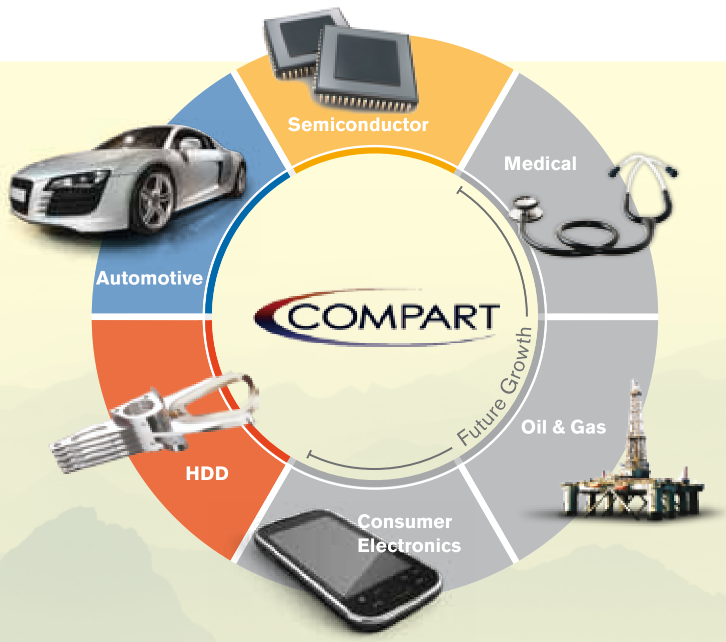
— Mr Ng Ah Hoy, Senior Managing Director, Broadway Group

FY2011 HIGHLIGHTS

- **Realignment of manufacturing locations in FY2011 to improve returns**
- Ceased loss-making Ningbo, Wuxi & Tianjin facilities in 2011
- Established/Acquired new sites in growth regions in Suzhou, Chengdu and Chongqing

OUTLOOK & STRATEGIES

- **Aims to maintain double-digits sales growth**
- Full-year contribution from new regions and continued customer penetration
- Improved profitability with the absence of loss-making entities and start-up expenses from new operations



"We are well-positioned to benefit from the HDD industry recovery with our enlarged operations and customer base, while we continue to expand our exposure to other industries through our Non-HDD business segment."

— Mr Joe Kwok, Senior Managing Director, Compart Group

FY2011 HIGHLIGHTS

- **Completed Geographical & Capacity Expansion in FY2011**
- Completed shift of back-end processes from Shenzhen to lower-cost Wanzhou, Chongqing
- Expanded overall HDD production capacity and established new machining plant in Huizhou, Shenzhen

OUTLOOK & STRATEGIES

- **Secured new major HDD customer to further establish market leadership**
- Continued expansion in Thailand and China to support larger HDD customer base
- Continue to drive sales in Non-HDD segment while focusing on cost containment

Board of Directors

Front row (L-R): *Mr Eu Yee Ming Richard; Mr Wong Sheung Sze; Mr Lee Chow Soon*
Back row (L-R): *Mr Lee Po Lo @ Lee Khong Kee; Mr Tsiang An Kai Richard; Mr Ng Ah Hoy; Mr Lew Syn Pau*

Mr WONG SHEUNG SZE

Group Executive Chairman, 62

Mr Wong Sheung Sze, has managed the Group for more than 30 years since joining the company in 1976. Under his astute leadership, Broadway has grown to become a global leader in precision-machined components and engineered foam plastic solutions. Leading an experienced management team, Mr Wong is responsible for the Group's overall business performance, as well as strategy formulation and corporate direction. Mr Wong was last re-elected on 27 April 2010.

Mr NG AH HOY

Executive Director, 61

Mr Ng has more than 30 years of management experience in the electronics and manufacturing industry. He is currently the Senior Managing Director of the Group's foam plastic division, responsible for its business operations and growth direction. Prior to joining the Group in 1990, Mr Ng headed the manufacturing operations of several multi-national corporations.

Mr Ng graduated from the University of Singapore with a Bachelor of Engineering Degree in Mechanical Engineering. He was last re-elected as a Board Director on 27 April 2010.

Mr LEE PO LO @ LEE KHONG KEE

Non-Executive Director, 60

Mr Lee is the Group's Non-Executive Director and currently acts as a strategic advisor to the Group's foam plastic operations in China. Before taking up his current role in 2011, Mr Lee served as the Executive Director of the Group's foam plastic division for 32 years after joining the Company in 1979. During his tenure, he led the division's business development and was instrumental in building an extensive international customer base for the foam plastic business.

Mr Lee is a Colombo Plan Scholar and graduated from the University of Auckland, New Zealand, with an Honours Degree in Mechanical Engineering. He also holds a Master Degree in Industrial Engineering and a Master Degree in Business Administration from the National University of Singapore. He is a registered professional engineer with the Singapore Professional Engineer Board. He was last re-elected as a Board Director on 21 April 2011.

MR LEE CHOW SOON

Independent Director, 72

Mr Lee joined the Board in 1994 and was last re-elected on 21 April 2011. Mr Lee has been practising as an Advocate and Solicitor and is currently a senior partner of Messrs Tan, Lee and Partners, a firm of advocates and solicitors. He holds a Degree in Law from the University of London and an Honours Degree in Law from the University of Singapore.

MR EU YEE MING RICHARD

Independent Director, 64

Mr Eu joined the Board in 2005 and was last re-elected on 21 April 2011. He is currently the Group Chief Executive Officer of SGX Mainboard listed Eu Yan Sang International Ltd. Mr Eu is also actively involved in community projects and non-profit organizations such as the Singapore Institute of Management and the Hong Kong Singapore Business Association. He graduated with a Bachelor's degree in Law from the London University, UK.

MR TSIANG AN KAI RICHARD

Independent Director, 51

Mr Tsiang was appointed as an Independent Director on 2 November 2011. He has more than a decade of management experience, with his last appointment being the Chief Development Officer of Melco Crown Entertainment. Prior to this appointment, he was the Group Chief Financial Officer of MGM Grand in Macau; Senior Vice president and Managing Director, Asia-Pacific for Cendant Corporation, and Chief Financial Officer, Head of Strategy, Asia for Yahoo!

Mr Tsiang has a bachelor of commerce and an MBA from the University of Melbourne. He is a chartered accountant having qualified while at PriceWaterhouseCoopers in Australia.

MR LEW SYN PAU

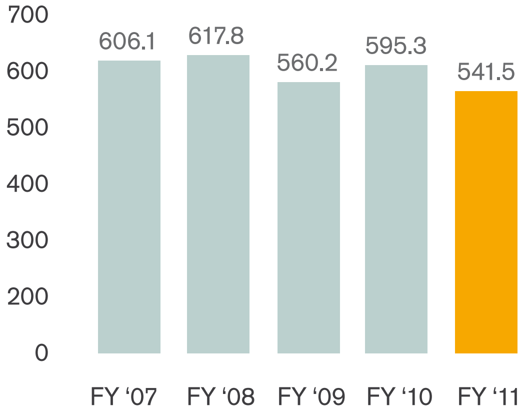
Independent Director, 58

Mr Lew was appointed as an Independent Director on 2 November 2011. He is currently the Non-Executive Chairman of Achieva Limited, and sits on the boards of various listed companies such as Food Empire Holdings Ltd, Golden-Agri Resources Ltd and Poh Tiong Choon Logistics Ltd.

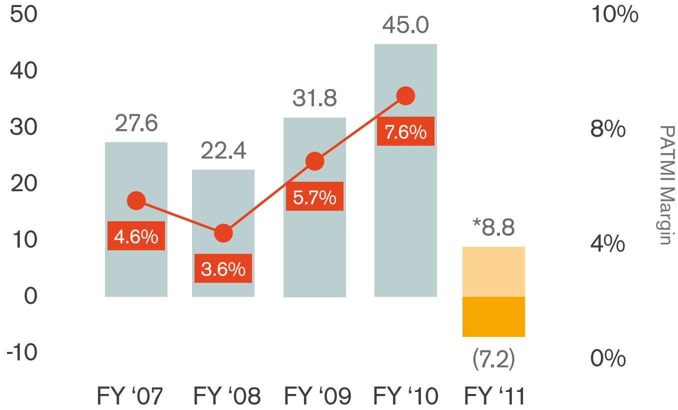
A Singapore Government scholar, Mr Lew began his career with the Singapore Administrative Service. He holds a Masters of Engineering from Cambridge University UK, and a Masters in Business Administration from Stanford University, USA. He was a Member of Parliament from 1988 to 2001.

Financial Highlights

Sales (S$' mil)

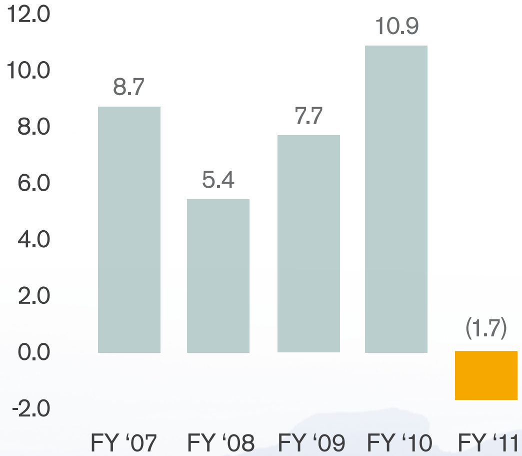


PATMI (S$' mil)



* Core profit of S$8.8M, if excluding S$10.4M of net forex loss and S$5.6M of impairment charge due to Thailand floods.

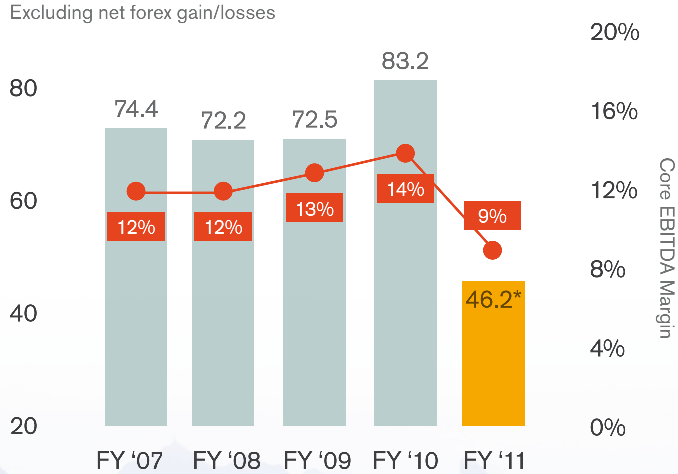
EPS (S cents)



FY '07-'10 figures have been revised to account for 1-1 bonus issue in 2011

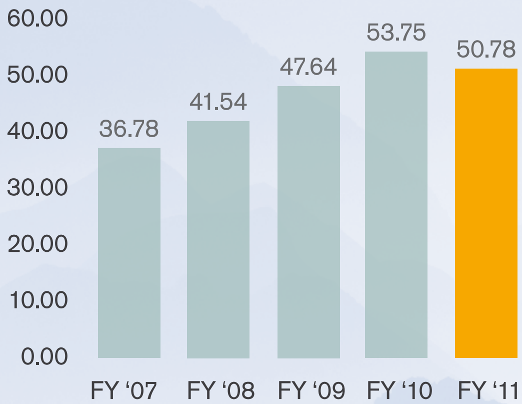
Core EBITDA (S$' mil)

Excluding net forex gain/losses



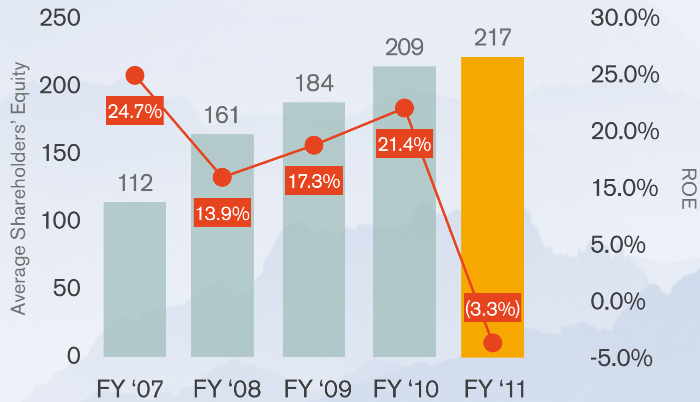
* Excluding Thailand flood impact

NAV (S cents)



FY '07-'10 figures have been revised to account for 1-1 bonus issue in 2011

Return On Equity



ROE calculation based on average shareholders' equity

Contents

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2011.

Directors

The directors in office at the date of this report are as follows:

Wong Sheung Sze	Executive Chairman
Lee Chow Soon	
Eu Yee Ming Richard	
Lee Po Lo @ Lee Khong Kee	
Ng Ah Hoy	
Tsiang An Kai Richard	(Appointed on 2 November 2011)
Lew Syn Pau	(Appointed on 2 November 2011)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
The Company		
Wong Sheung Sze		
- ordinary shares		
- interests held	35,959,387(1)	71,918,774
- deemed interests	39,115,000(1)	78,230,000
Lee Po Lo @ Lee Khong Kee		
- ordinary shares		
- interests held	941,954(1)	1,883,908
- options to subscribe for ordinary shares at:		
- $0.45(3) per share between 03/03/2011 and 03/03/2020	75,000(1)	150,000
- share awards to be delivered from 2013	–	0 to 40,000(2)
Ng Ah Hoy		
- ordinary shares		
- interests held	380,000(1)	760,000
- deemed interests	30,000(1)	60,000
- options to subscribe for ordinary shares at:		
- $0.45(3) per share between 03/03/2011 and 03/03/2020	75,000(1)	150,000
- share awards to be delivered from 2013	–	0 to 80,000(2)

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
The Company		
Lee Chow Soon		
- ordinary shares		
- interests held	150,000[(1)]	400,000
- options to subscribe for ordinary shares at:		
- $0.60 per share between 08/03/2008 and 08/03/2012	50,000	–
- $0.33[(3)] per share between 26/03/2009 and 26/03/2013	50,000[(1)]	100,000
- $0.45[(3)] per share between 03/03/2011 and 03/03/2015	50,000[(1)]	100,000
- $0.50[(3)] per share between 04/03/2012 and 04/03/2016	–	100,000
Eu Yee Ming Richard		
- ordinary shares		
- interests held	65,000[(1)]	130,000
- options to subscribe for ordinary shares at:		
- $0.33[(3)] per share between 26/03/2009 and 26/03/2013	50,000[(1)]	100,000
- $0.45[(3)] per share between 03/03/2011 and 03/03/2015	50,000[(1)]	100,000
- $0.50[(3)] per share between 04/03/2012 and 04/03/2016	–	100,000
Lew Syn Pau		
- ordinary shares		
- interests held	17,728,800	17,728,800
- deemed interests	21,600,000	21,600,000

(1) Not adjusted for one-for-one bonus share issue in 2011.

(2) The actual number of shares to be delivered will depend on the achievement of set targets over a four-year period from 2012 to 2015.

(3) Adjusted for one-for-one bonus share issue in 2011.

By virtue of Section 7 of the Act, Wong Sheung Sze is deemed to have interests in the other subsidiaries of Broadway Industrial Group Limited, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2012.

Except as disclosed under the "Share Options" and "Share Plan" sections of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 34 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

The BIGL Share Option Scheme 2001 (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2001. The Scheme is administered by the Company's Remuneration Committee, comprising two directors, Eu Yee Ming Richard and Lee Chow Soon. The Scheme expired on 7 November 2011.

Other information regarding the Scheme is set out below:

- The options can be exercised 1 year after the grant date for market price options and 2 years after the grant date for incentive options. A further vesting period for the exercise of the options may be set.

- The exercise price of the incentive options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.

- All options are settled by physical delivery of shares.

- The options granted expire after 5 years for non-executive directors and 10 years for employees.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share $	Options outstanding at 1 January 2011	Options granted	Adjustment for one-for-one bonus share issue	Options exercised	Options forfeited	Options outstanding at 31 December 2011	Number of option holders at 31 December 2011	Exercise period
08/03/2007	0.60	30,000	–	–	(30,000)	–	–	–	08/03/2008 to 08/03/2017
08/03/2007	0.60	50,000	–	–	(50,000)	–	–	–	08/03/2008 to 08/03/2012
26/03/2008	0.66	20,000	–	–	(20,000)	–	–	–	26/03/2009 to 26/03/2018
26/03/2008	0.33*	100,000	–	100,000	–	–	200,000	2	26/03/2009 to 26/03/2013
06/03/2009	0.07*	8,000	–	8,000	–	–	16,000	1	06/03/2010 to 06/03/2019
02/06/2009	0.14*	100,000^	–	100,000	–	–	200,000	1	02/06/2011 to 02/06/2019
03/03/2010	0.45*	860,000	–	625,000	(215,000)	(50,000)	1,220,000	22	03/03/2011 to 03/03/2020
03/03/2010	0.45*	100,000	–	100,000	–	–	200,000	2	03/03/2011 to 03/03/2015
11/05/2010	0.565*	115,000	–	115,000	–	–	230,000	2	11/05/2011 to 11/05/2020
04/03/2011	0.50*	–	100,000	100,000	–	–	200,000	2	04/03/2012 to 04/03/2016
10/05/2011	0.51*	–	100,000	100,000	–	–	200,000	1	10/05/2012 to 10/05/2021
		1,383,000	200,000	1,248,000	(315,000)	(50,000)	2,466,000		

* Adjusted for one-for-one bonus share issue.

^ These options were granted at a discount of 20%.

Details of options granted to directors and an employee of the Company under the Scheme are as follows:

	Options granted for financial year ended 31 December 2011	Adjustment for one-for-one bonus issue for financial year ended 31 December 2011	Aggregate options granted since commencement of Scheme to 31 December 2011	Aggregate options exercised since commencement of Scheme to 31 December 2011	Aggregate options outstanding as at 31 December 2011
Name of Director					
Lee Chow Soon	50,000	150,000	500,000	(200,000)	300,000
Eu Yee Ming Richard	50,000	150,000	365,000	(65,000)	300,000
Lee Po Lo @ Lee Khong Kee	–	75,000	960,000	(810,000)	150,000
Ng Ah Hoy	–	75,000	1,010,000	(860,000)	150,000
Name of Employee					
Lee Wai Leong	100,000	300,000	600,000	–	600,000

Except for the above directors and an employee, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme during the financial year ended 31 December 2011.

Since the commencement of the Scheme, no options have been granted to employees of the Company or its related corporations under the Scheme, except for 29 employees of the Company, of which 2 employees are also the directors of the Company, who were granted options to subscribe for a total of 4,640,000 ordinary shares (adjusted for one-for-one bonus share issue) in the Company.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Share plan

The BIGL Share Plan (the Plan) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 28 July 2010. The Plan is administered by the Company's Remuneration Committee, comprising two directors, Eu Yee Ming Richard and Lee Chow Soon.

The Plan is intended to reward, retain and motivate employees to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to outstanding employees of the Group and/or associated companies.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Plan.

Employees of the Group and/or associated companies shall be eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the Group and associated companies, controlling shareholders and their associates will not be eligible to participate in the Plan.

On 4 March 2011, 527,000 share awards were granted conditionally under the Plan. The actual number of shares awarded will depend on the achievement of set targets over a four-year period. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a four-year vesting period in the ratio of 0%, 25%, 25% and 50% consecutively.

The details of the awards granted under the Plan are as follows:

Date of grant of share awards	Share awards granted during the financial year ended 31 December 2011	Adjustment for one-for-one bonus share issue	Share awards forfeited	Share awards not released at 31 December 2011
4 March 2011	527,000	527,000	(26,000)	1,028,000

Details of share awards granted to directors and employees of the Company under the Plan are as follows:

	Share awards granted for financial year ended 31 December 2011	Adjustment for one-for-one bonus issue for financial year ended 31 December 2011	Aggregate share awards granted since commencement of Plan to 31 December 2011/ Aggregate share awards not released as at 31 December 2011
Name of director			
Lee Po Lo @ Lee Khong Kee	20,000	20,000	40,000
Ng Ah Hoy	40,000	40,000	80,000
Name of employee			
Choi Chi Yung	26,000	26,000	52,000
Chuah Aik Loon	34,000	34,000	68,000
Kwok Shing Yan	55,000	55,000	110,000
John Christopher Lantz	28,000	28,000	56,000
Lee Wai Leong	40,000	40,000	80,000
Miao Shao-Yan Rocky	28,000	28,000	56,000
Bradley Sander	28,000	28,000	56,000
Toh Sock Yien	30,000	30,000	60,000

Except for the above directors and employees, no share awards have been granted to the controlling shareholders of the Company or their associates and no participant under the Plan has been granted 5% or more of the total share awards available under the Plan during the financial year ended 31 December 2011.

Since the commencement of the Plan, no share awards have been granted to employees of the Company or its related corporations under the Plan, except for 24 employees of the Company, of which 2 employees are also the directors of the Company, who were granted share awards of a total of 1,054,000 ordinary shares (adjusted for one-for-one bonus share issue) in the Company.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted and no shares awarded by the Company or its subsidiaries as at the end of the financial year.

The aggregate number of shares available under the Scheme, the Plan and any other applicable share-based schemes shall not exceed 15% of the Company's total issued shares (excluding treasury shares).

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Lee Chow Soon (Chairman), non-executive director
Eu Yee Ming Richard, non-executive director
Tsiang An Kai Richard, non-executive director (Appointed on 2 November 2011)
Lew Syn Pau, non-executive director (Appointed on 2 November 2011)
Lee Po Lo @ Lee Khong Kee, non-executive director (retired as executive director with effect from 15 March 2012)

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external auditors and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal auditors and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the external auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Directors' Report (cont'd)

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

____
Wong Sheung Sze
Director

____
Lee Chow Soon
Director

27 March 2012

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 25 to 84 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

____
Wong Sheung Sze
Director

____
Lee Chow Soon
Director

27 March 2012

Independent Auditors' Report

Members of the Company
Broadway Industrial Group Limited

Report on the financial statements

We have audited the accompanying financial statements of Broadway Industrial Group Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 25 to 84.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
27 March 2012

Statement of Financial Position

As at 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Assets					
Property, plant and equipment	4	142,326	122,185	260	247
Goodwill	5	70,953	70,953	–	–
Investment properties	7	3,461	3,525	2,268	2,316
Subsidiaries	8	–	–	142,819	139,993
Associates	9	1,179	1,114	98	98
Loans to subsidiaries	10	–	–	1,282	1,281
Loans to investee companies	11	1,302	809	1,302	809
Other investments	12	1,349	1,349	1,177	1,177
Financial derivatives	13	907	–	–	–
Deferred tax assets	14	7,980	6,747	–	–
Non-current assets		229,457	206,682	149,206	145,921
Financial derivatives	13	5,498	2,035	–	–
Inventories	15	82,774	53,394	–	–
Trade and other receivables	16	120,579	137,878	3,973	5,469
Cash and cash equivalents	17	53,674	35,736	54	2,059
Current assets		262,525	229,043	4,027	7,528
Total assets		491,982	435,725	153,233	153,449
Equity					
Share capital		103,446	103,100	103,446	103,100
Reserves		(12,330)	(15,258)	132	156
Retained earnings		119,852	135,377	44,764	45,322
Equity attributable to owners of the Company		210,968	223,219	148,342	148,578
Non-controlling interests		1,393	1,506	–	–
Total equity	18	212,361	224,725	148,342	148,578
Liabilities					
Financial derivatives	13	9,095	–	–	–
Loans and borrowings	19	75,165	8,585	105	162
Deferred tax liabilities	14	295	318	–	–
Non-current liabilities		84,555	8,903	105	162
Financial derivatives	13	16,383	887	–	–
Loans and borrowings	19	61,318	46,717	2,057	2,988
Trade and other payables	21	103,412	138,222	2,494	1,404
Current tax liabilities		13,953	16,271	235	317
Current liabilities		195,066	202,097	4,786	4,709
Total liabilities		279,621	211,000	4,891	4,871
Total equity and liabilities		491,982	435,725	153,233	153,449

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Revenue	23	541,469	595,258
Cost of sales		(481,971)	(504,973)
Gross profit		59,498	90,285
Other income		12,416	4,861
Distribution expenses		(12,067)	(10,263)
Administrative expenses		(26,382)	(24,391)
Sales and marketing expenses		(10,515)	(9,531)
Other expenses		(26,395)	(807)
Results from operating activities		(3,445)	50,154
Finance income		793	347
Finance costs		(3,187)	(3,000)
Net finance costs	24	(2,394)	(2,653)
Share of profit of associates (net of tax)		65	94
(Loss)/Profit before tax	25	(5,774)	47,595
Tax expense	26	(1,641)	(3,145)
(Loss)/Profit for the year		(7,415)	44,450
(Loss)/Profit attributable to:			
Owners of the Company		(7,211)	44,969
Non-controlling interests		(204)	(519)
(Loss)/Profit for the year		(7,415)	44,450
Earnings per share			
Basic earnings per share (cents)	27, 35	(1.735)	10.850*
Diluted earnings per share (cents)	27, 35	(1.735)	10.835*

* Restated for one-for-one bonus share issue.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	2011 $'000	2010 $'000
(Loss)/Profit for the year	(7,415)	44,450
Other comprehensive income		
Foreign currency translation differences for foreign operations	3,039	(10,748)
Share of foreign currency translation differences of associates	–	(7)
Other comprehensive income for the year, net of tax	3,039	(10,755)
Total comprehensive income for the year	(4,376)	33,695
Total comprehensive income attributable to:		
Owners of the Company	(4,259)	34,297
Non-controlling interests	(117)	(602)
Total comprehensive income for the year	(4,376)	33,695

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2011

	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Share option reserve $'000	Asset revaluation reserve $'000	Translation reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2010	102,002	–	2,924	457	870	(8,536)	98,708	196,425	2,108	198,533
Total comprehensive income for the year										
Profit or loss for the year	–	–	–	–	–	–	44,969	44,969	(519)	44,450
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	–	–	–	(10,665)	–	(10,665)	(83)	(10,748)
Share of foreign currency translation differences of associates	–	–	–	–	–	(7)	–	(7)	–	(7)
Total other comprehensive income	–	–	–	–	–	(10,672)	–	(10,672)	(83)	(10,755)
Total comprehensive income for the year	–	–	–	–	–	(10,672)	44,969	34,297	(602)	33,695
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Share options exercised	1,098	–	–	(358)	–	–	–	740	–	740
Own shares acquired	–	(237)	–	–	–	–	–	(237)	–	(237)
Share-based payment transactions	–	–	–	294	–	–	–	294	–	294
Final tax-exempt dividend paid of 2.00 cents per share* in respect of year 2009 to owners of the Company	–	–	–	–	–	–	(4,142)	(4,142)	–	(4,142)
Interim tax-exempt dividend paid of 2.00 cents per share* in respect of year 2010 to owners of the Company	–	–	–	–	–	–	(4,158)	(4,158)	–	(4,158)
Total contributions by and distributions to owners of the Company	1,098	(237)	–	(64)	–	–	(8,300)	(7,503)	–	(7,503)
At 31 December 2010	103,100	(237)	2,924	393	870	(19,208)	135,377	223,219	1,506	224,725

* Before one-for-one bonus share issue.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2011

	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Share option reserve $'000	Asset revaluation reserve $'000	Translation reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2011	103,100	(237)	2,924	393	870	(19,208)	135,377	223,219	1,506	224,725
Total comprehensive income for the year										
Loss for the year	–	–	–	–	–	–	(7,211)	(7,211)	(204)	(7,415)
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	–	–	–	2,952	–	2,952	87	3,039
Total comprehensive income for the year	–	–	–	–	–	2,952	(7,211)	(4,259)	(117)	(4,376)
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Share options exercised	346	–	–	(91)	–	–	–	255	–	255
Own shares acquired	–	(156)	–	–	–	–	–	(156)	–	(156)
Share-based payment transactions	–	–	–	223	–	–	–	223	–	223
Final tax-exempt dividend paid of 2.00 cents per share* in respect of year 2010 to owners of the Company	–	–	–	–	–	–	(4,160)	(4,160)	–	(4,160)
Interim tax-exempt dividend paid of 1.00 cents per share in respect of year 2011 to owners of the Company	–	–	–	–	–	–	(4,154)	(4,154)	–	(4,154)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(104)	(104)
Capital injection from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	108	108
Total contributions by and distributions to owners of the Company	346	(156)	–	132	–	–	(8,314)	(7,992)	4	(7,988)
At 31 December 2011	103,446	(393)	2,924	525	870	(16,256)	119,852	210,968	1,393	212,361

* Before one-for-one bonus share issue.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(5,774)	47,595
Adjustments for:			
Depreciation of investment properties	7	74	76
Depreciation of property, plant and equipment	4	33,450	35,085
Equity-settled share-based payment transactions	25	223	294
Fair value change on financial derivatives	25	19,567	(705)
(Gain)/Loss on disposal of property, plant and equipment	25	(86)	212
Impairment loss on loan to an investee company	25	1,112	–
Impairment loss on property, plant and equipment	4, 25	3,742	192
Interest expense	24	3,187	3,000
Interest income	24	(793)	(347)
Inventories write-off	25	1,827	–
Share of profit of associates, net of tax		(65)	(94)
		56,464	85,308
Change in inventories		(29,232)	2,512
Change in trade and other receivables		16,462	(21,487)
Change in trade and other payables		(12,984)	11,228
Cash generated from operating activities		30,710	77,561
Income tax paid		(5,221)	(5,286)
Net cash from operating activities		25,489	72,275
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	29	(2,615)	(3,800)
Acquisition of other investments		–	(806)
Acquisition of property, plant and equipment		(67,874)	(29,375)
Acquisition of shares in an associate		–	(52)
Capital injection from non-controlling interests of a subsidiary		108	–
Interest received		687	347
Loans to investee companies		(1,418)	(809)
Proceeds from disposal of property, plant and equipment		118	191
Net cash used in investing activities		(70,994)	(34,304)
Cash flows from financing activities			
Dividends paid to non-controlling interests		(104)	–
Dividends paid to owners of the Company		(8,314)	(8,300)
Interest paid		(3,187)	(3,000)
Payment of finance lease liabilities		(737)	(919)
Proceeds from bank borrowings		120,745	27,880
Proceeds from exercise of share options		255	740
Repayments of bank borrowings		(45,821)	(58,033)
Repurchase of own shares		(156)	(237)
Net cash from/(used in) financing activities		62,681	(41,869)
Net increase/(decrease) in cash and cash equivalents		17,176	(3,898)
Cash and cash equivalents at 1 January		35,731	41,438
Effect of exchange rate fluctuations on cash held		762	(1,809)
Cash and cash equivalents at 31 December	17	53,669	35,731

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2012.

1. Domicile and activities

Broadway Industrial Group Limited (the Company) is a company incorporated in Singapore. The address of the Company's registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The Company's principal place of business is 65 Chulia Street, #48-03/04 OCBC Centre, Singapore 049513.

The financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interest in associates.

The principal activity of the Company is that of an investment holding company. The principal activities of significant subsidiaries are those relating to the manufacture of foam plastics and packaging products, expanded polystyrene related products and precision machined components and the sub-assembly of actuator arms.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for leasehold land and buildings and certain financial assets and financial liabilities, which are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. Other entities within the Group have United States dollars and Chinese Renminbi as functional currencies. All functional information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – Estimation of useful lives of property, plant and equipment
- Note 6 – Key assumptions used in discounted cash flow projections
- Note 26 – Measurement of provision for income taxes

2. Basis of preparation (cont'd)

2.5 Changes in accounting policies

(i) Measurement of non-controlling interests in business combinations

From 1 January 2011, the Group has applied the amendments to FRS 103 *Business Combinations* resulting from the *Improvements to FRSs 2010* in measuring at the acquisition date, non-controlling interests that are not present ownership interests and do not entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Such non-controlling interests are now measured at fair value (see note 3.1).

Previously, the Group has elected on a transaction-by-transaction basis whether to measure non-controlling interests that are not present ownership interests and do not entitle holders to proportionate share of acquiree's net assets on liquidation at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date.

This change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

(ii) Identification of related party relationships and related party disclosures

From 1 January 2011, the Group has applied FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has no material effect on the disclosures made in the financial statements for the current and previous financial years.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies of the associates with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associates

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepayments.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statement of cash flows, pledged deposits are excluded in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.9) are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is classified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value.

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for leasehold land and buildings, which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers on a triennial basis such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase in the revaluation amount is credited to the asset revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the asset revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the asset revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

3. Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/ other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Construction-in-progress is not depreciated until it is ready for its intended use.

The estimated useful lives for the current and comparative years are as follows:

Buildings on freehold land	-	20 years
Leasehold land	-	26 to 50 years (period of lease)
Leasehold buildings	-	16 to 47 years
Leasehold improvements	-	1 to 5 years
Plant and machinery	-	2 to 8 years
Office equipment and furniture	-	3 to 5 years
Motor vehicles	-	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3. Significant accounting policies (cont'd)

3.5 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in non-current assets and represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

3.6 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Depreciation on investment properties is recognised in the profit or loss on a straight-line basis over the estimated useful life of 50 years.

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. Significant accounting policies (cont'd)

3.9 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3. Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

3. Significant accounting policies (cont'd)

3.10 Employee benefits (cont'd)

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. Transfers of risks and rewards usually occur upon delivery to the customers; however, for sales under Vendor Management Inventory programmes, transfer occurs upon customers' drawn-down of inventories at the third parties' warehouses.

3. Significant accounting policies (cont'd)

3.12 Revenue (cont'd)

Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.13 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

3.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.15 Finance income and finance costs

Finance income comprises interest income on funds invested that is recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies (cont'd)

3.16 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options and share awards granted to employees.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, fair value change on financial derivatives, financial derivatives, corporate bank loans and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3. Significant accounting policies (cont'd)

3.19 Intra-group financial guarantees

Financial guarantees are issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contracts.

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company. The Group does not plan to adopt these amendments early.

4 Property, plant and equipment

Group	Note	Freehold land $'000	Buildings on freehold land $'000	Leasehold land $'000	Leasehold buildings $'000	Leasehold improvements $'000	Plant and machinery $'000	Office equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost/Valuation		**Cost**	**Cost**	**Valuation**	**Valuation**	**Cost**	**Cost**	**Cost**	**Cost**	**Cost**	
At 1 January 2010		1,793	4,897	2,661	30,008	33,555	206,551	9,646	2,690	1,993	293,794
Acquisition through a business combination	29	–	–	–	–	–	3,800	–	–	–	3,800
Additions		255	2,293	–	81	4,018	39,279	1,114	274	5,683	52,997
Disposals		–	–	–	(179)	(221)	(1,089)	(131)	(165)	(6)	(1,791)
Reclassifications		–	–	–	53	(677)	4,459	25	274	(4,134)	–
Effect of movements in exchange rates		(170)	(555)	(187)	(2,369)	(2,991)	(19,644)	(791)	(159)	(189)	(27,055)
At 31 December 2010 and 1 January 2011		1,878	6,635	2,474	27,594	33,684	233,356	9,863	2,914	3,347	321,745
Acquisition through a business combination	29	–	–	2,800	2,688	191	682	35	9	–	6,405
Additions		–	–	–	–	4,186	19,046	1,772	337	22,176	47,517
Disposals		–	–	–	–	(6)	(846)	(66)	(171)	–	(1,089)
Reclassifications		–	–	–	–	690	8,311	54	280	(9,335)	–
Effect of movements in exchange rates		16	57	367	891	659	4,639	295	122	601	7,647
At 31 December 2011		1,894	6,692	5,641	31,173	39,404	265,188	11,953	3,491	16,789	382,225

4 Property, plant and equipment (cont'd)

Group	Freehold land $'000	Buildings on freehold land $'000	Leasehold land $'000	Leasehold buildings $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Office equipment and furniture $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Accumulated depreciation and impairment losses										
At 1 January 2010	–	1,142	459	3,391	25,745	143,588	6,712	1,705	–	182,742
Depreciation for the year	–	294	59	931	2,739	29,458	1,227	377	–	35,085
Disposals	–	–	–	(41)	(200)	(904)	(112)	(133)	–	(1,390)
Impairment loss	–	–	11	126	17	30	8	–	–	192
Reclassifications	–	–	–	–	(342)	355	(13)	–	–	–
Effect of movements in exchange rates	–	(115)	(28)	(313)	(2,327)	(13,568)	(589)	(129)	–	(17,069)
At 31 December 2010 and 1 January 2011	–	1,321	501	4,094	25,632	158,959	7,233	1,820	–	199,560
Depreciation for the year	–	324	101	979	3,147	27,330	1,142	427	–	33,450
Disposals	–	–	–	–	(5)	(830)	(62)	(160)	–	(1,057)
Impairment loss	–	589	–	–	734	1,664	23	7	725	3,742
Reclassifications	–	–	–	–	441	(437)	(8)	4	–	–
Effect of movements in exchange rates	–	41	32	285	451	3,127	182	61	25	4,204
At 31 December 2011	–	2,275	634	5,358	30,400	189,813	8,510	2,159	750	239,899
Carrying amounts										
At 1 January 2010	1,793	3,755	2,202	26,617	7,810	62,963	2,934	985	1,993	111,052
At 31 December 2010 and 1 January 2011	1,878	5,314	1,973	23,500	8,052	74,397	2,630	1,094	3,347	122,185
At 31 December 2011	1,894	4,417	5,007	25,815	9,004	75,375	3,443	1,332	16,039	142,326

4 Property, plant and equipment (cont'd)

	Plant and machinery $'000	Office equipment and furniture $'000	Motor vehicles $'000	Total $'000
Company				
Cost				
At 1 January 2010	–	113	554	667
Additions	–	40	–	40
At 31 December 2010 and 1 January 2011	–	153	554	707
Additions	136	13	–	149
At 31 December 2011	136	166	554	856
Accumulated depreciation and impairment losses				
At 1 January 2010	–	101	240	341
Depreciation for the year	–	8	111	119
At 31 December 2010 and 1 January 2011	–	109	351	460
Depreciation for the year	9	16	111	136
At 31 December 2011	9	125	462	596
Carrying amounts				
At 1 January 2010	–	12	314	326
At 31 December 2010 and 1 January 2011	–	44	203	247
At 31 December 2011	127	41	92	260

Leasehold land and buildings of the Group were revalued as at 31 December 2011 by Shanghai Li Gong Xin Real Estate Valuation Co., Ltd, Suzhou Tianyuan Real Estate Valuation and Consultation Co., Ltd, Shenzhen Tianjian Guo Zhong Lian Real Estate Valuation Co., Ltd and Jiangsu Xin Zhong Cheng Assets Evaluation Co., Ltd, firms of independent professional valuers, at open market value on an existing use basis. The revalued amounts of the leasehold land and buildings approximate their carrying amounts as at 31 December 2011.

The carrying amount of leasehold land and buildings of the Group would have been $26,649,000 (2010: $24,736,000) had the leasehold land and buildings been carried at cost less accumulated depreciation and impairment losses.

Impairment loss

During 2011, the Group recognised an impairment loss of $3,742,000 in other expenses of the consolidated income statement with respect to its property, plant and equipment due to damages arising from the Thailand floods. The recoverable amount was derived from these property, plant and equipment's fair value less costs to dispose, determined by reference to an active market.

As at 31 December 2010, one of the Group's subsidiaries – Xinjiang Broadway Advanced Materials Co., Ltd was in the process of filing for liquidation. The Group performed an assessment of the recoverable amount of the subsidiary's assets and recognised an impairment loss of $192,000 during 2010 with respect to its property, plant and equipment. The recoverable amount was based on the fair value less costs to sell determined by reference to an active market at the reporting date.

Leased assets

The Group and the Company lease machinery and motor vehicles under a number of finance lease agreements. The leased assets are the security for the lease obligations (see note 19). As at 31 December 2011, the net carrying amounts of property, plant and equipment for the Group and Company under finance leases were $92,000 (2010: $1,236,000) and $92,000 (2010: $203,000) respectively.

4 Property, plant and equipment (cont'd)

Security

The following property, plant and equipment are pledged as security to secure bank loans (see note 19):

	Group	
	2011	**2010**
	$'000	**$'000**
Leasehold land and buildings	29,366	23,733

Estimation of useful lives of property, plant and equipment

The Group reviews the useful lives of property, plant and equipment at each balance sheet date in accordance with the accounting policy in note 3.4. The estimation of the useful lives involves significant judgement. The net book value of property, plant and equipment at 31 December 2011 was approximately $142 million (2010: $122 million) and the annual depreciation charge for the year ended 31 December 2011 was approximately $33.5 million (2010: $35.1 million). If the actual useful lives of the property, plant and equipment were longer or shorter than the management's estimate by one year on average, the Group's annual depreciation charge would reduce by $8.7 million (2010: $7.6 million) or increase by $13.1 million (2010: $11.4 million) respectively.

5 Goodwill

	Group
	$'000
Cost and carrying amount	
At 31 December 2010 and 31 December 2011	70,953

Goodwill is allocated to the Group's hard disk drive component ("HDD") business.

6 Impairment testing for cash-generating units ("CGUs") containing goodwill and property, plant and equipment

For the purpose of impairment testing, goodwill is allocated to the Group's HDD business.

The aggregate carrying amounts of goodwill allocated and property, plant and equipment attributed to the Group's HDD CGU are as follows:

	2011	2010
	$'000	**$'000**
Property, plant and equipment	92,009	82,510
Goodwill	70,953	70,953
	162,962	153,463

The recoverable amount of the CGU was estimated based on its value in use.

The key assumptions for the value in use calculations are discount rate, revenue growth rate and expected changes to selling prices and direct costs during the periods. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

6 Impairment testing for cash-generating units ("CGUs") containing goodwill and property, plant and equipment (cont'd)

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2011 was determined in a similar manner as in 2010.

The Group prepares cash flow forecasts for the HDD unit derived from the most recent financial budgets approved by management for the next five years based on an estimated annual growth rate ranging from 5% to 67%, giving an estimated average growth rate of 23.8% per annum. The rate used to discount the forecasted cash flows was estimated based on the Group's weighted average cost of capital of 11.95% for 2012 to 2016, which has taken into consideration the current market assessment of the time value of money and the risks specific to the CGU. No terminal value was considered.

The values assigned to the key assumptions represent management's assessment of future trends in the HDD industry and are based on both internal sources (historical data) and external sources including industry forecasts and key customers' long range forecasts. The above estimates are particularly sensitive in the following areas:

- A 1% increase in the discount rate used would have resulted in the HDD unit's carrying amount exceeding its recoverable amount by approximately $7.2 million; and

- A 10% decrease in the future planned revenue would have resulted in the HDD unit's carrying amount exceeding its recoverable amount by approximately $36.8 million.

Management believes that any reasonable change to the above key assumptions will not cause the recoverable value to be lower than the carrying amount of the CGU.

7 Investment properties

	Group $'000	Company $'000
Cost		
At 1 January 2010	3,824	2,434
Effect of movements in exchange rates	(121)	–
At 31 December 2010 and 1 January 2011	3,703	2,434
Effect of movements in exchange rates	11	–
At 31 December 2011	3,714	2,434
Accumulated depreciation		
At 1 January 2010	108	69
Depreciation for the year	76	49
Effect of movements in exchange rates	(6)	–
At 31 December 2010 and 1 January 2011	178	118
Depreciation for the year	74	48
Effect of movements in exchange rates	1	–
At 31 December 2011	253	166
Carrying amounts		
At 1 January 2010	3,716	2,365
At 31 December 2010 and 1 January 2011	3,525	2,316
At 31 December 2011	3,461	2,268

7 Investment properties (cont'd)

At 31 December 2011, the fair values of the Group's and Company's investment properties are $5,300,000 (2010: $4,500,000) and $3,300,000 (2010: $2,800,000) respectively. The fair values are determined by Asian Appraisal Company Pte Ltd, a firm of independent professional valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Investment properties comprise two commercial properties that are leased to third parties. Both leases contain an initial non-cancellable lease period of 2 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. See note 31 for further information.

The investment properties are pledged as security to secure bank loans (see note 19).

8 Subsidiaries

	Company	
	2011	**2010**
	$'000	**$'000**
Equity investments, at cost	144,002	141,176
Allowance for impairment	(1,183)	(1,183)
	142,819	139,993

The movement in the allowance for impairment in respect of investments in subsidiaries during the year was as follows:

	Company	
	2011	**2010**
	$'000	**$'000**
At 1 January	1,183	500
Impairment loss recognised	–	683
At 31 December	1,183	1,183

As at 31 December 2010, one of the Company's subsidiaries – Xinjiang Broadway Advanced Materials Co., Ltd was in the process of filing for liquidation. As a result, the Company recognised an impairment loss of $683,000 during 2010 to write down the cost of its investment in the subsidiary to its recoverable amount.

Details of significant subsidiaries are as follows:

Name of subsidiary	**Country of incorporation**	**Ownership interest**	
		2011	**2010**
Held by the Company:		**%**	**%**
Compart Asia Pte Ltd [(a)]	Singapore	100	100
Shanghai Broadway Packaging & Insulation Materials Co., Ltd [(b)]	People's Republic of China	96.47	96.47
Suzhou Broadway Plastic Packaging Co., Ltd [(b)]	People's Republic of China	100	100
Xinjiang Broadway Advanced Materials Co., Ltd [(c)]	People's Republic of China	60	60

8 Subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Ownership interest 2011	2010
Held by subsidiaries:			
Held by Shanghai Broadway Packaging & Insulation Materials Co., Ltd:			
Wujiang Weltop Co., Ltd [i]	People's Republic of China	96.47	–
Held by Compart Asia Pte Ltd:			
Compart Precision (Shenzhen) Co., Ltd [d]	People's Republic of China	100	100
Compart Technology (Shenzhen) Co., Ltd [d]	People's Republic of China	100	100
Compart Hi-Precision Technologies (Shenzhen) Co., Ltd [d]	People's Republic of China	100	100
Compart Precision Components Manufacturing (Wuxi) Co., Ltd [e]	People's Republic of China	100	100
Compart Engineering, Inc. [f]	United States of America	100	100
Compart Asia Pacific Ltd [g]	Republic of Mauritius	100	100
Compart Precision (Thailand) Co., Ltd [g]	Thailand	99.99	99.99
Compart Hi-Precision Technologies (Suzhou) Co., Ltd [h]	People's Republic of China	100	100
Compart Technologies (Chongqing) Co., Ltd [j]	People's Republic of China	100	100
Compart Technologies (Huizhou) Co., Ltd [k]	People's Republic of China	100	–
Quantum International Limited [f]	Republic of Seychelles	100	100

(a) Audited by KPMG LLP, Singapore, Certified Public Accountants.

(b) Audited by Shanghai LSC Certified Public Accountants Co., Ltd., People's Republic of China. Shanghai Broadway Packaging & Insulation Materials Co., Ltd and Suzhou Broadway Plastic Packaging Co., Ltd are foreign enterprises established in the People's Republic of China on 9 November 1993 and 5 May 1993 respectively for a term of 50 years and 30 years respectively.

(c) The subsidiary is in the process of liquidation as at 31 December 2011.

(d) Audited by Shenzhen Ma Hong, Certified Public Accountants Co., Ltd., People's Republic of China. Compart Precision (Shenzhen) Co., Ltd, Compart Technology (Shenzhen) Co., Ltd and Compart Hi-Precision Technologies (Shenzhen) Co., Ltd are foreign enterprises established in the People's Republic of China on 29 September 1995, 8 September 2004 and 1 March 2007 respectively for a term of 30 years, 50 years and 50 years respectively.

(e) Audited by Wuxi Zhongzheng, Certified Public Accountants Co., Ltd., People's Republic of China. Compart Precision Components Manufacturing (Wuxi) Co., Ltd is a foreign enterprise established in the People's Republic of China on 22 July 2005 for a term of 50 years.

8 Subsidiaries (cont'd)

(f) There is no statutory requirement to prepare audited financial statements in the country of incorporation.
(g) Audited by other member firms of KPMG International.
(h) Audited by Newgrand Certified Public Accountants.
Compart Hi-Precision Technologies (Suzhou) Co., Ltd is a foreign enterprise established in the People's Republic of China on 1 November 2004 for a term of 50 years.
(i) Audited by Shanghai LSC Certified Public Accountants Co., Ltd, People's Republic of China.
The subsidiary is newly acquired during the year (see note 29).
(j) Audited by Chongqing Dahua Certified Public Accountants Co., Ltd, People's Republic of China.
Compart Technologies (Chongqing) Co., Ltd is a foreign enterprise established in the People's Republic of China on 1 November 2010 for a term of 50 years.
(k) Audited by Huizhou Heda Certified Public Accountant Co., Ltd, People's Republic of China.
Compart Technologies (Huizhou) Co., Ltd is a foreign enterprise established in the People's Republic of China on 28 February 2011 for a term of 50 years.

9 Associates

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Investment in associates	1,179	1,114	2,198	2,198
Allowance for impairment	–	–	(2,100)	(2,100)
	1,179	1,114	98	98

Details of the associates are as follows:

Name of associate	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Held by the Company:			
Toho Foam (Thailand) Company Limited ^	Thailand	24.22	24.22
Held by subsidiaries:			
Held by Suzhou Broadway Plastic Packaging Co., Ltd:			
Styrostone Broadway Green Building System (Shanghai) Co., Ltd *	People's Republic of China	40	40
Held by Shanghai Broadway Packaging & Insulation Materials Co., Ltd:			
Shanghai Kiddy Children's Products Co., Ltd #	People's Republic of China	38.59	38.59

^ Audited by Briskal CPA Co., Ltd, Thailand.
* Audited by Shanghai Qiu Xin CPAs Co., Ltd, People's Republic of China.
# Audited by Shanghai LSC Certified Public Accountants Co., Ltd., People's Republic of China.

The summarised financial information of the associates is not disclosed as the amounts are not significant.

10 Loans to subsidiaries

	Company	
	2011	2010
	$'000	$'000
Loans to subsidiaries	3,253	3,252
Allowance for impairment	(1,971)	(1,971)
	1,282	1,281

The movement in the allowance for impairment in respect of loans to subsidiaries during the year was as follows:

	Company	
	2011	2010
	$'000	$'000
At 1 January	1,971	1,961
Impairment loss recognised	–	10
At 31 December	1,971	1,971

The loans to subsidiaries have no fixed repayment terms and form part of the Company's net investment in the subsidiaries. The loans are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Company's net investment in the entities, they are stated at cost less accumulated impairment loss.

11 Loans to investee companies

	Group and Company	
	2011	2010
	$'000	$'000
Loans to investee companies	2,414	809
Allowance for impairment	(1,112)	–
	1,302	809

The loans to investee companies are unsecured, bear interest at 5% to 8% annually, and are repayable by 31 December 2014.

The movement in the allowance for impairment in respect of loans to investee companies during the year was as follows:

	Group and Company	
	2011	2010
	$'000	$'000
At 1 January	–	–
Impairment loss recognised	1,112	–
At 31 December	1,112	–

The Group's exposure to credit and currency risks related to loans to investee companies is disclosed in note 22.

12 Other investments

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Available-for-sale unquoted equity securities	1,471	1,471	1,366	1,366
Allowance for impairment	(236)	(236)	(236)	(236)
	1,235	1,235	1,130	1,130
Transferable club memberships, at cost	114	114	47	47
	1,349	1,349	1,177	1,177

The Group's exposure to credit risk and fair value information related to other investments are disclosed in note 22.

13 Financial derivatives

	Fair value			
	Asset		Liability	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-hedging instruments				
Non-current				
Currency forwards and options	907	–	9,095	–
Current				
Currency forwards and options	5,498	2,035	16,383	887
	6,405	2,035	25,478	887

14 Deferred tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses for certain subsidiaries amounting to approximately $40,183,000 (2010: $34,682,000), of which $38,140,000 (2010: $32,639,000) will expire between 2012 and 2031 (2010: 2012 and 2030) as follows:

	Group 2011 $'000	Group 2010 $'000
Within one year	94	88
Between one and three years	17,268	16,505
Between three and five years	4,177	67
More than five years	16,601	15,979
	38,140	32,639

The remaining tax losses do not expire under current tax legislation. These tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in the relevant entities against which the Group can utilise the benefits therefrom.

14 Deferred tax assets and liabilities (cont'd)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Group				
Property, plant and equipment	7,980	6,747	(295)	(318)

Movement in temporary differences during the year

	At 1 January 2010	Recognised in profit or loss (note 26)	Exchange differences	At 31 December 2010	Recognised in profit or loss (note 26)	Exchange differences	At 31 December 2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Property, plant and equipment	5,452	1,511	(534)	6,429	1,171	85	7,685

15 Inventories

	Group	
	2011	2010
	$'000	$'000
Raw materials	25,111	17,334
Work-in-progress	22,779	11,042
Finished goods	28,859	21,758
Spare parts and others	6,025	3,260
	82,774	53,394

In 2011, raw materials, spare parts and others and changes in work-in-progress and finished goods recognised as cost of sales amounted to $481,971,000 (2010: $504,973,000).

In 2011, the write-down of inventories to net realisable value by the Group amounted to $171,000 (2010: $1,079,000). The write-down is included in cost of sales.

During 2011, the Group recognised a write-off of inventories of $1,827,000 due to damages arising from the Thailand floods. The write-off is included in other expenses.

16 Trade and other receivables

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade receivables	94,773	121,613	–	–
Deposits	2,034	2,322	64	57
Amounts due from subsidiaries (non-trade)	–	–	3,565	5,249
Amounts due from an associate				
- trade	639	554	–	–
- non-trade	252	237	–	–
- loan	1,126	391	–	–
Other receivables	11,500	4,050	314	–
Loans and receivables	110,324	129,167	3,943	5,306
Prepayments	10,255	8,711	30	163
	120,579	137,878	3,973	5,469

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

The amounts due from an associate are unsecured, interest-free and repayable on demand, except for the loan to an associate which bears interest at 8% per annum.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 22.

17 Cash and cash equivalents

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Cash at bank and in hand	36,000	30,829	49	2,054
Fixed deposits with financial institutions	17,674	4,907	5	5
Cash and cash equivalents in the statement of financial position	53,674	35,736	54	2,059
Fixed deposits pledged	(5)	(5)		
Cash and cash equivalents in the consolidated statement of cash flows	53,669	35,731		

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the balance sheet date for the Group and Company are 0.05% (2010: 0.04%) and 0.0008% (2010: 0.00002%) respectively.

Fixed deposits with financial institutions have an average maturity of 4 months (2010: 6 months) from the end of the financial year.

Fixed deposits pledged represent bank balances of certain subsidiaries pledged as security to obtain credit facilities.

The use of certain subsidiaries' cash and cash equivalent of $17,663,000 (2010: $4,896,000) is restricted to working capital purposes in accordance with the terms stipulated in the fixed deposits agreements entered by the subsidiaries with the bankers.

18 Capital and reserves

Share capital

	Group and Company	
	No. of shares	No. of shares
	2011	2010
	'000	'000
Ordinary shares		
On issue at 1 January	207,906	206,152
Exercise of share options	315	1,754
Bonus issue	208,221	–
On issue at 31 December	416,442	207,906

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued. All shares rank equally with regard to the Company's residual assets.

All issued shares are fully paid, with no par value.

During the financial year, bonus shares of 208,221,000 fully paid ordinary shares were issued to shareholders of the Company in the proportion of 1 share for every 1 share held.

Issue of ordinary shares

315,000 (2010: 1,754,000) ordinary shares were issued during the year as a result of the exercise of vested options arising from the BIGL Share Option Scheme 2001 granted to employees and non-executive directors.

The Group has also issued share options during the year (see note 20).

Reserves

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Reserve for own shares	(393)	(237)	(393)	(237)
Capital reserve	2,924	2,924	–	–
Share option reserve	525	393	525	393
Asset revaluation reserve	870	870	–	–
Translation reserve	(16,256)	(19,208)	–	–
	(12,330)	(15,258)	132	156

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2011, the Group held 956,000 (2010: 240,000) of the Company's shares.

Capital reserve

Capital reserve mainly arises from the restructuring of the Compart Group in 2004.

18 Capital and reserves (cont'd)

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When options are exercised, the cumulative amount in the share option reserve which relates to the valuable consideration received in the form of employee services is transferred to share capital.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of leasehold land and buildings.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Retained earnings

The retained earnings of the Group include an accumulated loss amounting to $1,065,000 (2010: $1,130,000) attributable to associates.

Included in the Group's retained earnings is an amount of $12,018,000 (2010: $10,932,000) relating to statutory surplus reserve and $431,000 (2010: $431,000) relating to legal reserve.

According to the relevant People's Republic of China ("PRC") regulations, the subsidiaries in the PRC are required to transfer 10% of profit after taxation, as determined under Generally Accepted Accounting Principles of the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the entity's registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners.

According to Thailand's Civil and Commercial Code, the subsidiary in Thailand is required to allocate not less than 5% of its net profit to the legal reserve upon each dividend distribution, until the reserve balance reaches an amount not less than 10% of the subsidiary's registered share capital.

Dividends

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company	
	2011	**2010**
	$'000	**$'000**
0.50 cents (2010: 1.00 cents*) per qualifying ordinary share	2,077	4,153

* After adjustment for one-for-one bonus share issue in 2011.

19 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk, see note 22.

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans	75,060	8,423	–	–
Finance lease liabilities	105	162	105	162
	75,165	8,585	105	162
Current liabilities				
Secured bank loans	55,091	42,680	–	931
Unsecured bank loans	6,170	3,283	2,000	2,000
Finance lease liabilities	57	754	57	57
	61,318	46,717	2,057	2,988
	136,483	55,302	2,162	3,150

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

			2011		2010	
	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group						
Secured bank loans (SGD)	1.86% - 2.81%	2011	–	–	2,496	2,496
Secured bank loans (RMB)	7.54% - 8.46%	2012	10,679	10,679	9,791	9,791
Secured bank loans (USD)	1.85% - 4.25%	2012 – 2014	113,574	113,574	38,816	38,816
Secured bank loans (THB)	4.20% - 5.28%	2012	5,898	5,898	–	–
Unsecured bank loans (SGD)	2.83%	2012	2,000	2,000	2,000	2,000
Unsecured bank loans (RMB)	6.10%	2012	4,170	4,170	–	–
Unsecured bank loans (USD)	2.76%	2011	–	–	1,283	1,283
Finance lease liabilities	2.50%	2014	162	162	916	916
			136,483	136,483	55,302	55,302
Company						
Bank loans	2.83%	2012	2,000	2,000	2,931	2,931
Finance lease liabilities	2.50%	2014	162	162	219	219
			2,162	2,162	3,150	3,150

Secured bank loans of the Group amounting to $130,151,000 (2010: $51,103,000) are secured by legal charges over the Group's leasehold land and buildings with a carrying amount of $29,366,000 (2010: $23,733,000) (see note 4), investment properties with a carrying amount of $3,461,000 (2010: $3,525,000) (see note 7) and guarantees issued by certain subsidiaries.

As at 31 December 2010, secured bank loans of the Company amounting to $931,000 were secured by its investment property with a carrying amount of $2,316,000 (see note 7).

19 Loans and borrowings (cont'd)

Breach of loan covenants

The Group has secured bank loans of $43.4 million at 31 December 2011. According to the terms of the loan agreements, these loans are repayable in tranches over the next 3 years. However, these loans contain debt covenants requiring the Group to maintain a minimum consolidated tangible net worth of $150 million and Compart Asia Pte Ltd and its subsidiaries' ("Compart Group") consolidated total liabilities to Compart Group's net worth cannot exceed 2 to 1.

As at 31 December 2011, the Group's consolidated tangible net worth amounted to $140 million and Compart Group's consolidated total liabilities to its net worth exceeded 2 to 1. Management had obtained waivers from the banks in December 2011, so that these bank loans are not payable upon demand at 31 December 2011.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2011 $'000	Interest 2011 $'000	Principal 2011 $'000	Future minimum lease payments 2010 $'000	Interest 2010 $'000	Principal 2010 $'000
Group						
Within one year	67	10	57	778	24	754
Between one and five years	129	24	105	190	28	162
	196	34	162	968	52	916
Company						
Within one year	67	10	57	67	10	57
Between one and five years	129	24	105	190	28	162
	196	34	162	257	38	219

Intra-group financial guarantees

As at 31 December 2011, intra-group financial guarantees comprise corporate guarantees granted by the Company to banks in respect of banking facilities amounting to $184,297,000 (2010: $115,220,000) used by its subsidiaries. The corporate guarantees are valid as long as the banking facilities are provided to the subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

20 Share-based payment arrangements

Description of the share-based payment arrangements

At 31 December 2011, the Group has the following share-based payment arrangements:

20 Share-based payment arrangements (cont'd)

Share option programme (equity-settled)

The BIGL Share Option Scheme 2001 (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2001. In accordance with the programme, market price options are exercisable at the average market price of the shares three days preceding the date of grant and incentive options are exercisable at a discount not exceeding 20% of the market price at the time of grant. The Scheme expired on 7 November 2011.

Terms and conditions of share option programme

The terms and conditions relating to the grants of the share option programme are as tabled below. All options are to be settled by physical delivery of shares.

Grant date	Number of instruments	Vesting conditions	Contractual life of options
Option grant to non-executive directors on 26 March 2008	200,000	1 year's service	5 years
Option grant to employees on 6 March 2009	16,000	1 year's service	10 years
Option grant to employees on 2 June 2009	200,000	2 years' service	10 years
Option grant to employees on 3 March 2010	1,220,000	1 year's service	10 years
Option grant to non-executive directors on 3 March 2010	200,000	1 year's service	5 years
Option grant to employees on 11 May 2010	230,000	1 year's service	10 years
Option grant to non-executive directors on 4 March 2011	200,000	1 year's service	5 years
Option grant to employees on 10 May 2011	200,000	1 year's service	10 years
Total share options	2,466,000		

Disclosure of share option programme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2011 $	Number of options 2011	Weighted average exercise price 2010 $	Number of options 2010
Outstanding at 1 January	0.83	1,383,000	0.45	2,224,000
Granted during the year	1.00	200,000	0.92	1,125,000
Bonus issue during the year (see note 35)	–	1,248,000	–	–
Exercised during the year	0.81	(315,000)	0.42	(1,754,000)
Forfeited during the year	0.63	(50,000)	0.65	(212,000)
Outstanding at 31 December	0.43	2,466,000	0.83	1,383,000
Exercisable at 31 December	0.42	2,066,000	0.62	208,000

The options outstanding at 31 December 2011 have an exercise price in the range of $0.07 to $0.565 (2010: $0.14 to $1.13) and a weighted average contractual life of 9 years (2010: 9 years).

The weighted average share price at the date of exercise of share options exercised in 2011 was $0.525 (2010: $1.02).

20 Share-based payment arrangements (cont'd)

Inputs for measurement of grant date fair values

The grant date fair value of the share-based payment plan was measured based on the Trinomial Option Pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plan are as follows:

	08 March 2007	26 March 2008	06 March 2009	02 June 2009	03 March 2010	11 May 2010	04 March 2011	10 May 2011
Fair value of share options and assumptions								
Fair value at grant date	$0.30	$0.23	$0.08	$0.25	$0.29	$0.44	$0.19	$0.19
Share price at grant date	$0.62	$0.67	$0.15	$0.35	$0.86	$1.13	$0.99	$1.01
Exercise price*	$0.60	$0.66	$0.14	$0.28	$0.90	$1.13	$1.00	$1.02
Expected volatility (weighted average volatility)	53%	46%	113%	126%	54%	57%	31%	29%
Option life (expected weighted average life)	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Expected dividends	3%	3%	3%	3%	3%	3%	4%	4%
Risk-free interest rate (based on government bonds)	2.93%	1.50%	1.05%	1.35%	1.30%	1.05%	1.14%	1.10%

** Not adjusted for one-for-one bonus share issue.*

Share Plan

The BIGL Share Plan (the Plan) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 28 July 2010. The Plan is administered by the Remuneration Committee, comprising two directors, Eu Yee Ming Richard and Lee Chow Soon.

The Plan is intended to reward, retain and motivate employees to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to outstanding employees of the Group and/or associated companies.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Plan.

Employees of the Group and/or associated companies shall be eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the Group and associated companies, controlling shareholders and their associates will not be eligible to participate in the Plan.

On 4 March 2011, 527,000 share awards were granted conditionally under the Plan. The actual number of shares awarded will depend on the achievement of set targets over a four-year period. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a four-year vesting period in the ratio of 0%, 25%, 25% and 50% consecutively.

20 Share-based payment arrangements (cont'd)

The details of the awards granted under the Plan are as follows:

Date of grant of share awards	Share awards granted during the financial year ended 31 December 2011	Adjustment for one-for-one bonus share issue	Share awards forfeited	Share awards not released at 31 December 2011
4 March 2011	527,000	527,000	(26,000)	1,028,000

Inputs for measurement of grant date fair values

The grant date fair value of the share plan was measured based on the Trinomial Option Pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share plan are as follows:

	4 March 2011
Fair value of share awards and assumptions	
Fair value at grant date	$0.8675
Share price at grant date	$0.985
Expected volatility (weighted average volatility)	31.40%
Share award life (expected weighted average life)	4 years
Expected dividends	4.06%
Risk-free interest rate (based on government bonds)	0.70%

The aggregate number of shares available under the Scheme, the Plan and any other applicable share-based schemes shall not exceed 15% of the Company's total issued shares (excluding treasury shares).

Employee expenses

	Group	
	2011 $'000	2010 $'000
Equity-settled share-based payment:		
Share options	96	294
Share awards	127	–
	223	294

21 Trade and other payables

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade payables	68,440	82,280	–	–
Fees payable to directors of the Company	148	157	148	157
Other payables	9,680	9,632	321	169
Amount due to a subsidiary (non-trade)	–	–	354	–
Payables for purchase of property, plant and equipment	2,858	23,683	–	–
Accrued expenses	22,286	22,470	1,671	1,078
	103,412	138,222	2,494	1,404

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

21 Trade and other payables (cont'd)

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

22 Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral respect of its financial assets.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries.

Except for the intra-group financial guarantees given by the Company as set out in note 19, the Group and the Company do not provide any guarantees which would expose the Group or the Company to credit risk. The maximum exposure of the Company in respect of the intra-group financial guarantee at the end of the reporting period is, if the facilities are drawn down by the subsidiaries, in the amount of $184,297,000 (2010: $115,220,000).

22 Financial instruments (cont'd)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group's business is highly reliant on a few major customers and their affiliated companies. Sales to these customers account for a majority of the Group's total revenue. Approximately 65% (2010: 72%) of the Group's revenue is attributable to sale transactions with three major customers.

The Group has policies in place to ensure sales of products are made to customers with an appropriate credit history and monitors their balances on an ongoing basis. The Group does not require collateral in respect of trade and other receivables.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date by type of counterparty was:

	Group Carrying amount		Company Carrying amount	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Foam plastics	54,290	40,281	–	–
Components*	55,655	88,830	–	–
Others	379	56	3,943	5,306
	110,324	129,167	3,943	5,306

* Components comprise Hard disk drive and Non-Hard disk drive.

The Group's three most significant customers, components manufacturers, account for $40,572,000 (2010: $79,851,000) of the consolidated trade and other receivables balance (excluding prepayments) at 31 December 2011.

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The ageing of trade and other receivables (excluding prepayments) that were not impaired at the reporting date was:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Not past due	90,805	115,608	1,566	531
Past due 1 – 30 days	10,846	8,181	–	6
Past due 31 – 120 days	4,504	2,705	–	112
More than 120 days	4,169	2,673	2,377	4,657
	110,324	129,167	3,943	5,306

22 Financial instruments (cont'd)

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
At 1 January	600	1,812
Impairment loss recognised	183	106
Impairment loss written off	(65)	(1,318)
At 31 December	718	600

The Group and the Company believes that the unimpaired amounts that are past due are still collectible, based on historic payment behaviour.

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2011, the Group and the Company does not have any collective impairment on its loans and receivables (2010: Nil).

Cash and cash equivalents

The Group held cash and cash equivalents of $53,674,000 at 31 December 2011 (2010: $35,736,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa1 to Baa3, based on Moody's ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2011, the Group maintains $95.8 million (2010: $104 million) of uncommitted credit facilities that can be drawn down to meet short-term financing needs.

The Group has contractual commitments to purchase property, plant and equipment (see note 32).

22 Financial instruments (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Between 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2011					
Non-derivative financial liabilities					
Variable interest rate loans	102,011	(103,590)	(27,387)	(76,203)	–
Fixed interest rate loans	34,310	(34,798)	(34,798)	–	–
Finance lease liabilities	162	(196)	(67)	(129)	–
Trade and other payables	103,412	(103,412)	(103,412)	–	–
	239,895	(241,996)	(165,664)	(76,332)	–
Derivative financial liabilities					
Forward exchange contracts:					
- Outflow	25,478	(25,478)	(16,383)	(9,095)	–
- Inflow	(6,405)	6,405	5,498	907	–
	19,073	(19,073)	(10,885)	(8,188)	–
	258,968	(261,069)	(176,549)	(84,520)	–
2010					
Non-derivative financial liabilities					
Variable interest rate loans	24,440	(25,384)	(16,676)	(8,708)	–
Fixed interest rate loans	29,946	(30,113)	(30,113)	–	–
Finance lease liabilities	916	(968)	(778)	(190)	–
Trade and other payables	138,222	(138,222)	(138,222)	–	–
	193,524	(194,687)	(185,789)	(8,898)	–
Derivative financial liabilities					
Forward exchange contracts:					
- Outflow	887	(887)	(887)	–	–
- Inflow	(2,035)	2,035	2,035	–	–
	(1,148)	1,148	1,148	–	–
	192,376	(193,539)	(184,641)	(8,898)	–
Company					
Non-derivative financial liabilities					
2011					
Fixed interest rate loans	2,000	(2,019)	(2,019)	–	–
Finance lease liabilities	162	(196)	(67)	(129)	–
Trade and other payables	2,494	(2,494)	(2,494)	–	–
	4,656	(4,709)	(4,580)	(129)	–
2010					
Variable interest rate loans	931	(935)	(935)	–	–
Fixed interest rate loans	2,000	(2,011)	(2,011)	–	–
Finance lease liabilities	219	(257)	(67)	(190)	–
Trade and other payables	1,404	(1,404)	(1,404)	–	–
	4,554	(4,607)	(4,417)	(190)	–

22 Financial instruments (cont'd)

The maturity analyses show the undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

For derivative financial instruments, the cash inflows/(outflows) represent the contractual undiscounted cash flows relating to these instruments. The amounts are compiled on a net basis for derivatives that are net-settled. Gross inflows and outflows are included for derivatives that are gross-settled on a simultaneous basis. Net-settled derivative financial assets are included in the maturity analyses as they are held to manage the cash flow variability.

It is not expected that the cash flows included in the maturity analyses of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines approved by the Board of Directors.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Singapore dollar, United States dollar (US dollar) and Chinese Renminbi. The currencies in which these transactions primarily are denominated are Singapore dollar, US dollar, Chinese Renminbi, Thai Baht and Japanese Yen.

The Group uses forward exchange contracts to manage its currency risk, with a maximum tenor of 24 months.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily US dollar and Chinese Renminbi. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

Exposure to currency risk

The summary of quantitative data about the Group's and the Company's exposure to foreign currency risk as provided to the management of the Group based on its risk management policy was as follows:

Group	**Singapore dollar $'000**	**US dollar $'000**	**Chinese Renminbi $'000**	**Thai Baht $'000**
31 December 2011				
Loans to investee companies	–	1,302	–	–
Trade and other receivables	–	20,754	13,782	600
Cash and cash equivalents	1,677	6,642	9,436	861
Loans and borrowings	–	(26,275)	(5,258)	(5,898)
Trade and other payables	(85)	(6,030)	(31,238)	(4,012)
Net statement of financial position exposure	1,592	(3,607)	(13,278)	(8,449)
Forward exchange contracts	(10,939)	–	(8,134)	–
Net exposure	(9,347)	(3,607)	(21,412)	(8,449)

22 Financial instruments (cont'd)

Group	Singapore dollar $'000	US dollar $'000	Chinese Renminbi $'000	Thai Baht $'000	Japanese Yen $'000
31 December 2010					
Loan to investee company	–	809	–	–	–
Trade and other receivables	–	16,653	9,106	22,874	–
Cash and cash equivalents	141	5,480	7,263	3,924	17
Loans and borrowings	(1,565)	–	(7,440)	–	–
Trade and other payables	(56)	(5,427)	(25,036)	(22,458)	(21,967)
Net statement of financial position exposure	(1,480)	17,515	(16,107)	4,340	(21,950)
Forward exchange contracts	387	–	277	–	511
Net exposure	(1,093)	17,515	(15,830)	4,340	(21,439)
Company					
31 December 2011					
Loan to investee company	–	1,302	–	–	–
31 December 2010					
Loan to investee company	–	809	–	–	–

Sensitivity analysis

A 10% strengthening of the functional currencies of the Company and its subsidiaries against the Singapore dollar, US dollar, Chinese Renminbi, Thai Baht and Japanese Yen at 31 December would have decreased/(increased) loss before tax (2010: increased/(decreased) profit before tax) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010, as indicated below:

	Group Profit before tax $'000	Company Profit before tax $'000
31 December 2011		
Singapore dollar	935	–
US dollar	361	(130)
Chinese Renminbi	2,141	–
Thai Baht	845	–
31 December 2010		
Singapore dollar	109	–
US dollar	(1,752)	(81)
Chinese Renminbi	1,583	–
Thai Baht	(434)	–
Japanese Yen	2,144	–

A 10% weakening of the functional currencies of the Company and its subsidiaries against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

22 Financial instruments (cont'd)

Interest rate risk

The Group adopts a policy of ensuring that between 20% and 60% of its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying amount		Company Carrying amount	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Fixed rate instruments				
Financial assets	18,976	5,716	1,307	814
Financial liabilities	(34,472)	(30,862)	(2,162)	(2,219)
	(15,496)	(25,146)	(855)	(1,405)
Variable rate instruments				
Financial assets	36,000	30,829	49	2,054
Financial liabilities	(102,011)	(24,440)	–	(931)
	(66,011)	6,389	49	1,123

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased/(increased) loss before tax (2010: increased/(decreased) profit before tax) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit before tax	
	100 bp increase	**100 bp decrease**
Group	**$'000**	**$'000**
31 December 2011		
Variable rate instruments	(660)	660
31 December 2010		
Variable rate instruments	64	(64)
Company		
31 December 2011		
Variable rate instruments	–	–
31 December 2010		
Variable rate instruments	11	(11)

22 Financial instruments (cont'd)

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the average return on capital, which the Group defines as net operating income divided by total average shareholders' equity excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company has a mandate to issue shares to employees of the Group of up to 15% of the Company's ordinary shares (excluding treasury shares held). At present, employees hold 1.7% of ordinary shares, or just under 2.2% assuming that all outstanding share options and share awards vest and/or are exercised.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In 2011, the return on average shareholders' equity was -3.3% (2010: 21.4%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 3.17% (2010: 4.64%).

The Group's net debt to equity ratio at the balance sheet date was as follows:

	2011 $'000	2010 $'000
Total liabilities	279,621	211,000
Less: Cash and cash equivalents	(53,674)	(35,736)
Net debt	225,947	175,264
Total equity	212,361	224,725
Net debt to equity ratio at 31 December	1.06	0.78

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. The shares are primarily intended to be used for issuing shares under the Group's share option and share award programme.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements, other than as disclosed in note 19.

22 Financial instruments (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	Note	Loans and receivables $'000	Available-for-sale $'000	Fair value -hedging instruments $'000	Other financial liabilities within the scope of FRS 39 $'000	Other liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
31 December 2011								
Cash and cash equivalents	17	53,674	–	–	–	–	53,674	53,674
Trade and other receivables	16	110,324	–	–	–	–	110,324	110,324
Financial derivative assets	13	–	–	6,405	–	–	6,405	6,405
Loans to investee companies	11	1,302	–	–	–	–	1,302	1,220
Available-for-sale equity securities	12	–	1,235	–	–	–	1,235	1,235
		165,300	1,235	6,405	–	–	172,940	172,858
Financial derivative liabilities	13	–	–	(25,478)	–	–	(25,478)	(25,478)
Bank loans	19	–	–	–	(136,321)	–	(136,321)	(136,321)
Finance lease liabilities	19	–	–	–	–	(162)	(162)	(154)
Trade and other payables	21	–	–	–	(103,412)	–	(103,412)	(103,412)
		–	–	(25,478)	(239,733)	(162)	(265,373)	(265,365)
31 December 2010								
Cash and cash equivalents	17	35,736	–	–	–	–	35,736	35,736
Trade and other receivables	16	129,167	–	–	–	–	129,167	129,167
Financial derivative assets	13	–	–	2,035	–	–	2,035	2,035
Loan to investee company	11	809	–	–	–	–	809	749
Available-for-sale equity securities	12	–	1,235	–	–	–	1,235	1,235
		165,712	1,235	2,035	–	–	168,982	168,922
Financial derivative liabilities	13	–	–	(887)	–	–	(887)	(887)
Bank loans	19	–	–	–	(54,386)	–	(54,386)	(54,386)
Finance lease liabilities	19	–	–	–	–	(916)	(916)	(875)
Trade and other payables	21	–	–	–	(138,222)	–	(138,222)	(138,222)
		–	–	(887)	(192,608)	(916)	(194,411)	(194,370)

22 Financial instruments (cont'd)

Company	Note	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Other liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
31 December 2011							
Cash and cash equivalents	17	54	–	–	–	54	54
Trade and other receivables	16	3,943	–	–	–	3,943	3,943
Loans to investee companies	11	1,302	–	–	–	1,302	1,220
Available-for-sale equity securities	12	–	1,130	–	–	1,130	1,130
		5,299	1,130	–	–	6,429	6,347
Bank loans	19	–	–	(2,000)	–	(2,000)	(2,000)
Finance lease liabilities	19	–	–	–	(162)	(162)	(154)
Trade and other payables	21	–	–	(2,494)	–	(2,494)	(2,494)
		–	–	(4,494)	(162)	(4,656)	(4,648)
31 December 2010							
Cash and cash equivalents	17	2,059	–	–	–	2,059	2,059
Trade and other receivables	16	5,306	–	–	–	5,306	5,306
Loan to investee company	11	809	–	–	–	809	749
Available-for-sale equity securities	12	–	1,130	–	–	1,130	1,130
		8,174	1,130	–	–	9,304	9,244
Bank loans	19	–	–	(2,931)	–	(2,931)	(2,931)
Finance lease liabilities	19	–	–	–	(219)	(219)	(209)
Trade and other payables	21	–	–	(1,404)	–	(1,404)	(1,404)
		–	–	(4,335)	(219)	(4,554)	(4,544)

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the prevailing market borrowing rates which are available to the Group at the reporting date, and were as follows:

	Group 2011 %	Group 2010 %
Bank loans	1.85 – 8.46	1.86 – 6.40
Finance lease liabilities	4.99	4.50 – 4.99

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22 Financial instruments (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2011				
Available-for-sale unquoted equity securities	–	806	429	1,235
Forward exchange contracts				
- Derivative financial assets	–	6,405	–	6,405
Total assets	–	7,211	429	7,640
Forward exchange contracts				
- Derivative financial liabilities	–	(25,478)	–	(25,478)
	–	(18,267)	429	(17,838)
31 December 2010				
Available-for-sale unquoted equity securities	–	806	429	1,235
Forward exchange contracts				
- Derivative financial assets	–	2,035	–	2,035
Total assets	–	2,841	429	3,270
Forward exchange contracts				
- Derivative financial liabilities	–	(887)	–	(887)
	–	1,954	429	2,383
Company				
31 December 2011				
Available-for-sale unquoted equity securities	–	805	325	1,130
31 December 2010				
Available-for-sale unquoted equity securities	–	805	325	1,130

There has been no transfer of the Group's and the Company's financial assets and financial liabilities to/from other levels during the year.

23 Revenue

	Group	
	2011 $'000	2010 $'000
Sale of goods	541,469	595,258

24 Finance income and costs

	Group 2011 $'000	Group 2010 $'000
Interest income:		
- fixed deposits	410	305
- loans to investee companies	106	42
- loan to an associate	43	–
- banks	234	–
Finance income	793	347
Interest expense:		
- bank loans	(3,164)	(2,939)
- finance lease liabilities	(23)	(61)
Finance costs	(3,187)	(3,000)
Net finance costs recognised in profit or loss	(2,394)	(2,653)

25 (Loss)/Profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Note	Group 2011 $'000	Group 2010 $'000
Audit fees paid to:			
- auditors of the Company		531	466
- other auditors		242	158
(Gain)/Loss on disposal of property, plant and equipment		(86)	212
Impairment loss on property, plant and equipment	4	3,742	192
Inventories write-off arising from Thailand floods		1,827	–
Impairment loss on loan to an investee company		1,112	–
Fair value change on financial derivatives		19,567	(705)
Foreign exchange gain		(9,122)	(1,469)
Operating lease expense		11,847	10,627
Changes in raw materials, work-in-progress, finished goods and spare parts and others	15	481,971	504,973
Depreciation expense	4,7	33,524	35,161
Employee benefits expense (see below)		111,025	97,983
Directors' fees		131	147
Rental income from investment property leases		(206)	(277)
Government grants – Jobs Credit Scheme		–	(11)

Employee benefits expense

	2011 $'000	2010 $'000
Salaries, bonuses and other costs	104,065	93,133
Contributions to defined contribution plans	6,737	4,556
Equity-settled share-based payment transactions	223	294
	111,025	97,983

26 Tax expense

	Note	Group 2011 $'000	Group 2010 $'000
Current tax expense			
Current year		4,178	4,752
Overprovided in prior years		(1,366)	(96)
		2,812	4,656
Deferred tax expense			
Origination and reversal of temporary differences	14	(1,171)	(1,511)
Total tax expense		1,641	3,145

	Group 2011 $'000	Group 2010 $'000
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(5,774)	47,595
Income tax using Singapore tax rate of 17%	(982)	8,091
Effect of different tax rates in foreign jurisdictions	(883)	785
Non-deductible expenses	5,616	1,060
Tax exempt income	(1,181)	(2,715)
Income taxed at preferential tax rate outside Singapore	(186)	(5,391)
Tax benefits from tax losses not recognised	603	1,435
Overprovided in prior years	(1,366)	(96)
Others	20	(24)
	1,641	3,145

Details of the Group's tax incentives are as follows:

Previously, certain subsidiaries in the People's Republic of China were entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year was exempted from income tax in the People's Republic of China and the profit of the subsequent three financial years was taxed at 50% of the prevailing tax rate set by the local authority. A new Corporate Income Tax Law which took effect on 1 January 2008 states that subsidiaries in the People's Republic of China which have not utilised their five-years tax concessions under the old tax law will be required to utilise their first-year of tax concession commencing from 2008.

As at 31 December 2011, Compart Hi-Precision Technologies (Shenzhen) Co., Ltd and Compart Technology (Shenzhen) Co., Ltd are in the fifth year of the tax concession period.

Tax sparing credits are available to a Mauritius subsidiary, Compart Asia Pacific Ltd, whereby the subsidiary is entitled to a deemed credit of 80% of the tax on its foreign source income.

A subsidiary in Thailand, Compart Precision (Thailand) Co., Ltd is under tax holiday in accordance with the provisions of the Industrial Investment Promotion Act of B.E. 2520 that grants exemption from payment of corporate income tax for a period of seven years from the date on which the income is first derived from the promoted business. The exemption was subsequently renewed in 2009. The tax holiday expires in 2017.

26 Tax expense (cont'd)

Measurement of provision for income taxes

The Group derives a substantial amount of its profit from manufacturing and trading activities across several countries before the sale of final products to ultimate customers and is therefore subject to income taxes in several jurisdictions. Significant judgement is required in determining the taxable profit in each of the tax jurisdictions during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Therefore, the Group recognises tax liabilities based on its assessment of whether it is probable, that additional taxes and interests will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multi-faceted judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

As at 31 December 2011, the portion of the Group's provision for income taxes subject to significant judgement and uncertainty amounted to $12.6 million (2010: $14.4 million). If the actual final outcome differs by 10% from management's estimates, the Group's income tax liability taken up in the financial statements would reduce or increase by $1,260,000 (2010: $1,440,000).

27 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2011 was based on the loss attributable to ordinary shareholders of $7,211,000 (2010: profit attributable to ordinary shareholders of $44,969,000), and a weighted average number of ordinary shares outstanding of 415,573,000 (2010: 414,500,000), calculated as follows:

Weighted average number of ordinary shares

		Group	
	Note	2011 No. of shares '000	2010* No. of shares '000
Issued ordinary shares at 1 January	18	207,906	206,152
Effect of bonus issue		207,875	207,250
Effect of own shares held		(417)	(25)
Effect of share options exercised		209	1,123
Weighted average number of ordinary shares at 31 December		415,573	414,500

* The 2010 comparative figures have been adjusted for the bonus issue in 2011.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2011 was based on loss attributable to ordinary shareholders of $7,211,000 (2010: profit attributable to ordinary shareholders of $44,969,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 415,573,000 (2010: 415,082,000), calculated as follows:

27 Earnings per share (cont'd)

Weighted average number of ordinary shares (diluted)

	Group	
	2011	2010*
	No. of shares	No. of shares
	'000	'000
Weighted average number of ordinary shares (basic)	415,573	414,500
Effect of share options on issue	–	582
Weighted average number of ordinary shares (diluted) at 31 December	415,573	415,082

* The 2010 comparative figures have been adjusted for the bonus issue in 2011.

At 31 December 2011, 2,466,000 (2010: 115,000) options and 1,028,000 (2010 : Nil) share awards were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

28 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Chairman (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Foam plastics: Manufacture and sale of expandable foam plastics for packaging, insulation and other applications.
- Hard disk drive: Manufacture and distribution of actuator arms and related assembly for the Hard disk drive industry.
- Non-Hard disk drive: Manufacture and distribution of precision machined components for industrial products used mainly in automotive and semi-conductor sectors.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

28 Operating segments (cont'd)

Information about reportable segments

	Foam plastics		Hard disk drive		Non-Hard disk drive		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
External revenue, representing consolidated revenue	152,248	123,492	342,817	424,074	46,404	47,692	541,469	595,258
Finance income	73	62	592	242	1	1	666	305
Finance costs	(802)	(351)	(1,958)	(1,671)	(321)	(231)	(3,081)	(2,253)
Depreciation	(5,619)	(4,105)	(20,699)	(23,849)	(6,993)	(7,000)	(33,311)	(34,954)
Share of profit of associates	65	94	–	–	–	–	65	94
Reportable segment profit/(loss) before tax	8,898	7,658	3,123	36,596	(281)	2,845	11,740	47,099
Other material non-cash items:								
- Inventories write-down	–	–	(1,827)	–	–	–	(1,827)	–
- Impairment losses on property, plant and equipment	–	–	(3,742)	–	–	–	(3,742)	–
Reportable segment assets	126,423	87,173	285,248	292,766	49,889	44,496	461,560	424,435
Investment in associates	1,179	1,114	–	–	–	–	1,179	1,114
Capital expenditure	11,402	6,810	28,657	40,053	7,304	6,089	47,363	52,952
Reportable segment liabilities	68,119	34,337	155,203	153,449	19,527	10,655	242,849	198,441

28 Operating segments (cont'd)

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items

	2011 $'000	2010 $'000
Profit or loss		
Total profit or loss for reportable segments	11,740	47,099
Unallocated amounts:		
- Fair value (loss)/gain on financial derivatives	(19,567)	705
- Other corporate income/(expenses)	1,988	(303)
Share of profit of associates	65	94
Consolidated (loss)/profit before tax	(5,774)	47,595
Assets		
Total assets for reportable segments	461,560	424,435
Investments in associates	1,179	1,114
Other unallocated amounts *	29,243	10,176
Consolidated total assets	491,982	435,725
Liabilities		
Total liabilities for reportable segments	242,849	198,441
Other unallocated amounts ^	36,772	12,559
Consolidated total liabilities	279,621	211,000

* As at 31 December 2011, the unallocated assets mainly relate to cash and cash equivalents amounting to $15,540,000 (2010: $2,059,000), financial derivative assets amounting to $6,405,000 (2010: $2,035,000) and investment properties of $3,461,000 (2010: $3,525,000) that are unallocated to the segments.

^ As at 31 December 2011, the unallocated liabilities mainly relate to financial derivative liabilities amounting to $25,478,000 (2010: $887,000) and corporate bank loans of $7,176,000 (2010: $4,283,000) that are unallocated to the segments.

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
Other material items 2011			
Finance income	666	127	793
Finance costs	(3,081)	(106)	(3,187)
Capital expenditure	47,363	154	47,517
Depreciation	(33,311)	(213)	(33,524)
Impairment loss on loan to an investee company	–	(1,112)	(1,112)
Fair value change on financial derivatives	–	(19,567)	(19,567)
Other material items 2010			
Finance income	305	42	347
Finance costs	(2,253)	(747)	(3,000)
Capital expenditure	52,952	45	52,997
Depreciation	(34,954)	(207)	(35,161)
Fair value change on financial derivatives	–	705	705

28 Operating segments (cont'd)

Geographical information

Singapore is the country of domicile of the Company. The principal activity of the Company is that of an investment holding company. Subsidiaries of the Company in the three reportable segments are located in People's Republic of China, Singapore, Thailand and United States of America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenues $'000	Non-current assets* $'000
31 December 2011		
People's Republic of China	403,754	133,409
Singapore	5,411	75,971
Thailand	86,233	6,197
United States of America	22,617	2,456
Other countries	23,454	–
	541,469	218,033
31 December 2010		
People's Republic of China	427,060	111,414
Singapore	4,164	75,954
Thailand	122,113	7,772
United States of America	20,940	2,751
Other countries	20,981	–
	595,258	197,891

* Non-current assets presented consist of property, plant and equipment, goodwill, investment properties, associates and club memberships.

Major customers

Revenue from three major customers of the Group's HDD segment represents approximately $352,153,000 (2010: $431,512,000) of the Group's total revenue.

29 Acquisition of subsidiaries

On 1 April 2011, the Group completed its acquisition of a 100% equity interest in Wujiang Weltop Co., Ltd through its subsidiary, Shanghai Broadway Packaging & Insulation Materials Co., Ltd, at a cash consideration of $2,615,000.

The acquisition is expected to enable the Group to boost its overall foam plastics division's production capacity in Suzhou, the People's Republic of China ("PRC").

In the 9 months to 31 December 2011, the contribution of Wujiang Weltop Co., Ltd's revenue and loss to the Group's results is insignificant. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue would have been $542,328,000 and consolidated loss for the year would have been $7,324,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2011.

29 Acquisition of subsidiaries (cont'd)

Identifiable assets acquired and liabilities assumed

	Note	2011 $'000
Property, plant and equipment	4	6,405
Loans and borrowings		(2,653)
Other payables		(1,137)
Total identifiable net assets		2,615

The net identifiable assets acquired at the acquisition date approximate fair value. No other significant fair value adjustments were identified.

On 31 August 2010, the Group completed its acquisition of a 100% equity interest in Alantac Technology (Suzhou) Co., Ltd at a cash consideration of $3.8 million. Subsequent to the completion of the acquisition, Alantac Technology (Suzhou) Co., Ltd was renamed to Compart Hi-Precision Technologies (Suzhou) Co., Ltd.

The acquisition was expected to enable the Group to effectively increase its machining capacities with Computer Numerical Control machines, respond to existing customers' demand for immediate capacity upsurge, and gain closer proximity to key customers based in and around Shanghai, PRC.

In the four months to 31 December 2010, Compart Hi-Precision Technologies (Suzhou) Co., Ltd contributed revenue of $99,000 and loss for the period of $618,000 to the Group's results. If the acquisition had occurred on 1 January 2010, the consolidated revenue would have been $595,608,000, and consolidated profit for the year would have been $44,116,000. In determining these amounts, management had assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2010.

The net identifiable net assets acquired at the acquisition date comprised mainly property, plant and equipment of $3.8 million (note 4), which approximated fair value. No other significant fair value adjustments were identified. The purchase price allocation was completed in 2011 with no material adjustments required to the provisional price allocation performed in 2010.

30 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's leasehold land and buildings on a triennial basis.

The fair values of leasehold land and buildings and property, plant and equipment recognised as a result of a business combination are the estimated amounts for which a property could be exchanged on the date of valuation and acquisition respectively between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

30 Determination of fair values (cont'd)

The fair values of leasehold land and buildings and plant and machinery are based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Derivatives

The fair value of forward exchange contracts is based on price quotations.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

31 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Within one year	7,066	6,658	374	284
Between one and five years	11,134	7,441	311	–
	18,200	14,099	685	284

The Group and Company leases a number of warehouses, factory facilities and offices under operating leases. The leases typically run for a period of one to five years, with an option to renew the lease after that date. Lease payments are usually increased upon renewal to reflect market rentals.

Leases as lessor

The Group leases out its investment properties held under operating leases (see note 7). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Within one year	144	206	95	143
Between one and five years	–	155	–	107
	144	361	95	250

During the year, $206,000 (2010: $277,000) was recognised as rental income in profit or loss by the Group.

32 Capital commitments

As at 31 December 2011, the Group had entered into contracts to purchase property, plant and equipment for $31,788,000 (2010: $12,311,000).

As at 31 December 2011, the Company had an uncalled capital commitment to subscribe for additional investment in a subsidiary amounting to $12,034,000.

33 Contingencies

Intra-group financial guarantees comprise corporate guarantees granted by the Company to banks in respect of banking facilities amounting to $184,297,000 (2010: $115,220,000) provided to its subsidiaries. The financial guarantees will expire when the loans have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries. These financial guarantee contracts are accounted for as insurance contracts.

The principal risk to which the Company is exposed is the credit risk in connection with the guarantee contract it has issued. The credit risk represents the loss that would be recognised upon a default by the subsidiary to which the guarantee was given for the benefit of.

There are no terms and conditions attached to the guarantee contract that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

Estimates of the Company's obligation arising from the financial guarantee contracts may be affected by future events, which cannot be predicted with certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of balance sheet date, there is no provision made in respect of the obligation.

34 Related parties

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Company and the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company and the Group are considered as key management personnel of the Company and the Group.

Key management personnel compensation comprised:

	Group	
	2011	**2010**
	$'000	**$'000**
Short-term employee benefits	3,123	5,356
Post-employment benefits (including CPF)	24	14
Share-based payments	80	62
	3,227	5,432

Included in the above, total compensation to directors of the Company amounted to $2,084,000 (2010: $4,017,000).

34 Related parties (cont'd)

Directors also participate in the Broadway Industrial Group Limited Share Option Scheme 2001 and the BIGL Share Plan. 100,000 (2010: 250,000) share options and 120,000 (2010: Nil) share awards were granted to the directors of the Company during the year. The share options and share awards that were granted in 2011 were on the terms and conditions as described in note 20. At the balance sheet date, 900,000 (2010: 400,000) of those share options and 120,000 (2010: Nil) of those share awards were outstanding.

Other related party transactions

	Group	
	2011	2010
	$'000	$'000
Sales of goods to associates	806	985

35 Comparative information

Due to the bonus issue to the Company's shareholders on the basis of one bonus share for every one existing share in the capital of the Company (including treasury shares) held as at 31 May 2011, the number of ordinary shares outstanding before the bonus issue is adjusted for the proportionate change in the number of ordinary shares outstanding as if the bonus issue had occurred at 1 January 2010. This resulted in the following restatement of comparative information for the year ended 31 December 2010.

	Group	
	2010	2010
	Restated	As previously reported
Earnings per share		
Basic earnings per share (cents)	10.850	21.70
Diluted earnings per share (cents)	10.835	21.67

Corporate Governance Report

Broadway Industrial Group Limited ("the Company") continues to uphold a high standard of Corporate Governance within the Group. In its support of the Code of Corporate Governance 2005 ("the Code"), as annexed to the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board of Directors ("the Board") has established various self-regulating and monitoring mechanisms to ensure that effective corporate governance is practiced. This report outlines the Group's corporate governance practices with specific references to the Code.

Other than deviations explained below, the Group has complied with the principles and guidelines of the Code. There are other sections in the Group's Annual Report that are relevant to the discussion of corporate governance, hence this report should be read together with those sections.

Principle 1

Board's Conduct of Its Affairs

The Board supervises the management of the business and affairs of the Group. Key functions of the Board include the setting of the Group's strategic plans, key operational initiatives, major investments and funding decisions. The Board also identifies principal risks of the Group's business, ensures the implementation of appropriate systems to manage these risks and reviews the financial performance of the Group regularly. The Board also approves the annual budget and the financial results for release to the SGX-ST.

The Board is supported in its tasks by Board Committees that have been established to assist in the execution of its responsibilities. In order to facilitate decision-making and to ensure the smooth operation of the Group, the Board has delegated some of its powers to the Executive Chairman The Board is also supported by the Audit Committee and Remuneration Committee and the Board also assumes the function of a Nominating Committee. The composition and terms of reference of each Committee are described in this report.

The Board meets at least four times a year. Ad hoc meetings are convened if there are matters requiring the Board's decision at the relevant times. Board approval is specifically sought for major financial and investment proposals.

The Board is regularly updated on new laws that may affect the Group's business and changes in regulatory requirements and financial reporting standards. Directors and senior executives are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations and governance practices.

All directors have separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends most of the Board and Board Committee meetings and is responsible for ensuring that Board procedures are followed. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated to the Board prior to the meetings.

Corporate Governance Report (cont'd)

Directors' Attendances at Board, Audit and Remuneration Committees Meetings

The number of Board meetings and Board Committee meetings held in the financial year ended 31 December 2011 and the attendance of Directors at these meetings are as follows:

Meetings of:	**Board**	**Audit**	**Remuneration**
Total held in FY ended 31 December 2011	5	4	1
Wong Sheung Sze	5	N.A.	N.A.
Lee Chow Soon	5	4	1
Eu Yee Ming Richard	5	4	1
Lee Po Lo @ Lee Khong Kee	5	4	N.A.
Ng Ah Hoy	5	N.A.	N.A.
Tsiang An Kai Richard (1)	2	1	N.A.
Lew Syn Pau (1)	2	1	N.A.

Note:

(1) Mr Tsiang An Kai Richard and Mr Lew Syn Pau were appointed as Directors and members of the Audit Committee on 2 November 2011.

Principles 2, 3 & 4

Board Composition, Balance and Membership

Board Composition

The Board currently comprises seven directors, four of whom are independent, and one who is non-executive and non-independent. As at the date of this report, the composition of the Board and Board Committees are tabled as follows:

Name of director and role in board	**Board**	**Audit committee**	**Remuneration committee**
Wong Sheung Sze Executive Chairman	Chairman		
Ng Ah Hoy Executive Director	Member		
Lee Po Lo @ Lee Khong Kee (1) Non-Independent and Non-Executive Director	Member	Member	
Lee Chow Soon Independent and Non-Executive Director	Member	Chairman	Member
Eu Yee Ming Richard Independent and Non-Executive Director	Member	Member	Chairman
Tsiang An Kai Richard Independent and Non-Executive Director	Member	Member	
Lew Syn Pau Independent and Non-Executive Director	Member	Member	

Note:

(1) Mr Lee Po Lo @ Lee Khong Kee was re-designated from the position of Executive Director to Non-Executive Director with effect from 16 March 2012.

The size and composition of the Board are reviewed from time to time to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the relevant and necessary skill sets and core competencies for effective decision-making.

As a group, the directors bring with them a broad range of expertise and experience in areas such as accounting, finance, law, business and management, strategic planning and customer service. The diversity of the directors' experience allows for the useful exchange of ideas and views. The profile of each Board member is set out in the section entitled "Board of Directors" on pages 12 and 13.

The Board considers the present Board size appropriate for the current nature and scope of the Group's operations.

Nominating Committee

With a small number of Board members, the Board is of the view that it was not necessary to have a Nominating Committee to undertake the function of this committee. The Board assumes this function.

Chairman and Chief Executive Officer

The Group's Executive Chairman, Mr Wong Sheung Sze, is responsible for the overall management, strategic planning and business development of the Group. The role of the Executive Chairman is not separate from that of a Group CEO as the Board is of the view that it is in the interest of the Group to adopt a single leadership structure so as to ensure that decision-making process of the Group would not be unnecessarily hindered. The Board also does not consider it necessary to have a lead independent director as the process of decision-making is based on collective decisions without any individual exercising any considerable concentration of power or influence.

The Company's Articles of Association requires that in each year, one-third of the Directors will have to retire from office. It is also provided in the Company's Articles of Association that new Directors appointed during the year shall only hold office until the next Annual General Meeting and are subject to re-election by the shareholders. The Board has recommended that Mr Wong Sheung Sze, Mr Ng Ah Hoy, Mr Lew Syn Pau and Mr Tsiang An Kai Richard be re-elected at the upcoming Annual General Meeting. The Board has also recommended the re-appointment of Mr Lee Chow Soon who is of over the age of 70 and is required to be re-appointed under Section 153 of the Companies Act.

Principles 5 & 6

Board Performance and Access to Information

The Board is furnished with relevant information and analysis by management pertaining to matters for the Board's discussion and decision. Management also ensures that the Board receives regular reports on the Group's financial performance and operations. The Board has separate and independent access to the management and the Company Secretary at all times. The Company Secretary attends to all corporate secretariat and compliance matters and is responsible for ensuring that legal and regulatory requirements as well as Board procedures are complied with. The Company Secretary also attends Board meetings. The appointment and removal of the Company Secretary are subject to the approval of the Board.

To assist Board members are fulfilling their responsibilities, procedures are in place for directors to seek independent professional advice, where appropriate, at the expense of the Company.

Principles 7, 8 & 9

Remuneration Matters

Remuneration Committee

The Remuneration Committee ("RC") performs critical roles in support of sound Corporate Governance principle in the areas of Board compensation and executive reward management. For the financial year ended 31 December 2011, the RC comprised the following independent directors:

Eu Yee Ming Richard (Chairman)
Lee Chow Soon

The RC's function is in attracting, retaining and rewarding well-qualified persons to serve the Group by pegging remuneration and benefits at competitive market rates. Directors' fees and the base salaries of staff are reviewed to ensure they are at sufficiently competitive levels. A compensation system is in place to reward staff based on their merit and performance through annual merit service increments and profit sharing. The Company's share option scheme for directors, senior management and executives serves as a long-term incentive plan. The share option scheme expired on 7 November 2011. In addition, the Company has in place a share plan, which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 July 2010. The share plan is to reward, retain and motivate employees of the Group and/or associated compaies who excel in their performance and encourages greater dedication, loyalty and higher standards of performance. The share option scheme and share plan are administrated by the RC.

The RC has access to expert and independent professional advice in the field of executive compensation where required, at the Company's expense. No director fixes his own remuneration. Directors' fees are paid only after approval by shareholders at the Company's Annual General Meeting.

Disclosure on remuneration of directors

Remuneration band and Name of directors	Salary %	Bonus %	Directors' fees %	Directors' profit sharing %	Consultancy services %	Benefits -in-kind %	Share option[a] %	Share award[b] %
S$1,000,000 to S$1,249,999								
Wong Sheung Sze	24	52	3	–	–	21	–	–
S$250,000 to S$499,999								
Ng Ah Hoy	64	22	4	–	–	3	–	7
Lee Po Lo @ Lee Khong Kee	69	22	–	–	–	4	–	5
S$0 to S$249,999								
Lee Chow Soon	–	–	89	–	–	–	11	–
Eu Yee Ming Richard	–	–	87	–	–	–	13	–
Tsiang An Kai Richard	–	–	100	–	–	–	–	–
Lew Syn Pau	–	–	100	–	–	–	–	–

(a) Refer to options granted under the BIGL Share Option Scheme 2001 to directors during the financial year. The fair value of stock options granted is estimated using Trinomial Option Pricing model. The details of the BIGL Share Option Scheme 2001 were provided in the directors' report for the financial year ended 31 December 2001.

(b) Refer to share awards granted under the BIGL Share Plan to executive directors during the financial year. The fair value of stock awards granted is estimated using Trinomial Option Pricing model. The details of the BIGL Share Plan were provided in the Directors' Report.

Disclosure on remuneration of the top five key executives (who are not directors)

For competitive reasons, the Board is of the view that disclosure on remuneration of key executives will not benefit the Company.

There is no employee occupying managerial position who is related to a Director.

Principles 10, 11, 12 & 13

Accountability, Audit & Internal Controls

Audit Committee

The Audit Committee ("AC") comprises four independent directors and one non-executive director, and all of whom have the requisite qualifications to discharge their responsibilities:

Lee Chow Soon	(Chairman)
Eu Yee Ming Richard	
Lee Po Lo @ Lee Khong Kee	
Tsiang An Kai Richard	(Appointed on 2 November 2011)
Lew Syn Pau	(Appointed on 2 November 2011)

Although not all the AC Members are non-executive Directors during the financial year ended 31 December 2011 (a recommendation of the Code), the composition of the AC is in compliance with Section 201B of the Companies Act, which prescribes that majority of the AC Members must not be executive directors of the Company or any related corporations. With the majority of the AC Members including the Chairman being independent, the AC is able to perform its roles and functions independently.

The AC is authorised by the Board to investigate any activity within its terms of reference, having unrestricted access to information relating to the Group, to both internal and external auditors, and to the Management and staff. It has full discretion to invite any director or executive officer to attend its meetings. It has adequate resources to enable it to discharge its functions properly. The AC, having reviewed for any non-audit services provided by the external auditors to the Group, has confirmed that there were no such services provided during the year which would affect the independence of the external auditors.

The AC meets at least four times a year. Ad hoc meetings are convened when circumstances require. The attendances at AC meetings are disclosed on page 86 of this report.

The AC performs the following key functions:

(a) recommends the nomination or re-nomination of the independent auditors and approves the compensation for the auditing services;

(b) reviews the plan, scope and findings of the independent auditors as well as meeting with the independent auditors at least once a year without the presence of the management to ensure the independence of their functions;

(c) reviews all non-audit services provided by the auditors and confirms that these non-audit services would not affect the independence of the auditors;

(d) reviews the quarterly, half-year and full year results announcements and financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval for the release of the results announcements to the SGX-ST;

(e) evaluates, with the other committees, management and the independent auditors, significant risks or exposures that exist and assess the steps management has taken to minimise such risk to the Group;

Principles 10, 11, 12 & 13 (cont'd)

Accountability, Audit & Internal Controls (cont'd)

Audit Committee (cont'd)

(f) recommends the appointment of internal auditors and reviews the plan, scope and findings of the internal audit;

(g) reviews with the management annually:

  i. Significant internal audit observations during the year and corrective actions taken by the management;

  ii. The effectiveness of the Group's internal controls over management, business and technology systems and practices; and

  iii. Any changes required in the planned scope of the audit plan and difficulties encountered in the course of their audits;

(h) reviews financial and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies and programmes and reports received from regulators;

(i) reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate;

(j) reviews interested person transactions to ensure that the established review procedures to monitor interested party transactions have been complied with; and

(k) reviews arrangements by which staff of the Company may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters. The Group has in place a whistle blowing policy which provides the mechanism for which staff of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Controls

The Board has reviewed the Group's risk assessment and based on the internal auditors' audit reports, external auditors' audit findings and management controls in place, it is satisfied that there are adequate and effective controls in place to mitigate the critical and significant risks in the following areas: Financial, Operational and Compliance. A framework has been established and the Board with the AC will continue to work with management to improve and enhance the framework on a continual basis.

The Board notes that no system of internal control could provide absolute assurance against material financial misstatements, poor judgment in decision-making, human error, losses, fraud or other irregularities. The system of internal control includes safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, business and compliance risks.

Any material internal control matters noted by the external auditors in the course of their statutory audit have been discussed with the AC.

Internal Audit

The Group outsourced its internal audit function to Deloitte & Touche Enterprise – an independent third party accounting firm ("IA"). The IA is not related to the external auditors and reports directly to the AC. The AC reviews and approves the IA's internal audit plan, reviews with the IA and reports to the Board the findings and results of internal audit work.

Risk Management Policies and Processes

The main risks arising from the Group's financial operations are liquidity risk, foreign currency risk, credit risk and interest rate risk. The Board reviews and agrees on policies for managing each of these risks.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flow. To ensure that the Group has adequate overall liquidity to finance its operations and investment requirements, the Group maintains a significant amount of available banking facilities with a number of banks.

The Group's main currency exposures are in Singapore dollar, United States Dollar, Thailand Baht and Chinese Renminbi. The Group uses a combination of natural hedges of matching assets and liabilities and forward contracts and derivatives as a hedging tool to manage its exposure to fluctuating foreign currency values.

As for credit risk, the Group places its cash and cash equivalents with creditworthy institutions. The Group performs ongoing credit evaluation of its customers' financial conditions.

The Group manages its interest rate risk by maintaining a prudent mix of fixed and floating interest rate borrowings. In managing the interest rate profile, the Group takes into account the interest rate outlook and the expected cash flow generated from its business operations.

Various measures are implemented to manage Group's operational risks. These include safety and security, internal control procedures and appropriate insurance coverage.

Principles 14 & 15

Communication with Shareholders

The Group believes in upholding a strong culture of continuous disclosure and transparent communication with all stakeholders and does not practice selective disclosure. All material and price-sensitive information relating to the Group are released timely and equally to the general public and shareholders by way of public releases or announcements through SGXNET at first instance and then posted on the Group's website.

The management believes in nurturing a long-term relationship with the investment community and actively participates in briefings, conferences and investor events to communicate with investors and analysts.

The management will also conduct briefings for analysts and investors, generally after quarterly financial results announcements. During the briefing, the Group's Chief Financial Officer and management team will highlight the Group's most recent performance as well as discuss its business progress and outlook. In light of fair disclosure, such briefings are held only after the financial results and briefing materials are released on SGXNET to ensure shareholders and public have access to the same information.

The management ensures that all shareholders will receive the annual report, circulars and notices of the shareholders' meetings within the mandatory period. Shareholders are encouraged to attend and participate at the Company's Annual General Meetings ("AGM") to ensure that they have a better understanding of the Group's plans and developments for the future.

The AGM and Extraordinary General Meeting, if applicable, are attended by all the Board of Directors, external auditors, the Company Secretary and Management. The Group welcomes shareholders' feedback and encourages their participation in sharing ideas and asking questions during such sessions.

Shareholders can visit Broadway's website at www.bw-grp.com for the latest update as well as more information on the Group. The Group also has an officer to facilitate effective communication with shareholders, analysts, fund managers and the media, and any enquiries can be directed to ir@bigl.com.sg.

Internal Code on Dealing with Securities

An internal code, which complies with Rule 1207(19) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers. The Company's Directors and officers are not allowed to deal in the Company's shares within two weeks before the announcement of its result for each of the first three quarters of the financial year and one month before the announcement of its full year results.

Directors and officers are reminded not to deal in the Company's securities on consideration of a short-term nature.

Directors and officers are required to observe insider trading provisions under the Securities and Future Act at all times even when dealing in the Company's securities within the permitted periods. Directors and officers of the Company are required to report all dealings to the Company.

Interested Party Transactions

During the financial year ended 31 December 2011, there were no interested party transactions ("IPT") entered with the Group that amounted to more than $100,000. The Company has also put in place an internal procedure to track IPTs of the Group.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interests of directors or controlling shareholders.

27 March 2012

Statistics of Shareholdings

as at 22 march 2012

Number of Equity Securities : **415,486,128**

Class of Equity Securities : **Ordinary shares**

Voting Rights : **One vote per share**

Number of Treasury Shares : **956,000**

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	10	0.43	1,613	0.00
1,000 – 10,000	1,080	46.96	6,314,018	1.52
10,001 – 1,000,000	1,182	51.39	67,098,830	16.15
1,000,001 and above	28	1.22	342,071,667	82.33
Total :	**2,300**	**100.00**	**415,486,128**	**100.00**

Substantial Shareholders as recorded in the Register of Substantial Shareholders as at 22 March 2012

Name of Shareholder	Direct interest		Deemed interest	
	No. of shares	%	No. of shares	%
Wong Sheung Sze[1]	71,918,774	17.31	78,230,000	18.83
Aegis Portfolio Managers Pte Ltd & Aegis Private Capital Pte Ltd[2]	–	–	25,000,000	6.02
Lew Syn Pau	17,728,800	4.27	21,600,000	5.20
Delta Lloyd Asset Management NV[3]	–	–	20,826,000	5.01

Notes:

1 Mr Wong Sheung Sze is the beneficial owner of the 78,230,000 ordinary shares held by Hong Leong Finance Nominees Pte Ltd (24,000,000), Mayban Nominees (S) Pte Ltd (1,834,000), Philip Securities Pte Ltd (20,000,000) and Citibank Nominees Singapore Pte Ltd (32,396,000).

2 Aegis Portfolio Managers Pte Ltd & Aegis Private Capital Pte Ltd are deemed to be interested in the 25,000,000 ordinary shares held by HSBC Trustee (Singapore) Pte Ltd and DBS Bank Ltd, Singapore.

3 Delta Lloyd Asset Management NV is deemed to be interested in the 20,826,000 ordinary shares held by Delta Lloyd Azie Deelnemingen Fonds N.V. (custodian being KAS Bank K.V.) and Delta Lloyd Asian Participation Fund (custodian being Banque de Luxembourg S.A.).

Statistics of Shareholdings (cont'd)

as at 22 march 2012

Twenty Largest Shareholders

No	Name	No. of shares	%
1	Wong Sheung Sze	71,918,774	17.31
2	Citibank Nominees Singapore Pte Ltd	55,205,255	13.29
3	Hong Leong Finance Nominees Pte Ltd	32,030,000	7.71
4	DBS Nominees Pte Ltd	29,527,766	7.11
5	HSBC (Singapore) Nominees Pte Ltd	25,184,562	6.06
6	Phillip Securities Pte Ltd	23,433,000	5.64
7	Lew Syn Pau	17,728,800	4.27
8	United Overseas Bank Nominees Pte Ltd	17,658,965	4.25
9	Lam Seng Hang Ltd	15,600,000	3.75
10	DBSN Services Pte Ltd	7,179,334	1.73
11	Morgan Stanley Asia (S'pore) Securities Pte Ltd	6,989,260	1.68
12	Jimmy Tan Ah Keng	5,399,000	1.30
13	CIMB Nominees (S) Pte Ltd	4,950,000	1.19
14	Chua Keng Loy	3,638,000	0.88
15	Legend East Investments (S) Pte Ltd	3,472,876	0.84
16	Kwok Shing Yan	2,627,944	0.63
17	Lim & Tan Securities Pte Ltd	2,614,000	0.63
18	Nam Lee Pressed Metal Industries Limited	2,326,000	0.56
19	Mayban Nominees (S) Pte Ltd	1,952,000	0.47
20	OCBC Securities Private Ltd	1,919,000	0.46
	Total :	331,354,536	79.76

Public Shareholding

Based on the information available to the Company as at 22 March 2012, approximately 41.26% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Broadway Industrial Group Limited (the "**Company**") will be held at 65 Chulia Street, #33-01 OCBC Centre (West Lobby), Singapore 049513 on Friday, 27 April 2012 at 4 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a one-tier tax-exempt final dividend of S$0.005 per share for the year ended 31 December 2011 (2010: S$0.01 per share after adjustment for 1-for-1 bonus share issue in 2011). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Articles 109 and 119 of the Company's Articles of Association:

   Mr Wong Sheung Sze [Retiring under Article 109] **(Resolution 3)**

   Mr Ng Ah Hoy [Retiring under Article 109] **(Resolution 4)**

   Mr Lew Syn Pau [Retiring under Article 119] **(Resolution 5)**

   Mr Tsiang An Kai Richard [Retiring under Article 119] **(Resolution 6)**

   Mr Lew will, upon re-election as Director of the Company, remain as a member of the Audit and Remuneration Committees and will be considered independent.

   Mr Tsiang will, upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent.

4. To re-appoint Mr Lee Chow Soon, a Director of the Company retiring under Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   Mr Lee will, upon re-appointment as a Director of the Company, remain Chairman of the Audit Committee and a member of the Remuneration Committee and will be considered independent.

   [See Explanatory Note (i)] **(Resolution 7)**

5. To approve the payment of Directors' fees of S$158,334 for the year ended 31 December 2011 (2010: S$140,000). **(Resolution 8)**

6. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the directors of the Company ("**Directors**"), to:

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that:

the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this Resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities,

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (ii)] **(Resolution 10)**

9. **Authority to issue shares under the BIGL Share Option Scheme 2001**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the directors of the Company be authorised and empowered to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the BIGL Share Option Scheme 2001 (the "**Scheme**") before the expiry of the Scheme on 7 November 2011, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme, the BIGL Share Plan and any other applicable share based schemes which the Company may have in place, shall not exceed fifteen per centum (15%) of the total issued shares in the capital of the Company, excluding treasury shares, from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 11)**

10. **Authority to issue shares under the BIGL Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the directors of the Company be authorised and empowered to offer and grant awards under the BIGL Share Plan (the "**Plan**") and to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards under the Plan, provided always that the aggregate number of new shares to be issued pursuant to the Plan, the BIGL Share Option Scheme 2001 and any other applicable share based schemes which the Company may have in place, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company, excluding treasury shares, from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 12)**

11. **Proposed Renewal of the Share Buy-Back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company:

(i) to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company ("**Directors**") from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(aa) on-market Share Buy-Backs (each an "**On-Market Share Buy-Back**") transacted through the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") Central Limit Order Book trading system; and/or

(bb) off-market Share Buy-Backs (each an "**Off-Market Share Buy-Back**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual of the SGX-ST; and

11. **Proposed Renewal of the Share Buy-Back Mandate (cont'd)**

(ii) to deal with the Shares acquired or purchased by the Company under the Share Buy-Back in accordance with the articles of association of the Company (as amended or modified from time to time), whether to (i) deem such Shares as cancelled upon acquisition or purchase; (ii) hold such Shares as treasury shares; and/or (iii) otherwise deal with such Shares in the manner provided and to the fullest extent permitted under the Companies Act,

be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last Annual General Meeting of the Company was held and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:

(i) in the case of an On-Market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the On-Market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs after such five (5)-day period; and

(ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 20% above the average of the closing market prices of the Share over the last five (5) market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after such five (5)-day period; and

11. **Proposed Renewal of the Share Buy-Back Mandate (cont'd)**

    (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution.

    [See Explanatory Note (v)] **(Resolution 13)**

    (to be voted on by taking a poll)

By Order of the Board

Tan San-Ju
Chang Ai Ling
Secretaries

Singapore

12 April 2012

Explanatory Notes:

(i) The effect of the Ordinary Resolution 7 proposed in item 4 above, is to re-appoint a Director of the Company who is over 70 years of age.

(ii) The Ordinary Resolution 10 in item 8 above, if passed, will authorise and empower the Directors from the date of the above Annual General Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per centum (50%) of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of the SGX-ST currently provides that the total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this Resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options in issue at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(iii) The Ordinary Resolution 11 in item 9 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company pursuant to the exercise of options granted under the Scheme, provided always that the aggregate number of new shares to be issued pursuant to the Scheme, the BIGL Share Plan and any other applicable share based schemes, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company, excluding treasury shares, from time to time. Although the Scheme had expired on 7 November 2011, options previously granted will remain valid until the expiry, cancellation or exercise of the options.

(iv) The Ordinary Resolution 12 in item 10 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant awards under the Plan in accordance with the provisions of the Plan and to issue from time to time such number of shares as may be required to be issued pursuant to the vesting of the awards under the Plan subject to the maximum number of shares prescribed under the terms and conditions of the Plan, provided always that the aggregate number of new shares to be issued pursuant to the BIGL Share Option Scheme 2001, the Plan and any other applicable share based schemes, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company, excluding treasury shares, from time to time. Resolution 12 is independent from Resolution 11 and the passing of Resolution 12 is not contingent on the passing of Resolution 11.

(v) The Ordinary Resolution 13 in item 11 above is to renew the Share Buy-Back Mandate which was approved by shareholders on 21 April 2011. Please refer to the Appendix to this Notice of Annual General Meeting for details.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

BROADWAY
INDUSTRIAL GROUP LIMITED
(Company Registration No.: 199405266K)
(Incorporated in the Republic of Singapore)

IMPORTANT:

PROXY FORM

1. For investors who have used their CPF monies to buy Broadway Industrial Group Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

I/We, ____

of ____

being a member/members of Broadway Industrial Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 65 Chulia Street, #33-01 OCBC Centre (West Lobby), Singapore 049513 on Friday, 27 April 2012 at 4 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Please indicate your vote "For" or "Against" with a tick [ü] within the box provided. Alternatively, please indicate the number of votes as appropriate.

		To be used on a show of hands		To be used in the event of a poll	
No.	Resolutions relating to:	For	Against	Number of Votes For**	Number of Votes Against**
1	Directors' Report and Audited Accounts for the year ended 31 December 2011				
2	Payment of proposed final dividend				
3	Re-election of Mr Wong Sheung Sze as a Director				
4	Re-election of Mr Ng Ah Hoy as a Director				
5	Re-election of Mr Lew Syn Pau as a Director				
6	Re-election of Mr Richard Tsiang An Kai as a Director				
7	Re-appointment of Mr Lee Chow Soon as a Director				
8	Approval of Directors' fees amounting to S$158,334				
9	Re-appointment of Messrs KPMG LLP as Auditors				
10	Authority to issue shares				
11	Authority to issue shares under the BIGL Share Option Scheme 2001				
12	Authority to issue shares under the BIGL Share Plan				
13	Proposed renewal of share buy-back mandate *(Note: The vote of this resolution will be conducted by poll.)*				

Dated this__________day of__________________2012.

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

Board of Directors
Wong Sheung Sze (Executive Chairman)
Ng Ah Hoy (Executive Director)
Lee Po Lo @ Lee Khong Kee (Non-Executive Director)
Lee Chow Soon (Independent Director)
Eu Yee Ming Richard (Independent Director)
Tsiang An Kai Richard (Independent Director)
Lew Syn Pau (Independent Director)

Audit Committee
Lee Chow Soon (Chairman)
Eu Yee Ming Richard
Lee Po Lo @ Lee Khong Kee
Tsiang An Kai Richard (Appointed on 2 November 2011)
Lew Syn Pau (Appointed on 2 November 2011)

Remuneration Committee
Eu Yee Ming Richard (Chairman)
Lee Chow Soon
Lew Syn Pau (Appointed on 2 April 2012)

Company Secretaries
Ms Tan San-Ju
Ms Chang Ai Ling

Business Office
Broadway Industrial Group Limited
65 Chulia Street
#48-03/04 OCBC Centre
Singapore 049513
Tel : 6236 0088
Fax : 6226 6119

Registered Office
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : 6536 5355
Fax : 6536 1360

Share Registrar
Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : 6536 5355
Fax : 6536 1360

Auditors
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel : 6213 3388

Audit Partner-in-charge
Ms Chu Sook Fun (Appointed in FY2011)

BROADWAY
INDUSTRIAL GROUP LIMITED

Company Registration No.: 199405266K

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65 Chulia Street #48-03/04 OCBC Centre
Singapore 049513
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