



(Company Registration No.: 200416788Z)

ISDN Holdings Limited
Financial Statements Announcement
For the Fourth Quarter and Year Ended 31 December 2016

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND PERIOD ENDED 31 DECEMBER 2016

An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial period.

	GROUP					
	3 months ended 31 December		% change	Year ended 31 December		% change
	2016	2015		2016	2015	
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
Revenue	67,059	51,598	30.0%	258,502	235,299	9.9%
Cost of sales	(50,249)	(35,859)	40.1%	(193,503)	(169,589)	14.1%
Gross (loss)/profit	16,810	15,739		64,999	65,710	
Other operating income	1,124	338	n.m.	4,039	3,233	24.9%
Distribution costs	(4,944)	(5,146)	-3.9%	(21,556)	(22,016)	-2.1%
Administrative expenses	(7,376)	(7,007)	5.3%	(30,557)	(27,785)	10.0%
Other operating expenses	282	(1,079)	n.m.	(2,203)	(1,950)	13.0%
Finance costs	(173)	(172)	0.6%	(742)	(774)	-4.1%
Share of profit of associates	286	82	n.m.	351	795	-55.8%
Profit before taxation	6,009	2,755	n.m.	14,331	17,213	-16.7%
Income tax expense	(1,063)	(796)	33.5%	(4,288)	(5,329)	-19.5%
Profit for the period/year	4,946	1,959	n.m.	10,043	11,884	-15.5%
Other comprehensive income/(loss):						
Items that may be subsequently reclassified to profit and loss						
Exchange differences on translation of foreign operations						
Gain/(Loss) on translation of foreign operations	704	(2,816)	n.m.	(1,825)	(151)	n.m.
Reclassification	-	-	n.m.	(260)	-	n.m.
	704	(2,816)		(2,085)	(151)	
Total comprehensive income/(loss) for the period/year	5,650	(857)	n.m.	7,958	11,733	-32.2%
Profit for the period/year attributable to:						
Equity holders of the Company	2,924	1,809	61.6%	5,153	8,721	-40.9%
Non-controlling interest	2,022	150	n.m.	4,890	3,163	54.6%
	4,946	1,959	n.m.	10,043	11,884	-15.5%
Total comprehensive income/(loss) for the period/year attributable to:						
Owners of the Company	2,885	(397)	n.m.	2,940	9,063	-67.6%
Non-controlling interest	2,765	(460)	n.m.	5,018	2,670	87.9%
	5,650	(857)	n.m.	7,958	11,733	-32.2%

(1)(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

Profit from operations is determined after crediting/charging the following:

	GROUP					
	3 months ended 31 December			Year ended 31 December		
	2016 S\$'000	2015 S\$'000	% change +/(-)	2016 S\$'000	2015 S\$'000	% change +/(-)
(Reversal of)/Allowance for impairment of trade receivables	(55)	4	n.m.	99	135	-26.7%
Allowance for inventories obsolescence	491	685	-28.3%	1,057	1,222	-13.5%
Amortisation and Depreciation	597	586	1.9%	2,075	2,231	-7.0%
Interest income	(104)	(49)	n.m.	(267)	(226)	18.1%
Foreign exchange (gain)/loss, net	(889)	(747)	19.0%	668	17	n.m.
Gain on disposal of interest in associate	-	-	n.m.	(64)	-	n.m.
Gain on disposal of interest in subsidiary	-	-	n.m.	(411)	-	n.m.
Gain on disposal of property, plant and equipment	(9)	(4)	125.0%	(11)	(31)	-64.5%
Inventories written off	90	122	-26.2%	240	228	5.3%
(Over)/under provision of tax in respect of prior year	(55)	(153)	-64.1%	(378)	127	n.m.
Property, plant and equipment written off	1	-	n.m.	1	3	-66.7%
Trade receivables written off	72	207	-65.2%	149	210	-29.0%
Write back of allowance for trade receivables	98	84	16.7%	(131)	(13)	n.m.
Write back of allowance for inventories obsolescence	21	(110)	n.m.	(77)	(114)	-32.5%

Note:

n.m: Not meaningful

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

	GROUP		COMPANY	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	27,682	35,554	-	-
Investment properties	522	542	-	-
Land use rights	1,376	1,461	-	-
Goodwill	11,686	11,686	-	-
Interests in subsidiaries	-	-	36,653	36,653
Interests in associates	11,649	5,033	31	31
Deferred tax assets	59	149	-	-
	52,974	54,425	36,684	36,684
Current assets				
Inventories	38,902	40,855	-	-
Trade and other receivables	86,288	73,134	74	39
Amounts due from subsidiaries	-	-	28,312	30,888
Dividend receivables	-	-	7,750	3,470
Cash and bank balances	38,683	39,096	346	331
	163,873	153,085	36,482	34,728
Current liabilities				
Bank borrowings	13,052	13,925	-	-
Finance leases	150	160	-	-
Trade and other payables	65,478	51,911	4,659	4,254
Current tax liabilities	1,574	1,547	-	-
	80,254	67,543	4,659	4,254
Net current assets	83,619	85,542	31,823	30,474
Non-current liabilities				
Bank borrowings	263	360	-	-
Finance leases	186	339	-	-
	449	699	-	-
Net assets	136,144	139,268	68,507	67,158
Equity				
Share capital	62,408	63,925	62,408	63,925
Warrants issue	3,384	3,384	3,384	3,384
Treasury shares	-	(1,517)	-	(1,517)
Reserves	55,425	53,935	2,715	1,366
Equity attributable to owners of the Company	121,217	119,727	68,507	67,158
Non-controlling interests	14,927	19,541	-	-
Total equity	136,144	139,268	68,507	67,158

- (1)(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The amount repayable in one year or less, or on demand:

As at 31 December 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,960	9,242	5,244	8,841

The amount repayable after one year;

As at 31 December 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
186	263	339	360

Details of any collateral:

The secured borrowings relate to:-

- 1) The finance lease obligations of various subsidiaries which are secured against respective assets under the finance lease arrangement.
- 2) Legal mortgages over land use rights, leasehold properties and investment properties of subsidiaries. The said facilities are also secured by corporate guarantee provided by the Company and other subsidiaries as well as personal guarantee by the directors of the subsidiaries.
- 3) There are legal mortgages over leasehold properties of subsidiaries and an investment property of a subsidiary for facilities including a term loan, commercial property loan and trade facilities. The said facilities are also secured by corporate guarantee provided by the Company.

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

	GROUP			
	3 months ended		Year ended	
	31 December		31 December	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before income tax	6,009	2,755	14,331	17,213
Adjustments for:				
Amortisation of land use right	8	8	34	36
Trade receivables written off	72	207	149	210
Depreciation of property, plant and equipment	585	574	2,024	2,178
Depreciation of investment properties	4	4	17	17
Allowance for inventory obsolescence	491	685	1,057	1,222
(Reversal of)/Allowance for impairment of trade receivables	(55)	4	99	135
Gain on disposal of interest in a subsidiary	-	-	(411)	-
Gain on disposal of property, plant and equipment	(9)	(4)	(11)	(31)
Gain on disposal of interest in an associate	-	-	(64)	-
Property, plant and equipment written off	1	-	1	3
Inventories written off	90	122	240	228
Write back of allowance for inventory obsolescence	21	(110)	(77)	(114)
(Allowance for) / Write back of allowance for trade receivables	98	84	(131)	(13)
Interest expenses	173	172	742	774
Interest income	(104)	(49)	(267)	(226)
Share of profit of associates	(286)	(82)	(351)	(795)
Unrealised foreign exchange differences	(677)	1,527	114	1,041
Operating cash flow before working capital changes	6,421	5,897	17,496	21,878
Changes in working capital:				
Inventories	2,360	(1,025)	733	(7,579)
Trade and other receivables	(1,231)	7,393	(13,719)	(3,230)
Trade and other payables	(1,162)	(6,724)	13,270	3,132
Cash generated from operations	6,388	5,541	17,780	14,201
Interest expenses	(173)	(172)	(742)	(774)
Interest income	104	49	267	226
Income tax paid	(996)	(1,370)	(4,282)	(5,272)
Net cash generated from operating activities	5,323	4,048	13,023	8,381



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(1)(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year. Cont'd

	GROUP			
	3 months ended 31 December		Year ended 31 December	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash flows from investing activities:				
Purchase of property, plant and equipment	(397)	(726)	(2,511)	(5,895)
Proceeds from disposal of property, plant and equipment	17	18	22	73
Net cash inflow/(outflow) on acquisition/disposal of subsidiary	-	3	(4,631)	3
Loan to associates	540	(858)	-	(981)
Funds to investee company	(19)	(38)	(432)	(1,426)
Proceeds from the disposal of associate	124	-	694	-
Dividend from associates	263	58	368	275
Consideration for acquisition of interest of a subsidiary	-	-	(310)	-
Net cash generate from/(used in) investing activities	528	(1,543)	(6,800)	(7,951)
Cash flows from financing activities:				
Dividends to equity holders of the Company	-	-	(1,419)	(1,419)
Dividends to non-controlling interests	(2,373)	(2,341)	(3,957)	(2,593)
Repayment from associates	21	-	23	-
Amount owing to non-controlling interests	-	1,769	-	3,204
Proceeds from bank borrowings	2,329	1,166	10,918	11,208
Repayment of bank borrowings	(2,317)	(2,571)	(12,954)	(9,946)
Proceeds from/(repayments of) trust receipts, net	575	(131)	1,067	(69)
Repayment of finance lease	(40)	(146)	(163)	(165)
Increase in fixed deposits pledged	(1,041)	-	(1,391)	-
Net cash (used in)/generated from financing activities	(2,846)	(2,254)	(7,876)	220
Net increase/(decrease) in cash and cash equivalents	3,005	251	(1,653)	650
Cash and cash equivalents at the beginning of financial period/year	33,757	39,166	39,096	37,493
Effect of currency translation on cash and cash equivalents	530	(321)	(151)	953
Cash and cash equivalents at the end of financial period/year	37,292	39,096	37,292	39,096
Additional information:				
Cash and bank balances	36,848	34,034	36,848	34,034
Fixed deposits	1,835	5,062	1,835	5,062
Less: bank deposits pledged	(1,391)	-	(1,391)	-
Total cash and cash equivalents	37,292	39,096	37,292	39,096



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

Group	Share capital S\$'000	Warrants issue S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
Balance at 1 January 2016	63,925	3,384	(1,517)	(436)	944	4,489	48,938	119,727	19,541	139,268
Net profit for the year	-	-	-	-	-	-	5,153	5,153	4,890	10,043
Other comprehensive (loss)/income for the year	-	-	-	-	(2,213)	-	-	(2,213)	128	(2,085)
Total comprehensive (loss)/income for the year	-	-	-	-	(2,213)	-	5,153	2,940	5,018	7,958
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	-	3,200	3,200
Cancellation of treasury shares	(1,517)	-	1,517	-	-	-	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(4,408)	(4,408)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(310)	(310)
De-recognition of a subsidiary	-	-	-	-	-	-	-	-	(8,114)	(8,114)
Payment of dividends	-	-	-	-	-	-	(1,419)	(1,419)	-	(1,419)
Transfer to other reserves	-	-	-	-	-	205	(236)	(31)	-	(31)
Balance as at 31 December 2016	62,408	3,384	-	(436)	(1,269)	4,694	52,436	121,217	14,927	136,144
Balance at 1 January 2015	63,925	3,384	(1,517)	(436)	602	4,478	41,639	112,075	17,654	129,729
Net profit for the year	-	-	-	-	-	-	8,721	8,721	3,163	11,884
Other comprehensive income/(loss) for the year	-	-	-	-	342	-	-	342	(493)	(151)
Total comprehensive income for the year	-	-	-	-	342	-	8,721	9,063	2,670	11,733
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	-	1,810	1,810
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,593)	(2,593)
Payment of dividends	-	-	-	-	-	-	(1,419)	(1,419)	-	(1,419)
Transfer to other reserves	-	-	-	-	-	11	(3)	8	-	8
Balance at 31 December 2015	63,925	3,384	(1,517)	(436)	944	4,489	48,938	119,727	19,541	139,268

Company	Share capital S\$'000	Warrants Issue S\$'000	Treasury shares S\$'000	Others reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 Jan 2016	63,925	3,384	(1,517)	(178)	1,544	67,158
Total comprehensive income for the year	-	-	-	-	2,768	2,768
Cancellation of treasury shares	(1,517)	-	1,517	-	-	-
Payment of dividends	-	-	-	-	(1,419)	(1,419)
Balance at 31 December 2016	62,408	3,384	-	(178)	2,893	68,507
Balance at 1 Jan 2015	63,925	3,384	(1,517)	(178)	1,544	67,158
Total comprehensive income for the year	-	-	-	-	1,419	1,419
Payment of dividends	-	-	-	-	(1,419)	(1,419)
Balance at 31 December 2015	63,925	3,384	(1,517)	(178)	1,544	67,158

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

There are no changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

During the financial year ended 31 December 2016, the entire number of 6,365,000 treasury shares were cancelled. The number of outstanding shares as at 31 December 2016 is 354,684,950 (31 December 2015: 354,684,950, net of 6,365,000 treasury shares)

The outstanding convertibles are 179,972,475 warrants that may be convertible into ordinary shares of 179,972,475 as at 31 December 2016 (31 December 2015: 179,972,475).

In 2013, the Company issued 179,972,475 warrants at an issue price of S\$0.02 for each warrant. Each warrant carries the right to subscribe for one new ordinary share of the Company at an exercise price of S\$0.60 for each new share and expiring on the date immediately preceding the fifth anniversary of the date of issue of the warrants i.e. 9 November 2018

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

	GROUP & COMPANY	
	31-Dec-16	31-Dec-15
Total number of issued shares	361,049,950	361,049,950
Less: Cancellation of treasury shares	(6,365,000)	-
Treasury shares held	-	(6,365,000)
Total number of issued shares excluding treasury shares	354,684,950	354,684,950

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

	GROUP & COMPANY	
	2016	2015
Balance as at 1 January	6,365,000	6,365,000
Cancellation during the year	(6,365,000)	-
Balance as at 31 December	-	6,365,000

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statement for the year ended 31 December 2016 as those used for the audited financial statement as at 31 December 2015.

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

The Group adopted all of the new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for the financial period beginning 1 January 2016 and are relevant to its operations.

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

	GROUP			
	3 months ended 31 December		Year ended 31 December	
	2016	2015	2016	2015
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	354,684,950	354,684,950	354,684,950	354,684,950
Weighted average number of ordinary shares in issue for diluted EPS (net of treasury shares)	354,684,950	354,684,950	354,684,950	354,684,950
EPS (based on consolidated net profit attributable to shareholders)				
(i) Based on weighted average number of ordinary shares in issue	0.82	0.51	1.45	2.46
(ii) On a fully diluted basis	0.82	0.51	1.45	2.46
	(S\$ cents)	(S\$ cents)	(S\$ cents)	(S\$ cents)

- 7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	Year ended 31 December		Year ended 31 December	
	2016	2015	2016	2015
Net assets (S\$'000)	136,144	139,268	68,507	67,158
Issued share capital at the end of the year (net of treasury shares)	354,684,950	354,684,950	354,684,950	354,684,950
Net assets value per ordinary share based on issued share capital as at respective year	38.38	39.27	19.31	18.93
	(S\$ cents)	(S\$ cents)	(S\$ cents)	(S\$ cents)

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

STATEMENT OF COMPREHENSIVE INCOME ITEMS

Revenue and Gross Profit Margin

We have recorded an increase in our total revenue by approximately S\$15.5 million or 30.0% from S\$51.6 million for the three months ended 31 December 2015 ("4Q2015") to S\$67.1 million for the three months ended 31 December 2016 ("4Q2016"). For year ended 31 December 2016 ("FY2016"), our total revenue increased by approximately S\$23.2 million or 9.9% from S\$235.3 million to S\$258.5 million on a year-on-year basis primarily due to the fact that (i) we remained capable and competitive in offering a variety of professional engineering solutions and products to satisfy our customers' wide range of engineering needs; and (ii) we leveraged our established presence in the region we operate to retain our customers. Our revenue from each of motion control solutions, other specialized engineering solutions and industrial computing solutions increases primarily attributable to (a) the fact that we managed to generate an increase in revenue from the motion control solution markets in the PRC and Hong Kong as a result of: the increased demand for high-tech precision control systems arising from the general market trend in the PRC; our focused marketing efforts on our relatively more technologically advanced products in the PRC to suit the market needs; and the increase in the order size of an industrial supplier of equipment and materials and (b) the relatively strong demand for our other specialised engineering and industrial computing solutions in Singapore as a result of: the increase in engineering parts and industrial computing systems such as liquid-crystal display (LCD) monitors and associated parts supplied for a railway project; and more copies of the Wonderware software sold, partly offset by (1) a decrease in revenue from other specialised engineering solutions in the PRC as a result of our more focused marketing efforts on our relatively more technologically advanced motion control products to capture the market potential, together with the fact that more hinges and locks were sold in the previous corresponding period to fulfil orders from railway companies during that period; and (2) a decrease in revenue from motion control solutions in Singapore as the country's general economic condition was considered relatively stagnant.

Our overall gross profit margin decreased from approximately 30.5% for 4Q2015 to 25.1% for 4Q2016 and 27.9% for FY2015 to 25.1% for FY2016; which was primarily due to (i) our PRC customers' resistance to accepting part of the general product price increments in the midst of the depreciation of RMB; and (ii) the intensified market competition, the variety of products available in the market and the number of industry players in the industry.



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Other operating income

Our other operating income increased by approximately S\$0.8 million or 24.9% from S\$3.2 million for FY2015 to S\$4.0 million for FY2016 primarily due to (1) a gain of approximately S\$0.5 million on the disposal of 17.5% of shares (“Partial Disposal of Aenergy”) in Aenergy Holdings Company Limited (“Aenergy”); (2) a gain of approximately S\$0.1 million on the disposal of all of our equity interests in Schneeberger Linear Technology Pte Ltd (a then associated company); (3) an increase of government relief and incentives of approximately S\$0.1 million; and (4) a write back of allowance of trade receivables of approximately S\$0.1 million.

Our other operating income increased by approximately S\$0.8 million or >100.0% from S\$0.3 million for 4Q2015 to S\$1.1 million for 4Q2016. The lower other operating income in 4Q2015 was due to the reversal of exchange gain of approximately S\$0.7 million whereas there was none for 4Q2016. Had it been reclassified to other operating expenses, the total operating income would be approximately S\$1.0 million for 4Q2015.

Distribution costs

Our distribution costs decreased by approximately S\$0.2 million or 3.9% to S\$4.9 million for 4Q2016; and S\$0.4 million or 2.1% to S\$21.6 million for FY2016 primarily due to our cost control measures in respect of major costs of operations including distribution costs in terms of their percentage to our total revenue as a result of reduced sales and marketing expenses.

Administrative expenses

Our administrative expenses increased by approximately S\$0.4 million or 5.3% to S\$7.4 million for 4Q2016; and S\$2.8 million or 10.0% to S\$30.6 million for FY2016 primarily due to (i) the expenses of S\$3.58 million incurred in connection with the Listing (the “Listing”) on Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”); and (ii) an increase of S\$0.5 million in our employee benefit costs as a result of the general pay rise, partly offset by a decrease of our general office expense and travelling expense as a result of our cost control measures.

Listing expenses

The total expenses for the Listing (including underwriting fee and commission payable by us) are approximately S\$4.7 million, of which S\$0.8 million is directly attributable to the issue of the Offer Shares in the share offer and to be accounted for as deduction from equity (none had been accounted for as at 31 December 2016) and approximately S\$3.9 million is to be charged as administrative expenses to our consolidated statements of comprehensive income, in which approximately S\$3.5 million had been charged for the financial year ended 31 December 2016. The remaining S\$0.4 million is to be charged to our consolidated statements of



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comprehensive income in FY2017. The increase of S\$0.5 million in the actual listing expenses are mainly due to the outlay incurred by professional teams during the course of the Listing and the increase share registrar expense due to the unexpected level of over-subscription of our shares in the public offer. The final net proceeds amount to S\$7.0 million (equivalent to HK\$37.8 million).

Shares of Group have been listed on the Main Board of the Stock Exchange since 12 January 2017 (the “Listing Date”).

Other operating expenses

Our other operating expenses increased by approximately S\$0.3 million or 13.0% to S\$2.2 million for FY2016 mainly due to our net foreign exchange losses.

Finance costs

Our finance costs remain relatively stable for 4Q2016 and FY2016 on period-on-period basis.

Income tax expense

Our income tax expense decreased by S\$1.0 million or 19.5% to S\$4.3 million in FY2016. The effective tax rates for the year ended 31 December 2016 was 29.9% (FY2015: 31.0%). Excluding the impact of S\$3.5 million of listing expenses which are non-tax deductible and certain of our costs and expense being non-deductible in compliance with the relevant tax laws and regulations, the effective tax rate for FY2016 was 24.0% due to utilization of tax losses in prior years and tax credit to offset the income tax expenses.

Profit for the year

Net profit decreased by S\$1.8 million or 15.5% to S\$10.0 million for FY2016. Excluding the impact of the S\$3.5 million listing expenses in FY2016, the net profit would have been S\$13.5 million, S\$1.7 million or 14.0% higher than that for FY2015. The increase in our profit primarily due to the increase in revenue of approximately S\$23.2 million which generated gross profit approximately S\$5.8 million and increase in other operating income, partially offset by a decrease in our gross profit by approximately S\$6.6 million due to the effect of decreased gross profit margin from 27.9% in FY2015 to 25.1% in FY2016.

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Our property, plant and equipment decreased by S\$7.9 million or 22.1% to S\$27.7 million in FY2016 primarily due the partial disposal of Aenergy. Aenergy ceased to be a subsidiary of our Company and the financial position and operating results of Aenergy and its group companies ceased to be consolidated as subsidiaries into our Group from 30 June 2016 onwards. Property, plant and equipment with carrying value of S\$19.6 million are pledged as securities of the borrowings

Interests in associates

Our investment in associates increased by S\$6.6 million or >100.0% to S\$11.6 million in FY2016 primarily due the partial reduction of shareholding interest in Aenergy. Aenergy and its group companies become associates of our Company from 30 June 2016 onwards.

Inventories

Our inventories decreased by S\$2.0 million or 4.8% to S\$38.9 million in FY2016 primarily due to the growth of revenue for the 4Q2016 as compared to 4Q2015.

Trade and other receivables

Our trade and other receivables increased by S\$13.2 million or 18.0% to S\$86.3 million in FY2016 was primarily in line with an increased revenue for the 4Q2016 as compared to 4Q2015.

Trade and other payables

Our trade and other payables increased by S\$13.6 million or 26.1% to S\$65.5 million in FY2016 primarily due to the growth of revenue for the 4Q2016 as compared to 4Q2015.

Bank borrowings

Our bank borrowing decreased by S\$1.0 million or 7.0% to S\$13.3 million in FY2016 primarily due to the repayment of bank borrowings of approximately S\$13.0 million, partially offset by the proceeds of bank borrowing of approximately S\$10.9 million. As at 31 December 2016, approximate S\$13.1 million are due within 1 year and S\$0.4 million are due beyond 1 year; approximate S\$1.8 million are of fixed rate and approximate S\$11.7 million are of floating rate.



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CASH FLOW STATEMENT

For the financial year ended 31 December 2016, we recorded positive cash flows generated from operating activities of approximately S\$13.0 million after non-cash items of S\$3.2 million (including depreciation, allowance for inventory obsolescence and share of profit of associates) are added back to our profit before income tax of S\$14.3 million which is then deducted by (i) a net decrease in working capital of S\$0.8 million; (ii) a net interest paid of S\$0.5 million; and (iii) income tax paid of S\$4.3 million.

For the financial year ended 31 December 2016, our net cash used in investing activities amounts to approximately S\$6.8 million, where we primarily used S\$1.5 million to acquire property, plant and equipment, S\$0.3 million to acquire the remaining equity interests of Dietionary Singapore and S\$0.4 million to make advances in investments, an outflow of approximately S\$4.6 million as a result of the Partial Disposal of Aenergy while we received a total of approximately S\$1.1 million from (i) the disposal of certain property, plant and equipment and all of our equity interests in Schneeberger Linear Technology Pte Ltd (a then associated company); and (ii) the dividend distribution made by certain of our associated companies.

For the financial year ended 31 December 2016, our net cash used in financing activities amounts to approximately S\$7.9 million as a result of: (i) the net repayment of bank borrowings of S\$2.0 million and finance lease of S\$0.2 million; (ii) the net proceeds from trust receipts of S\$1.1 million; (iii) the increase of pledged deposit of S\$1.4 million and (iv) a dividend of S\$1.4 million paid to our Shareholders and a dividend of S\$4.0 million paid to our non-controlling interests. As at 31 December 2016, the group maintained a healthy cash and bank balances of S\$38.7 million.

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

Not applicable.

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

We expect the overall industry landscape to remain competitive against the backdrop of a Chinese economy that is transitioning into a more automated industrial environment from one that has been traditionally labour-intensive. This is expected to spell good news for our motion control and other specialised engineering solutions business which provides parts and solutions for factory automation and robotics.

We seek to build on this competitive edge and expand our market share by continuing to engage the customers more proactively at the ground level and up. This customised approach will allow us to offer solutions with a greater technological edge with enhanced value, placing us in good stead as manufacturers in China place increasing emphasis on product quality and make further inroads into international markets. We envision that the motion control solution sector will continue to account for the bulk of the Group revenue and revenue from the PRC will remain strong.

Apart from continuing to serve our customers in the existing business segments and to capture a larger market share, we also aim to mobilise our sales and marketing staff to continue to engage our customers and promote our products to enlarge our customer base, and also promote our solutions to certain fast growing industries nurtured by governmental policies and natural economic need in their respective countries. For example, we aim to place strong emphasis on industries related to the “Industrial 4.0” concepts, which is the part of the industrial development policies of many governments around the world, such as the “Made in China 2025” policy promulgated by the PRC government. It is expected that such governmental policies and industrial development trend will boost the development and use of robotics and the general technological upgrades of the manufacturing processes, which in turn benefits the motion control solutions and other specialised engineering solutions industries as a whole. Our Group is expected to continue to ride on the market growth fuelled by the general industry trend for intelligent manufacturing and factory automation leading to an increase in demand for engineering solutions and the trend of demand for more technologically advanced and tailor made products, which the Group is well positioned to capture such market.

Our focus will still be the PRC and Singapore markets which accounted for more than 84% of our revenue in 2016. Nevertheless, we will also continue to expand our business in other countries in South-east Asia. We have gained a foothold in Vietnam and Thailand and are expected to venture into other countries in the region. Going forward, we will continue to develop new frontiers, including but not limited to the emerging markets in South-east Asia to explore new business opportunities.

11. Dividend

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and
- (b) (i) Amount per share; (ii) Previous corresponding period;
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

(i) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per share (in Singapore cents)	0.3
Tax Rate	Tax exempt (One-Tier)

(ii) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per share (in Singapore cents)	0.4
Tax Rate	Tax exempt (One-Tier)

(d) The date the dividend is payable

Upon shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid on 5th June 2017 to shareholders whose names shall appear on the register of members of the Company on 17th May 2017.

(e) The date on which Registrable Transfers received by the Company (up to 5.00p.m.) will be registered before entitlements to the dividend are determined.

The book closure date shall be on 17th May 2017.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.



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

No IPT mandate has been obtained.

14. Statement by Directors Pursuant to SGX Listing Rule 705(5)

We, Teo Cher Koon and Kong Deyang, being Directors of ISDN Holdings Limited, hereby confirm on behalf of the Board of Directors that to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited interim financial results (comprising the comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material aspect.

15. Use of proceeds

(a) Use of Net Proceeds from the First and Second Placements

There has been no material usage till to the date of this announcement after the last announcement made on 14 November 2016. The Company will make further announcements when the remaining net proceeds from both Placements are materially disbursed.

(b) Use of Net Proceeds from the Warrant Issue

There has been no material usage till to the date of this announcement after the last announcement made on 14 November 2016. The Company will make further announcements on the utilisation of proceeds arising from the exercise of the warrants as may be necessary and/or appropriate in due course.

(c) Use of Net Proceeds from the Share Offer on the Main Board of The Stock Exchange of Hong Kong

There has been no material usage of net proceeds from the share offer from the Listing Date till the date of this announcement. The Company will make further announcements when the remaining net proceeds from Share Offer are materially disbursed.

- 16. Issuer to confirm in the announcement that it has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Yes

- 17. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

(a) Reportable Geographical Information

	Revenue from		Non-current assets	
	external customers			
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	36,977	35,004	26,811	20,765
PRC	180,790	165,638	23,024	30,775
HK	15,064	10,932	1,382	780
Malaysia	7,122	5,723	933	1,037
Others	18,549	18,002	824	1,068
	<u>258,502</u>	<u>235,299</u>	<u>52,974</u>	<u>54,425</u>



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(b) Reportable Operating Segments

	Engineering Solution - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue												
External sales	202,767	184,101	49,670	46,127	6,065	5,071	-	-	-	-	258,502	235,299
Inter-segment sales	3,056	1,763	1,511	1,410	30	70	-	-	(4,597)	(3,243)	-	-
	205,823	185,864	51,181	47,537	6,095	5,141	-	-	(4,597)	(3,243)	258,502	235,299
Results												
Segment results	17,848	22,259	511	84	561	775	(1,122)	(2,910)	-	-	17,798	20,208
Share of profit of associates	351	795	-	-	-	-	-	-	-	-	351	795
Corporate expenses											(3,941)	(3,990)
Rental income											598	748
Interest income											267	226
Finance costs											(742)	(774)
Profit before income tax											14,331	17,213
Income tax											(4,288)	(5,329)
Profit for the year											10,043	11,884
Assets												
Segment assets	109,573	103,959	29,945	30,750	2,746	2,276	15,461	19,065	(3,418)	(4,897)	154,307	151,153
Goodwill	2,178	2,178	9,508	9,508	-	-	-	-	-	-	11,686	11,686
Associates	11,649	5,033	-	-	-	-	-	-	-	-	11,649	5,033
Investment properties											522	542
Cash and bank balances											38,683	39,096
Consolidated total assets											216,847	207,510
Liabilities												
Segment liabilities	45,896	33,442	13,195	15,295	603	698	6,389	5,628	(3,418)	(4,897)	62,665	50,166
Bank and borrowings and finance lease											13,651	14,784
Income tax liabilities											1,574	1,547
Other unallocated corporate liabilities											2,813	1,745
Consolidated total liabilities											80,703	68,242



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	Engineering Solution - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Other information												
Capital expenditure on												
- Property, plant & equipment	763	1,720	556	900	143	-	-	23	-	-	1,462	2,643
- Progress payments for property under development	-	-	-	-	-	-	-	3,358	-	-	-	3,358
Depreciation of properties, plant & equipment	1,282	1,367	641	676	7	6	94	129	-	-	2,024	2,178
Depreciation of investment properties	17	17	-	-	-	-	-	-	-	-	17	17
Other non-cash expenses												
- amortisation of land use rights	34	36	-	-	-	-	-	-	-	-	34	36
- trade and receivables written off	134	192	-	18	-	-	15	-	-	-	149	210
- allowance for inventory obsolescence	681	425	376	774	-	23	-	-	-	-	1,057	1,222
- allowance for impairment of trade receivables	60	(100)	37	235	-	-	2	-	-	-	99	135
- property, plant & equipment written off	1	2	-	1	-	-	-	-	-	-	1	3
- inventories written off	215	135	25	93	-	-	-	-	-	-	240	228
- write back of allowance of trade receivables	(131)	(1)	-	(12)	-	-	-	-	-	-	(131)	(13)
- write back of allowance of inventory obsolescence	(11)	(114)	(66)	-	-	-	-	-	-	-	(77)	(114)



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- 18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to item 8 above for more details.

- 19. A breakdown of sales as follows:-**

	Group 2016 S\$'000	2015 S\$'000	Increase/ (decrease)
Sales reported for the first half year	120,459	119,267	1.0%
Operating profit after tax before deducing non-controlling interest reported for the first half year	3,237	6,620	-51.0%
Sales reported for the second half year	138,043	116,032	19.0%
Operating profit after tax before deducing non-controlling interest reported for the second half year	6,806	5,264	29.0%

- 20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	Group 2016 S\$'000	2015 S\$'000
Ordinary*	1,419	1,419

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Thang Yee Chin	57	Spouse of:- Teo Cher Koon - managing director and substantial shareholder	Company's name: Servo Dynamics Pte Ltd A principal Subsidiary of the Company Position in the Company: Director Appointed on: 26 September 2005 Duties: Managing the administrative functions of the subsidiary.	No Change

By Order of the Board

Gwendolyn Gn
Joint Company Secretary
ISDN Holdings Limited

24 February 2017