



ISDN Holdings Limited
Interim Financial Statements Announcement
For the First Quarter and Period Ended 31 March 2015

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 31 MARCH 2015

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	Group	
	3 months ended 31 March		
	2015	2014	Increase
	S\$'000	(Restated) S\$'000	(Decrease) %
Revenue	52,212	43,240	20.8
Cost of sales	(36,423)	(31,862)	14.3
Gross profit	15,789	11,378	38.8
Other operating income	1,291	578	123.4
Distribution costs	(5,245)	(4,018)	30.5
Administrative expenses	(6,620)	(5,488)	20.6
Other operating expenses	(245)	(1,102)	(77.8)
Finance costs	(198)	(183)	8.1
Share of results of associates and joint ventures	582	(86)	N/M
Profit before income tax	5,354	1,079	396.2
Income tax expense	(1,536)	(643)	138.9
Profit for the period	3,818	436	775.7
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translation of foreign operations	1,927	(1,074)	N/M
Total comprehensive income/(loss) for the period	5,745	(638)	N/M
Profit after income tax attributable to:			
Equity holders of the Company	2,861	100	2,761
Non-controlling interests	957	336	184.8
	3,818	436	775.7
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	4,791	(1,225)	N/M
Non-controlling interests	954	587	62.5
	5,745	(638)	N/M
N/M- not meaningful			

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 March	Group 3 months ended 31 March	
	2015	2014	Increase
	S\$'000	(Restated) S\$'000	(Decrease) %
Other operating income (crediting)			
Administrative income	76	18	322.2
Commission income	54	11	390.9
Finance income:			
- interest on bank deposits	71	29	144.8
- interest on loan to associates	5	8	(37.5)
Foreign exchange gain, net	642	-	N/M
Gain on disposal of property, plant and equipment	1	7	(85.7)
Government grant	87	91	(4.4)
Technical service income	128	51	151.0
Write back of allowance for trade receivables	11	31	(64.5)
Write back of allowance for inventories obsolescence	4	21	(81.0)
Operating lease rental income:			
- investment properties	11	14	(21.4)
- sub-let of office/warehouse premises	137	104	31.7
Property management income	50	84	(40.5)
Miscellaneous income	14	109	(87.2)
	<u>1,291</u>	<u>578</u>	123.4

N/M- not meaningful

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:- Cont'd

	Group	Group	
	3 months ended 31 March		
	2015	2014	Increase
		(Restated)	(Decrease)
	S\$'000	S\$'000	%
Other operating expenses charging			
Allowance for impairment of trade receivables	40	37	8.1
Allowance for inventories obsolescence	185	383	(51.7)
Amortisation of prepayment of land use rights	9	8	12.5
Bad debts written off	-	5	N/M
Foreign exchange losses, net	-	641	N/M
Property, plant and equipment written off	2	11	(81.8)
Inventories written off	9	12	(25.0)
Loss on disposal of a subsidiary	-	3	N/M
Loss on disposal of property, plant and equipment	-	2	N/M
	245	1,102	(77.8)
<i>Included in Distribution costs</i>			
Depreciation of property, plant and equipment	66	53	24.5
<i>Included in Administrative expenses</i>			
Depreciation of property, plant and equipment	413	403	(1.2)
Depreciation of investment properties	4	4	-
<i>Included in cost of sales</i>			
Depreciation of property, plant and equipment	102	110	(7.3)

N/M- not meaningful

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:- Cont'd

	Group	Group	
	3 months ended 31 March		
	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%
Income tax expense			
Current taxation	1,503	710	111.7
Deferred taxation	-	(59)	N/M
Under/(Over) provision of tax in respect of prior years	33	(8)	N/M
	<u>1,536</u>	<u>643</u>	138.9

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	Group	Company	Company
31 March 2015	31 December 2014	31 March 2015	31 December 2014
S\$'000	S\$'000	S\$'000	S\$'000

ASSETS

Non-current assets

Property plant and equipment	32,185	31,418	-	-
Investment properties	563	570	-	-
Land use rights	1,520	1,481	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	36,703	36,653
Associates	5,247	4,628	31	31
Deferred tax assets	157	94	-	-
Total non-current assets	51,358	49,877	36,734	36,684

Current assets

Inventories	40,870	34,612	-	-
Trade and other receivables	78,801	68,027	47	65
Amount owing by subsidiaries	-	-	31,381	31,388
Dividend receivable	-	-	3,247	3,847
Cash and bank balances and fixed deposits	34,397	37,493	403	327
Total current assets	154,068	140,132	35,078	35,627
Total Assets	205,426	190,009	71,812	72,311

(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. Cont'd

Group	Group	Company	Company
31 March 2015	31 December 2014	31 March 2015	31 December 2014
S\$'000	S\$'000	S\$'000	S\$'000

EQUITY AND LIABILITIES

Equity attributable to members of the Company

Share capital	63,925	63,925	63,925	63,925
Warrants Issue	3,384	3,384	3,384	3,384
Treasury shares	(1,517)	(1,517)	(1,517)	(1,517)
Reserves	51,074	46,283	2,144	2,919
	116,866	112,075	67,936	68,711
Non-controlling interests	18,451	17,654	-	-
Total equity	135,317	129,729	67,936	68,711

Non-current liabilities

Bank borrowings	119	162	-	-
Finance leases	459	418	-	-
Total non-current liabilities	578	580	-	-

Current liabilities

Bank borrowings	12,787	12,930	-	-
Current portion of finance leases	163	140	-	-
Trade and other payables	54,611	45,138	3,876	3,600
Current income tax liabilities	1,970	1,492	-	-
Total current liabilities	69,531	59,700	3,876	3,600
Total liabilities	70,109	60,280	3,876	3,600

Total equity and liabilities	205,426	190,009	71,812	72,311
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(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 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,753	9,197	3,987	9,083

The amount repayable after one year;

As at 31 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
459	119	418	162

Details of any collaterals.

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 mortgage over land use rights and leasehold properties of subsidiaries for term loans. The said facility is also secured by corporate guarantee provided by the Company and subsidiaries.
- 3) There are legal mortgages over four leasehold properties of three subsidiaries and one investment property of a subsidiary for facilities including a term loan, a commercial property loan and trade facilities. The said facilities are also secured by corporate guarantee provided by the Company.

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

	3 months ended 31 March	
	2015	2014
		(Restated)
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit before income tax	5,354	1,079
Adjustments for:		
Amortisation of land use rights	9	8
Depreciation of property, plant and equipment	581	566
Depreciation of investment properties	4	4
Allowance for impairment of trade receivables	40	37
Allowance for inventories obsolescence	185	383
Bad debts written off	-	5
Inventories written off	9	12
Gain on disposal of property, plant and equipment	(1)	(7)
Loss on disposal of interests in subsidiary	-	3
Loss on disposal of property, plant and equipment	-	2
Property, plant and equipment written off	2	11
Write back of allowance for inventories obsolescence	(4)	(21)
Write back of allowance for impairment of trade receivables	(11)	(31)
Interest expense	198	183
Interest income	(76)	(37)
Share of results of associates	(582)	86
Unrealised currency translation differences	(483)	-
Operating cash flow before working capital changes	5,225	2,283
Inventories	(6,447)	(1,219)
Trade and other receivables	(9,678)	(2,686)
Trade and other payables	9,190	615
Cash used in operations	(1,710)	(1,007)
Interest paid	(198)	(183)
Interest received	76	37
Income tax paid	(1,059)	(440)
Net cash used in operating activities	(2,891)	(1,593)

(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

	3 months ended 31 March	
	2015	2014
		(Restated)
	S\$'000	S\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(528)	(780)
Proceeds from sales of property, plant and equipment	4	14
Net cash used in investing activities	(524)	(766)
Cash flows from financing activities:		
Amount owing to non-controlling interests	100	17
(Increase) on restricted bank balances	-	(10)
Proceeds from bank loans	1,326	828
Repayment of bank loans	(1,826)	(2,138)
Proceeds from trust receipts (net)	314	101
Proceeds from/(Repayment of) finance leases	64	(80)
Net cash used in financing activities	(22)	(1,282)
Net decrease in cash and cash equivalents	(3,437)	(3,641)
Cash and cash equivalents at beginning of period	37,493	41,554
Effect of currency translation on cash and cash equivalents	341	(147)
Cash and cash equivalents at end of period (Note A)	34,397	37,766

Note A:

For the purpose of the consolidated cash flow statement, the period end cash and cash equivalents comprise the following:

	31 March	31 March
	2015	2014
		(Restated)
	S\$'000	S\$'000
Cash and bank balances	31,071	27,746
Fixed deposits	3,326	10,030
	34,397	37,776
(Less) (Increase) in restricted bank balances	-	(10)
Cash and cash equivalents at end of period	34,397	37,766



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

(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.

	Share capital	Warrants issue	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Balance as at 1 January 2015	63,925	3,384	(1,517)	(436)	602	4,478	41,639	112,075	17,654	129,729
Profit for the year	-	-	-	-	-	-	2,861	2,861	957	3,818
Other comprehensive income	-	-	-	-	1,930	-	-	1,930	(3)	1,927
Total comprehensive income for the period	-	-	-	-	1,930	-	2,861	4,791	954	5,745
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(157)	(157)
Balance as at 31 March 2015	63,925	3,384	(1,517)	(436)	2,532	4,478	44,500	116,866	18,451	135,317



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2015 Interim Financial Statements Announcement

(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. Cont'd

	Share capital	Warrants issue	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Balance as at 1 January 2014 (Restated)	63,925	3,384	(162)	(436)	313	3,767	36,348	107,139	11,773	118,912
Profit for the year	-	-	-	-	-	-	100	100	336	436
Other comprehensive (loss)/income	-	-	-	-	(1,325)	-	-	(1,325)	251	(1,074)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,325)	-	100	(1,225)	587	(638)
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	114	114
Disposal of a subsidiary	-	-	-	-	-	-	-	-	18	18
Balance as at 31 March 2014 (Restated)	63,925	3,384	(162)	(436)	(1,012)	3,767	36,448	105,914	12,492	118,406

(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. Cont'd

	Share capital	Warrant issue	Treasury shares	Other reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company</u>						
Balance as at 1 January 2015	63,925	3,384	(1,517)	(178)	3,097	68,711
Total comprehensive loss for the period	-	-	-	-	(775)	(775)
Balance as at 31 March 2015	63,925	3,384	(1,517)	(178)	2,322	67,936
Balance as at 1 January 2014	63,925	3,384	(162)	(178)	2,841	69,810
Total comprehensive loss for the period	-	-	-	-	(554)	(554)
Balance as at 31 March 2014	63,925	3,384	(162)	(178)	2,287	69,256

(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.

The number of outstanding shares as at 31 March 2015 is 354,684,950 (31 March 2014: 359,944,950), net of treasury shares. The number of shares held as treasury shares as at 31 March 2015 is 6,365,000 (31 March 2014: 1,105,000).

The outstanding convertibles are 179,972,475 warrants that maybe convertible into ordinary shares of 179,972,475 as at 31 March 2015 (31 March 2014: Nil).

(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 March 2015	31 December 2014	31 March 2015	31 December 2014
	No. of shares	No. of shares	No. of shares	No. of shares
Issued share capital at the end of the period (net of treasury shares)	354,684,950	354,684,950	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

	Group		Company	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning and end of period	6,365,000	6,365,000	6,365,000	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 period ended 31 March 2015 as those used for the audited financial statement as at 31 December 2014.

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 2015 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	Group
	3 months ended 31 March	
	2015	2014
	Singapore cents	(Restated) Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	0.81	0.03
- on a fully diluted basis	0.81	0.03
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	354,684,950	359,944,950
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	354,684,950	359,944,950

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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	38.15	36.58	19.15	19.37
Issued share capital at the end of the period (net of treasury shares)	354,684,950	354,684,950	354,684,950	354,684,950

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

Quarter on Quarter

Revenue

The Group is an integrated specialist engineering solutions provider, serving manufacturers across a broad range of industries mainly within China and the rest of Asia.

Revenue by Geographical Location

	3 months ended 31 March		Increase (Decrease)	
	2015 S\$'000	2014 (Restated) S\$'000	S\$'000	%
Singapore	8,906	6,233	2,673	42.9
People's Republic of China ("PRC")	37,928	31,944	5,984	18.7
Malaysia	1,810	1,091	719	65.9
Others ⁽¹⁾	3,568	3,972	(404)	(10.2)
Total	52,212	43,240	8,972	20.8

Notes to table:

⁽¹⁾ Others include but not limited to Australia, Finland, Indonesia, India, Korea, New Zealand Pakistan, Philippines, Russia, Switzerland, Taiwan, Thailand, United States of America, United Kingdom and Vietnam.

The Group registered higher sales revenue in the 1Q2015 as compared to the previous corresponding period of 2014.

Stronger demand from customers mainly in the Machine tools industry for automation equipment and smart phone production generated more sales revenue in Singapore, China and Malaysia.

Although the demand for our products in other geographical areas declined, the demand from Singapore, China and Malaysia remained strong with an increase in sales revenue of S\$2.67 million, S\$5.98 million and S\$0.72 million respectively in 1Q2015 as compared to 1Q2014.

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. Cont'd

STATEMENT OF COMPREHENSIVE INCOME ITEMS Cont'd

***Quarter on Quarter* Cont'd**

Revenue by Business Segment

	3 months ended 31 March		Increase (Decrease)	
	2015	2014 (Restated)		
	S\$'000	S\$'000	S\$'000	%
Motion Control	40,728	31,594	9,134	28.9
Other Specialised Engineering Solutions	10,377	10,539	(162)	(1.5)
Industrial Computing	1,093	1,091	2	0.2
Others	14	16	(2)	(12.5)
Total	52,212	43,240	8,972	20.8

Motion Control product group generated more revenue in 1Q2015 as compared to 1Q2014 mainly due to overall stronger demand from our customers.

Sales revenue from Other Specialised Engineering Solutions group decreased due to weaker demand of customers.

Gross profit

The Group's gross profit increased by S\$4.41 million or 38.8% from S\$11.38 million in 1Q2014 to S\$15.79 million in 1Q2015 due to higher revenue registered. Gross profit margin increased from 26.3% in 1Q2014 to 30.2% in 1Q2015 mainly due to more sales revenue generated by trading activities with higher gross profit.

Other operating income

Other operating income increased by S\$713,000 or 123.4% from S\$578,000 in 1Q2014 to S\$1.29 million in 1Q2015 mainly due to higher technical service income and foreign exchange gain in 1Q2015.

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. Cont'd

STATEMENT OF COMPREHENSIVE INCOME ITEMS Cont'd

***Quarter on Quarter* Cont'd**

Distribution costs

Distribution costs increased by S\$1.23 million or 30.5% from S\$4.02 million in 1Q2014 to S\$5.25 million in 1Q2015 mainly due to increase in staff costs, freight charges and marketing costs.

Administrative expenses

Administrative expenses increased by S\$1.13 million or 20.6% from S\$5.49 million in 1Q2014 to S\$6.62 million in 1Q2015 mainly due to increase in staff costs.

Other operating expenses

Other operating expenses decreased by S\$857,000 or 77.8% from S\$1.10 million in 1Q2014 to S\$245,000 in 1Q2015 mainly due to no foreign exchange loss in 1Q2015.

Depreciation expenses

Depreciation expenses increased by S\$15,000 or 2.6% from S\$570,000 in 1Q2014 to S\$585,000 in 1Q2015 mainly due to new assets purchased.

Share of results of associates

Share of results of associates increased by S\$668,000 from a loss of S\$86,000 in 1Q2014 to a gain of S\$582,000 in 1Q2015 mainly due to higher contribution from associates.

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. Cont'd

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment increased by S\$767,000 or 2.44% from S\$31.42 million as at 31 December 2014 to S\$32.19 million as at 31 March 2015 mainly due to purchase of motor vehicles, machinery and factory equipment.

Associates

Associates increased by S\$619,000 million or 13.4% from S\$4.63 million as at 31 December 2014 to S\$5.25 million as at 31 March 2015 mainly due to higher contribution from associates.

Inventories

Inventories increased by S\$6.26 million or 18.1% from S\$34.61 million as at 31 December 2014 to S\$40.87 million as at 31 March 2015 mainly due to the increase in inventory level for China entities in order to meet the increase in demand from customers.

Trade and other receivables

The net increase of S\$10.78 million in Trade and other receivables was mainly due to an increase in revenue as a result of higher demand from customers and also higher advance payment to suppliers.

Subsequent payment of about S\$8.57 million was received from customers as at 21 April 2015. It represents approximately 14.36% of trade receivables as at 31 March 2015.

The customers who have delayed payments are still paying progressively and/or having ongoing transactions with the Company. They are the long time customers of the Group and the Group is regularly in close contact with them.

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. Cont'd

STATEMENT OF FINANCIAL POSITION ITEMS Cont'd

Trade and other payables

The net increase of S\$9.47 million in Trade and other payables was mainly due to an increase in purchases of inventories as a result of higher demand from customers and also higher advances received from customers.

Bank borrowings

Bank borrowings decreased by S\$122,000 or 0.9% from S\$13.65 million as at 31 December 2014 to S\$13.53 million as at 31 March 2015. The net decline was mainly due to repayment of bank borrowings offset by additional bank borrowings during 1Q2015.

CASH FLOW STATEMENT

Net cash used in operating activities increased by S\$1.30 million from a cash outflow of S\$1.59 million during period ended 31 March 2014 to a cash outflow of S\$2.89 million during period ended 31 March 2015. The increase was mainly due to higher cash used in working capital and income tax payment.

Net cash used in investing activities decreased by S\$242,000 from S\$766,000 during period ended 31 March 2014 to S\$524,000 during period ended 31 March 2015 mainly due to lesser property, plant and equipment being purchased in 1Q2015.

Net cash used in financing activities decreased to S\$22,000 during period ended 31 March 2015 mainly due to more repayment of bank loans.

As at 31 March 2015, the Group maintained a healthy cash and cash equivalents balance of S\$34.40 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.



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

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 our core Motion Control business to continue with its steady pace underpinned by the momentum across its diversified customer base in industries such as the smart phone category and medical segment.

Additionally, China's increasing efforts to automate its industrial and manufacturing sectors are likely to have a positive bearing on the Motion Control business segment going forward.

At the same time, ISDN is working towards growing its nascent energy business in hydro and coal power; the Group will continue to update shareholders of fresh developments as they come on line.

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).

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(d) The date the dividend is payable

Not applicable.

(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.

Not applicable.



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

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

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions, 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

1. 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 2 February 2015. The Company will make further announcements when the remaining net proceeds from both Placements are materially disbursed.

2. 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 2 February 2015. The Company will make announcements on the utilisation of proceeds arising from the exercise of the warrants as may be necessary and/or appropriate in due course.



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ISDN Holdings Limited
2015 Interim Financial Statements Announcement

By Order of the Board

Gwendolyn Gn
Company Secretary
ISDN Holdings Limited

29 April 2015