

ISDN Holdings Limited
Full Year Financial Statements Announcement
For Year Ended 31 December 2010

1(a)(i) A CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2010

A consolidated statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group	Group		Group	Group	
	3 months ended 31 December			12 months ended 31 December		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	45,206	35,011	29.1	163,578	106,650	53.4
Cost of sales	(31,730)	(25,480)	24.5	(115,574)	(75,064)	54.0
Gross profit	13,476	9,531	41.4	48,004	31,586	52.0
Other operating income	1,380	856	61.2	2,263	831	N/M
Distribution costs	(3,383)	(3,383)	-	(13,322)	(10,710)	24.4
Administrative expenses	(5,697)	(4,025)	41.5	(17,752)	(13,384)	32.6
Other operating expenses	(1,940)	(1,471)	31.9	(4,049)	(2,791)	45.1
Finance costs	(357)	(364)	(1.9)	(982)	(869)	13.0
Share of results of associates	144	(70)	N/M	518	(269)	N/M
Profit before income tax	3,623	1,074	N/M	14,680	4,394	N/M
Income tax expense	(1,114)	(752)	48.1	(4,029)	(2,071)	94.5
Profit for the period	2,509	322	N/M	10,651	2,323	N/M
Other comprehensive income:						
Exchange differences on translation of foreign operations	(293)	(413)	(44.3)	(1,722)	(1,248)	38.0
Total comprehensive income for the period	2,216	(91)	N/M	8,929	1,075	N/M
Profit after income tax attributable to:						
Equity holders of the Company	2,012	68	N/M	8,273	1,038	N/M
Non-controlling interests	497	254	95.7	2,378	1,285	85.1
	2,509	322	N/M	10,651	2,323	N/M
Total comprehensive income attributable to:						
Equity holders of the Company	1,878	(283)	N/M	7,032	50	N/M
Non-controlling interests	338	192	76.0	1,897	1,025	85.1
	2,216	(91)	N/M	8,929	1,075	N/M

N/M- not meaningful

All statement of financial position items are translated at the rate of:

One Malaysian Ringgit to Singapore Dollar 0.4180 (2009: 0.4097);
One Thailand Baht to Singapore Dollar 0.0439 (2009: 0.0432);
One Hong Kong Dollar to Singapore Dollar 0.1676 (2009: 0.1833); and
One Chinese Renminbi to Singapore Dollar 0.1952 (2009: 0.2055).

The average monthly rates approximate year end rates applied to statement of comprehensive income.

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

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

	Group	Group		Group	Group	
	3 months ended 31 December			12 months ended 31 December		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Other operating income						
Administrative income charged to associates	31	-	N/M	107	-	N/M
Bad trade receivables recovered	-	2	N/M	37	2	N/M
Commission income	177	264	(33.0)	917	275	N/M
Foreign exchange adjustment gain, net	-	119	N/M	-	-	N/M
Gain on sale of property, plant and equipment	4	3	33.3	14	8	N/M
Gain on dilution of a subsidiary	-	41	N/M	27	41	(34.1)
Interest income	51	32	N/M	111	65	N/M
Investment in an associate written back	-	7	N/M	-	7	N/M
Technical service income	398	143	N/M	627	308	N/M
Write back of allowance for inventories obsolescence	483	161	N/M	-	-	N/M
Write back of allowance for trade receivables	28	-	N/M	28	-	N/M
Operating lease income	87	10	N/M	157	39	N/M
Compensation from customer for cancellation of sales contract	-	-	N/M	40	-	N/M
Property management income	87	-	N/M	87	-	N/M
Miscellaneous income	34	74	N/M	111	86	29.1
	1,380	856	61.2	2,263	831	N/M

N/M- not meaningful

	Group	Group		Group	Group	
	3 months ended 31 December			12 months ended 31 December		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Other operating expenses						
Allowance for impairment of trade receivables	225	-	N/M	357	217	64.5
Allowance for inventories obsolescence	-	1,106	N/M	406	1,812	N/M
Amortisation of intangible assets	961	148	N/M	1,379	403	N/M
Amortisation of prepayment of land use rights	6	6	-	24	24	-
Bad trade receivables written off	5	14	64.3	112	14	N/M
Foreign exchange losses	143	-	N/M	1,161	115	N/M
Goodwill arising from acquisition of additional interest in subsidiaries written off	-	18	N/M	-	18	N/M
Inventories written off	589	179	N/M	599	179	N/M
Loss on sale of property, plant and equipment	11	-	N/M	11	-	N/M
Property, plant and equipment written off	-	-	N/M	-	7	N/M
Others	-	-	N/M	-	2	N/M
	1,940	1,471	31.9	4,049	2,791	45.1
Included in Distribution costs						
Depreciation of property, plant and equipment	22	20	10.0	89	52	71.2
Included in Administrative						
Depreciation of property, plant and equipment	477	276	72.8	1,277	903	41.4
Depreciation of investment properties	4	4	-	17	16	6.3
Included in cost of sales						
Depreciation of property, plant and equipment	177	6	N/M	265	170	55.9

N/M- not meaningful

	Group	Group		Group	Group	
	3 months ended 31 December			12 months ended 31 December		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Income tax expense						
Current taxation	1,013	780	29.9	3,896	2,104	85.2
Deferred taxation	(6)	-	N/M	(6)	-	N/M
Under(Over) provision of tax in respect of prior	107	(28)	N/M	139	(33)	N/M
	1,114	752	48.1	4,029	2,071	94.5

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 December 2010	31 December 2009	31 December 2010	31 December 2009
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property plant and equipment	24,880	23,854	-	-
Investment properties	567	584	-	-
Intangible assets	232	1,166	-	-
Prepayment- land use rights	1,467	1,491	-	-
Goodwill on consolidation	11,685	11,760	-	-
Subsidiaries	-	-	34,583	30,916
Associates	2,088	945	-	-
Total non current assets	40,919	39,800	34,583	30,916
Current assets				
Land held for sale	567	-	-	-
Inventories	25,819	19,907	-	-
Trade and other receivables	42,414	33,850	85	58
Prepayment- land use rights	24	24	-	-
Amount owing by subsidiaries	-	-	3,637	2,316
Dividend receivable	-	-	3,250	3,383
Cash and bank balances and fixed deposits	28,964	18,980	5,649	82
Total current assets	97,788	72,761	12,621	5,839
Total Assets	138,707	112,561	47,204	36,755

Cont'd

	Group	Group	Company	Company
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	S$'000	S$'000	S$'000	S$'000
EQUITY AND LIABILITIES				
Equity attributable to members of the Company				
Share capital	44,855	34,542	44,855	34,542
Treasury shares	(340)	(340)	(340)	(340)
Reserves	24,259	17,301	18	507
	68,774	51,503	44,533	34,709
Non-controlling interests	5,601	5,622	-	-
Total equity	74,375	57,125	44,533	34,709
Non-current liabilities				
Bank borrowings	8,790	10,309	-	-
Finance leases	99	121	-	-
Deferred tax liabilities	46	49	-	-
Total non-current liabilities	8,935	10,479	-	-
Current liabilities				
Bank borrowings	16,159	12,413	-	-
Current portion of finance leases	39	36	-	-
Trade and other payables	35,714	31,962	2,671	2,046
Dividend payable	1,409	-	-	-
Current income tax liabilities	2,076	546	-	-
Total current liabilities	55,397	44,957	2,671	2,046
Total liabilities	64,332	55,436	2,671	2,046
Total equity and liabilities	138,707	112,561	47,204	36,755

(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 2010		As at 31 December 2009	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
4,383	11,815	3,905	8,544

The amount repayable after one year;

As at 31 December 2010		As at 31 December 2009	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
6,276	2,613	9,030	1,400

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 a land use rights of a subsidiary.
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.
4) There is legal mortgage over a parcel of land of a subsidiary for facilities including working capital loans and trade facilities. The said facilities are also secured by personal guarantees provided by two directors of the subsidiary.

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

	12 months ended 31 December	
	2010	2009
	S$'000	S$'000
Cash flow from operating activities:		
Profit before income tax	14,680	4,394
Adjustments for:		
Allowance for impairment of trade receivables	357	217
Allowance for inventories obsolescence	406	1,812
Amortisation	1,403	427
Bad trade receivables written off	112	14
Depreciation of property, plant and equipment	1,631	1,125
Depreciation of investment properties	17	16
Unrealised currency translation differences	(429)	(658)
Gain on dilution of a subsidiary (Note A)	(27)	(41)
Gain on disposal of property, plant and equipment	(3)	(8)
Goodwill arising from acquisition of additional interest in subsidiaries written off	-	18
Interest expense	1,022	869
Interest income	(172)	(65)
Inventories written off	599	179
Investment in an associate written back	-	(7)
Property, plant and equipment written off	-	7
Write back of allowance for trade receivables	(28)	-
Share of results of associates	(518)	269
Operating cash flow before working capital changes	19,050	8,568
Inventories	(7,608)	576
Trade and other receivables	(10,511)	(7,879)
Trade and other payables	9,492	9,423
Cash generated from operations	10,423	10,688
Interest paid	(1,022)	(869)
Interest received	172	65
Income tax paid	(2,471)	(2,432)
Net cash generated from operating activities	7,102	7,452

Cont'd	12 months ended 31 December	
	2010	2009
	S$'000	S$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,477)	(11,023)
Proceeds from disposal of property, plant and equipment	61	8
Dilution of interest in a subsidiary (Note A)	(71)	5
Consideration for acquisition of additional interest in an existing subsidiary	(80)	-
Additions of intangible assets	(219)	(789)
Net cash used in investing activities	(4,786)	(11,799)
Cash flows from financing activities:		
Payment of dividends by issuer	-	(497)
Payment of dividends declared to a subsidiary's shareholders before acquisition	-	(1,000)
Dividends to non-controlling interests	(196)	(870)
Investment in subsidiaries by non-controlling interests	-	250
Proceeds from loan by non-controlling interests	576	50
Purchase of treasury shares	-	(340)
Rights issue proceeds (net of expenses)	5,389	-
Loans to associates	(370)	(57)
Repayment to loans from a joint venture	(49)	(227)
Repayment from loans to a joint venture	112	105
Proceeds from bank loans	5,772	15,173
Repayments of bank loans	(6,185)	(1,114)
Proceeds from short-term loans (net)*	2,872	(4,904)
Trust receipts	105	906
Repayment of finance leases	(16)	(39)
Net cash generated from financing activities	8,010	7,436
Net increase in cash and cash equivalents	10,326	3,089
Cash and cash equivalents at beginning of period	18,174	15,312
Effect of currency translation on cash and cash equivalents	-	(227)
Cash and cash equivalents at end of period (Note B)	28,500	18,174

* Short-term loans are with a maturity period of three months or less.

Note A:

During the year, the Group's effective interest in, JM Vistec System (Pte) Ltd ("JM Spore") and its subsidiary JM Vistec (Suzhou) Co., Ltd ("JM Suzhou")(collectively known as "JM Vistec group"), was diluted from 67% to 40%. Accordingly JM Vistec group has been reclassified and equity accounted for as an associate of the Group.

The effects of the dilution of the subsidiary on the cash flow of the Group for the financial period were as follows:-

Net assets diluted	**31 December 2010**
	S$'000
Property, plant and equipment	50
Goodwill on consolidation arising from acquisition of JM Suzhou by JM Spore in prior years	26
Inventories	691
Trade and other receivables	1,394
Trade and other payables	(1,263)
Income tax payable	(33)
Bank borrowings	(216)
Cash and bank balances	291
Identifiable net assets	940
Non-controlling interests	(310)
Identifiable net assets diluted	630
Identifiable net assets transferred to associates	(405)
Gain on dilution	27
Goodwill on consolidation arising from acquisition of JM Spore by the Group in prior years	48
Purchase consideration	300
(Less) Cash consideration receivable	(80)
(Less) Cash and bank balances diluted	(291)
Cash outflow on dilution	(71)

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

	31 December 2010 S$'000	31 December 2009 S$'000
Cash and bank balances	28,951	18,966
Fixed deposits	13	14
	28,964	18,980
(Less) Bank overdraft	(443)	(785)
(Less) Restricted bank balances	(21)	(21)
Cash and cash equivalents at end of period	28,500	18,174

(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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Share capital	Merger reserves	Translation reserves	Other reserves	Accumulated profits	Treasury shares	Total	Non-controlling interests	Total equity
	S$000	S$000	S$000	S$000	S$000	$'000	S$000	S$000	S$000
Group									
Balance as at 1 January 2009	34,542	(436)	428	1,352	16,404	-	52,290	5,185	57,475
Total comprehensive income for the period	-	-	(988)	-	1,038	-	50	1,025	1,075
Dilution of minority interests	-	-	-	-	-	-	-	32	32
Capital contributed by controlling interests	-	-	-	-	-	-	-	250	250
Dividends to non-controlling interests	-	-	-	-	-	-	-	(870)	(870)
Transfer to other reserves	-	-	-	136	(136)	-	-	-	-
Dividends declared and paid	-	-	-	-	(497)	-	(497)	-	(497)
Purchase of treasury shares	-	-	-	-	-	(340)	(340)	-	(340)
Balance as at 31 December 2009	34,542	(436)	(560)	1,488	16,809	(340)	51,503	5,622	57,125
Balance as at 1 January 2010	34,542	(436)	(560)	1,488	16,809	(340)	51,503	5,622	57,125
Total comprehensive income for the period	-	-	(1,241)	-	8,273	-	7,032	1,897	8,929
Additional non controlling interest arising on acquisition of an existing subsidiary	-	-	-	-	14	-	14	(90)	(76)
Rights issue	10,313	-	-	-	-	-	10,313	-	10,313
Dilution of subsidiary to associate (Note A to cash flow statement)	-	-	-	-	-	-	-	(310)	(310)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,606)	(1,606)
Transfer to other reserves	-	-	-	257	(345)	-	(88)	88	-
Balance as at 31 December 2010	44,855	(436)	(1,801)	1,745	24,751	(340)	68,774	5,601	74,375

	Share capital	Accumulated profits	Treasury shares	Total
	S$000	S$000	$'000	S$000
Company				
Balance as at 1 January 2009	34,542	302	-	34,844
Total comprehensive income for the period	-	702	-	702
Dividends declared and paid	-	(497)	-	(497)
Purchase of treasury shares	-	-	(340)	(340)
Balance as at 31 December 2009	34,542	507	(340)	34,709
Balance as at 1 January 2010	34,542	507	(340)	34,709
Total comprehensive income for the period	-	(489)	-	(489)
Rights issue	10,313	-	-	10,313
Balance as at 31 December 2010	44,855	18	(340)	44,533

(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 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.

The number of outstanding shares as at 31 December 2010 is 298,654,950 (31 December 2009: 199,103,300), net of treasury shares. On 28 December 2010, the Company allotted and issued rights shares of 99,551,650 new ordinary shares in the capital of the Company at an issue price of S$0.105 for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company held by the shareholders of the Company.

There were no shares issued under the Company's Share Option Scheme and Employees' Share Incentive Scheme.

(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 December 2010	31 December 2009	31 December 2010	31 December 2009
	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)	298,654,950	199,103,300	298,654,950	199,103,300

(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	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning of period	2,665,000	-	2,665,000	-
Additions	-	2,665,000	-	2,665,000
Balance at end of period	2,665,000	2,665,000	2,665,000	2,665,000

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

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 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 2010 as those used for the audited financial statement as at 31 December 2009.

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.

Adoption of new or revised Financial Reporting Standards ("FRS") applicable for the financial period beginning 1 January 2010 are as follows:-

Amendments to FRS 27 *Consolidated and Separate Financial Statements*

FRS 103 *Business Combinations (Revised)*

FRS 24 *Related Party Disclosures (Revised)*

The adoption of these FRS does not impact the financial statement significantly.

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

	Group	Group
	12 months ended 31 December	
	2010	2009
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	4.13	0.52
- on a fully diluted basis	4.13	0.52
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	200,194,277	199,103,300
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	200,194,277	199,103,300

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	23.03	25.87	14.91	17.43
Issued share capital at the end of the period (net of treasury shares)	298,654,950	199,103,300	298,654,950	199,103,300

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current 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 within China and the rest of Asia.

The Group's revenue increased by S$10.20 million or 29.1% from S$35.01 million for 4Q2009 to S$45.21 million for 4Q2010.

Revenue by Geographical Location

Revenue by geographical location	3 months ended 31 December		Increase (Decrease)		12 months ended 31 December		Increase (Decrease)	
	2010	2009			2010	2009		
	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000	%
Singapore	8,661	8,428	233	2.8	37,423	24,337	13,086	53.8
People's Republic of China	30,042	20,491	9,551	46.6	93,913	63,898	30,015	47.0
Malaysia	3,097	3,890	(793)	(20.4)	17,711	9,014	8,697	96.5
Others	3,406	2,202	1,204	54.7	14,531	9,401	5,130	54.6
Total	45,206	35,011	10,195	29.1	163,578	106,650	56,928	53.4

Notes to table:

Others include but not limited to Hong Kong, Taiwan, Thailand, Germany, United States of America, India, Australia, Canada and United Arab Emirates.

Revenue by Business Segment

Revenue by business segment	3 months ended 31 December		Increase (Decrease)		12 months ended 31 December		Increase (Decrease)	
	2010	2009			2010	2009		
	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000	%
Motion Control	34,817	26,349	8,468	32.1	125,022	77,570	47,452	61.2
Other Specialised Engineering Solutions	9,366	7,002	2,364	33.8	31,666	24,383	7,283	29.9
Industrial Computing	1,023	1,660	(637)	(38.4)	6,890	4,697	2,193	46.7
Total	45,206	35,011	10,195	29.1	163,578	106,650	56,928	53.4

Revenue for geographical and business segments increased as the global economy recovers from the financial crisis which started in FY2009.

Gross profit

As a result of the increase in revenue, the Group's gross profit increased by S$3.95 million or 41.4% from S$9.53 million in 4Q2009 to S$13.48 million in 4Q2010. Gross profit margin remained relatively stable at 29.8% in 4Q2010.

Other operating income

Other operating income increased by S$524,000 or 61.2% from S$856,000 in 4Q2009 to S$1.38 million in 4Q2010 mainly due to an increase in technical service income as a result of economic recovery and also a write back of inventory allowance.

Distribution costs

Distribution costs have remained stable at S$3.38 million in 4Q2010.

Depreciation of property, plant and equipment within distribution costs remained relatively stable at S$22,000.

Administrative expenses

Administrative expenses have increased by S$1.67 million or 41.5% from S$4.03 million in 4Q2009 to S$5.70 million in 4Q2010 due to increase in sales.

Depreciation of property, plant and equipment within administrative expenses increased by S$201,000 or 72.8% from S$276,000 in 4Q2009 to S$477,000 in 4Q2010 as a result of an increase in leasehold buildings from the construction of ISDN High-Tech Industrial Park of S$2.74 million.

Other operating expenses

Other operating expenses increased by S$469,000 or 31.9% from S$1.47 million in 4Q2009 to S$1.94 million in 4Q2010. This is because of an increase in amortization of intangibles due to the end of development phase of some products.

Finance costs

Finance costs remained relatively stable at S$357,000 in 4Q2010.

Share of results of associates

Share of results of associates increased by S$214,000 from a loss of S$70,000 in 4Q2009 to a profit of S$144,000 4Q2010 as the global economy recovers from the financial crisis which started in FY2009.

Year on Year

Revenue

The Group's revenue increased by S$56.92 million or 53.4% from S$106.65 million for FY2009 to S$163.58 million for FY2010.

Revenue for geographical and business segments increased as the global economy recovers from the financial crisis which started in FY2009.

Gross profit

As a result of the increase in revenue, the Group's gross profit increased by S$16.42 million or 52.0% from S$31.59 million in FY2009 to S$48.00 million in FY2010. Gross profit margin remained relatively stable at 29.3% in FY2010.

Other operating income

Other operating income increased by S$1.43 million from S$831,000 in FY2009 to S$2.26 million in FY2010 mainly due to an increase in commission income for sale of new products and technical service fees.

Distribution costs

Distribution costs have increased by S$2.61 million or 24.4% from S$10.71 million in FY2009 to S$13.32 million in FY2010 due to increase in sales.

Depreciation of property, plant and equipment within distribution costs increased by S$37,000 or 71.2% from S$52,000 in FY2009 to S$89,000 in FY2010 as a result of purchase of new plant and equipment and furniture and fittings at Servo Dynamics Co., Ltd in China.

Administrative expenses

Administrative expenses have increased by S$4.37 million or 32.6% from S$13.38 million in FY2009 to S$17.75 million in FY2010 due to increase in sales.

Depreciation of property, plant and equipment within administrative expenses increased by S$374,000 or 41.4% from S$903,000 in FY2009 to S$1.28 million in FY2010 as a result of the additional depreciation on the construction costs of ISDN High-Tech Industrial Park which commenced in 4Q2009 and an increase in leasehold buildings from the construction of ISDN High-Tech Industrial Park of S$2.74 million in FY2010.

Other operating expenses

Other operating expenses increased by S$1.26 million or 45.1% from S$2.79 million in FY2009 to S$4.05 million in FY2010. This is due to a net foreign exchange adjustment loss of S$1.61 million in FY2010 as Swiss Francs have

strengthened against Singapore Dollars in FY2010 compared to FY2009, resulting in exchange losses from the Group's CHF denominated payables. Exchange rate for the said currency pair fluctuated between 1.2153 to 1.3603 during FY2010 and 1.2954 to 1.3796 during FY2009 respectively. In addition, there was an increase in amortization of intangibles due to the end of development phase of some products.

Finance costs

The average effective interest rate of the Group increased by 0.13% to 4.94% in FY2010 from 4.81% in FY2009. In addition, the finance costs related to the construction of ISDN High-Tech Industrial Park was expensed since 4Q2009 after the park was in operation. As a result finance costs increased by S$113,000 or 13.0% from S$869,000 in FY2009 to S$982,000 in FY2010.

Share of results of associates

Share of results of associates increased by S$787,000 from a loss of S$269,000 in FY2009 to a profit of S$518,000 FY2010 as the global economy recovers from the financial crisis which started in FY2009.

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment have increased by S$1.03 million or 4.3% from S$23.85 million as at 31 December 2009 to S$24.88 million as at 31 December 2010 mainly due to an increase in leasehold buildings from the construction of ISDN High-Tech Industrial Park of S$2.74 million.

Intangible assets

Intangible assets have decreased due to the end of development phase of some products.

Goodwill on consolidation

Goodwill on consolidation has decreased by S$75,000 or 0.6% from S$11.76 million as at 31 December 2009 to S$11.69 million as at 31 December 2010 due to a dilution of the Group's effective interest in JM Vistec group.

Land held for sale

Land held for sale as at 31 December 2010 arose due to a reclassification of land parcel from property, plant and equipment of a subsidiary, Servo Thailand Co., Ltd ("Servo Thailand"). Servo Thailand is currently in the process of completing the sale of the land.

Inventories

Inventories increased by S$5.91 million or 29.7% from S$19.91 million as at 31 December 2009 to S$25.82 million as at 31 December 2010. However, inventory turnover days decreased to 72 days for year ended 31 December 2010 compared to 103 days for year ended 31 December 2009 due to stronger demand for products and services during year ended 31 December 2010.

Trade and other receivables

The increase was mainly due to trade receivables by S$2.63 million or 9.1% from S$29.05 million as at 31 December 2009 to S$31.68 million as at 31 December 2010 as a result of increased revenue during year ended 31 December 2010. Turnover days also reduced from 89 days for year ended 31 December 2009 to 68 days during year ended 31 December 2010.

Subsequent receipts amounted to about S$10.01 million as at 17 February 2011 which were approximately 31.6% of trade receivables as at 31 December 2010.

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

Bank borrowings

Bank borrowings increased by S$2.23 million or 9.8% from S$22.72 million as at 31 December 2009 to S$24.95 million in as at 31 December 2010. This was due to a bank loan amounting to USD 2.50 million (approximately S$3.26 million) drawn down during the financial year for investing in a road of 3 kilometres and a port to facilitate the transportation of bauxite out of a mine located in Silingan Kacemantan Marau Kabupaten Ketapang Kalimantan, Indonesia through the Company's subsidiary, RLM Pte Ltd.

Trade and other payables

The increase was mainly due to trade payables by S$4.34 million or 27.5% from S$15.78 million as at 31 December 2009 to S$20.12 million as at 31 December 2010 as a result of increased revenue in FY2010.

Trade payables turnover days decreased to 57 days during year ended 31 December 2010 from 62 days for year ended 31 December 2009.

CASH FLOW STATEMENT

Cash and cash equivalents

Net cash generated from operating activities decreased from a net inflow of S$7.45 million during year ended 31 December 2009 to S$7.10 million during year ended 31 December 2010. The decrease was due to higher inventories and receivables as a result of improved demands.

Net cash from investing activities was a net outflow of S$4.79 million during year ended 31 December 2010 as compared to S$11.80 million during year ended 31 December 2009 mainly due to the completion of ISDN High-Tech Industrial Park in 4Q2009.

Net cash generated from financing activities increased to a net inflow of S$8.01 million during year ended 31 December 2010 from S$7.44 million during year ended 31 December 2009 mainly due to rights issue proceeds, lower amounts of banks loans being drawn down for the construction of ISDN High-Tech Industrial Park and more repayment of bank loans.

With the above cash and cash equivalents increased by S$10.33 million or 56.8% from S$18.17 million as at 31 December 2009 to S$28.50 million as at 31 December 2010.

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 outlook for 2011 to remain positive barring any major changes in the external business environment. Our Motion Control business in China is benefitting from stronger demand from solar energy customers. Plans are in the pipeline to introduce new products and services by way of new business collaborations.

The Group, through its wholly-owned subsidiary ISDN Investments Pte Ltd, is in the process of acquiring 51% of the entire issued and paid up share capital of PT Putra Perkasa Indah, a company engaged in the business of coal mining exploration in Kalimantan, Indonesia. This venture could add a fresh source of revenue, a key objective of ISDN's diversification efforts.

Another ISDN Investments Pte Ltd's wholly-owned subsidiary, Ell-Gro Hydroponics Pte Ltd's ("Ell-Gro") foray into high-tech farming or hydroponics, welcomed the first harvest of its first farm in Malaysia in January 2011, marking the successful completion of the pilot phase. Ell-Gro is in the process of replicating this success in our second high-tech farm in Suzhou, China.

11. Dividend

(a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on?

Yes.

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per share (in Singapore cents)	0.5
Tax Rate	Tax exempt (One-Tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

The date payable will be advised at a later date.

(d) Books closure date

The books closure date will be advised at a later date.

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

Not applicable.

13. Aggregate Value of Interested Person Transactions entered into for year ended 31 December 2010- Pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Sand Profile (Suzhou) Co., Ltd and Sand Profile (HK) Co., Ltd ("Sand")(Note 1)	820	-
Resem Technologies Pte Ltd ("Resem")(Note 2)	428	-
Teo Cher Koon ("TCK")(Note 3)	3,226	-

Notes:

1) The transactions are due to sales and purchases between interested party and the Group. There is common directorship in the Company and Sand.

2) The transactions are due to sales and purchases between interested party and the Group. A non-executive director of Resem is the sister of the Managing Director and President of the Group.

3) On 16 December 2010, the Company announced that its subsidiary, RLM Pte Ltd ("RLM") has entered into a commitment agreement dated 16 December 2010 ("Commitment Agreement") for investing, managing and operating a road of 3 kilometres (the "Road") and a port (the "Port") to facilitate the transportation of bauxite out of a mine located in Silingan Kacemantan Marau Kabupaten Ketapang Kalimantan, Indonesia (the "Mine"). The Company owns 50% of the entire issued and paid-up capital of RLM, through its wholly-owned subsidiary, ISDN Investments Pte Ltd and RLM is a subsidiary of the Company. Banking facilities have been granted to RLM by United Overseas Bank Limited ("UOB") to finance the costs of constructing the Road and the Port. TCK, the controlling shareholder of the Company, has executed a personal guarantee dated 16 December 2010 for US$2,500,000 in favour of UOB in relation to the grant of banking facilities of US$5,000,000 from UOB to RLM Pte Ltd ("RLM"). The SGD equivalent of US$2,500,000 is S$3,226,000 based on year end exchange rate.

14. Use of Rights Proceeds

On 28 December 2010, the Company allotted and issued rights shares of 99,551,650 new ordinary shares in the capital of the Company at an issue price of S$0.105 for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company held by the shareholders of the Company.

The uses of the Rights proceeds as at 31 December 2010 are as follow:

Earmarked purpose	Amount set aside per Offer Information Statement ("OIS")	Amount used	Remaining amount
	S$'000	S$'000	S$'000
Hydroponics Business	2,000	-	2,000
Working capital	3,390	-	3,390
Expenses incurred in connection with the Rights Issue	140	140	-
Total	5,530	140	5,390

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15(a) Information by operating segments

	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Elimination		Consolidated	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Revenue										
External sales	125,022	77,570	31,666	24,383	6,890	4,697	-	-	163,578	106,650
Inter-segment sales	669	1,506	1,636	1,546	72	9	(2,377)	(3,061)	-	-
	125,691	79,076	33,302	25,929	6,962	4,706	(2,377)	(3,061)	163,578	106,650
Results										
Segment results	12,772	6,854	1,995	(1,203)	608	111	-	-	15,375	5,762
Share of (losses) profits of associates	518	(269)	-	-	-	-	-	-	518	(269)
Corporate expenses									(520)	(334)
Rental income									157	39
Interest income									172	65
Finance costs									(1,022)	(869)
Profit before income Tax									14,680	4,394
Income tax									(4,029)	(2,071)
Net profit for the year									10,651	2,323
Assets										
Segment assets	77,207	63,622	18,033	15,620	2,031	2,403	(1,868)	(1,353)	95,403	80,292
Goodwill	2,177	2,252	9,508	9,508	-	-	-	-	11,685	11,760
Investments in Associates	2,088	945	-	-	-	-	-	-	2,088	945
Cash and cash equivalents									28,964	18,980
Investment properties									567	584
Consolidated total **assets**									138,707	112,561
Liabilities										
Segment liabilities	30,169	23,741	9,817	9,122	459	1,347	(1,868)	(1,353)	38,577	32,857
Bank borrowings and finance leases									25,087	21,973
Others unallocated corporate liabilities									668	606
Consolidated total liabilities									64,332	55,436

	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Elimination		Consolidated	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Group										
Capital expenditure on										
- **Property, plant and equipment**	3,620	10,911	857	111	-	1	-	-	4,477	11,023
Depreciation of properties, plant and equipment	1,457	901	143	190	31	34	-	-	1,631	1,125
Depreciation of investment properties	17	16	-	-	-	-	-	-	17	16
Other non-cash expenses	1,145	1,943	1,708	703	35	28	-	-	2,888	2,674

15(b) Information by geographical segments

	Revenue from external customers		Non-current assets	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Singapore	37,423	24,337	17,098	18,050
People's Republic of China	93,913	63,898	21,202	20,760
Malaysia	17,711	9,014	212	175
Others	14,531	9,401	2,407	839
	163,578	106,650	40,919	39,824

(1) "Others" includes countries such as Hong Kong, Thailand, India, Pakistan, Sri Lanka, United Kingdom, United States of America, Germany and Australia.

16. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the business or geographical segments.

Please refer to 8(i) for more details.

17. A breakdown of sales as follows:

	Group 2010 S$'000	Group 2009 S$'000	Increase (Decrease) %
Sales reported for the first half year	75,573	43,194	75.0
Operating profit after tax before deducting minority interests reported for the first half year	7,611	1,946	N/M
Sales reported for the second half year	88,005	63,456	38.7
Operating profit after tax before deducting minority interests reported for the second half year	7,069	377	N/M

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous year.

	Group 2010 S$'000	Group 2009 S$'000
Ordinary	1,493	NIL

By Order of the Board

Teo Cher Koon
Managing Director

18 February 2011