

(Company Registration No.: 200416788Z)

ISDN Holdings Limited
Full Year Financial Statements Announcement
For the Financial Year Ended 31 December 2012

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

	Group		
	12 months ended 31 December		
	2012	2011	Increase (Decrease)
	S$'000	S$'000	%
Revenue	153,515	165,932	(7.5)
Cost of sales	(106,093)	(117,429)	(9.7)
Gross profit	47,422	48,503	(2.2)
Other operating income	2,515	4,196	(40.1)
Distribution costs	(15,177)	(14,741)	3.0
Administrative expenses	(20,892)	(20,262)	3.1
Other operating expenses	(2,447)	(2,188)	11.8
Finance costs	(1,016)	(1,152)	(11.8)
Share of results of associates	1,035	728	42.2
Profit before income tax	11,440	15,084	(24.2)
Income tax expense	(4,089)	(4,008)	2.0
Profit for the year	7,351	11,076	(33.6)
Other comprehensive income(loss):			
Exchange differences on translation of foreign operations	(1,614)	2,046	N/M
Total comprehensive income for the year	5,737	13,122	(56.3)
Profit after income tax attributable to:			
Equity holders of the Company	5,409	8,423	(35.8)
Non-controlling interests	1,942	2,653	(26.8)
	7,351	11,076	(33.6)
Total comprehensive income attributable to:			
Equity holders of the Company	3,931	10,363	(62.1)
Non-controlling interests	1,806	2,759	(34.5)
	5,737	13,122	(56.3)

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:-

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

	Group		
	12 months ended 31 December		
	2012	2011	Increase (Decrease)
	S$'000	S$'000	%
Other operating income			
Administrative income	88	90	(2.2)
Commission income	13	233	(94.4)
Gain on disposal of property, plant and equipment	-	103	N/M
Gain on disposal of assets held for sale	-	757	N/M
Gain on disposal of properties under development	-	731	N/M
Gain on exit of road and port facilities project	-	378	N/M
Finance income:			
- interest on bank deposits	107	137	(21.9)
- interest on loan to associate	1	18	(94.4)
Miscellaneous income	638	369	72.9
Operating lease rental income:			
- investment properties	57	53	7.5
- sub-let office/warehouse premises	312	191	63.4
Property management income	154	131	17.6
Technical service income	758	756	0.3
Write back of allowance for inventories obsolescence	261	121	N/M
Write back of allowance for trade receivables	108	11	N/M
Write back of gain on stock count variance	18	117	(84.6)
	2,515	4,196	(40.1)

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 charging / (crediting) the following: (cont'd)

	Group		
	12 months ended 31 December		
	2012	2011	Increase (Decrease)
	S$'000	S$'000	%
Other operating expenses			
Allowance for inventories obsolescence	893	903	(1.1)
Allowance for impairment of trade receivables	221	100	N/M
Amortisation of intangible assets	23	624	N/M
Amortisation of land use rights	33	34	(2.9)
Bad trade receivables written off	72	197	(63.5)
Foreign exchange losses, net	958	4	N/M
Inventories written off	217	305	(28.9)
Loss on dilution of interests in subsidiary	-	3	N/M
Loss on disposal of property, plant and equipment	19	11	72.7
Property, plant and equipment written off	11	7	57.1
	2,447	2,188	11.8
Included in Distribution costs			
Depreciation of property, plant and equipment	103	113	(8.8)
Included in Administrative expenses			
Depreciation of property, plant and equipment	1,332	1,444	(7.8)
Depreciation of investment properties	19	19	-
Included in cost of sales			
Depreciation of property, plant and equipment	388	282	37.6

N/M- not meaningful

	Group	Group	
	12 months ended 31 December		
	2012	2011	Increase (Decrease)
	S$'000	S$'000	%
Income tax expense			
Current taxation	4,051	3,926	3.2
Deferred taxation	(15)	(1)	N/M
	4,036	3,925	2.8
Under / (Over) provision of tax in respect of prior years:			
- current income tax	53	98	(45.9)
- deferred taxation	-	(15)	N/M
	4,089	4,008	2.0

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 2012	31 December 2011	31 December 2012	31 December 2011
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property plant and equipment	26,546	27,896	-	-
Investment properties	611	633	-	-
Intangible assets	24	41	-	-
Land use rights	1,467	1,547	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	39,099	38,822
Associates	3,416	2,586	31	33
Total non-current assets	43,750	44,389	39,130	38,855
Current assets				
Inventories	25,532	29,209	-	-
Trade and other receivables	49,138	36,704	193	119
Amount owing by subsidiaries	-	-	6,272	4,968
Dividend receivable	-	-	4,500	4,050
Cash and bank balances and fixed deposits	25,071	28,403	92	1,392
Total current assets	99,741	94,316	11,057	10,529
Total Assets	143,491	138,705	50,187	49,384

(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 December 2012	31 December 2011	31 December 2012	31 December 2011
	S$'000	S$'000	S$'000	S$'000
EQUITY AND LIABILITIES				
Equity attributable to members of the Company				
Share capital	44,855	44,855	44,855	44,855
Treasury shares	(162)	(340)	(162)	(340)
Reserves	35,625	33,287	1,636	1,826
	80,318	77,802	46,329	46,341
Non-controlling interests	6,606	6,018	-	-
Total equity	86,924	83,820	46,329	46,341
Non-current liabilities				
Bank borrowings	5,557	10,636	-	-
Finance leases	281	293	-	-
Deferred tax liabilities	7	30	-	-
Total non-current liabilities	5,845	10,959	-	-
Current liabilities				
Bank borrowings	15,602	11,020	-	-
Finance leases	56	54	-	-
Trade and other payables	33,102	31,282	3,858	3,043
Current income tax liabilities	1,962	1,570	-	-
Total current liabilities	50,722	43,926	3,858	3,043
Total liabilities	56,567	54,885	3,858	3,043
Total equity and liabilities	143,491	138,705	50,187	49,384

(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 2012		As at 31 December 2011	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
4,405	11,253	4,424	6,650

The amount repayable after one year;

As at 31 December 2012		As at 31 December 2011	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
5,643	195	10,173	756

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 right and a leasehold property of a subsidiary for a term loan. The said facility is also secured by corporate guarantee provided by the Company and 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.

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

	12 months ended 31 December	
	2012	2011
	S$'000	S$'000
Cash flow from operating activities:		
Profit before income tax	11,440	15,084
Adjustments for:		
Amortisation of intangible assets	23	624
Amortisation of land use rights	33	34
Bad trade receivables written off	72	197
Depreciation of property, plant and equipment	1,823	1,839
Depreciation of investment properties	19	19
Allowance for inventories obsolescence	893	903
Allowance for impairment of trade receivables	221	100
Gain on disposal of property, plant and equipment	-	(103)
Gain on disposal assets held for sale	-	(757)
Gain on disposal of properties under development	-	(731)
Gain on exit of road and port facilities project	-	(378)
Performance share expense	178	-
Property, plant and equipment written off	11	7
Inventories written off	217	305
Loss on disposal of property, plant and equipment	19	-
Write back of allowance for inventory obsolescence	(261)	(121)
Write back of allowance for trade receivables	(108)	(11)
Write back of gain in stock count variance	(18)	(117)
Interest expense	1,016	1,152
Interest income	(108)	(155)
Share of results of associates	(1,035)	(728)
Unrealised currency translation differences	265	(655)
Operating cash flow before working capital changes	14,700	16,508
Inventories	2,845	(4,360)
Trade and other receivables	(13,251)	3,040
Trade and other payables	3,505	(6,138)
Cash generated from operations	7,799	9,050

(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)

	12 months ended 31 December	
	2012	2011
	S$'000	S$'000
Interest paid	(1,016)	(1,152)
Interest received	108	155
Income tax paid	(3,711)	(4,530)
Net cash generated from operating activities	3,180	3,523
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,607)	(3,486)
Increase in intangible assets	-	(417)
Progress payments of properties under development	-	(558)
Proceeds from disposal of property, plant and equipment	61	202
Proceeds from disposal of assets held for sale	-	1,025
Proceeds from disposal of properties under development	-	1,760
Proceeds from exit of road and port facilities project	-	3,639
Consideration for acquisition of interests from non-controlling interests	-	(21)
Dividends from an associate	146	38
Net cash (used in) generated from investing activities	(1,400)	2,182
Cash flows from financing activities:		
Dividends to equity holders of the Company	(1,493)	(1,493)
Dividends to non-controlling interests	(4,162)	(1,846)
Investment in subsidiaries by non-controlling interests	1,083	52
Loans to associates	(99)	(75)
Repayment from amount owing to an associate	-	(50)
Repayment from (Loan to) a joint venture	89	(30)
Amount owing to non-controlling interests	17	113
(Increase) Decrease on restricted bank balances	(500)	21
Proceeds from bank loans	5,848	13,983
Repayments of bank loans	(5,888)	(6,010)
Repayment of short-term loans	(3,752)	(10,541)
Proceeds from (Repayment of) trust receipts (net)	3,308	(282)
Repayment of finance leases (net)	(10)	(144)
Net cash used in financing activities	(5,559)	(6,302)

(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)

	12 months ended 31 December	
	2012	2011
	S$'000	S$'000
Net change in cash and cash equivalents	(3,779)	(597)
Cash and cash equivalents at beginning of year	28,403	28,500
Effect of currency translation on cash and cash equivalents	(53)	500
Cash and cash equivalents at end of year (Note A)	24,571	28,403

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

	12 months ended 31 December	
	2012	2011
	S$'000	S$'000
Cash and bank balances	23,859	27,736
Fixed deposits	1,212	667
	25,071	28,403
(Less) Restricted bank balances	(500)	-
Cash and cash equivalents at end of year	24,571	28,403

(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	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S$000	$'000	S$000	S$000	S$000	S$000	S$000	S$000	S$000
Group									
Balance as at 1 January 2012	44,855	(340)	(436)	139	1,909	31,675	77,802	6,018	83,820
Total comprehensive income for the year	-	-	-	(1,478)	-	5,409	3,931	1,806	5,737
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	1,083	1,083
Acquisition on non-controlling interest	-	-	-	-	-	(8)	(8)	(2)	(10)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,421)	(2,421)
2011 final dividend of $0.005 per share	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Transfer to other reserves	-	-	-	-	1,265	(1,357)	(92)	122	30
Grant of performance shares	-	178	-	-	-	-	178	-	178
Balance as at 31 December 2012	44,855	(162)	(436)	(1,339)	3,174	34,226	80,318	6,606	86,924
Balance as at 1 January 2011	44,855	(340)	(436)	(1,801)	1,745	24,879	68,902	5,563	74,465
Total comprehensive income for the year	-	-	-	1,940	-	8,423	10,363	2,759	13,122
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	52	52
Acquisition on non-controlling interest	-	-	-	-	-	(6)	(6)	(15)	(21)
Disposal of interests in subsidiary	-	-	-	-	-	36	36	(36)	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,305)	(2,305)
2010 final dividend of $0.005 per share	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Transfer to other reserves	-	-	-	-	164	(164)	-	-	-
Balance as at 31 December 2011	44,855	(340)	(436)	139	1,909	31,675	77,802	6,018	83,820

(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	Retained earnings	Treasury shares	Total
	S$000	S$000	$'000	S$000
Company				
Balance as at 1 January 2012	44,855	1,826	(340)	46,341
Total comprehensive income for the period	-	1,303	-	1,303
2011 final dividend of $0.005 per share	-	(1,493)	-	(1,493)
Grant of performance shares	-	-	178	178
Balance as at 31 December 2012	44,855	1,636	(162)	46,329
Balance as at 1 January 2011	44,855	1,518	(340)	46,033
Total comprehensive income for the period	-	1,801	-	1,801
2010 final dividend of $0.005 per share	-	(1,493)	-	(1,493)
Balance as at 31 December 2011	44,855	1,826	(340)	46,341

(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.

The number of outstanding ordinary shares as at 31 December 2012 is 300,214,950* (31 December 2011: 298,654,950), net of treasury shares of 1,105,000 (31 December 2011: 2,665,000).

There were no shares issued under the Company's Share Option 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 2012	31 December 2011	31 December 2012	31 December 2011
	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)	300,214,950*	298,654,950	300,214,950*	298,654,950

(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	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	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	2,665,000	2,665,000
Grant of performance shares	(1,560,000)	-	(1,560,000)	-
Balance at end of period	1,105,000	2,665,000	1,105,000	2,665,000

*** The treasury shares have not been transferred by end of 31 December 2012.**

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 2012 as those used for the audited financial statement as at 31 December 2011.

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 2012 is as follows:-

- Amendments to FRS 107 – Financial Instruments: Disclosure – Transfer of Financial Assets

The adoption of this FRS does not impact the financial statements significantly.

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
	12 months ended 31 December	
	2012	2011
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	1.81	2.82
- on a fully diluted basis	1.81	2.82
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	298,736,155*	298,654,950
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	298,736,155*	298,654,950

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 December 2012	31 December 2011	31 December 2012	31 December 2011
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	26.75	26.05	15.43	15.52
Issued share capital at the end of the period (net of treasury shares)	300,214,950*	298,654,950	300,214,950*	298,654,950

*** The treasury shares have not been transferred by end of 31 December 2012.**

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

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

Revenue by Geographical Location

	12 months ended 31 December		Increase (Decrease)	
	2012	2011		
	S$'000	S$'000	S$'000	%
Singapore	33,818	33,770	48	0.1
People's Republic of China	107,465	117,082	(9,617)	(8.2)
Malaysia	4,595	7,216	(2,621)	(36.3)
Others[(1)]	7,637	7,864	(227)	(2.9)
Total	153,515	165,932	(12,417)	(7.5)

Notes to table:

Others include but not limited to Taiwan, Thailand, Indonesia, Germany, Pakistan, Israel, Sri Lanka, United States of America, India, Australia, New Zealand, Norway, Denmark, Italy, Egypt, Canada, Italy, South Africa, Pakistan, Sultanate of Oman and United Arab Emirates.

Singapore's revenue had increased only slightly as the weak economies in the US, Europe and Japan had dampened economic growth in Singapore.

People's Republic of China's (PRC) revenue decreased as the overall demand of our products by our PRC's customers declined under the backdrop of economic slowdown in PRC in 2012.

The demand for our products in Malaysia and other markets remained weak with a combined decrease in revenue by S$2.85 million or 18.9%.

Revenue by Business Segment

	12 months ended 31 December		Increase (Decrease)	
	2012	2011		
	S$'000	S$'000	S$'000	%
Motion Control	115,597	129,356	(13,759)	(10.6)
Other Specialised Engineering Solutions	32,456	31,307	1,149	3.7
Industrial Computing	5,366	5,247	119	2.3
Others	96	22	74	N/M
Total	153,515	165,932	(12,417)	(7.5)

N/M- not meaningful

Motion Control product group generated less revenue in year 2012 as compared to year 2011 mainly due to overall weaker demand from our customers.

Other product groups however registered a marginal growth in year 2012 as our customers' demand of such products increased slightly.

Gross profit

In line with the decline in Group's revenue, our Group's gross profit decreased by S$1.08 million or 2.2% in year 2012 as compared to year 2011. However, the gross profit margin of 30.9% achieved is marginally better than our target margin of between 26% - 30%.

Other operating income

Other operating income decreased by S$1.68 million or 40.1% in year 2012 as compared to year 2011 mainly due to the profit from sale of properties and gain from exit of facilities project recognised by our subsidiaries in year 2011.

Distribution costs

Distribution costs increased by S$0.44 million or 3.0% in year 2012 as compared to year 2011 mainly due to accrual of bonuses for sales personnel.

Administrative expenses

Administrative expenses increased by S$0.63 million or 3.1% in year 2012 as compared to year 2011 mainly due to accrual of staff compensation, performance shares and professional fees.

Other operating expenses

Other operating expenses increased by S$0.26 million or 11.8% in year 2012 as compared to year 2011 mainly due to the increase in foreign exchange losses and allowance for impairment of trade receivables offset by the decrease in amortization of intangible assets, and lesser bad trade receivables and inventories written off.

Finance costs

Finance costs decreased by S$0.14 million or 11.8% in year 2012 as compared to year 2011 because of lower bank borrowings.

Share of results of associates

Share of results of associates increased by S$0.31 million or 42.2% in year 2012 as compared to year 2011 because of additional contributions from the associates.

STATEMENT OF FINANCIAL POSITION ITEMS

Intangible assets

Intangible assets decreased due to amortization.

Associates

Increase in Associates was mainly due to increase in share of results of Associates.

Inventories

Inventories decreased by S$3.68 million or 12.6% in year 2012 as compared to year 2011 mainly due to better stock management.

Trade and other receivables

Trade and other receivable increased by S$12.43 million or 33.9% in year 2012 as compared to year 2011 mainly due to longer credit term granted to certain customers. To counteract the rising debts, certain subsidiaries in the group have been instructed not to supply to customers whose debts have been long outstanding unless it is approved by the management.

The Group has subsequently received about S$12.29 million from customers as at 25 January 2013. The subsequent receipt was approximately 29.8% of trade receivables as at 31 December 2012.

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 Group and the Group is regularly in close contact with them.

Cash and bank balances and fixed deposits

Cash and bank balances and fixed deposits decreased by S$3.33 million in year 2012 as compared to year 2011 mainly due to payment of dividends and purchase of property, plant and equipment offset by cash generated from operating activities.

Bank borrowings

Bank borrowings decreased by S$0.50 million or 2.3% in year 2012 as compared to year 2011 mainly due to repayment of bank loans net of new loans.

Trade and other payables

Trade and other payables increased by S$1.82 million or 5.8% in year 2012 as compared to year 2011 mainly due to accrual of staff compensation.

Current income tax liabilities

Current income tax liabilities increased by S$0.39 million or 25.0% in year 2012 as compared to year 2011 because of lower taxable income in year 2011 after adjusting non-taxable gain on sale of properties, plant and equipment.

CASH FLOW STATEMENT

Net cash generated from operating activities decreased from S$3.52 million in year 2011 to S$3.18 million in year 2012 mainly due to lower profit.

Net cash from investing activities decreased from a net inflow of S$2.18 million in year 2011 to a net outflow of S$1.40 million in year 2012 mainly because of sales of properties by subsidiaries in year 2011.

Net cash used in financing activities decreased from S$6.30 million in year 2011 to S$5.56 million in year 2012 mainly due to more loans drawdown by subsidiaries and receipt of investment funds from non-controlling interests.

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 significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The sluggish economic environment outside PRC is expected to have impact on the Group's performance in the next reporting period and the next 12 months. To counteract the impact, the Group continues to develop and penetrate into new market such as recent formation of subsidiary in Vietnam in order to capture more market share for the Group's core businesses outside PRC.

PRC market, which contributed about 70% of the Group's revenue in year 2012, is expected to continue as the leading contributor to the Group's - revenue in the next reporting period and the next 12 months. PRC's year 2013 economic growth is forecast to be better than year 2012 which will provide more opportunities for the Group to expand its presence and increase its market shares in PRC.

Besides the core businesses, the Group continues to explore and develop new businesses for more new revenue sources.

With the Group's strong and well established business network in Asian region and barring any unforeseen circumstances, the Group is cautiously optimistic of achieving positive results in year 2013.

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? 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? Yes

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

(d) The date the dividend is payable.

The date of payment of the proposed dividend, if approved at the Annual General Meeting, will be announced at a later date.

(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 will be announced at a later date.

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

Not applicable.

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.

Not applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15.Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's more recently audited financial statements, with comparative information for the immediately preceding year.

Information by operating segments

	Engineering Solutions Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	2012 S$'000	2011 S$'000	2012 S$'000	2011	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Revenue												
External sales	115,597	129,356	32,456	31,307	5,366	5,247	96	22	-	-	153,515	165,932
Inter-segment sales	526	639	1,658	2,369	34	66	-	-	(2,218)	(3,074)	-	-
	116,123	129,995	34,114	33,676	5,400	5,313	96	22	(2,218)	(3,074)	153,515	165,932
Results												
Segment results	11,340	14,596	1,028	1,460	34	207	(721)	(624)	-	-	11,681	15,639
Share of (losses) profits of associates	1,035	728	-	-	-	-	-	-	-	-	1,035	728
Corporate expenses											(737)	(530)
Rental income											369	244
Interest income											108	155
Finance costs											(1,016)	(1,152)
Profit before income Tax											11,440	15,084
Income tax											(4,089)	(4,008)
Net profit for the year											7,351	11,076
Assets												
Segment assets	91,803	85,210	14,308	14,379	2,788	1,867	4,638	2,074	(10,830)	(8,133)	102,707	95,397
Goodwill	2,178	2,178	9,508	9,508	-	-	-	-	-	-	11,686	11,686
Investments in Associates	3,416	2,586	-	-	-	-	-	-	-	-	3,416	2,586
Cash and cash equivalents											25,071	28,403
Investment properties											611	633
Consolidated total **assets**											143,491	138,705
Liabilities												
Segment liabilities	35,418	34,693	5,871	3,177	743	464	477	273	(10,830)	(8,133)	31,679	30,474
Bank borrowings and finance leases											21,496	22,003
Income tax liabilities											1,968	1,600
Others unallocated corporate liabilities											1,424	808
Consolidated total liabilities											56,567	54,885

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

Information by operating segments (Cont'd)

	Engineering Solutions Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	2012 S$'000	2011 S$'000	2012 S$'000	2011	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Group												
Capital expenditure on												
- **Property, plant and equipment**	646	2,690	436	703	-	5	524	441	-	-	1,606	3,839
- **Intangibles assets**	-	-	-	417	-	-	-	-	-	-	-	417
- **Progress payments for properties under development**	-	558	-	-	-	-	-	-	-	-	-	558
Depreciation of properties, plant and equipment	1,219	1,230	475	536	21	22	108	51	-	-	1,823	1,839
Depreciation of investment properties	17	17	-	-	2	2	-	-	-	-	19	19
Other non-cash Expenses												
- allowance for inventory obsolesence	579	855	312	74	2	(26)	-	-	-	-	893	903
- allowance for impairment of trade receivables	99	47	122	53	-	-	-	-	-	-	221	100
- amortization of intangible assets	23	-	-	624	-	-	-	-	-	-	23	624
- amortization of land use rights	33	34	-	-	-	-	-	-	-	-	33	34
- bad trade receivables written off	-	113	72	84	-	-	-	-	-	-	72	197
- inventories written off	150	171	67	91	-	43	-	-	-	-	217	305
- properties, plant and equipment written off	11	-	-	7	-	-	-	-	-	-	11	7
- write back of allowance of inventory obsolescence	(246)	-	(15)	(121)	-	-	-	-	-	-	(261)	(121)
- write back of allowance of trade receivables	(108)	(11)	-	-	-	-	-	-	-	-	(108)	(11)
- write back of allowance of gain in stock count variance	(8)	-	(10)	(117)	-	-	-	-	-	-	(18)	(117)

Information by geographical segments

	Revenue from external customers		Non-current assets	
	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Singapore	33,818	33,770	19,324	17,322
People's Republic of China	107,465	117,082	23,025	24,382
Malaysia	4,595	7,216	875	190
Others[(1)]	7,637	7,864	526	2,495
	153,515	165,932	43,750	44,389

(1) Others include but not limited to Taiwan, Thailand, Germany, United States of America, India, Australia, Canada and United Arab Emirates

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 item 8 above for more details.

17. A breakdown of sales as follows:

	Group 2012 S$'000	Group 2011 S$'000	Increase (Decrease) %
Sales reported for the first half year	72,784	93,073	(21.8)
Operating profit after tax before deducting minority interests reported for the first half year	5,296	7,787	(32.0)
Sales reported for the second half year	80,731	72,859	10.8
Operating profit after tax before deducting minority interests reported for the second half year	2,055	3,289	(37.5)

18. 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 2012	Group 2011
	S$'000	S$'000
Ordinary *	1,501	1,493

* 2012 final dividend is estimated based on number of shares (excluding treasury shares) outstanding as at the end of the financial year.

19. 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	53	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

Teo Cher Koon
Managing Director

27 February 2013