



(Company Registration No.: 200416788Z)

**ISDN Holdings Limited**  
**2017 Interim Financial Statements Announcement**  
**For the Third Quarter and Period Ended 30 September 2017**



**ISDN Holdings Limited**  
**2017 Interim Financial Statements Announcement for the**  
**Third Quarter and Period Ended 30 September 2017**

**1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017**

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

|   | GROUP          |               |               |                |                |               |
|---|----------------|---------------|---------------|----------------|----------------|---------------|
|   | 3 months ended |               |               | 9 months ended |                |               |
|   | 30 September   |               | %             | 30 September   |                | %             |
|   | 2017           | 2016          | change        | 2017           | 2016           | change        |
|   | S\$'000        | S\$'000       | +/(-)         | S\$'000        | S\$'000        | +/(-)         |
| Revenue   | 76,693         | 70,984        | 8.0%          | 221,720        | 191,443        | 15.8%         |
| Cost of sales   | (57,513)       | (53,894)      | 6.7%          | (166,490)      | (143,254)      | 16.2%         |
| <b>Gross profit</b>   | <b>19,180</b>  | <b>17,090</b> |               | <b>55,230</b>  | <b>48,189</b>  |               |
| Other operating income  | 1,335          | 938           | 42.3%         | 2,844          | 2,915          | -2.4%         |
| Distribution costs  | (6,481)        | (5,627)       | 15.2%         | (17,572)       | (16,612)       | 5.8%          |
| Administrative expenses   | (7,234)        | (8,749)       | -17.3%        | (22,542)       | (23,181)       | -2.8%         |
| Other operating expenses  | (379)          | (657)         | -42.3%        | (2,274)        | (2,485)        | -8.5%         |
| Finance costs   | (243)          | (148)         | 64.2%         | (584)          | (569)          | 2.6%          |
| Share of profit of associates                                     | 20             | 541           | n.m.          | 636            | 65             | n.m.          |
| <b>Profit before taxation</b>                                     | <b>6,198</b>   | <b>3,388</b>  | <b>82.9%</b>  | <b>15,738</b>  | <b>8,322</b>   | <b>89.1%</b>  |
| Income tax expense  | (1,475)        | (1,528)       | -3.5%         | (4,337)        | (3,225)        | 34.5%         |
| <b>Profit for the period</b>                                      | <b>4,723</b>   | <b>1,860</b>  | <b>n.m.</b>   | <b>11,401</b>  | <b>5,097</b>   | <b>n.m.</b>   |
| <b>Other comprehensive income/(loss):</b>                         |                |               |               |                |                |               |
| Items that may be subsequently reclassified to profit and loss    |                |               |               |                |                |               |
| Exchange differences on translation of foreign operations         |                |               |               |                |                |               |
| gain/(loss) on translation of foreign operations                  | 264            | 587           | -55.0%        | (1,260)        | (2,529)        | -50.2%        |
| Reclassification  | -              | -             | n.m.          | -              | (260)          | n.m.          |
|   | <b>264</b>     | <b>587</b>    | <b>-55.0%</b> | <b>(1,260)</b> | <b>(2,789)</b> | <b>-54.8%</b> |
| <b>Total comprehensive income for the period</b>                  | <b>4,987</b>   | <b>2,447</b>  | <b>n.m.</b>   | <b>10,141</b>  | <b>2,308</b>   | <b>n.m.</b>   |
| <b>Profit for the period attributable to:</b>                     |                |               |               |                |                |               |
| Equity holders of the Company                                     | 2,984          | 698           | n.m.          | 7,715          | 2,229          | n.m.          |
| Non-controlling interest  | 1,739          | 1,162         | 49.7%         | 3,686          | 2,868          | 28.5%         |
|   | <b>4,723</b>   | <b>1,860</b>  | <b>n.m.</b>   | <b>11,401</b>  | <b>5,097</b>   | <b>n.m.</b>   |
| <b>Total comprehensive income for the period attributable to:</b> |                |               |               |                |                |               |
| Owners of the Company   | 3,127          | 1,224         | n.m.          | 6,777          | 55             | n.m.          |
| Non-controlling interest  | 1,860          | 1,223         | 52.1%         | 3,364          | 2,253          | 49.3%         |
|   | <b>4,987</b>   | <b>2,447</b>  | <b>n.m.</b>   | <b>10,141</b>  | <b>2,308</b>   | <b>n.m.</b>   |

n.m.: Not meaningful



**ISDN Holdings Limited**  
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(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 |         |          | 9 months ended |         |          |
|   | 30 September   |         |          | 30 September   |         |          |
|   | 2017           | 2016    | % change | 2017           | 2016    | % change |
|   | S\$'000        | S\$'000 | + / (-)  | S\$'000        | S\$'000 | + / (-)  |
| <b>Profit from operations is determined after (crediting)/charging the following:</b> |                |         |          |                |         |          |
| Allowance for impairment of trade receivables   | 5              | -       | n.m.     | 26             | 154     | -83.1%   |
| Allowance for inventories obsolescence  | 137            | -       | n.m.     | 487            | 566     | -14.0%   |
| Amortisation and depreciation   | 589            | 514     | 14.6%    | 1,652          | 1,478   | 11.8%    |
| Interest income   | (12)           | (48)    | -75.0%   | (82)           | (163)   | -49.7%   |
| Foreign exchange loss, net  | 107            | 638     | -83.2%   | 1,544          | 1,557   | -0.8%    |
| Gain on disposal of interest in associate   | -              | -       | n.m.     | -              | (64)    | n.m.     |
| Gain on disposal of interest in subsidiary  | -              | -       | n.m.     | (101)          | (411)   | -75.4%   |
| Gain on disposal of property, plant and equipment                                     | -              | -       | n.m.     | (3)            | (2)     | 50.0%    |
| Inventories written off   | 112            | 18      | n.m.     | 115            | 150     | -23.3%   |
| (Over)/Under provision of tax in respect of prior year                                | (64)           | (18)    | n.m.     | 62             | (323)   | n.m.     |
| Trade receivables written off   | 9              | 56      | -83.9%   | 73             | 77      | -5.2%    |
| Write back of allowance for trade receivables   | -              | (229)   | n.m.     | -              | (229)   | n.m.     |
| Write back of allowance for inventories obsolescence                                  | 1              | (59)    | n.m.     | (34)           | (98)    | -65.3%   |

n.m: Not meaningful

**ISDN Holdings Limited**  
**2017 Interim Financial Statements Announcement for the**  
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**(1)(b)(i)** A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

|   | GROUP                |                     | COMPANY              |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | 30 September<br>2017 | 31 December<br>2016 | 30 September<br>2017 | 31 December<br>2016 |
|   | S\$'000              | S\$'000             | S\$'000              | S\$'000             |
| <b>Non-current assets</b>                           |                      |                     |                      |                     |
| Property, plant and equipment                       | 27,096               | 27,682              | -                    | -                   |
| Investment properties                               | 508                  | 522                 | -                    | -                   |
| Land use rights                                     | 1,342                | 1,376               | -                    | -                   |
| Goodwill  | 11,686               | 11,686              | -                    | -                   |
| Interests in subsidiaries                           | -                    | -                   | 36,653               | 36,653              |
| Interests in associates                             | 14,973               | 11,649              | -                    | 31                  |
| Deferred tax assets                                 | 146                  | 59                  | -                    | -                   |
|   | 55,751               | 52,974              | 36,653               | 36,684              |
| <b>Current assets</b>                               |                      |                     |                      |                     |
| Inventories   | 50,047               | 38,902              | -                    | -                   |
| Trade and other receivables                         | 94,827               | 86,288              | 194                  | 74                  |
| Amounts due from subsidiaries                       | -                    | -                   | 38,277               | 28,312              |
| Dividend receivables                                | -                    | -                   | 2,650                | 7,750               |
| Cash and bank balances                              | 32,633               | 38,683              | 2,052                | 346                 |
|   | 177,507              | 163,873             | 43,173               | 36,482              |
| <b>Current liabilities</b>                          |                      |                     |                      |                     |
| Bank borrowings                                     | 13,745               | 13,052              | 3,000                | -                   |
| Finance leases                                      | 160                  | 150                 | -                    | -                   |
| Trade and other payables                            | 67,725               | 65,478              | 6,408                | 4,659               |
| Current tax liabilities                             | 2,001                | 1,574               | -                    | -                   |
|   | 83,631               | 80,254              | 9,408                | 4,659               |
| <b>Net current assets</b>                           | 93,876               | 83,619              | 33,765               | 31,823              |
| <b>Non-current liabilities</b>                      |                      |                     |                      |                     |
| Bank borrowings                                     | 186                  | 263                 | -                    | -                   |
| Finance leases                                      | 122                  | 186                 | -                    | -                   |
|   | 308                  | 449                 | -                    | -                   |
| <b>Net assets</b>                                   | 149,319              | 136,144             | 70,418               | 68,507              |
| <b>Equity</b>                                       |                      |                     |                      |                     |
| Share capital                                       | 70,981               | 62,408              | 70,981               | 62,408              |
| Warrants issue                                      | 3,384                | 3,384               | 3,384                | 3,384               |
| Reserves  | 60,345               | 55,425              | (3,947)              | 2,715               |
| <b>Equity attributable to owners of the Company</b> | 134,710              | 121,217             | 70,418               | 68,507              |
| Non-controlling interests                           | 14,609               | 14,927              | -                    | -                   |
| <b>Total equity</b>                                 | 149,319              | 136,144             | 70,418               | 68,507              |



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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:-

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

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

| As at 30 September 2017 |           | As at 31 December 2016 |           |
|-------------------------|-----------|------------------------|-----------|
| Secured                 | Unsecured | Secured                | Unsecured |
| S\$'000                 | S\$'000   | S\$'000                | S\$'000   |
| 1,249                   | 12,656    | 3,960                  | 9,242     |

The amount repayable after one year;

| As at 30 September 2017 |           | As at 31 December 2016 |           |
|-------------------------|-----------|------------------------|-----------|
| Secured                 | Unsecured | Secured                | Unsecured |
| S\$'000                 | S\$'000   | S\$'000                | S\$'000   |
| 122                     | 186       | 186                    | 263       |

**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.



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

|   | <b>GROUP</b>          |                |                       |                |
|---|-----------------------|----------------|-----------------------|----------------|
|   | <b>3 months ended</b> |                | <b>9 months ended</b> |                |
|   | <b>30 September</b>   |                | <b>30 September</b>   |                |
|   | <b>2017</b>           | <b>2016</b>    | <b>2017</b>           | <b>2016</b>    |
|   | <b>S\$'000</b>        | <b>S\$'000</b> | <b>S\$'000</b>        | <b>S\$'000</b> |
| <b>Cash flows from operating activities:</b>                  |                       |                |                       |                |
| Profit before income tax                                      | 6,198                 | 3,388          | 15,738                | 8,322          |
| Adjustments for:  |                       |                |                       |                |
| Amortisation of land use right                                | 11                    | 9              | 28                    | 26             |
| Trade receivables written off                                 | 9                     | 56             | 73                    | 77             |
| Depreciation of property, plant and equipment                 | 557                   | 500            | 1,595                 | 1,439          |
| Depreciation of investment properties                         | 21                    | 5              | 29                    | 13             |
| Allowance for impairment of trade receivables                 | 5                     | -              | 26                    | 154            |
| Allowance for inventory obsolescence                          | 137                   | -              | 487                   | 566            |
| Gain on disposal of property, plant and equipment             | -                     | -              | (3)                   | (2)            |
| Gain on disposal of interest in an associate                  | -                     | -              | -                     | (64)           |
| Gain on on disposal of interests in subsidiary                | -                     | -              | (101)                 | (411)          |
| Inventories written off                                       | 112                   | 18             | 115                   | 150            |
| Write back of allowance for inventory obsolescence            | 1                     | (59)           | (34)                  | (98)           |
| Write back of allowance for trade receivables                 | -                     | (229)          | -                     | (229)          |
| Interest expenses   | 243                   | 148            | 584                   | 569            |
| Interest income   | (12)                  | (48)           | (82)                  | (163)          |
| Share of profit of associates                                 | (20)                  | (541)          | (636)                 | (65)           |
| Unrealised foreign exchange differences                       | 96                    | (205)          | (987)                 | 791            |
| <b>Operating cash flow before working capital changes</b>     | <b>7,358</b>          | <b>3,042</b>   | <b>16,832</b>         | <b>11,075</b>  |
| Changes in working capital:                                   |                       |                |                       |                |
| Inventories   | (3,219)               | (3,351)        | (11,712)              | (1,627)        |
| Trade and other receivables                                   | 5,600                 | (5,910)        | (6,205)               | (12,488)       |
| Trade and other payables                                      | (6,133)               | 10,858         | (3,087)               | 14,432         |
| <b>Cash generated from/(used in) operations</b>               | <b>3,606</b>          | <b>4,639</b>   | <b>(4,172)</b>        | <b>11,392</b>  |
| Interest expenses   | (243)                 | (148)          | (584)                 | (569)          |
| Interest income   | 12                    | 48             | 82                    | 163            |
| Income tax paid   | (1,135)               | (936)          | (3,773)               | (3,286)        |
| <b>Net cash generated from/(used in) operating activities</b> | <b>2,240</b>          | <b>3,603</b>   | <b>(8,447)</b>        | <b>7,700</b>   |



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

|   | GROUP                          |                |                                |                |
|---|--------------------------------|----------------|--------------------------------|----------------|
|   | 3 months ended<br>30 September |                | 9 months ended<br>30 September |                |
|   | 2017                           | 2016           | 2017                           | 2016           |
|   | S\$'000                        | S\$'000        | S\$'000                        | S\$'000        |
| <b>Cash flows from investing activities:</b>                    |                                |                |                                |                |
| Purchase of property, plant and equipment                       | (722)                          | (383)          | (1,393)                        | (2,114)        |
| Proceeds from disposal of property, plant and equipment         | 18                             | -              | 29                             | 5              |
| Net cash outflow on disposal of subsidiary                      | -                              | -              | -                              | (4,631)        |
| Repayment from/(Loan to) associates                             | 151                            | (540)          | (3,778)                        | (540)          |
| Funds to investee company                                       | (86)                           | (12)           | (37)                           | (413)          |
| Proceeds from the disposal of associate                         | -                              | 122            | -                              | 570            |
| Dividends from associates                                       | 75                             | -              | 75                             | 105            |
| Consideration for acquisition of interest of a subsidiary       | -                              | -              | -                              | (310)          |
| <b>Net cash used in investing activities</b>                    | <b>(564)</b>                   | <b>(813)</b>   | <b>(5,104)</b>                 | <b>(7,328)</b> |
| <b>Cash flows from financing activities:</b>                    |                                |                |                                |                |
| Dividends to equity holders of the Company                      | -                              | -              | (1,282)                        | (1,419)        |
| Dividends to non-controlling interests                          | (332)                          | (1,584)        | (401)                          | (1,584)        |
| Repayment from associates                                       | -                              | -              | -                              | 2              |
| Proceeds from bank borrowings                                   | 6,458                          | 6,194          | 13,376                         | 8,589          |
| Repayment of bank borrowings                                    | (4,381)                        | (6,148)        | (13,134)                       | (10,637)       |
| (Repayments of)/Proceeds from trust receipts, net               | (864)                          | 451            | 373                            | 492            |
| Repayment of finance lease                                      | (39)                           | (43)           | (54)                           | (123)          |
| (Increase)/Decrease in fixed deposits pledged                   | -                              | (350)          | 1,041                          | (350)          |
| Proceeds from public share offer                                | -                              | -              | 8,573                          | -              |
| <b>Net cash generated from/(used in) financing activities</b>   | <b>842</b>                     | <b>(1,480)</b> | <b>8,492</b>                   | <b>(5,030)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     | <b>2,518</b>                   | <b>1,310</b>   | <b>(5,059)</b>                 | <b>(4,658)</b> |
| Cash and cash equivalents at the beginning of financial period  | 29,815                         | 32,205         | 37,292                         | 39,096         |
| Effect of currency translation on cash and cash equivalents     | (50)                           | 242            | 50                             | (681)          |
| <b>Cash and cash equivalents at the end of financial period</b> | <b>32,283</b>                  | <b>33,757</b>  | <b>32,283</b>                  | <b>33,757</b>  |
| <b>Additional information:</b>                                  |                                |                |                                |                |
| Cash and bank balances  | 32,255                         | 32,151         | 32,255                         | 32,151         |
| Fixed deposits  | 378                            | 1,956          | 378                            | 1,956          |
| Less: bank deposits pledged                                     | (350)                          | (350)          | (350)                          | (350)          |
| <b>Total cash and cash equivalents</b>                          | <b>32,283</b>                  | <b>33,757</b>  | <b>32,283</b>                  | <b>33,757</b>  |



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

| Group   | Share capital | Warrants issue | Treasury shares | Merger reserve | Foreign currency translation reserve | Other reserves | Retained earnings | Total   | Non-controlling interest | Total equity |
|---|---------------|----------------|-----------------|----------------|--------------------------------------|----------------|-------------------|---------|--------------------------|--------------|
|   | S\$'000       | S\$'000        | S\$'000         |                | S\$'000                              | S\$'000        | S\$'000           | S\$'000 | S\$'000                  | S\$'000      |
| <b>Balance at 1 January 2017</b>                    | 62,408        | 3,384          | -               | (436)          | (1,269)                              | 4,694          | 52,436            | 121,217 | 14,927                   | 136,144      |
| Net profit for the period                           | -             | -              | -               | -              | -                                    | -              | 7,715             | 7,715   | 3,686                    | 11,401       |
| Other comprehensive loss for the period             | -             | -              | -               | -              | (938)                                | -              | -                 | (938)   | (322)                    | (1,260)      |
| Total comprehensive (loss)/income for the period    | -             | -              | -               | -              | (938)                                | -              | 7,715             | 6,777   | 3,364                    | 10,141       |
| Increase in share capital arising from share offer: |               |                |                 |                |                                      |                |                   |         |                          |              |
| Consideration shares                                | 9,373         | -              | -               | -              | -                                    | -              | -                 | 9,373   | -                        | 9,373        |
| Share issue expenses                                | (800)         | -              | -               | -              | -                                    | -              | -                 | (800)   | -                        | (800)        |
| Dividends to non-controlling interests              | -             | -              | -               | -              | -                                    | -              | -                 | -       | (4,149)                  | (4,149)      |
| Acquisition of non-controlling interests            | -             | -              | -               | -              | -                                    | -              | (524)             | (524)   | 524                      | -            |
| De-recognition of a subsidiary                      | -             | -              | -               | -              | -                                    | (51)           | -                 | (51)    | (57)                     | (108)        |
| Payment of dividends                                | -             | -              | -               | -              | -                                    | -              | (1,282)           | (1,282) | -                        | (1,282)      |
| Transfer to other reserves                          | -             | -              | -               | -              | -                                    | 1              | (1)               | -       | -                        | -            |
| <b>Balance as at 30 September 2017</b>              | 70,981        | 3,384          | -               | (436)          | (2,207)                              | 4,644          | 58,344            | 134,710 | 14,609                   | 149,319      |
| <b>Balance at 1 January 2016</b>                    | 63,925        | 3,384          | (1,517)         | (436)          | 944                                  | 4,489          | 48,938            | 119,727 | 19,541                   | 139,268      |
| Net profit for the period                           | -             | -              | -               | -              | -                                    | -              | 2,229             | 2,229   | 2,868                    | 5,097        |
| Other comprehensive loss for the period             | -             | -              | -               | -              | (2,174)                              | -              | -                 | (2,174) | (615)                    | (2,789)      |
| Total comprehensive (loss)/income for the period    | -             | -              | -               | -              | (2,174)                              | -              | 2,229             | 55      | 2,253                    | 2,308        |
| Capital contributed by non-controlling interests    | -             | -              | -               | -              | -                                    | -              | -                 | -       | 3,200                    | 3,200        |
| Dividends to non-controlling interests              | -             | -              | -               | -              | -                                    | -              | -                 | -       | (3,477)                  | (3,477)      |
| Acquisition of non-controlling interests            | -             | -              | -               | -              | -                                    | -              | -                 | -       | (310)                    | (310)        |
| De-recognition of a subsidiary                      | -             | -              | -               | -              | -                                    | -              | -                 | -       | (8,114)                  | (8,114)      |
| Payment of dividends                                | -             | -              | -               | -              | -                                    | -              | (1,419)           | (1,419) | -                        | (1,419)      |
| Transfer to other reserves                          | -             | -              | -               | -              | -                                    | 57             | (57)              | -       | -                        | -            |
| <b>Balance as at 30 September 2016</b>              | 63,925        | 3,384          | (1,517)         | (436)          | (1,230)                              | 4,546          | 49,691            | 118,363 | 13,093                   | 131,456      |





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

| <b>Company</b>                                      | <b>Share capital<br/>S\$'000</b> | <b>Warrants<br/>Issue<br/>S\$'000</b> | <b>Treasury<br/>shares<br/>S\$'000</b> | <b>Others<br/>reserve<br/>S\$'000</b> | <b>Retained<br/>earnings<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|----------------------------------|---------------------------------------|--|---------------------------------------|--|--------------------------|
| Balance at 1 Jan 2017                               | 62,408                           | 3,384                                 | -                                      | (178)                                 | 2,893                                    | 68,507                   |
| Total comprehensive loss for the period             | -                                | -                                     | -                                      | -                                     | (5,380)                                  | (5,380)                  |
| Increase in share capital arising from share offer: |                                  |                                       |  |                                       |  |                          |
| Consideration shares                                | 9,373                            | -                                     | -                                      | -                                     | -  | 9,373                    |
| Share issue expenses                                | (800)                            | -                                     | -                                      | -                                     | -  | (800)                    |
| Payment of dividends                                | -                                | -                                     | -                                      | -                                     | (1,282)                                  | (1,282)                  |
| Balance at 30 September 2017                        | 70,981                           | 3,384                                 | -                                      | (178)                                 | (3,769)                                  | 70,418                   |
| Balance at 1 Jan 2016                               | 63,925                           | 3,384                                 | (1,517)                                | (178)                                 | 1,544                                    | 67,158                   |
| Total comprehensive loss for the year               | -                                | -                                     | -                                      | -                                     | (4,887)                                  | (4,887)                  |
| Payment of dividends                                | -                                | -                                     | -                                      | -                                     | (1,419)                                  | (1,419)                  |
| Balance at 30 September 2016                        | 63,925                           | 3,384                                 | (1,517)                                | (178)                                 | (4,762)                                  | 60,852                   |

**(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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 30 September 2017 is 394,684,950 (30 September 2016: 354,684,950). The number of shares held as treasury shares as at 30 September 2017 is nil (30 September 2016: 6,365,000). The number of shares held as subsidiary holdings as at 30 September 2017 is nil (30 September 2016: nil).

As at 30 September 2017, the outstanding convertibles are 179,972,475 warrants that can be converted into 179,972,475 ordinary shares (30 September 2016: 179,972,475).

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



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- (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.**

|   | <b>GROUP &amp; COMPANY</b>   |                             |
|---|------------------------------|-----------------------------|
|   | <b>30 September<br/>2017</b> | <b>31 December<br/>2016</b> |
| Total number of issued shares                           | 354,684,950                  | 361,049,950                 |
| Add: Share Offers                                       | 40,000,000                   | -                           |
| Less: Cancellation of treasury shares                   | -                            | (6,365,000)                 |
| Total number of issued shares excluding treasury shares | 394,684,950                  | 354,684,950                 |

Shares of the Group have been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Listing") since 12 January 2017 (the "Listing Date"). Subsequent to the Listing Date and as at 30 September 2017, the number of ordinary shares is 394,684,950.

- (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**

|                                    | <b>GROUP &amp; COMPANY</b>   |                             |
|------------------------------------|------------------------------|-----------------------------|
|                                    | <b>30 September<br/>2017</b> | <b>31 December<br/>2016</b> |
| Balance as the beginning of period | -                            | 6,365,000                   |
| Cancellation during the period     | -                            | (6,365,000)                 |
| Balance at end of period           | -                            | -                           |

- 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 statements announcement for the period ended 30 September 2017 as those used for the audited financial statement as at 31 December 2016, save as disclosed in paragraph 5 below.



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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 2017 and are relevant to its operations.

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

|  | GROUP                          |             |                                |             |
|--|--------------------------------|-------------|--------------------------------|-------------|
|  | 3 months ended<br>30 September |             | 9 months ended<br>30 September |             |
|  | 2017                           | 2016        | 2017                           | 2016        |
| Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)   | 394,684,950                    | 354,684,950 | 393,067,303                    | 354,684,950 |
| Weighted average number of ordinary shares in issue for diluted EPS (net of treasury shares) | 394,684,950                    | 354,684,950 | 393,067,303                    | 354,684,950 |
| EPS (based on consolidated net profit attributable to shareholders)                          |                                |             |                                |             |
| (i) Based on weighted average number of ordinary shares in issue                             | 0.76                           | 0.20        | 1.96                           | 0.63        |
| (ii) On a fully diluted basis  | 0.76                           | 0.20        | 1.96                           | 0.63        |
|  | (S\$ cents)                    | (S\$ cents) | (S\$ cents)                    | (S\$ cents) |

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

|   | GROUP        |             | COMPANY      |             |
|---|--------------|-------------|--------------|-------------|
|   | 30 September | 31 December | 30 September | 31 December |
|   | 2017         | 2016        | 2017         | 2016        |
| Net assets (S\$'000)  | 149,319      | 136,144     | 70,418       | 68,507      |
| Issued share capital (net of treasury shares)                     | 394,684,950  | 354,684,950 | 394,684,950  | 354,684,950 |
| Net assets value per ordinary share based on issued share capital | 37.83        | 38.38       | 17.84        | 19.31       |
|   | (S\$ cents)  | (S\$ cents) | (S\$ cents)  | (S\$ cents) |



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

**STATEMENT OF COMPREHENSIVE INCOME ITEMS**

**Revenue and gross profit margin**

The Group recorded an increase in total revenue by approximately S\$5.7 million, or 8.0% from S\$71.0 million for the three months ended 30 September 2016 ("3Q2016") to S\$76.7 million for the three months ended 30 September 2017 ("3Q2017"). For the nine months ended 30 September 2017 ("9M2017"), the revenue increased by approximately S\$30.3 million, or 15.8% from S\$191.4 million for nine months ended 30 September 2016 ("9M2016") to S\$221.7 million for 9M2017.

The gross profit for the 3Q2017 increased by S\$2.1 million, or 12.2%, from S\$17.1 million in 3Q2016 to S\$19.2 million in 3Q2017. For the 9M2017, the gross profit has increased by S\$7.0 million, or 14.6%, to S\$55.2 million in 9M2017.

The Group has harnessed on the growth momentum of global market which is mainly driven by the adoption of advanced and automated processes for factory automation, increasing demand for industrial robots in manufacturing processes, and ease of use and integration of components within motion control systems. The revenue generated from motion control and other specialised solutions was not only attributed by stronger demand from existing customers, but also from the growing customer base and orders especially in the PRC and Singapore markets. These factors have contributed to the increase in revenue and gross profit for both periods.

**Other operating income**

Other operating income increased by S\$0.4 million, or 42.3% to S\$1.3 million, and decreased by S\$0.1 million, or 2.4% to S\$2.8 million for 3Q2017 and 9M2017 respectively. The increase in 3Q2017 was mainly due to a new source of sales commission of S\$0.4 million.

The decrease of S\$0.1 million in 9M2017 was mainly due to lower government grant of S\$0.1 million received in 9M2017, as compared to S\$0.3 million received in 9M2016, one-off gain on disposal of interest in subsidiaries of S\$0.4 million in 2Q2016 as compared to S\$0.1 million gain on disposal of interest in subsidiary in 1Q2017; and was partially offset by the commission income of S\$0.4 million as mentioned in preceding paragraph.

**Distribution costs**

Distribution costs increased by S\$0.9 million, or 15.2% to S\$6.5 million in 3Q2017 and S\$1.0 million, or 5.8% in 9M2017. The increase was mainly due to higher variable staff costs and marketing expenses incurred.

**Administrative expenses**

Administrative expenses decreased by S\$1.5 million, or 17.3% to S\$7.2 million and S\$0.6 million, or 2.8% to S\$22.5 million for 3Q2017 and 9M2017 respectively. The decrease was mainly due to lesser professional expenses incurred for the Hong Kong listing in 9M17, which reduced by S\$0.8 million to S\$2.2 million.



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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)**

**Other operating expenses**

Other operating expenses decreased by S\$0.3 million, or 42.3% to S\$0.4 million in 3Q2017, and S\$0.2 million, or 8.5% to S\$2.3 million in 9M2017, which was mainly due to lower net exchange loss recognised in 3Q2017 and 9M2017 and lesser allowances provided for impairment of trade receivables and inventories in 9M2017.

**Finance costs**

Finance costs increased by S\$0.1 million, or 64.2% to S\$0.2 million in 3Q2017, which was mainly due to more borrowings. For 9M2017, finance costs remain relatively constant with 9M2016.

**Income tax expense**

While income tax expense for 3Q2017 remained relatively constant with that for 3Q2016, the income tax expense for 9M2017 increased by S\$1.1 million, or 34.5% to S\$4.3 million. The increase was mainly due to higher chargeable income in 9M2017. The Group's effective tax rate had reduced from 45.1% to 23.8% for 3Q2017 and from 38.8% to 27.6% for 9M2017, due to utilisation of tax losses in prior years and tax credit to offset the chargeable tax income.

**STATEMENT OF FINANCIAL POSITION ITEMS**

**Property, plant and equipment**

Property, plant and equipment decreased by S\$0.6 million, or 2.1% from S\$27.7 million as at 31 December 2016 to S\$27.1 million as at 30 September 2017 was mainly due to (i) depreciation of S\$1.6 million; (ii) downward exchange translation adjustment of S\$0.4 million as a result of the depreciation of RMB against SGD; and (iii) partly offset by capital expenditures of S\$1.4 million recognised in 9M2017.

**Associates**

Interests in associates increased by S\$3.3 million, or 28.5% to S\$15.0 million as at 30 September 2017 was mainly due to approximately S\$2.8 million quasi-equity loan to associate companies and share of associates' results in 9M2017.

**Inventories**

Inventories increased by S\$11.1 million, or 28.6% to S\$50.0 million as at 30 September 2017 was primarily due to the growth of revenue for 9M2017 as compared to 9M2016. In addition, the increase is to cater increased orders scheduled for delivery after 9M17.



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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 receivables**

Trade and other receivables increased by S\$8.5 million, or 9.9% to S\$94.8 million as at 30 September 2017, which was mainly due to the growth of revenue for 9M2017 as compared to 9M2016 and increase in loans to associate companies, which amounted to S\$1.2 million for 9M2017 as compared to 9M2016.

Subsequent receipt of about S\$22.8 million was received from customers as at 31 October 2017. The collection represents approximately 31.1% of trade receivables as at 30 September 2017.

**Trade and other payables**

Trade and other payables increased by S\$2.2 million, or 3.4% to S\$67.7 million as at 30 September 2017, which was mainly due to higher advance receipts from customers, which is in line with higher order books subsequent to 9M2017.

**Bank borrowings (current and non-current)**

Bank borrowings increased by S\$0.6 million, or 4.6% to S\$13.9 million as at 30 September 2017. The increase was mainly due to proceeds of bank borrowings of S\$13.7 million, partially offset by repayment of bank borrowings amounted to S\$13.1 million.

**CASH FLOW STATEMENT**

**Changes in Cash Flow from Operating Activities**

For 3Q2017, net cash generated from operating activities of S\$2.2 million arose from operating cash flow before working capital changes of S\$7.3 million offset by (i) decrease in working capital of S\$3.8 million, (ii) net interest paid of S\$0.2 million; and (iii) income tax paid of S\$1.1 million.

For 9M2017, net cash used in operating activities of S\$8.4 million arose from operating cash flow before working capital changes of S\$16.9 million offset by (i) decrease in working capital S\$21.0 million, (ii) net interest paid of S\$0.5 million; and (iii) income tax paid of S\$3.8 million.

**Changes in Cash Flow from Investing Activities**

For 3Q2017, net cash used in investing activities amounted to S\$0.6 million was primarily attributed to (i) additional funding of S\$0.1 million to investee company; (ii) acquisition of property, plant and equipment of S\$0.7 million; and partially offset by (iii) repayment of S\$0.2 million from associates.

For 9M2017, net cash used in investing activities amounted to S\$5.1 million was primarily attributed to loans of S\$3.8 million to one of the associate companies and acquisition of property, plant and equipment of S\$1.4 million.



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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)**

**CASH FLOW STATEMENT**

Changes in Cash Flow from Financing Activities

For 3Q2017, net cash generated from financing activities amounted to S\$0.8 million as a result of net proceeds from bank borrowings of S\$1.2 million and partially offset by dividend paid of S\$0.3 million.

For 9M2017, net cash generated from financing activities amounted to S\$8.5 million as a result of (i) net proceeds from public share offer of S\$8.6 million, (ii) release of pledged fixed deposits of S\$1.0 million and (iii) net proceeds from bank borrowings of S\$0.6 million; and offset by (iv) dividend paid of S\$1.7 million.

As at 30 September 2017, the Group maintained a healthy cash and cash equivalents balance of S\$32.3 million.

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

No specific forecast statement was previously disclosed to shareholders.

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.**

The Group remains focused on building its market share for its core Motion Control solutions business in key markets, particularly in China, where demand is expected to remain robust. The Group intends to take advantage of sales opportunities arising from the surge in semiconductor equipment spending and the broader long-term trend towards smart manufacturing in China. The Group will continue to closely engage customers by leveraging its frontline sales teams' depth of technical knowledge and their understanding of customers' requirements.

Aside from the core Motion Control solutions business, the Group continues to explore other growth opportunities in the renewable energy sectors, including strategic partnerships and other forms of collaboration.





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**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.

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

No IPT mandate has been obtained.

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

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





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**15. Use of proceeds**

**(a) Use of Net Proceeds from the Second Placement**

There has been no material usage till to the date of this announcement after the last announcement made on 14 August 2017. The Company will make further announcements when the remaining net proceeds from Second Placement are materially disbursed.

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

There has been no material usage of net proceeds from the share offer from the Listing Date till the last announcement made on 14 August 2017. The Company will make further announcements when the remaining net proceeds from Share Offer are materially disbursed.

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

Yes.

By Order of the Board

Gwendolyn Gn  
Joint Company Secretary  
ISDN Holdings Limited  
14 November 2017