

ISDN Holdings Limited
Full Year Financial Statements Announcement
For Year Ended 31 December 2011

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2011

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	Group	
	12 months ended 31 December		
	2011	2010	Increase (Decrease)
	S$'000	S$'000	%
Revenue	165,932	163,578	1.4
Cost of sales	(117,429)	(115,574)	1.6
Gross profit	48,503	48,004	1.0
Other operating income	4,196	2,162	94.1
Distribution costs	(14,741)	(13,322)	10.7
Administrative expenses	(20,262)	(17,976)	12.7
Other operating expenses	(2,188)	(3,684)	(40.6)
Finance costs	(1,152)	(982)	17.3
Share of results of associates	728	518	40.5
Profit before income tax	15,084	14,720	2.5
Income tax expense	(4,008)	(4,029)	(0.5)
Profit for the period/year	11,076	10,691	3.6
Other comprehensive income(loss):			
Exchange differences on translation of foreign operations	2,046	(1,718)	N/M
Total comprehensive income for the period	13,122	8,973	46.2
Profit after income tax attributable to:			
Equity holders of the Company	8,423	8,313	1.3
Non-controlling interests	2,653	2,378	11.6
	11,076	10,691	3.6

Cont'd

	Group	Group	
	12 months ended 31 December		
	2011	2010	Increase (Decrease)
	S$'000	S$'000	%
Total comprehensive income attributable to:			
Equity holders of the Company	10,363	7,076	46.5
Non-controlling interests	2,759	1,897	45.4
	13,122	8,973	46.2

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	Group	
	12 months ended 31 December		
	2011	2010	Increase (Decrease)
	S$'000	S$'000	%
Other operating income			
Bad trade receivables recovered	-	37	N/M
Commission income	233	917	(74.6)
Gain on disposal of property, plant and equipment	1,938	3	N/M
Gain on dilution of a subsidiary	39	67	(41.8)
Interest income:			
- on bank deposits	137	99	38.4
- on loan to associate	18	12	50.0
Technical service income	756	627	20.6
Operating lease income:			
- investment properties	51	45	13.3
- sub-let office/warehouse premises	193	84	N/M
Write back of allowance for trade receivables	11	-	N/M
Write back of allowance for inventories obsolescence	121	-	N/M
Write back of inventories losses	117	-	N/M
Property management income	131	87	50.6
Miscellaneous income	451	184	N/M
	4,196	2,162	94.1

N/M- not meaningful

	Group	Group	
	12 months ended 31 December		
	2011	2010	Increase (Decrease)
	S$'000	S$'000	%
Other operating expenses			
(Reversal of)/Allowance for impairment of trade receivables	100	329	(69.6)
Allowance for inventories obsolescence	903	406	N/M
Amortisation of intangible assets	624	1,053	(40.7)
Amortisation of prepayment of land use rights	34	24	41.7
Bad trade receivables written off	197	112	75.9
Foreign exchange (gain)/losses	4	1,161	(99.7)
Inventories written off	305	599	(49.1)
(Gain)/Loss on dilution of interests in subsidiary	3	-	N/M
Loss on disposal of property, plant and equipment	11	-	N/M
Property, plant and equipment written off	7	-	N/M
	2,188	3,684	(40.6)
Included in Distribution costs			
Depreciation of property, plant and equipment	113	89	27.0
Included in Administrative			
Depreciation of property, plant and equipment	1,296	1,277	1.5
Depreciation of investment properties	17	17	-
Included in cost of sales			
Depreciation of property, plant and equipment	128	265	(51.7)

N/M- not meaningful

	Group	Group	
	12 months ended 31 December		
	2011	2010	Increase (Decrease)
	S$'000	S$'000	%
Income tax expense			
Current taxation	3,925	3,896	0.7
Deferred taxation	(17)	(6)	N/M
Under(Over) provision of tax in respect of prior years	100	139	(28.1)
	4,008	4,029	(0.5)

N/M- not meaningful

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

	Group	Group	Company	Company
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property plant and equipment	27,896	24,880	-	-
Investment properties	633	567	-	-
Intangible assets	41	232	-	-
Land use rights	1,547	1,502	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	38,822	34,550
Associates	2,586	2,177	33	33
Total non-current assets	44,389	41,044	38,855	34,583
Current assets				
Asset held for sale	-	567	-	-
Inventories	29,209	25,819	-	-
Trade and other receivables	36,704	42,453	119	85
Amount owing by subsidiaries	-	-	4,968	3,637
Dividend receivable	-	-	4,050	4,750
Cash and bank balances and fixed deposits	28,403	28,955	1,392	5,649
Total current assets	94,316	97,794	10,529	14,121
Total Assets	138,705	138,838	49,384	48,704

Cont'd

	Group	Group	Company	Company
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	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	(340)	(340)	(340)	(340)
Reserves	33,169	24,387	1,826	1,518
	77,684	68,902	46,341	46,033
Non-controlling interests	6,136	5,563	-	-
Total equity	83,820	74,465	46,341	46,033
Non-current liabilities				
Bank borrowings	10,636	8,155	-	-
Finance leases	293	99	-	-
Deferred tax liabilities	30	46	-	-
Total non-current liabilities	10,959	8,300	-	-
Current liabilities				
Bank borrowings	11,020	16,785	-	-
Finance leases	54	39	-	-
Trade and other payables	31,282	37,173	3,043	2,671
Current income tax liabilities	1,570	2,076	-	-
Total current liabilities	43,926	56,073	3,043	2,671
Total liabilities	54,885	64,373	3,043	2,671
Total equity and liabilities	138,705	138,838	49,384	48,704

(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 2011		As at 31 December 2010	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
4,424	6,650	4,389	12,435

The amount repayable after one year;

As at 31 December 2011		As at 31 December 2010	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
10,173	756	6,261	1,993

Details of any collaterals.

The secured borrowings relate to:-

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

(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	
	2011	2010
	S$'000	S$'000
Cash flow from operating activities:		
Profit before income tax	15,084	14,720
Adjustments for:		
Allowance for impairment of trade receivables	100	329
Allowance for inventories obsolescence	903	406
Amortisation of intangibles assets	624	1,053
Amortisation of land use rights	34	24
Bad trade receivables written off	197	112
Depreciation of property, plant and equipment	1,537	1,631
Depreciation of investment properties	17	17
Unrealised currency translation differences	1,819	(286)
Gain on dilution of a subsidiary (Note A)	(39)	(67)
Gain on disposal of property, plant and equipment	(1,561)	(3)
Gain on disposal of investment	(377)	-
Loss on dilution of a subsidiary (Note B)	3	-
Loss on disposal of property, plant and equipment	11	-
Interest expense	1,152	982
Interest income	(155)	(111)
Inventories written off	305	599
Property, plant and equipment written off	7	-
Write back of allowance for trade receivables	(11)	-
Write back of allowance for inventories obsolescence	(121)	-
Write back of stock loss	(117)	-
Share of results of associates	(728)	(518)
Operating cash flow before working capital changes	18,684	18,888

Cont'd	12 months ended 31 December	
	2011	2010
	S$'000	S$'000
Inventories	(4,413)	(7,608)
Trade and other receivables	1,902	(5,992)
Trade and other payables	(6,162)	9,487
Cash generated from operations	10,011	14,775
Interest paid	(1,152)	(982)
Interest received	155	111
Income tax paid	(4,530)	(2,471)
Net cash generated from operating activities	4,484	11,433
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,828)	(4,634)
Progress payments of properties under development	(558)	(204)
Proceeds from disposal of property, plant and equipment	3,262	102
Proceeds from disposal of investment	3,639	-
Advances for construction facilities	-	(3,261)
Cash outflow on disposal of interests in subsidiaries (Note A)	-	(71)
Cash outflow on disposal of interests in subsidiaries (Note B)	(27)	-
Consideration for acquisition of interest from non-controlling interests	(36)	(80)
Funding to investee company	-	(429)
Dividend from an associate	23	40
Increase in intangible assets	(417)	(219)
Net cash generated from/(used in) investing activities	2,058	(8,756)

Cont'd

	12 months ended 31 December	
	2011	**2010**
	S$'000	**S$'000**
Cash flows from financing activities:		
Dividends to equity holders of the Company	(1,493)	-
Dividends to non-controlling interests	(1,573)	(197)
Amount due to an associate	-	50
Amount owing to non-controlling interests	72	451
Rights issue proceeds (net of expenses)	-	5,388
Loans to associates	(75)	(282)
(Repayment of)/Loan to a joint venture	(30)	112
Loan from a joint venture	-	(49)
Restricted bank balances (Note D)	21	-
Proceeds from bank loans	7,745	5,772
Repayments of bank loans	(6,598)	(6,194)
(Repayment of)/Proceeds from short-term loans (net)	(4,557)	2,882
(Repayment of)/Proceeds from trust receipts	(282)	105
Proceeds from/(Repayment of) finance leases	197	(16)
Net cash (used in)/generated from financing activities	(6,573)	8,022
Net (decrease)/increase in cash and cash equivalents	(31)	10,699
Cash and cash equivalents at beginning of period	28,500	18,174
Effect of currency translation on cash and cash equivalents	(66)	(373)
Cash and cash equivalents at end of period (Note C)	28,403	28,500

Note A:

2011

During the year, the Group's equity interest in A Tracks Pte Ltd was diluted from 100% to 70%. The effect of the dilution of the subsidiary on the cash flow of the Group for the financial period was as follows:-

Net liabilities diluted	**31 December 2011**
	S$'000
Property, plant and equipment	20
Inventories	1
Other receivables	4
Other payables	(64)
Identifiable net liabilities	(39)
Gain on dilution of a subsidiary	39
	-
Disposal consideration	0.03
(Less) Cash consideration receivable	(0.03)
Cash effect on dilution of interests in subsidiaries	-

Note A:

2010

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

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

Net assets diluted	**31 December 2010**
	S$'000
Property, plant and equipment	50
Goodwill on consolidation arising from acquisition of JM Spore and JM Suzhou	74
Inventories	691
Trade and other receivables	1,394
Trade and other payables	(1,263)
Income tax payable	(33)
Bank borrowings	(216)
Cash and bank balances	291
Identifiable net assets	988
Derecognised of non-controlling interests	(310)
Identifiable net assets on dilution	678
Fair value of investment retained transferred to associates	(445)
Gain on dilution of subsidiaries	67
Disposal consideration	300
(Less) Cash consideration receivable	(80)
(Less) Cash and bank balances diluted	(291)
Cash outflow on dilution of interests in subsidiaries	(71)

Note B:

On 26th August 2011, the Company announced that its subsidiary, TDS Technology (S) Pte Ltd ("**TDS**") has transferred 20% (the "**Transfer**") of its shareholdings in ADL Control (S) Pte Ltd ("**ADL**"), a separate subsidiary of the Company, to three individuals.

Prior to the Transfer, the Company's effective equity interest in ADL was 52%. This was held through the Company's wholly-owned subsidiary, Motion Control Group Pte Ltd, which holds 61.2% interest in TDS, which in turn held 85% of the equity interest in ADL.

Pursuant to the Transfer, TDS holds 65% of the equity interest in ADL and Company's effective equity interest in ADL has been reduced to 39.8%.

The effects of the above disposal of interests in the subsidiary on the consolidated cash flows of the Group were as follows:

Net assets diluted	**9 months ended 30 September 2011 S$'000**
Property, plant and equipment	53
Inventories	54
Trade and other receivables	227
Trade and other payables	(341)
Cash and bank balances	27
Identifiable net assets	20
Non-controlling interests	(2)
Identifiable net assets on disposal	18
Fair value of investment retained transferred to associates	-
Loss on dilution of a subsidiary	(3)
Disposal consideration	15
(Less) Cash consideration receivable	(15)
(Less) Cash and bank balances disposed	(27)
Cash outflow on dilution of interests in subsidiaries	(27)

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

	31 December 2011 S$'000	31 December 2010 S$'000
Cash and bank balances	27,736	28,942
Fixed deposits	667	13
	28,403	28,955
(Less) Bank overdraft	-	(434)
(Less) Restricted bank balances (Note D)	-	(21)
Cash and cash equivalents at end of period	28,403	28,500

Note D:
The full amount of restricted bank balances was released on 24 January 2011.

(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 2010	34,542	(340)	(436)	(560)	1,488	16,809	51,503	5,622	57,125
Total comprehensive income for the period	-	-	-	(1,237)	-	8,313	7,076	1,897	8,973
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	50	50
Increase in non-controlling interests	-	-	-	-	-	(14)	(14)	14	-
Acquisition of non-controlling interests	-	-	-	(4)	-	28	24	(104)	(80)
Disposal of interests in subsidiaries	-	-	-	-	-	-	-	(310)	(310)
Rights issue	10,453	-	-	-	-	-	10,453	-	10,453
Share issue expense	(140)	-	-	-	-	-	(140)	-	(140)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,606)	(1,606)
Transfer to other reserves	-	-	-	-	257	(257)	-	-	-
Balance as at 31 December 2010	44,855	(340)	(436)	(1,801)	1,745	24,879	68,902	5,563	74,465
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 period	-	-	-	1,940	-	8,423	10,363	2,759	13,122
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	52	52
Dilution of interests in subsidiary	-	-	-	-	-	-	-	(42)	(42)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,263)	(2,263)
Acquisition on non controlling interest	-	-	-	-	-	(6)	(6)	(15)	(21)
2010 final dividend of $0.005 per share	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)

Cont'd	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
Transfer to other reserves	-	-	-	-	82	(164)	(82)	82	-
Balance as at 31 December 2011	44,855	(340)	(436)	139	1,827	31,639	77,684	6,136	83,820

	Share capital	Retained earnings	Treasury shares	Total
	S$000	S$000	$'000	S$000
Company				
Balance as at 1 January 2010	34,542	507	(340)	34,709
Total comprehensive income for the period	-	1,011	-	1,011
Rights issue	10,313	-	-	10,313
Balance as at 31 December 2010	44,855	1,518	(340)	46,033
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 shares as at 31 December 2011 is 298,654,950 (31 December 2010: 298,654,950), net of treasury shares.

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 2011	31 December 2010	31 December 2011	31 December 2010
	No. of shares	No. of shares	No. of shares	No. of shares
Issued share capital at the end of the period (net of treasury shares)	298,654,950	298,654,950	298,654,950	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 2011	31 December 2010	31 December 2011	31 December 2010
	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
Additions	-	-	-	-
Balance at end of period	2,665,000	2,665,000	2,665,000	2,665,000

2. Whether the figures have been audited, or reviewed, and in accordance with which 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 2011 as those used for the audited financial statement as at 31 December 2010.

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 2011 are as follows:-

- FRS 24 Related Party Disclosures (Revised)
- Improvements to FRSs issued in 2010:
    - Amendments to FRS 27 Consolidated and Separate Financial Statements & FRS 103 Business Combinations
    - Amendments to FRS 1 Presentation of Financial Statements
    - Amendments to FRS 34 Interim Financial Reporting
    - Amendments to FRS 107 Financial Instruments: Disclosures

The adoption of these FRS does not impact the financial statement 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	
	2011	2010
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	2.82	3.30
- on a fully diluted basis	2.82	3.30
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	298,654,950	251,682,886
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	298,654,950	251,682,886

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 2011	31 December 2010	31 December 2011	31 December 2010
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	26.01	23.07	15.52	15.41
Issued share capital at the end of the period (net of treasury shares)	298,654,950	298,654,950	298,654,950	298,654,950

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

STATEMENT OF COMPREHENSIVE INCOME ITEMS

Revenue

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

Revenue by Geographical Location

Revenue by geographical location	12 months ended 31 December		Increase (Decrease)	
	2011	2010		
	S$'000	S$'000	S$'000	%
Singapore	33,770	37,423	(3,653)	(9.8)
People's Republic of China	117,082	100,783	16,299	16.2
Malaysia	7,216	17,711	(10,495)	(59.3)
Others[(1)]	7,864	7,661	203	2.6
Total	165,932	163,578	2,354	1.4

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

The Group's revenue increased by S$2.35 million or 1.4% from S$163.58 million for FY2010 to S$165.93 million for FY2011 mainly due to growth in our China market offset by the decline in other markets as shown in the above table.

The decrease in other markets was mainly due to the formation of an associated company with a brand owner. The associated company has since taken over the products that were previously distributed by our subsidiaries. There was also a general slowdown in demand from our customers.

Revenue by Business Segment

Revenue by business segment	12 months ended 31 December		Increase (Decrease)	
	2011	2010		
	S$'000	S$'000	S$'000	%
Motion Control	129,356	125,022	4,334	3.5
Other Specialised Engineering Solutions	31,307	31,666	(359)	(1.1)
Industrial Computing	5,247	6,890	(1,643)	(23.8)
Others	22	-	22	N/M
Total	165,932	163,578	2,354	1.4

With our diversified customers' base across of broad range of industries, Motion Control product group registered a growth of 3.5% between FY2011 and FY2010 while other product groups recorded lower revenue due to decline in demand from our customers.

Gross profit

In line with the increase in revenue, the Group's gross profit increased by about S$0.5 million or 1.0% from S$48.00 million in FY2010 to S$48.50 million in FY2011. Gross profit margin remained relatively stable at 29.2% in FY2011.

Other operating income

Other operating income increased by S$2.04 million from S$2.16 million in FY2010 to S$4.20 million in FY2011 was mainly due to the recognition of profit from the sale of properties by subsidiaries.

Distribution costs

Distribution costs increased by S$1.42 million or 10.7% from S$13.32 million in FY2010 to S$14.74 million in FY2011 due to increase in sales and sub-contractor costs of a subsidiary.

Administrative expenses

Administrative expenses increased by S$2.28 million or 12.7% from S$17.98 million in FY2010 to S$20.26 million in FY2011 due to increase in sales and the accrual of staff compensation and professional fees.

Other operating expenses

Other operating expenses decreased by S$1.49 million or 40.6% from S$3.68 million in FY2010 to S$2.19 million in FY2011. This is because of the decreased in foreign exchange losses and amortization of intangibles assets as a result of the end development phase of some products by subsidiaries.

Finance costs

Finance costs increased by S$170,000 or 17.3% from S$982,000 in FY2010 to S$1.15 million in FY2011 as a result of the increase in interest rate on the bank borrowings.

Share of results of associates

Share of results of associates increased by S$210,000 from S$518,000 in FY2010 to a profit of S$728,000 FY2011 due to additional contribution from the associate which took over the products that were previously distributed by the Group.

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment increased by S$3.02 million or 12.1% from S$24.88 million as at 31 December 2010 to S$27.90 million as at 31 December 2011 mainly due to the additional improvement works capitalized at our Industrial Park located in Wujiang (China), initial construction cost of the farms and purchase of furniture, office equipment and motor vehicle.

Investment properties

Investment properties increased by S$66,000 due to a reclassification of properties from property, plant and equipment to investment properties.

Intangible assets

Intangible assets of S$232,000 as at 31 December 2010 were fully amortized in FY2011. The balance of S$41,000 as at 31 December 2011 was the costs incurred and capitalized for development of engineering products by a newly formed subsidiary.

Associates

The increase in Associates was mainly due to increase in share of results of Associates and start-up business loan to Associates.

Assets held for sale

Assets held for sale was Nil as at 31 December 2011. This was due to the completion of the sale of land parcel by a subsidiary in 2Q2011.

Inventories

Inventories increased by S$3.39 million or 13.1% from S$25.82 million as at 31 December 2010 to S$29.21 million as at 31 December 2011 due to an increase in sales for the first half of FY 2011 and meeting project requirements.

Trade and other receivables

Trade and other receivable decreased by S$5.75 million or 13.5% from S$42.45 million as at 31 December 2010 to S$36.70 million as at 31 December 2011.

Subsequent receipts amounted to about S$8.09million as at 31 January 2012 which was approximately 26.4% of trade receivables as at 31 December 2011.

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.

Bank borrowings

Bank borrowings decreased by S$3.28 million or 13.2% from S$24.94 million as at 31 December 2010 to S$21.66 million in as at 31 December 2011. This was mainly due to repayment of bank loans net of new loans.

Finance leases

Finance leases increased by S$209,000 from S$138,000 as at 31 December 2010 to S$347,000 in as at 31 December 2011. This was mainly due to acquisition of property, plant and equipment.

Trade and other payables

The decrease in trade and other payables was mainly due to the payment of trade payables for inventories through bank's trust receipts and additional improvement work at ISDN Wujiang Industrial Park.

Current income tax liabilities

Current income tax liabilities decreased was due to lower taxable income as at 31 December 2011 after adjusting the gain on sale of properties, plant and equipment which was not taxable.

CASH FLOW STATEMENT

Cash and cash equivalents

Net cash generated from operating activities decreased from a net inflow of S$11.43 million during year ended 31 December 2010 to S$4.48 million during year ended 31 December 2011. The decrease was due to higher inventories and payment of trade payables and income tax.

The decrease in net cash outflow from investing activities was mainly due to lower amount of property, plant and equipment purchased and absence of advances for construction facilities offset by the inflow of proceeds from sales of property, plant and equipment and disposal of investment.

The decrease in net cash generated from financing activities was mainly due to repayment of bank loans and payment of dividends.

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.

We expect the next 12 months to be challenging as the global economic outlook is expected to remain volatile. The Group will thus continue to adopt a more measured approach to managing costs and pursuing new business opportunities.

Nonetheless, ISDN's integrated engineering solution business is likely to benefit from the growth of emerging markets that are keeping pace with the developed economies. The former would require our suite of solutions to help boost productivity and add value to their end-products.

The Group charted new milestones into two relatively new business areas. In hydroponics or high-tech farming, ISDN is in the final stages of formalizing a joint

venture to expand the number of hydroponics farms in Malaysia; details of which will be announced shortly. Whilst in China, the Group is set to roll out mass production after a successful pilot run. On the energy business front, ISDN will be making its foray into coal mining via its proposed equity stake in PT Putra Perkasa Indah, a company based in Kalimantan, Indonesia. The Group has earlier this month received shareholders' approval to these planned business diversifications.

These two new ventures could potentially develop into growth drivers and add fresh impetus to the Group's revenue stream translating into long-term value for ISDN's shareholders.

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).

Any dividend proposed for the current financial period reported on?

Yes.

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

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.

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Sand Profile (Suzhou) Co., Ltd and Sand Profile (HK) Co., Ltd ("Sand")(Note 1)	1,220	-

Notes:

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

ISDN Holdings LIMITED

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	
	2011 S$'000	2010 S$'000	2011 S$'000	2010	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Revenue												
External sales	129,356	125,022	31,307	31,666	5,247	6,890	22	-	-	-	165,932	163,578
Inter-segment sales	639	669	2,369	1,636	66	72	-	-	(3,074)	(2,377)	-	-
	129,995	125,691	33,676	33,302	5,313	6,962	22	-	(3,074)	(2,377)	165,932	163,578
Results												
Segment results	14,596	12,833	1,460	1,995	207	608	(624)	-	-	-	15,639	15,436
Share of (losses) profits of associates	728	518	-	-	-	-	-	-	-	-	728	518
Corporate expenses											(530)	(520)
Rental income											244	157
Interest income											155	111
Finance costs											(1,152)	(982)
Profit before income Tax											15,084	14,720
Income tax											(4,008)	(4,029)
Net profit for the year											11,076	10,691
Assets												
Segment assets	85,210	77,257	14,379	18,033	1,867	2,031	2,074	-	(8,133)	(1,868)	95,397	95,453
Goodwill	2,178	2,178	9,508	9,508	-	-	-	-	-	-	11,686	11,686
Investments in Associates	2,586	2,177	-	-	-	-	-	-	-	-	2,586	2,177
Cash and cash equivalents											28,403	28,955
Investment properties											633	567
Consolidated total **assets**											138,705	138,838
Liabilities												
Segment liabilities	34,693	28,085	3,177	9,832	464	457	273	-	(8,133)	(1,868)	30,474	36,506
Bank borrowings and finance leases											22,003	25,078
Income tax liabilities											1,600	2,122
Others unallocated corporate liabilities											808	667
Consolidated total liabilities											54,885	64,373

	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Group												
Capital expenditure on												
- **Property, plant and equipment**	2,679	3,601	703	1,033	5	-	441	-	-	-	3,828	4,634
- **Intangibles assets**	-	-	376	219	-	-	-	-	-	-	376	219
- **Progress payments for properties under development**	558	204	-	-	-	-	-	-	-	-	558	204
Depreciation of properties, plant and equipment	1,107	1,455	375	143	22	33	33	-	-	-	1,537	1,631
Depreciation of investment properties	15	15	-	-	2	2	-	-	-	-	17	17
Other non-cash Expenses												
- amortization of intangible assets	-	576	624	477	-	-	-	-	-	-	624	1,053
- amortization of land use rights	34	24	-	-	-	-	-	-	-	-	34	24
- bad trade receivables written off	113	5	84	107	-	-	-	-	-	-	197	112
- allowance for inventory obsolesence	855	361	74	32	(26)	13	-	-	-	-	903	406
- allowance for impairment of trade receivables	47	246	53	83	-	-	-	-	-	-	100	329
- inventories written off	171	101	91	498	43	-	-	-	-	-	305	599
- properties, plant and equipment written off	-	-	7	-	-	-	-	-	-	-	7	-
- loss on dilution of interests in subsidiary	3	-	-	-	-	-	-	-	-	-	3	-
- loss on sale of property, plant and equipment	11	-	-	-	-	-	-	-	-	-	11	-

Information by geographical segments

	Revenue from external customers		Non-current assets	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Singapore	33,770	37,423	17,322	17,188
People's Republic of China	117,082	93,913	24,382	21,237
Malaysia	7,216	17,711	190	212
Others[(1)]	7,864	14,531	2,495	2,407
	165,932	163,578	44,389	41,044

(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 2011 S$'000	Group 2010 S$'000	Increase (Decrease) %
Sales reported for the first half year	93,073	75,573	23.2
Operating profit after tax before deducting minority interests reported for the first half year	7,787	5,568	39.9
Sales reported for the second half year	72,859	88,005	(17.2)
Operating profit after tax before deducting minority interests reported for the second half year	3,289	5,123	(35.8)

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 2011	Group 2010
	S$'000	S$'000
Ordinary	1,493	1,493

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	52	Spouse of:- Teo Cher Koon - managing director and substantial shareholder	**Company's name:** Servo Dynamics Pte Ltd A Subsidiary of the Company **Position in the Company:** Director **Appointed on:** 26 September 2005 **Duties:** Managing the administrative functions of the subsidiary.	No change.

Cont'd

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
			Company's name: Precision Motion Control Pte Ltd A Subsidiary of the Company **Position in the Company:** Director **Appointed on:** 1 July 1996 **Duties:** Managing the administrative functions of the subsidiary.	No change.
			Company's name: Portwell Singapore Pte Ltd A Subsidiary of the Company **Position in the Company:** Director **Appointed on:** 17 April 1997 **Duties:** Managing the administrative functions of the subsidiary.	No change.

Cont'd

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
			Company's name: TDS Technology Pte Ltd A Subsidiary of the Company **Position in the Company:** Director **Appointed on:** 2 July 2008 **Duties:** Performing duties of a director as required by the Law.	No change.
			Company's name: ADL Control (S) Pte Ltd (f.k.a. TDS Control (S) Pte Ltd) An Associate of the Company **Position in the Company:** Director **Appointed on:** 23 June 2009 **Duties:** Performing duties of a director as required by the Law.	No change.

By Order of the Board

Teo Cher Koon
Managing Director

28 February 2012