



*ISDN*Holdings  
LIMITED

(Company Registration No.: 200416788Z)

**ISDN Holdings Limited  
Full Year Financial Statements Announcement  
For the Financial Year Ended 31 December 2013**



**1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

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

	Group		
	12 months ended 31 December		
	2013	2012	Increase (Decrease)
	S\$'000	S\$'000	%
<b>Revenue</b>	164,852	153,515	7.4
Cost of sales	(117,159)	(106,093)	10.4
Gross profit	47,693	47,422	0.6
Other operating income	2,286	2,515	(9.1)
Distribution costs	(17,929)	(15,177)	18.1
Administrative expenses	(21,164)	(20,892)	1.3
Other operating expenses	(1,270)	(2,447)	(48.1)
Finance costs	(1,019)	(1,016)	0.3
Share of results of associates	604	1,035	(41.6)
<b>Profit before income tax</b>	9,201	11,440	(19.6)
Income tax expense	(2,787)	(4,089)	(31.8)
<b>Profit for the year</b>	6,414	7,351	(12.7)
Other comprehensive income(loss):			
Exchange differences on translation of foreign operations	1,741	(1,614)	N/M
<b>Total comprehensive income for the year</b>	8,155	5,737	42.1
<b>Profit after income tax attributable to:</b>			
Equity holders of the Company	4,754	5,409	(12.1)
Non-controlling interests	1,660	1,942	(14.5)
	6,414	7,351	(12.7)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	6,406	3,931	63.0
Non-controlling interests	1,749	1,806	(3.2)
	8,155	5,737	42.1

N/M- not meaningful

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

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

	Group		
	12 months ended 31 December		
	2013	2012	Increase (Decrease)
	S\$'000	S\$'000	%
<b>Other operating income</b>			
Administrative income	137	253	(45.8)
Commission income	35	13	N/M
Gain on disposal of interests in subsidiary	84	-	N/M
Finance income:			
- interest on bank deposits	151	107	41.1
- interest on loan to associate	9	1	N/M
Government grant	69	84	(17.9)
Foreign exchange gain, net	223	-	N/M
Technical service income	593	758	(21.8)
Write back of allowance for trade receivables	84	108	(22.2)
Write back of allowance for inventories obsolescence	14	261	(94.6)
Write back of gain on stock count variance	-	18	N/M
Operating lease rental income:			
- investment properties	62	57	8.8
- sub-let office/warehouse premises	434	312	39.1
Property management income	204	154	32.5
Miscellaneous income	187	389	(51.9)
	2,286	2,515	(9.1)

N/M- not meaningful

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

**Profit from operations is determined after charging / (crediting) the following: (cont'd)**

	Group		
	12 months ended 31 December		
	2013	2012	Increase (Decrease)
	S\$'000	S\$'000	%
<b>Other operating expenses</b>			
Allowance for impairment of trade receivables	274	221	24.0
Allowance for inventories obsolescence	684	893	(23.4)
Amortisation of intangible assets	23	23	-
Amortisation of land use rights	35	33	6.1
Bad trade receivables written off	84	72	16.7
Foreign exchange losses, net	-	958	N/M
Inventories written off	76	217	(65.0)
Loss on disposal of property, plant and equipment	91	19	N/M
Property, plant and equipment written off	3	11	(72.7)
	1,270	2,447	(48.1)
<i>Included in Distribution costs</i>			
Depreciation of property, plant and equipment	143	103	38.8
<i>Included in Administrative expenses</i>			
Depreciation of property, plant and equipment	1,324	1,332	(0.6)
Depreciation of investment properties	19	19	-
<i>Included in cost of sales</i>			
Depreciation of property, plant and equipment	378	388	(2.6)

N/M- not meaningful

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

**Profit from operations is determined after crediting/charging the following:  
Cont'd**

	Group	Group	
	12 months ended 31 December		
	2013	2012	Increase (Decrease)
	S\$'000	S\$'000	%
<b>Income tax expense</b>			
Current taxation	3,196	4,051	(21.1)
Deferred taxation	5	-	N/M
	3,201	4,051	(21.0)
(Over) / Under provision of tax in respect of prior years:			
- current income tax	(414)	53	N/M
- deferred taxation	-	(15)	N/M
	2,787	4,089	(31.8)

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.**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property plant and equipment	28,306	26,546	-	-
Investment properties	590	611	-	-
Intangible assets	-	24	-	-
Land use rights	1,496	1,467	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	36,082	35,882
Associates	3,713	3,416	31	31
<b>Total non-current assets</b>	<b>45,791</b>	<b>43,750</b>	<b>36,113</b>	<b>35,913</b>
<b>Current assets</b>				
Inventories	28,467	25,532	-	-
Trade and other receivables	48,600	49,138	381	193
Amount owing by subsidiaries	-	-	27,049	9,489
Dividend receivable	-	-	5,750	4,500
Cash and bank balances and fixed deposits	40,697	25,071	3,710	92
<b>Total current assets</b>	<b>117,764</b>	<b>99,741</b>	<b>36,890</b>	<b>14,274</b>
<b>Total Assets</b>	<b>163,555</b>	<b>143,491</b>	<b>73,003</b>	<b>50,187</b>



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

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to members of the Company</b>				
Share capital	63,925	44,855	63,925	44,855
Warrants Issue	3,384	-	3,384	-
Treasury shares	(162)	(162)	(162)	(162)
Reserves	39,997	35,625	2,663	1,636
	107,144	80,318	69,810	46,329
<b>Non-controlling interests</b>	6,634	6,606	-	-
<b>Total equity</b>	113,778	86,924	69,810	46,329
<b>Non-current liabilities</b>				
Bank borrowings	3,367	5,557	-	-
Finance leases	214	275	-	-
Deferred tax liabilities	12	7	-	-
<b>Total non-current liabilities</b>	3,593	5,839	-	-
<b>Current liabilities</b>				
Bank borrowings	9,963	15,602	-	-
Finance leases	57	62	-	-
Trade and other payables	35,654	33,102	3,193	3,858
Current income tax liabilities	510	1,962	-	-
<b>Total current liabilities</b>	46,184	50,728	3,193	3,858
<b>Total liabilities</b>	49,777	56,567	3,193	3,858
<b>Total equity and liabilities</b>	163,555	143,491	73,003	50,187

**(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 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,160	6,860	6,898	8,766

**The amount repayable after one year;**

As at 31 December 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,581	-	5,362	470

**Details of any collaterals.**

The secured borrowings relate to:-

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



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

	12 months ended 31 December	
	2013	2012
	S\$'000	S\$'000
<b>Cash flow from operating activities:</b>		
Profit before income tax	9,201	11,440
Adjustments for:		
Amortisation of intangible assets	23	23
Amortisation of land use rights	35	33
Bad trade receivables written off	84	72
Depreciation of property, plant and equipment	1,845	1,823
Depreciation of investment properties	19	19
Allowance for inventories obsolescence	684	893
Allowance for impairment of trade receivables	274	221
Gain on disposal of interests in subsidiary	(84)	-
Loss on disposal of property, plant and equipment	91	19
Performance share expense	-	178
Property, plant and equipment written off	3	11
Inventories written off	76	217
Write back of allowance for inventory obsolescence	(14)	(261)
Write back of allowance for trade receivables	(84)	(108)
Write back of gain in stock count variance	-	(18)
Interest expense	1,019	1,016
Interest income	(160)	(108)
Share of results of associates	(604)	(1,035)
Unrealised currency translation differences	337	265
<b>Operating cash flow before working capital changes</b>	12,745	14,700
Inventories	(3,681)	2,846
Trade and other receivables	113	(12,963)
Trade and other payables	2,113	3,599
Cash generated from operations	11,290	8,182



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

	12 months ended 31 December	
	2013	2012
	S\$'000	S\$'000
Interest paid	(1,019)	(1,016)
Interest received	160	108
Income tax paid	(4,234)	(3,711)
<b>Net cash generated from operating activities</b>	6,197	3,563
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(2,711)	(1,523)
Proceeds from disposal of property, plant and equipment	184	43
Dividends from an associate	60	146
<b>Net cash used in investing activities</b>	(2,467)	(1,334)
<b>Cash flows from financing activities:</b>		
Dividends to equity holders of the Company	(1,800)	(1,493)
Dividends to non-controlling interests	(1,963)	(4,161)
Investment in subsidiaries by non-controlling interests	444	1,083
Repayment from associates	16	227
Repayment from a joint venture	-	89
Amount owing to non-controlling interests	123	17
Release (Increase) on restricted bank balances	500	(500)
Proceeds from share placement	18,892	-
Proceeds from warrants issue	3,384	-
Proceeds from bank loans	4,634	5,848
Repayments of bank loans	(4,912)	(5,902)
Repayment of short-term loans	(4,402)	(3,752)
(Repayment of) Proceeds from trust receipts (net)	(3,151)	3,309
Repayment of finance leases (net)	(65)	(94)
<b>Net cash generated from (used in) financing activities</b>	11,700	(5,329)

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

	12 months ended 31 December	
	2013	2012
	S\$'000	S\$'000
Net change in cash and cash equivalents	15,430	(3,100)
Cash and cash equivalents at beginning of year	24,571	28,403
Effect of currency translation on cash and cash equivalents	696	(732)
Cash and cash equivalents at end of year (Note A)	40,697	24,571

**Note A:**

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

	12 months ended 31 December	
	2013	2012
	S\$'000	S\$'000
Cash and bank balances	30,680	23,859
Fixed deposits	10,017	1,212
	40,697	25,071
Less: Restricted on bank balances	-	(500)
Cash and cash equivalents at end of year	40,697	24,571

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

	Share capital	Warrants Issue	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$000	\$'000	\$'000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
<b>Group</b>										
<b>Balance as at 1 January 2013</b>	44,855	-	(162)	(436)	(1,339)	3,174	34,226	80,318	6,606	86,924
Profit for the year	-	-	-	-	-	-	4,754	4,754	1,660	6,414
Other comprehensive income	-	-	-	-	1,652	-	-	1,652	89	1,741
Total comprehensive income for the period	-	-	-	-	1,652	-	4,754	6,406	1,749	8,155
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	444	444
Disposal of interests of a subsidiary	-	-	-	-	-	-	-	-	11	11
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,254)	(2,254)
Payment of dividends	-	-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
Share placement proceeds, net of expenses	18,892	-	-	-	-	-	-	18,892	-	18,892
Warrants issue proceeds, net of expenses	-	3,384	-	-	-	-	-	3,384	-	3,384
Transfer of performance shares	178	-	-	-	-	(178)	-	-	-	-
Transfer to other reserves	-	-	-	-	-	771	(827)	(56)	78	22
<b>Balance as at 31 December 2013</b>	<b>63,925</b>	<b>3,384</b>	<b>(162)</b>	<b>(436)</b>	<b>313</b>	<b>3,767</b>	<b>36,353</b>	<b>107,144</b>	<b>6,634</b>	<b>113,778</b>

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

	Share capital	Warrants Issue	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$000	\$'000	\$'000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
<b>Group</b>										
<b>Balance as at 1 January 2012</b>	44,855	-	(340)	(436)	139	1,909	31,675	77,802	6,018	83,820
Profit for the year	-	-	-	-	-	-	5,409	5,409	1,942	7,351
Other comprehensive loss	-	-	-	-	(1,478)	-	-	(1,478)	(136)	(1,614)
Total comprehensive income for the year	-	-	-	-	(1,478)	-	5,409	3,931	1,806	5,737
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	-	1,083	1,083
Acquisition on non-controlling interest	-	-	-	-	-	-	(8)	(8)	(2)	(10)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,421)	(2,421)
Payment of dividends	-	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Transfer to other reserves	-	-	-	-	-	1,265	(1,357)	(92)	122	30
Grant of performance shares	-	-	178	-	-	-	-	178	-	178
<b>Balance as at 31 December 2012</b>	44,855	-	(162)	(436)	(1,339)	3,174	34,226	80,318	6,606	86,924

	Share capital	Warrants Issue	Treasury shares	Others reserve	Retained earnings	Total
	S\$000	S\$000	\$'000	\$'000	S\$000	S\$000
<b>Company</b>						
<b>Balance as at 1 January 2013</b>	44,855	-	(162)	-	1,636	46,329
Total comprehensive income for the period	-	-	-	-	3,005	3,005
Payment of dividends	-	-	-	-	(1,800)	(1,800)
Share placement proceeds, net of expenses	18,892	-	-	-	-	18,892
Warrants issue proceeds, net of expenses	-	3,384	-	-	-	3,384
Transfer of performance shares	178	-	-	(178)	-	-
<b>Balance as at 31 December 2013</b>	63,925	3,384	(162)	(178)	2,841	69,810
<b>Balance as at 1 January 2012</b>	44,855	-	(340)	-	1,826	46,341
Total comprehensive income for the period	-	-	-	-	1,303	1,303
Payment of dividends	-	-	-	-	(1,493)	(1,493)
Grant of performance shares	-	-	178	-	-	178
<b>Balance as at 31 December 2012</b>	44,855	-	(162)	-	1,636	46,329

**(1)(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The number of outstanding ordinary shares as at 31 December 2013 is 359,944,950 (31 December 2012: 300,214,950), net of treasury shares of 1,105,000 (31 December 2012: 1,105,000).

Total number of issued shares net of treasury shares as at 31 December 2012	300,214,950
Additional number of shares placement on 4 April 2013	36,000,000
Additional number of shares placement on 8 May 2013	23,730,000
Number of issues shares net of treasury shares as at 31 December 2013	359,944,950

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

The outstanding convertibles are 179,972,475 warrants that maybe convertible into ordinary shares of 179,972,475 as at 31 December 2013 (31 December 2012: Nil).

**(1)(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the preceding year.**

Group		Company	
31 December 2013	31 December 2012	31 December 2013	31 December 2012
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)	359,944,950	300,214,950	359,944,950	300,214,950
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**(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 2013	31 December 2012	31 December 2013	31 December 2012
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning of period	1,105,000	2,665,000	1,105,000	2,665,000
Grant of performance shares	-	(1,560,000)	-	(1,560,000)
Balance at end of period	1,105,000	1,105,000	1,105,000	1,105,000

**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 2013 as those used for the audited financial statement as at 31 December 2012.

**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 2013 and are relevant to its operations. The adoption of these new and revised FRS and INT FRS has no material effect on the amounts reported for the current or prior reporting periods.

**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	
	2013	2012
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	1.39	1.81
- on a fully diluted basis	1.30	1.81
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	342,515,608	298,736,155
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	366,676,296	298,736,155

**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 2013	31 December 2012	31 December 2013	31 December 2012
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
<b>Net asset value per share based on existing issued capital as at respective period</b>	31.61	28.95	19.39	15.43
Issued share capital at the end of the period (net of treasury shares)	359,944,950	300,214,950	359,944,950	300,214,950



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 the rest of Asia.

### ***Revenue by Geographical Location***

	12 months ended 31 December		Increase (Decrease)	
	2013	2012		
	S\$'000	S\$'000	S\$'000	%
Singapore	27,338	33,818	(6,480)	(19.2)
People's Republic of China	119,843	107,465	12,378	11.5
Malaysia	6,304	4,595	1,709	37.2
Others <sup>(1)</sup>	11,367	7,637	3,730	48.8
Total	164,852	153,515	11,337	7.4

#### **Notes to table:**

<sup>(1)</sup> Others include but not limited to Austria, Australia, Bangladesh, Canada, Cambodia, Denmark, Germany, India, Indonesia, Israel, Kazakhstan, Korea, Latvia, Lebanon, Lithuania, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Russia, Sri Lanka, South Africa, Sultanate of Oman, Switzerland, Thailand, Taiwan, United Arab Emirates, United Kingdom, United States of America, and Vietnam.

Singapore's revenue had decreased mainly due to weaker demand of customers from Semiconductor sector.

People's Republic of China's (PRC) revenue increased as the overall demand of our products by our PRC's customers remained strong.

However, the demand of our products from Malaysia and Other markets was strong with a combined increase in sales revenue of S\$5.44 million in year 2013 as compared to year 2012.

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

**STATEMENT OF COMPREHENSIVE INCOME ITEMS** Cont'd

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

**Revenue** Cont'd

***Revenue by Business Segment***

	12 months ended 31 December		Increase (Decrease)	
	2013	2012		
	S\$'000	S\$'000	S\$'000	%
Motion Control	124,592	115,597	8,995	7.8
Other Specialised Engineering Solutions	31,704	32,456	(752)	(2.3)
Industrial Computing	4,360	5,366	(1,006)	(18.7)
Others	4,196	96	4,100	N/M
<b>Total</b>	<b>164,852</b>	<b>153,515</b>	<b>11,337</b>	<b>7.4</b>

N/M- not meaningful

Motion Control product group generated more revenue in year 2013 as compared to year 2012 mainly due to overall stronger demand from our customers.

Sales revenue from Other Specialised Engineering and Industrial Computing group decreased due to weaker demand of customers.

The increase in revenue from Others group was contributed by the coal trading business.



**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

#### **Gross profit**

In line with the increase in Group's revenue, our Group's gross profit increased marginally by S\$0.27 million or 0.6% in year 2013 as compared to year 2012. However, the gross profit margin of 28.9% achieved is within our target margin of between 26% - 30%.

#### **Distribution costs**

Distribution costs increased by S\$2.75 million or 18.1% in year 2013 as compared to year 2012 mainly due to increases in freight charges, advertising & promotion expenses, sub-contractor costs and staff costs.

#### **Administrative expenses**

Administrative expenses increased by S\$0.27 million or 1.3% in year 2013 as compared to year 2012 mainly due to increase in staff costs.

#### **Other operating expenses**

Other operating expenses decreased by S\$1.18 million or 48.1% in year 2013 as compared to year 2012 mainly due to a gain in foreign exchange and a decline in allowance for impairment of inventories obsolescence.

#### **Finance costs**

Finance costs increased by 0.3% in year 2013 as compared to year 2012 mainly due to increase in trade financing costs.



**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

#### **Share of results of associates**

Share of results of associates decreased by S\$0.43 million or 41.6% in year 2013 as compared to year 2012 mainly due to lower profits contributed by associated companies.

#### **Income tax expense**

Income tax expense decreased by S\$1.30 million or 31.8% in year 2013 as compared to year 2012 mainly due to lower taxable income.

### **STATEMENT OF FINANCIAL POSITION ITEMS**

#### **Property plant and equipment**

Property plant and equipment increased by S\$1.76 million or 6.6% was mainly because of the construction of a new building within ISDN High-Tech Industrial Park in Wujiang, PRC.

#### **Intangible assets**

Intangible assets have been completely amortised.

#### **Associates**

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

#### **Inventories**

Inventories increased by S\$2.94 million or 11.5% were mainly due to increase in purchases for inventories comprises of raw materials, work in progress, finished goods and component parts to meet customers future orders.



**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 receivable decreased by S\$0.54 million or 1.1% in year 2013 as compared to year 2012 mainly due to better collection from customers.

The Group has subsequently received about S\$12.25 million from customers as at 07 February 2014. The subsequent receipt was approximately 31.0% of trade receivables as at 31 December 2013.

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

### **Cash and bank balances and fixed deposits**

Cash and bank balances and fixed deposits increased by S\$15.63 million or 62.3% in year 2013 as compared to year 2012 mainly due to proceeds from the two shares placements and warrants issue during the year.

### **Bank borrowings and finance leases**

Bank borrowings decreased by S\$7.90 million or 36.7% in year 2013 as compared to year 2012 mainly due to repayment of bank loans and finance leases.

### **Trade and other payables**

Trade and other payables increased by S\$2.55 million or 7.7% in year 2013 as compared to year 2012 mainly due to increase in purchases of inventories.



**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

##### **Current income tax liabilities**

Current income tax liabilities decreased by S\$1.45 million or 74.0% in year 2013 as compared to year 2012 because of lower taxable income and settlement of previous year tax assessment in year 2013.

#### **CASH FLOW STATEMENT**

Net cash generated from operating activities increased from S\$3.56 million in year 2012 to S\$6.20 million in year 2013 mainly due to better management of working capital.

Net cash used in investing activities increased from S\$1.33 million in year 2012 to S\$2.47 million in year 2013 mainly because of the construction of a new building within ISDN High-Tech Industrial Park in Wujiang, PRC.

Net cash from financing activities increased from a net outflow of S\$5.33 million in year 2012 to a net inflow of S\$11.70 million in year 2013 mainly due to proceeds from the two share placements and warrants issue during the year.

As at 31 December 2013, the Group maintained healthy cash and cash equivalents balances of S\$40.70 million.

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

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Group expects to benefit from the growth in the mobile phone sector as this uptrend translates to stronger demand for its Motion Control products in North Asia. This however, could be offset by the still lackluster sentiments in the semiconductor industry in Singapore which also accounts for a proportion of overall Motion Control sales. Nonetheless, we expect to turn in a positive performance in the Group's mainstay business. ISDN's energy business, the Group's new growth catalyst, will commence construction of its maiden mini-hydropower power project in North Sumatra in early Q2FY2014, following the recent award of the master engineering, procurement and construction contract to China Huadian Engineering Co. Ltd. This will be followed by the subsequent roll-out of another six mini- hydropower projects in Indonesia - three in Sumatra and three more in Sulawesi - amounting to combined 50 megawatt installed capacity.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

**(b) (i) Amount per share; (ii) Previous corresponding period;**

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per share (in Singapore cents)	0.4
Tax Rate	Tax exempt (One-Tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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



## **11. Dividend Cont'd**

### **(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.**

No IPT mandate has been obtained.



## 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	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Revenue												
External sales	124,592	115,597	31,704	32,456	4,360	5,366	4,196	96	-	-	164,852	153,515
Inter-segment sales	588	526	1,527	1,658	40	34	-	-	(2,155)	(2,218)	-	-
	<u>125,180</u>	<u>116,123</u>	<u>33,231</u>	<u>34,114</u>	<u>4,400</u>	<u>5,400</u>	<u>4,196</u>	<u>96</u>	<u>(2,155)</u>	<u>(2,218)</u>	<u>164,852</u>	<u>153,515</u>
Results												
Segment results	12,224	11,340	(744)	1,028	(33)	34	(1,379)	(721)	-	-	10,068	11,681
Share of (losses) profits of associates	604	1,035	-	-	-	-	-	-	-	-	604	1,035
Corporate expenses											(1,108)	(737)
Rental income											496	369
Interest income											160	108
Finance costs											(1,019)	(1,016)
Profit before income tax											9,201	11,440
Income tax											(2,787)	(4,089)
Net profit for the year											<u>6,414</u>	<u>7,351</u>
Assets												
Segment assets	93,256	91,803	19,095	14,308	2,568	2,788	5,213	4,638	(13,263)	(10,830)	106,869	102,707
Goodwill	2,178	2,178	9,508	9,508	-	-	-	-	-	-	11,686	11,686
Investments in Associates	3,712	3,416	-	-	-	-	-	-	-	-	3,713	3,416
Cash and cash equivalents											40,697	25,071
Investment properties											590	611
Consolidated total assets											<u>163,555</u>	<u>143,491</u>
Liabilities												
Segment liabilities	38,799	35,418	7,300	5,871	716	743	566	477	(13,263)	(10,830)	34,118	31,679
Bank borrowings and finance leases											13,601	21,496
Income tax liabilities											522	1,969
Others unallocated corporate liabilities											1,536	1,423
Consolidated total liabilities											<u>49,777</u>	<u>56,567</u>



**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (Cont'd)**

**Information by operating segments (Cont'd)**

Group	Engineering Solutions		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	<u>Motion Control</u>											
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>Capital expenditure on</b>												
- <b>Property, plant and equipment</b>	1,533	646	369	437	2	-	807	524	-	-	2,711	1,607
<b>Depreciation of properties, plant and equipment</b>	1,254	1,219	436	475	24	21	131	108	-	-	1,845	1,823
<b>Depreciation of investment properties</b>	19	19	-	-	-	-	-	-	-	-	19	19
<b>Other non-cash Expenses</b>												
- allowance for inventory obsolescence	589	579	72	312	23	2	-	-	-	-	684	893
- allowance for impairment of trade receivables	129	99	145	122	-	-	-	-	-	-	274	221
- amortisation of intangible assets	23	23	-	-	-	-	-	-	-	-	23	23
- amortisation of land use rights	35	33	-	-	-	-	-	-	-	-	35	33
- bad trade receivables written off	83	-	1	72	-	-	-	-	-	-	84	72
- inventories written off	74	150	2	67	-	-	-	-	-	-	76	217
- properties, plant and equipment written off	2	11	1	-	-	-	-	-	-	-	3	11
- write back of allowance of inventory obsolescence	(14)	(246)	-	(15)	-	-	-	-	-	-	(14)	(261)
- write back of allowance of trade receivables	(5)	(108)	(79)	-	-	-	-	-	-	-	(84)	(108)
- write back of allowance of gain in stock count variance	-	(8)	-	(10)	-	-	-	-	-	-	-	(18)



**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (Cont'd)**

**Information by geographical segments**

	Revenue from external customers		Non-current assets	
	<u>2013</u> S\$'000	<u>2012</u> S\$'000	<u>2013</u> S\$'000	<u>2012</u> S\$'000
Singapore	27,338	33,818	19,128	19,324
People's Republic of China	119,843	107,465	25,469	23,025
Malaysia	6,304	4,595	572	875
Others <sup>(1)</sup>	11,367	7,637	622	526
	<u>164,852</u>	<u>153,515</u>	<u>45,791</u>	<u>43,750</u>

<sup>(1)</sup> Revenue from external customers from Others include but not limited to Austria, Australia, Bangladesh, Canada, Cambodia, Denmark, Germany, India, Indonesia, Israel, Kazakhstan, Korea, Latvia, Lebanon, Lithuania, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Russia, Sri Lanka, South Africa, Sultanate of Oman, Switzerland, Thailand, Taiwan, United Arab Emirates, United Kingdom, United States of America, and Vietnam.

**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:**

	<b>Group</b> <b>2013</b> <b>S\$'000</b>	<b>Group</b> <b>2012</b> <b>S\$'000</b>	<b>Increase</b> <b>(Decrease)</b> <b>%</b>
Sales reported for the first half year	82,305	72,784	13.1
Operating profit after tax before deducting minority interests reported for the first half year	3,533	5,296	(33.3)
Sales reported for the second half year	82,547	80,731	2.2
Operating profit after tax before deducting minority interests reported for the second half year	2,881	2,055	40.2



**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:-**

	<b>Group 2013</b>	<b>Group 2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Ordinary *	1,440	1,800

\* 2013 final dividend is estimated based on number of shares (excluding treasury shares) outstanding as at the end of the financial year.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Thang Yee Chin	54	Spouse of:-  Teo Cher Koon - managing director and substantial shareholder	<b>Company's name:</b> Servo Dynamics Pte Ltd A principal Subsidiary of the Company  <b>Position in the Company:</b> Director  <b>Appointed on:</b> 26 September 2005  <b>Duties:</b> Managing the administrative functions of the subsidiary.	No change.



By Order of the Board

Gwendolyn Gn  
Company Secretary  
ISDN Holdings Limited

28 February 2014