



**ISDN Holdings Limited**  
**Interim Financial Statements Announcement**  
**For the First Quarter and Period Ended 31 March 2016**

**1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 31 MARCH 2016**

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	Group	
	3 months ended 31 March		
	2016	2015	Increase (Decrease)
	S\$'000	S\$'000	%
<b>Revenue</b>	60,651	52,212	16.2
Cost of sales	(44,881)	(36,423)	23.2
Gross profit	15,770	15,789	(0.1)
Other operating income	723	1,291	(44.0)
Distribution costs	(4,752)	(5,245)	(9.4)
Administrative expenses	(7,125)	(6,620)	7.6
Other operating expenses	(1,452)	(245)	492.2
Finance costs	(238)	(198)	20.2
Share of results of associates and joint ventures	(199)	582	N/M
<b>Profit before income tax</b>	2,727	5,354	(49.1)
Income tax expense	(954)	(1,536)	(37.9)
<b>Profit for the period</b>	1,773	3,818	(53.6)
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translation of foreign operations	(1,741)	1,927	N/M
<b>Total comprehensive income for the period</b>	32	5,745	(99.4)
Profit after income tax attributable to:			
Equity holders of the Company	653	2,861	(77.2)
Non-controlling interests	1,120	957	17.0
	1,773	3,818	(53.6)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(797)	4,791	N/M
Non-controlling interests	829	954	(13.1)
	32	5,745	(99.4)
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 (crediting)/charging the following:**

	Group	Group	
	3 months ended 31 March		
	2016	2015	Increase / (Decrease)
	S\$'000	S\$'000	%
<b>Other operating income (crediting)</b>			
Administrative income	7	76	(90.8)
Commission income	75	54	38.9
Finance income:			
- interest on bank deposits	51	71	(28.2)
- interest on loan to associates	5	5	-
Foreign exchange gain, net	-	642	N/M
Gain on disposal of interest in associate	65	-	N/M
Gain on disposal of property, plant and equipment	-	1	N/M
Government grant	84	87	(3.4)
Technical service income	142	128	10.9
Write back of allowance for trade receivables	-	11	N/M
Write back of allowance for inventories obsolescence	6	4	50.0
Operating lease rental income:			
- investment properties	15	11	36.4
- sub-let of office/warehouse premises	114	137	(16.8)
Property management income	34	50	(32.0)
Miscellaneous income	125	14	792.9
	<u>723</u>	<u>1,291</u>	<u>(44.0)</u>

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**

	Group	Group	
	3 months ended 31 March		
	2016	2015	Increase / (Decrease)
	S\$'000	S\$'000	%
<b>Other operating expenses charging</b>			
Allowance for impairment of trade receivables	1	40	(97.5)
Allowance for inventories obsolescence	162	185	(12.4)
Amortisation of prepayment of land use rights	10	9	11.1
Foreign exchange losses, net	1,271	-	N/M
Property, plant and equipment written off	-	2	N/M
Inventories written off	8	9	(11.1)
	<u>1,452</u>	<u>245</u>	<u>492.2</u>
<i>Included in Distribution costs</i>			
Depreciation of property, plant and equipment	45	66	(31.8)
<i>Included in Administrative expenses</i>			
Depreciation of property, plant and equipment	375	413	(9.2)
Depreciation of investment properties	4	4	-
<i>Included in cost of sales</i>			
Depreciation of property, plant and equipment	44	102	(56.9)

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**

	Group	Group	
	3 months ended 31 March		
	2016	2015	Increase / (Decrease)
	S\$'000	S\$'000	%
<b>Income tax expense</b>			
Current taxation	1,142	1,503	(24.0)
Deferred taxation	(68)	-	N/M
Under/(Over) provision of tax in respect of prior years	(120)	33	N/M
	<u>954</u>	<u>1,536</u>	<u>(37.9)</u>

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 March 2016	31 December 2015	31 March 2016	31 December 2015
S\$'000	S\$'000	S\$'000	S\$'000

## ASSETS

### Non-current assets

Property plant and equipment	35,691	35,554	-	-
Investment properties	540	542	-	-
Land use rights	1,417	1,461	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	36,653	36,653
Associates	4,048	5,033	31	31
Deferred tax assets	185	149	-	-
<b>Total non-current assets</b>	<b>53,567</b>	<b>54,425</b>	<b>36,684</b>	<b>36,684</b>

### Current assets

Inventories	36,911	40,855	-	-
Trade and other receivables	82,102	73,134	47	39
Amount owing by subsidiaries	-	-	30,749	30,888
Dividend receivable	-	-	2,320	3,470
Cash and bank balances and fixed deposits	34,675	39,096	639	331
<b>Total current assets</b>	<b>153,688</b>	<b>153,085</b>	<b>33,755</b>	<b>34,728</b>
<b>Total Assets</b>	<b>207,255</b>	<b>207,510</b>	<b>70,439</b>	<b>71,412</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 March 2016</b>	<b>31 December 2015</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>

**EQUITY AND LIABILITIES**

**Equity attributable to  
members of the Company**

Share capital	63,925	63,925	63,925	63,925
Warrants Issue	3,384	3,384	3,384	3,384
Treasury shares	(1,517)	(1,517)	(1,517)	(1,517)
Reserves	53,138	53,935	(66)	1,366
	118,930	119,727	65,726	67,158
<b>Non-controlling interests</b>	20,370	19,541	-	-
<b>Total equity</b>	139,300	139,268	65,726	67,158

**Non-current liabilities**

Bank borrowings	295	360	-	-
Finance leases	301	339	-	-
<b>Total non-current liabilities</b>	596	699	-	-

**Current liabilities**

Bank borrowings	14,243	13,925	-	-
Current portion of finance leases	159	160	-	-
Trade and other payables	51,435	51,911	4,713	4,254
Current income tax liabilities	1,522	1,547	-	-
<b>Total current liabilities</b>	67,359	67,543	4,713	4,254
<b>Total liabilities</b>	67,955	68,242	4,713	4,254

<b>Total equity and liabilities</b>	207,255	207,510	70,439	71,412
-------------------------------------	---------	---------	--------	--------

**(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 March 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,751	9,651	5,244	8,841

**The amount repayable after one year;**

As at 31 March 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
259	337	339	360

**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.**

	3 months ended 31 March	
	2016	2015
	S\$'000	S\$'000
<b>Cash flow from operating activities:</b>		
Profit before income tax	2,727	5,354
Adjustments for:		
Amortisation of land use rights	10	9
Depreciation of property, plant and equipment	464	581
Depreciation of investment properties	4	4
Allowance for impairment of trade receivables	1	40
Allowance for inventories obsolescence	162	185
Inventories written off	8	9
Gain on disposal of property, plant and equipment	-	(1)
Gain on disposal of interests in associate	(65)	-
Property, plant and equipment written off	-	2
Write back of allowance for inventories obsolescence	(6)	(4)
Write back of allowance for impairment of trade receivables	-	(11)
Interest expense	238	198
Interest income	(56)	(76)
Share of results of associates	199	(582)
Unrealised currency translation differences	948	(483)
<b>Operating cash flow before working capital changes</b>	<b>4,634</b>	<b>5,225</b>
Inventories	3,781	(6,447)
Trade and other receivables	(11,261)	(9,678)
Trade and other payables	(449)	9,190
Cash used in operations	(3,295)	(1,710)
Interest paid	(238)	(198)
Interest received	56	76
Income tax paid	(1,048)	(1,059)
<b>Net cash used in operating activities</b>	<b>(4,525)</b>	<b>(2,891)</b>

**(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**

	<b>3 months ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(601)	(528)
Cash flow from disposal of interest in associate	325	-
Proceeds from sales of property, plant and equipment	-	4
<b>Net cash used in investing activities</b>	<b>(276)</b>	<b>(524)</b>
<b>Cash flows from financing activities:</b>		
Amount owing to non-controlling interests	-	100
Loan repayment from associates	1,004	-
Proceeds from bank loans	1,255	1,326
Repayment of bank loans	(1,064)	(1,826)
Proceeds from trust receipts (net)	61	314
Proceeds from/(Repayment of) finance leases	(39)	64
<b>Net cash generated from/(used in) financing activities</b>	<b>1,217</b>	<b>(22)</b>
Net decrease in cash and cash equivalents	(3,584)	(3,437)
Cash and cash equivalents at beginning of period	39,096	37,493
Effect of currency translation on cash and cash equivalents	(837)	341
<b>Cash and cash equivalents at end of period (Note A)</b>	<b>34,675</b>	<b>34,397</b>

**Note A:**

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

	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances	30,720	31,071
Fixed deposits	3,955	3,326
<b>Cash and cash equivalents at end of period</b>	<b>34,675</b>	<b>34,397</b>



**ISDN Holdings Limited**  
**2016 Interim Financial Statements Announcement**

**(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	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>										
<b>Balance as at 1 January 2016</b>	63,925	3,384	(1,517)	(436)	944	4,489	48,938	119,727	19,541	139,268
Profit for the year	-	-	-	-	-	-	653	653	1,120	1,773
Other comprehensive loss	-	-	-	-	(1,450)	-	-	(1,450)	(291)	(1,741)
Total comprehensive income/(loss) for the period	-	-	-	-	(1,450)	-	653	(797)	829	32
Transfer to other reserves	-	-	-	-	-	56	(56)	-	-	-
<b>Balance as at 31 March 2016</b>	<b>63,925</b>	<b>3,384</b>	<b>(1,517)</b>	<b>(436)</b>	<b>(506)</b>	<b>4,545</b>	<b>49,535</b>	<b>118,930</b>	<b>20,370</b>	<b>139,300</b>



**ISDN Holdings Limited**  
**2016 Interim Financial Statements Announcement**

**(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	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>										
<b>Balance as at 1 January 2015</b>	63,925	3,384	(1,517)	(436)	602	4,478	41,639	112,075	17,654	129,729
Profit for the year	-	-	-	-	-	-	2,861	2,861	957	3,818
Other comprehensive income/(loss)	-	-	-	-	1,930	-	-	1,930	(3)	1,927
Total comprehensive income for the period	-	-	-	-	1,930	-	2,861	4,791	954	5,745
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	(157)	(157)
<b>Balance as at 31 March 2015</b>	<b>63,925</b>	<b>3,384</b>	<b>(1,517)</b>	<b>(436)</b>	<b>2,532</b>	<b>4,478</b>	<b>44,500</b>	<b>116,866</b>	<b>18,451</b>	<b>135,317</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	Warrant issue	Treasury shares	Other reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Company</u></b>						
<b>Balance as at 1 January 2016</b>	63,925	3,384	(1,517)	(178)	1,544	67,158
Total comprehensive loss for the period	-	-	-	-	(1,432)	(1,432)
<b>Balance as at 31 March 2016</b>	63,925	3,384	(1,517)	(178)	112	65,726
<b>Balance as at 1 January 2015</b>	63,925	3,384	(1,517)	(178)	3,097	68,711
Total comprehensive loss for the period	-	-	-	-	(775)	(775)
<b>Balance as at 31 March 2015</b>	63,925	3,384	(1,517)	(178)	2,322	67,936

**(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.**

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 31 March 2016 is 354,684,950 (31 March 2015: 354,684,950), net of treasury shares. The number of shares held as treasury shares as at 31 March 2016 is 6,365,000 (31 March 2015: 6,365,000).

As at 31 March 2016, the outstanding convertibles are 179,972,475 warrants that can be converted into ordinary shares of 179,972,475 (31 March 2015: 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. 13 November 2018.

**(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 March 2016	31 December 2015	31 March 2016	31 December 2015
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)	354,684,950	354,684,950	354,684,950	354,684,950
--	-------------	-------------	-------------	-------------

**(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**

	Group		Company	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning and end of period	6,365,000	6,365,000	6,365,000	6,365,000

**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 period ended 31 March 2016 as those used for the audited financial statement as at 31 December 2015.

**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 2016 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	Group
	3 months ended 31 March	
	2016	2015
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	0.18	0.81
- on a fully diluted basis	0.18	0.81
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	354,684,950	354,684,950
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	354,684,950	354,684,950

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

	Group		Company	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	39.27	39.27	18.53	18.93
Issued share capital at the end of the period (net of treasury shares)	354,684,950	354,684,950	354,684,950	354,684,950



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**

### ***Quarter on Quarter***

#### **Revenue**

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

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

	3 months ended 31 March		Increase / (Decrease)	
	2016	2015		
	S\$'000	S\$'000	S\$'000	%
Singapore	11,699	8,906	2,793	31.4
People's Republic of China ("PRC")	44,160	37,928	6,232	16.4
Malaysia	2,632	1,810	822	45.4
Others <sup>(1)</sup>	2,160	3,568	(1,408)	(39.5)
Total	60,651	52,212	8,439	16.2

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

<sup>(1)</sup> Others include but not limited to Australia, Finland, Indonesia, India, Korea, New Zealand Pakistan, Philippines, Russia, Switzerland, Taiwan, Thailand, United States of America, United Kingdom and Vietnam.

The Group registered higher sales revenue in the 1Q2016 as compared to the previous corresponding period of 2015.

Stronger demand from customers mainly in the Machine tools industry for automation equipment and smart phone production has generated more sales revenue in Singapore, China and Malaysia.

Although the demand for our products in Other markets declined, the demand from Singapore, China and Malaysia remained strong with an increase in sales revenue of S\$2.79 million, S\$6.23 million and S\$0.82 million respectively in 1Q2016 as compared to 1Q2015.

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 by Business Segment***

	3 months ended 31 March		Increase / (Decrease)	
	2016	2015		
	S\$'000	S\$'000	S\$'000	%
Motion Control	47,686	40,728	6,958	17.1
Other Specialised Engineering Solutions	10,906	10,377	529	5.1
Industrial Computing	2,002	1,093	909	83.1
Others	57	14	43	307.1
Total	60,651	52,212	8,439	16.2

Motion Control, Other Specialised Engineering Solutions, and Industrial Computing product groups generated more revenue in 1Q2016 as compared to 1Q2015 mainly due to overall stronger demand from our customers.

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

#### **Gross profit**

The Group's gross profit decreased slightly by S\$19,000 or 0.1% from S\$15.79 million in 1Q2015 to S\$15.77 million in 1Q2016. Gross profit margin decreased from 30.2% in 1Q2015 to 26.0% in 1Q2016 mainly due to lesser sales revenue generated with higher gross profit.

#### **Other operating income**

Other operating income decreased by S\$568,000 or 44.0% from S\$1.29 million in 1Q2015 to S\$723,000 in 1Q2016 mainly due to no foreign exchange gain in 1Q2016.

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**

##### **Distribution costs**

Distribution costs decreased by S\$493,000 or 9.4% from S\$5.25 million in 1Q2015 to S\$4.75 million in 1Q2016 mainly due to decrease in marketing costs.

##### **Administrative expenses**

Administrative expenses increased by S\$505,000 or 7.6% from S\$6.62 million in 1Q2015 to S\$7.12 million in 1Q2016 mainly due to increase in staff costs and professional fees.

##### **Other operating expenses**

Other operating expenses increased by S\$1.21 million or 492.2% from S\$245,000 in 1Q2015 to S\$1.45 million in 1Q2016 mainly due to foreign exchange loss in 1Q2016.

##### **Depreciation expenses**

Depreciation expenses decreased by S\$117,000 or 20.0% from S\$585,000 in 1Q2015 to S\$468,000 in 1Q2016 mainly due to more assets being fully depreciated.

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

Share of results of associates decreased by S\$781,000 from a gain of S\$582,000 in 1Q2015 to a loss of S\$199,000 in 1Q2016 mainly due to lower contribution from associates.

**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**

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

Property, plant and equipment increased by S\$137,000 or 0.38% from S\$35.55 million as at 31 December 2015 to S\$35.69 million as at 31 March 2016 mainly due to purchase of machinery and factory equipment and capital expenditure in Indonesia mini hydropower plant. No depreciation on capital expenditure due to development in progress for Indonesia mini hydropower plant.

### **Associates**

Associates decreased by S\$985,000 or 19.6% from S\$5.03 million as at 31 December 2015 to S\$4.05 million as at 31 March 2016 mainly due to disposal of an associate.

### **Inventories**

Inventories decreased by S\$3.94 million or 9.7% from S\$40.86 million as at 31 December 2015 to S\$36.91 million as at 31 March 2016 mainly due to less purchases during 1Q2016.

### **Trade and other receivables**

Trade and other receivables increased by S\$9.0 million or 12.3% in 1Q2016 was mainly due to an increase in sales revenue.

Subsequent receipt of about S\$9.55 million was received from customers as at 15 April 2016. It represents approximately 14.74% of trade receivables as at 31 March 2016.

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

**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 payables**

The decrease of S\$476,000 in Trade and other payables was mainly due to decrease in purchases of inventories.

##### **Bank borrowings**

Bank borrowings increased by S\$214,000 or 1.45% from S\$14.78 million as at 31 December 2015 to S\$15.0 million as at 31 March 2016. The net increase was mainly due to more bank loans drawdown during 1Q2016.

#### **CASH FLOW STATEMENT**

Net cash used in operating activities increased by S\$1.63 million from S\$2.89 million in 1Q2015 to S\$4.52 million in 1Q2016 mainly due to higher cash used in working capital.

Net cash used in investing activities decreased from S\$524,000 in 1Q2015 to S\$276,000 in 1Q2016 mainly due to cash inflow on disposal of interest in associate.

Net cash generated from financing activities increased from cash outflow of S\$22,000 in 1Q2015 to cash inflow of S\$1.22 million in 1Q2016 mainly due to loan repayment from associates.

As at 31 March 2016, the Group maintained a healthy cash and cash equivalents balance of S\$34.68 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 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 the macro business climate to contain some degree of uncertainty owing to the lacklustre economic sentiments in its main market, China. There are, however, still pockets of opportunity presented by the mainland's ongoing drive to automate its new economy which would augur well for ISDN's mainstay business of Motion Control. This would allow ISDN to track China's domestic growth as well as tap into its growing repute as a global manufacturer, particularly to emerging markets. On balance, the group expects Motion Control to afford a degree of stability for the Group's earnings base as it builds new business segments including hydropower in South-east Asia.

**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.



**ISDN Holdings Limited**  
**2016 Interim Financial Statements Announcement**

**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 results (comprising the comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material aspect.

**15. Use of proceeds**

**1. Use of Net Proceeds from the First and Second Placements**

There has been no material usage till to the date of this announcement after the last announcement made on 26 February 2016. The Company will make further announcements when the remaining net proceeds from both Placements are materially disbursed.

**2. Use of Net Proceeds from the Warrant Issue**

There has been no material usage till to the date of this announcement after the last announcement made on 26 February 2016. The Company will make announcements on the utilisation of proceeds arising from the exercise of the warrants as may be necessary and/or appropriate in due course.

**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  
Company Secretary  
ISDN Holdings Limited

4 May 2016