

ISDN Holdings Limited
Interim Financial Statements Announcement
For Period Ended 30 June 2010

1(a)(i) A CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR PERIOD ENDED 30 JUNE 2010

A consolidated statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group	Group		Group	Group	
	3 months ended 30 June			6 months ended 30 June		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	44,447	23,580	88.5	75,573	43,194	75.0
Cost of sales	(32,035)	(16,010)	N/M	(53,370)	(29,470)	81.1
Gross profit	12,412	7,570	64.0	22,203	13,724	61.8
Other operating income	927	94	N/M	1,335	358	N/M
Distribution costs	(3,286)	(2,360)	39.2	(6,211)	(4,976)	24.8
Administrative expenses	(4,556)	(2,889)	57.7	(8,323)	(5,862)	42.0
Other operating expenses	(716)	(595)	20.3	(1,177)	(561)	N/M
Finance costs	(240)	(308)	(22.1)	(460)	(415)	10.8
Share of results of associates	151	(219)	N/M	244	(322)	N/M
Profit before income tax	4,692	1,293	N/M	7,611	1,946	N/M
Income tax expense	(1,201)	(547)	N/M	(2,043)	(878)	N/M
Profit for the period	3,491	746	N/M	5,568	1,068	N/M
Other comprehensive income:						
Exchange differences on translation of foreign	86	(1,459)	N/M	(312)	327	N/M
Total comprehensive income for the period	3,577	(713)	N/M	5,256	1,395	N/M
Profit after income tax attributable to:						
Equity holders of the Company	2,677	272	N/M	4,307	335	N/M
Non-controlling interests	814	474	71.7	1,261	733	72.0
	3,491	746	N/M	5,568	1,068	N/M
Total comprehensive income attributable to:						
Equity holders of the Company	2,799	(985)	N/M	4,341	536	N/M
Non-controlling interests	778	272	N/M	915	859	6.5
	3,577	(713)	N/M	5,256	1,395	N/M

N/M- not meaningful

All statement of financial position items are translated at the rate of:

One Malaysian Ringgit to Singapore Dollar 0.4304 (2009: 0.4097);
One Thailand Baht to Singapore Dollar 0.0444 (2009: 0.0432);
One Hong Kong Dollar to Singapore Dollar 0.1826 (2009: 0.1833); and
One Chinese Renminbi to Singapore Dollar 0.2057(2009: 0.2055).

All comprehensive income statement items are translated at the rate of:

One Malaysian Ringgit to Singapore Dollar 0.4304 (2009: 0.4115);
One Thailand Baht to Singapore Dollar 0.0444 (2009: 0.0437);
One Hong Kong Dollar to Singapore Dollar 0.1826 (2009: 0.1984); and
One Chinese Renminbi to Singapore Dollar 0.2057 (2009: 0.2131).

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the consolidated statement of comprehensive income or in the notes to the consolidated statement of comprehensive income 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		Group	Group	
	3 months ended 30 June			6 months ended 30 June		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Other operating income						
Administrative income charged to associates	-	-	N/M	41	-	N/M
Bad trade receivables recovered	18	-	N/M	25	-	N/M
Commission income	-	-	N/M	34	1	N/M
Foreign exchange gain	95	-	N/M	120	138	(13.0)
Gain on sale of property, plant and equipment	1	-	N/M	2	5	(60.0)
Gain on dilution of a subsidiary	-	-	N/M	27	-	N/M
Interest income	19	44	(56.8)	36	101	(64.4)
Technical service income	693	37	N/M	877	86	N/M
Write back of allowance for inventories obsolescence	-	-	N/M	9	-	N/M
Operating lease income	32	13	N/M	58	27	N/M
Compensation from customer for cancellation of sales contract	40	-	N/M	40	-	N/M
Miscellaneous income	29	-	N/M	66	-	N/M
	927	94	N/M	1,335	358	N/M

N/M- not meaningful

	Group	Group		Group	Group	
	3 months ended 30 June			6 months ended 30 June		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Other operating expenses						
Allowance for impairment of trade receivables	21	118	(82.2)	67	139	(51.8)
Allowance for inventories obsolescence	535	192	N/M	812	272	N/M
Amortisation of intangible	159	83	91.6	260	144	80.6
Foreign exchange losses	-	196	-	-	-	-
Bad trade receivables written off	-	-	N/M	33	-	N/M
Inventories written off	1	6	(83.3)	5	6	(16.7)
	716	595	20.3	1,177	561	N/M
Included in Distribution costs						
Depreciation of property, plant and equipment	18	12	50.0	35	25	40.0
Included in Administrative						
Depreciation of property, plant and equipment	280	77	N/M	557	273	N/M
Depreciation of investment properties	4	5	(20.0)	8	9	11.1
Included in cost of sales						
Depreciation of property, plant and equipment	14	75	(81.3)	57	112	(49.1)
Income tax expense						
Current taxation	1,168	555	N/M	2,006	883	N/M
Deferred taxation	(4)	6	N/M	-	-	N/M
Under(Over) provision of tax in respect of prior years	37	(14)	NM	37	(5)	NM
	1,201	547	N/M	2,043	878	N/M

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
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property plant and equipment	27,072	25,369	-	-
Investment properties	575	584	-	-
Intangible assets	1,300	1,166	-	-
Goodwill on consolidation	11,685	11,760	-	-
Subsidiaries	-	-	29,658	30,916
Associates	1,751	945	-	-
Total non current assets	42,383	39,824	29,658	30,916
Current assets				
Inventories	24,271	19,907	-	-
Trade and other receivables	37,281	33,850	101	58
Amount owing by subsidiaries	-	-	3,717	2,316
Dividend receivable	-	-	3,383	3,383
Cash and bank balances and fixed deposits	22,925	18,980	54	82
Total current assets	84,477	72,737	7,255	5,839
Total Assets	126,860	112,561	36,913	36,755

Cont'd

	Group	Group	Company	Company
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	S$'000	S$'000	S$'000	S$'000
EQUITY AND LIABILITIES				
Equity attributable to members of the Company				
Share capital	34,542	34,542	34,542	34,542
Treasury shares	(340)	(340)	(340)	(340)
Reserves	21,639	17,301	213	507
	55,841	51,503	34,415	34,709
Non-controlling interests	6,316	5,622	-	-
Total equity	62,157	57,125	34,415	34,709
Non-current liabilities				
Bank borrowings	13,023	10,309	-	-
Finance leases	119	121	-	-
Deferred tax liabilities	53	49	-	-
Total non-current liabilities	13,195	10,479	-	-
Current liabilities				
Bank borrowings	12,395	12,413	-	-
Current portion of finance leases	18	36	-	-
Trade and other payables	37,503	31,962	2,498	2,046
Dividend payable	82	-	-	-
Current income tax liabilities	1,510	546	-	-
Total current liabilities	51,508	44,957	2,498	2,046
Total liabilities	64,703	55,436	2,498	2,046
Total equity and liabilities	126,860	112,561	36,913	36,755

(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 30 June 2010		As at 31 December 2009	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
2,881	9,532	3,905	8,544

The amount repayable after one year;

As at 30 June 2010		As at 31 December 2009	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
10,617	2,525	9,030	1,400

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.
4) There is legal mortgage over a parcel of land of a subsidiary for facilities including working capital loans and trade facilities. The said facilities are also secured by personal guarantees provided by two directors of the subsidiary.

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

	6 months ended 30 June	
	2010	**2009**
	S$'000	**S$'000**
Cash flow from operating activities:		
Profit before income tax	7,611	1,946
Adjustments for:		
Allowance for impairment of trade receivables	67	139
Allowance for inventories obsolescence	812	272
Amortisation of intangible assets	260	144
Bad trade receivables written off	33	-
Bad trade debts recovered	(25)	-
Depreciation of property, plant and equipment	649	410
Depreciation of investment properties	8	9
Unrealised currency translation differences	23	280
Gain on dilution of a subsidiary (Note A)	(27)	-
Gain on disposal of property, plant and equipment	(2)	(5)
Interest expense	460	415
Interest income	(36)	(101)
Inventories written off	5	6
Write back of allowance for inventories obsolescence	(9)	-
Share of results of associates	(244)	322
Operating cash flow before working capital changes	9,585	3,837
Inventories	(5,863)	559
Trade and other receivables	(4,722)	617
Trade and other payables	6,499	1,558
Cash generated from operations	5,499	6,571
Interest paid	(460)	(415)
Interest received	36	101
Income tax paid	(1,046)	(1,349)
Net cash generated from operating activities	4,029	4,908

Cont'd	6 months ended 30 June	
	2010	2009
	S$'000	S$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,289)	(5,933)
Proceeds from disposal of property, plant and equipment	2	5
Dilution of interest in a subsidiary (Note A)	(71)	-
Additions of intangible assets	(423)	(486)
Net cash used in investing activities	(2,781)	(6,414)
Cash flows from financing activities:		
Payment of dividends declared to a subsidiary's shareholders before acquisition	-	(1,000)
Dividends to non-controlling interests	(142)	-
Proceeds from loan by non-controlling interests	201	150
Purchase of treasury shares	-	(340)
Loans to associates	(258)	-
Loans to a joint venture	(98)	-
Loans from a joint venture	104	-
Proceeds from bank loans	4,400	7,831
Repayments of bank loans	(2,968)	(1,106)
Proceeds from short-term loans (net)*	2,050	732
Trust receipts	(494)	148
Repayment of finance leases	(20)	(22)
Net cash generated from financing activities	2,775	6,393
Net increase in cash and cash equivalents	4,023	4,887
Cash and cash equivalents at beginning of period	18,174	15,312
Cash and cash equivalents at end of period (Note B)	22,197	20,199

* Short-term loans are with a maturity period of three months or less.

Note A:

During the period, 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	**30 June 2010**
	S$'000
Property, plant and equipment	50
Goodwill on consolidation arising from acquisition of JM Suzhou by JM Spore in prior years	26
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	940
Non-controlling interests	(310)
Identifiable net assets diluted	630
Identifiable net assets transferred to associates	(405)
Gain on dilution	27
Goodwill on consolidation arising from acquisition of JM Spore by the Group in prior years	48
Purchase consideration	300
(Less) Cash consideration receivable	(80)
(Less) Cash and bank balances diluted	(291)
Cash outflow on dilution	(71)

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

	30 June 2010	30 June 2009
	S$'000	S$'000
Cash and bank balances	22,911	19,866
Fixed deposits	14	615
	22,925	20,481
(Less) Bank overdraft	(707)	(261)
(Less) Restricted bank balances	(21)	(21)
Cash and cash equivalents at end of period	22,197	20,199

(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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Merger reserves	Translation reserves	Other reserves	Accumulated profits	Treasury shares	Total	Non-controlling interests	Total equity
	S$000	S$000	S$000	S$000	S$000	$'000	S$000	S$000	S$000
Group									
Balance as at 1 January 2009	34,542	(436)	428	1,352	16,404	-	52,290	5,185	57,475
Total comprehensive income for the period	-	-	201	-	335	-	536	859	1,395
2008 final dividend of $0.0025 per share less tax of 18% unpaid	-	-	-	-	(497)	-	(497)	-	(497)
Purchase of treasury shares	-	-	-	-	-	(340)	(340)	-	(340)
Balance as at 30 June 2009	34,542	(436)	629	1,352	16,242	(340)	51,989	6,044	58,033
Balance as at 1 January 2010	34,542	(436)	(560)	1,488	16,809	(340)	51,503	5,622	57,125
Total comprehensive income for the period	-	-	34	-	4,307	-	4,341	915	5,256
Increase in ownership interest by non-controlling interests	-	-	1	-	(4)	-	(3)	3	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	(224)	(224)
Transfer to other reserves	-	-	-	40	(40)	-	-	-	-
Balance as at 30 June 2010	34,542	(436)	(525)	1,528	21,072	(340)	55,841	6,316	62,157

	Share capital	Accumulated profits	Treasury shares	Total
	S$000	S$000	$'000	S$000
Company				
Balance as at 1 January 2009	34,542	302	-	34,844
Total comprehensive income for the period	-	435	-	435
2008 final dividend of $0.0025 per share less tax of 18% unpaid	-	(497)	-	(497)
Purchase of treasury shares	-	-	(340)	(340)
Balance as at 30 June 2009	34,542	240	(340)	34,442
Balance as at 1 January 2010	34,542	507	(340)	34,709
Total comprehensive income for the period	-	(294)	-	(294)
Balance as at 30 June 2010	34,542	213	(340)	34,415

(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 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 30 June 2010 is 199,103,300 (31 December 2009: 199,103,300), net of treasury shares.

There were no shares issued under the Company's Share Option Scheme and Employees' Share Incentive 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	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	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)	199,103,300	199,103,300	199,103,300	199,103,300

(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	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	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	-
Additions	-	2,665,000	-	2,665,000
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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

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 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 30 June 2010 as those used for the audited financial statement as at 31 December 2009

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 2010 are as follows:-

Amendments to FRS 27 *Consolidated and Separate Financial Statements*

FRS 103 *Business Combinations (Revised)*

FRS 24 *Related Party Disclosures (Revised)*

The adoption of these FRS does not impact the financial statement significantly.

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

	Group	Group
	6 months ended 30 June	
	2010	2009
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	2.16	0.15
- on a fully diluted basis	2.16	0.15
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	199,103,300	200,142,943
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	199,103,300	200,142,943

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

	Group		Company	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	28.05	25.87	17.29	17.43
Issued share capital at the end of the period (net of treasury shares)	199,103,300	199,103,300	199,103,300	199,103,300

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current 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.

The Group's revenue increased by S$20.87 million or 88.5% from S$23.58 million for 2Q2009 to S$44.45 million for 2Q2010.

Revenue by Geographical Location

Revenue by geographical location	2Q2010	2Q2009	Increase (Decrease)		1H2010	1H2009	Increase (Decrease)	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000	%
Singapore	10,403	4,409	5,994	N/M	19,078	8,940	10,138	N/M
People's Republic of China	24,239	14,713	9,526	64.7	40,428	27,699	12,729	46.0
Malaysia	5,540	2,535	3,005	N/M	9,236	3,197	6,039	N/M
Others	4,265	1,923	2,342	N/M	6,831	3,358	3,473	N/M
Total	44,447	23,580	20,867	88.5	75,573	43,194	32,379	75.0

Notes to table:

Others include but not limited to Hong Kong, Taiwan, Thailand, Germany, United States of America, India, Australia, Canada and United Arab Emirates.

Revenue by Business Segment

Revenue by geographical location	2Q2010	2Q2009	Increase (Decrease)		1H2010	1H2009	Increase (Decrease)	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000	%
Motion Control	34,990	17,403	17,587	N/M	57,703	30,907	26,796	86.7
Other Specialised Engineering Solutions	7,591	5,482	2,109	38.5	13,911	10,677	3,234	30.3
Industrial Computing	1,866	695	1,171	N/M	3,959	1,610	2,349	N/M
Total	44,447	23,580	20,867	88.5	75,573	43,194	32,379	75.0

Revenue for geographical and business segments increased as the global economy recovers from the financial crisis which started in FY2009.

Gross profit

As a result of the increase in revenue, the Group's gross profit increased by S$4.84 million or 64.0% from S$7.57 million in 2Q2009 to S$12.41 million in 2Q2010. Gross profit margin decreased slightly by 4.2% from 32.1% in 2Q2009 to 27.9% in 2Q2010, well within the Group's historical margin of about 26% to 30%.

Other operating income

Other operating income has increased by S$833,000 from S$94,000 in 2Q2009 to S$927,000 in 2Q2010 as a result of higher technical service fees income from customers as the economy recovers.

Distribution costs

Distribution costs have increased by S$926,000 or 39.2% from S$2.36 million in 2Q2009 to S$3.29 million in 2Q2010 due to increase in sales.

Depreciation of property, plant and equipment within distribution costs remained relatively low at S$18,000 in 2Q2010.

Administrative expenses

Administrative expenses have increased by S$1.67 million or 57.7% from S$2.89 million in 2Q2009 to S$4.56 million in 2Q2010 due to an increase in sales.

Depreciation of property, plant and equipment within administrative expenses increased by S$203,000 from S$77,000 in 2Q2009 to S$280,000 in 2Q2010 as a result of the additional depreciation on the construction costs of ISDN High-Tech Industrial Park which commenced in 4Q2009.

Other operating expenses

Other operating expenses increased by S$121,000 from S$595,000 in 2Q2009 to S$716,000 in 2Q2010 due to allowance for aged inventories of S$535,000 and amortisation of intangible assets of S$159,000.

Finance costs

The average effective interest rate of the Group decreased by 1.01% to 4.59% in 2Q2010 from 5.60% in 2Q2009. As a result finance costs decreased by S$68,000 or 22.1% from S$308,000 in 2Q2009 to S$240,000 in 2Q2010.

Share of results of associates

Share of results of associates have increased by S$370,000 from a loss of S$219,000 to a profit of S$151,000. This was mainly due to a profit making associate, JM Vistec System Pte Ltd and its subsidiary (collectively known as "JM Vistec group"), which is equity accounted for since FY2010 after the Group's effective interest was diluted. JM Vistec group was previously consolidated line by line as a subsidiary of the Company.

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment have increased by S$1.70 million or 6.7% from S$25.37 million as at 31 December 2009 to S$27.07 million as at 30 June 2010 mainly due to an increase in leasehold buildings from the construction of ISDN High-Tech Industrial Park of S$1.59 million.

Goodwill on consolidation

Goodwill on consolidation has decreased by S$75,000 or 0.6% from S$11.76 million as at 31 December 2009 to S$11.69 million as at 30 June 2010 due to a dilution of the Group's effective interest in JM Vistec group.

Inventories

Inventories increased by S$4.36 million or 21.9% from S$19.91 million as at 31 December 2009 to S$24.27 million as at 30 June 2010. However, inventory turnover days decreased to 76 days for 6 months ended 30 June 2010 compared to 103 days for year ended 31 December 2009 due to stronger demand during 6 months ended 30 June 2010.

Trade and other receivables

The increase was mainly due to trade receivables by S$2.82 million or 8.8% from S$29.05 million as at 31 December 2009 to S$31.87 million as at 30 June 2010 as a result of increased revenue during 6 months ended 30 June 2010. Turnover days also reduced from 89 days for year ended 31 December 2009 to 74 days during 6 months ended 30 June 2010.

Subsequent receipts amounted to about S$7.29 million as at 5 August 2010 which were approximately 22.9% of trade receivables as at 30 June 2010.

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

Bank borrowings

Bank borrowings increased by S$2.70 million or 11.9% from S$22.72 million as at 31 December 2009 to S$25.42 million in as at 30 June 2010. The increase was mainly due to the construction of ISDN High-Tech Industrial Park at Wujiang Economic Development Zone.

Trade and other payables

The increase was mainly due to trade payables by S$3.53 million or 22.4% from S$15.78 million as at 31 December 2009 to S$19.31 million as at 30 June 2010 as a result of increased revenue in 2Q2010.

Trade payables turnover days decreased to 60 days during 6 months ended 30 June 2010 from 62 days for year ended 31 Dec 2009.

CASH FLOW STATEMENT

Cash and cash equivalents

Net cash generated from operating activities decreased from a net inflow of S$4.91 million during 6 months ended 30 June 2009 to S$4.03 million during 6 months ended 30 June 2010. The decrease was due to higher inventories, trade and receivables as a result of improved demands.

Net cash from investing activities was a net outflow of S$2.79 million during 6 months ended 30 June 2010 as compared to S$6.41 million during 6 months ended 30 June 2009 mainly due to the completion of ISDN High-Tech Industrial Park in 4Q2009.

Net cash generated from financing activities also decreased to a net inflow of S$2.78 million during 6 months ended 30 June 2010 from S$6.39 million during 6 months ended 30 June 2009 mainly due to lower amounts of banks loans being drawn down for the construction of ISDN High-Tech Industrial Park.

With the above cash and cash equivalents increased by S$4.02 million or 22.1% from S$18.17 million as at 31 December 2009 to S$22.20 million in as at 30 June 2010.

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 growth momentum in the preceding quarters to continue into the next two quarters underpinned by its core competence in Motion Control. China and the rest of Asia will remain as key growth centres. Additionally, ISDN has been consistently exploring new areas of growth to inject fresh revenue streams into the Group's earnings base and as a means to enhance shareholder value.

The energy sector will remain as a key area of new focus. W2Energy, the Group's venture into the renewable energy sphere, has commenced the preliminary testing phase. ISDN's exposure in the solar energy business received a boost with its appointment in China as the official distributor of a US solar equipment manufacturer, elevating the Group from representative status and opening the door for ISDN to capture the vast Chinese solar energy market. The Group is currently weighing investment opportunities in the energy market in Indonesia and other segments of the energy market. It will make the necessary mandatory announcements when these plans become firm.

Another segment that the Group has ventured into is the agri-related business. In July this year, the Group established, through its subsidiary Ell-Gro Hydroponics Pte Ltd, Ell-Gro Farms Sdn Bhd that will be principally engaged in the business of high-tech hydroponics farming.

11. Dividend

(a) Current Financial Period Reported On

Any dividend proposed 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.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Aggregate Value of Interested Person Transactions entered into for period ended 30 June 2010- Pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

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 ("Sand")(Note 1)	300	-

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.

14. Use of IPO Proceeds

The Company successfully completed its IPO for 27 million new shares at S$0.29 per share which raised about S$7.83 million gross proceeds during financial period ended 31 December 2005. The uses of the IPO proceeds as at 30 June 2010 are as follow:

Earmarked purpose	Amount set aside per prospectus	Amount used	Remaining amount
	S$'000	S$'000	S$'000
Mergers and acquisitions	1,500	1,500	-
Expand and develop existing operations	1,000	1,000	-
Expand geographical coverage in Asia including Indonesia, India and Vietnam	500	390	110
Integrated computerised system (ERP system)	500	500	-
IPO professional fees	1,493	1,493	-
Working capital	2,837	2,837	-
Total	7,830	7,720	110

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

To the best of our 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.

By Order of the Board

Teo Cher Koon
Managing Director

Kong Deyang
Executive Director

6 August 2010