



*ISDN*Holdings
LIMITED

(Company Registration No.: 200416788Z)

ISDN Holdings Limited
Interim Financial Statements Announcement
For the Third Quarter and Period Ended 30 September 2014



ISDN Holdings Limited
2014 Interim Financial Statements Announcement

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2014

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 30			9 months ended 30		
	2014	2013	Increase	2014	2013	Increase
	(Restated)	(Decrease)		(Restated)	(Decrease)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	59,319	39,857	48.8	157,840	118,312	33.4
Cost of sales	(44,598)	(28,950)	54.1	(119,618)	(84,516)	41.5
Gross profit	14,721	10,907	35.0	38,222	33,796	13.1
Other operating income	1,309	590	121.9	2,023	1,667	21.4
Distribution costs	(4,733)	(3,970)	19.2	(12,213)	(12,323)	(0.9)
Administrative expenses	(6,167)	(4,425)	39.4	(16,158)	(14,106)	14.6
Other operating expenses	(169)	(649)	(74.0)	(1,615)	(943)	71.3
Finance costs	(257)	(330)	(22.1)	(621)	(837)	(25.8)
Share of results of associates and joint ventures	646	322	100.6	1,325	572	131.6
Profit before income tax	5,350	2,445	118.8	10,963	7,826	40.1
Income tax expense	(1,694)	(1,080)	56.9	(3,548)	(2,926)	21.3
Profit for the period	3,656	1,365	167.8	7,415	4,900	51.3
Other comprehensive income:						
Items that may be subsequently reclassified to profit and loss						
Exchange differences on translation of foreign operations	1,111	(960)	215.7	(801)	858	(193.4)
Total comprehensive income for the period	4,767	405	1,077.0	6,614	5,758	14.9
Profit for the period attributable to:						
Equity holders of the Company	2,651	915	189.7	5,698	3,529	61.5
Non-controlling interests	1,005	450	123.3	1,717	1,371	25.2
	3,656	1,365	167.8	7,415	4,900	51.3
Total comprehensive income for the period attributable to:						
Equity holders of the Company	3,641	69	5,176.8	4,968	4,287	15.9
Non-controlling interests	1,126	336	235.1	1,646	1,471	11.9
	4,767	405	1,077.0	6,614	5,758	14.9

N/M- not meaningful



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

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

	Group			Group		
	3 months ended 30			9 months ended 30		
	September			September		
	2014	2013	Increase	2014	2013	Increase
		(Restated)	(Decrease)		(Restated)	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other operating income						
Administrative income charged to associates	132	44	200.0	274	79	246.8
Commission income	23	1	2,200.0	45	16	181.2
Finance income:						
- interest on bank deposits	53	36	47.2	105	98	7.1
- interest on loan to associates	3	-	N/M	11	-	N/M
Government Grant	13	11	18.2	122	59	106.8
Foreign exchange gain, net	286	-	N/M	-	187	N/M
Technical service income	133	185	(28.1)	281	538	(47.8)
Write back of allowance for trade receivables	223	143	55.9	34	185	(81.6)
Write back of allowance for inventories obsolescence	4	1	(90.2)	25	14	78.6
Operating lease rental income:						
- investment properties	15	14	7.1	47	44	6.8
- sub-let of office/warehouse	237	68	248.5	519	238	118.1
Property management income	173	33	424.2	475	94	405.3
Miscellaneous income	14	54	(74.1)	85	115	(26.1)
	<u>1,309</u>	<u>590</u>	<u>121.9</u>	<u>2,023</u>	<u>1,667</u>	<u>21.4</u>

N/M- not meaningful



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

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

	Group			Group		
	3 months ended 30 September			9 months ended 30 September		
	2014	2013 (Restated)	Increase (Decrease) %	2014	2013 (Restated)	Increase (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Other operating expenses						
Allowance for impairment of trade receivables	-	-	-	223	180	23.9
Allowance for inventories obsolescence	127	128	(0.8)	776	610	27.2
Amortisation of intangible assets	-	5	N/M	-	17	N/M
Amortisation of land use rights	9	8	12.5	26	25	4.0
Bad trade receivables written off	18	7	157.1	18	7	157.1
Foreign exchange losses, net	-	401	N/M	511	-	N/M
Inventories written off	1	12	(91.7)	30	16	87.5
Property, plant and equipment written off	10	1	900.0	20	1	1,900
Loss on disposal of interests in a subsidiary	-	-	-	3	-	N/M
Loss on disposal of property, plant and equipment	4	87	(95.4)	8	87	(90.8)
	<u>169</u>	<u>649</u>	<u>(74.0)</u>	<u>1,615</u>	<u>943</u>	<u>71.3</u>
<i>Included in Distribution costs</i>						
Depreciation of property, plant and equipment	39	29	34.5	113	93	21.5
<i>Included in Administrative expenses</i>						
Depreciation of property, plant and equipment	327	276	18.5	981	859	14.2
Depreciation of investment properties	5	5	-	13	13	-
<i>Included in cost of sales</i>						
Depreciation of property, plant and equipment	51	42	21.4	161	145	11.0



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

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

	Group			Group		
	3 months ended 30			9 months ended 30		
	September			September		
	2014	2013	Increase	2014	2013	Increase
		(Restated)	(Decrease)		(Restated)	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax expense						
Current taxation	2,280	1,123	103.0	3,931	3,065	28.3
Deferred taxation	(4)	(34)	(88.2)	31	(65)	147.7
(Over) /Underprovision of tax in respect of prior years	(582)	(9)	6,366.7	(414)	(74)	459.5
	<u>1,694</u>	<u>1,080</u>	56.9	<u>3,548</u>	<u>2,926</u>	21.3

N/M- not meaningful



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

Group	Group	Group	Company	Company
30 September 2014	31 December 2013 (Restated)	1 January 2013 (Restated)	30 September 2014	31 December 2013
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

ASSETS

Non-current assets

Property, plant and equipment	29,296	27,597	25,861	-	-
Investment properties	577	590	611	-	-
Intangible assets	-	-	24	-	-
Land use rights	1,456	1,496	1,467	-	-
Other receivables	6,481	1,847	-	-	-
Goodwill on consolidation	2,179	2,179	2,179	-	-
Subsidiaries	-	-	-	36,292	36,082
Associates and joint ventures	19,092	17,910	17,137	31	31
Total non-current assets	59,081	51,619	47,279	36,323	36,113

Current assets

Inventories	25,867	25,324	22,767	-	-
Trade and other receivables	61,696	43,199	46,786	101	381
Amount owing by subsidiaries	-	-	-	29,079	27,049
Dividend receivable	-	-	-	3,197	5,750
Cash and cash equivalents	33,493	39,873	23,862	1,902	3,710
Total current assets	121,056	108,396	93,415	34,279	36,890
Total Assets	180,137	160,015	140,694	70,602	73,003



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

Group	Group	Group	Company	Company
30 September 2014	31 December 2013 (Restated)	1 January 2013 (Restated)	30 September 2014	31 December 2013
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

EQUITY AND LIABILITIES

Equity attributable to owners of the Company

Share capital	63,925	63,925	44,855	63,925	63,925
Warrants issue	3,384	3,384	-	3,384	3,384
Treasury shares	(162)	(162)	(162)	(162)	(162)
Reserves	43,523	39,997	35,625	(1,363)	2,663
	110,670	107,144	80,318	65,784	69,810
Non-controlling interests	9,501	6,392	6,416	-	-
Total Equity	120,171	113,536	86,734	65,784	69,810

Non-current liabilities

Bank borrowings	3,159	763	5,557	-	-
Finance leases	447	214	272	-	-
Deferred tax liabilities	44	49	42	-	-
Total non-current liabilities	3,650	1,026	5,871	-	-

Current liabilities

Bank borrowings	12,440	12,521	15,420	-	-
Finance leases	147	57	58	-	-
Trade and other payables	41,686	32,421	30,704	4,818	3,193
Current income tax liabilities	2,043	454	1,907	-	-
Total current liabilities	56,316	45,453	48,089	4,818	3,193
Total Liabilities	59,966	46,479	53,960	4,818	3,193

Total Liabilities and Equity

180,137	160,015	140,694	70,602	73,003
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(1)(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

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

As at 30 September 2014		As at 31 December 2013 (Restated)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
930	11,657	5,764	6,814

The amount repayable after one year;

As at 30 September 2014		As at 31 December 2013 (Restated)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,401	205	977	-

Details of any collateral:

The secured borrowings relate to:-

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



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(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 30 September		9 months ended 30 September	
	2014	2013 (Restated)	2014	2013 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities:				
Profit before income tax	5,350	2,445	10,963	7,826
Adjustments for:				
Amortisation of intangible assets	-	5	-	17
Amortisation of land use rights	9	8	26	25
Bad trade receivables written off	18	7	18	7
Depreciation of property, plant and equipment	417	347	1,255	1,097
Depreciation of investment properties	5	5	13	13
Allowance for impairment of trade receivables	-	-	223	180
Allowance for inventories obsolescence	127	128	776	610
Loss on disposal of interests in a subsidiary	-	-	3	-
Loss on disposal of property, plant and equipment	4	87	8	87
Property, plant and equipment written off	10	1	20	1
Inventories written off	1	12	30	16
Write back of allowance for inventory obsolescence	(4)	(1)	(25)	(14)
Write back of allowance for trade receivables	(223)	(143)	(34)	(185)
Interest expense	257	330	621	837
Interest income	(56)	(35)	(116)	(98)
Share of results of associates	(646)	(322)	(1,325)	(572)
Unrealised currency translation differences	(354)	653	7	194
Operating cash flow before working capital changes	4,915	3,527	12,463	10,041
Inventories	3,910	1,821	(1,323)	(2,994)
Trade and other receivables	(6,730)	2,359	(24,156)	(3,321)
Trade and other payables	(5,424)	(6,909)	8,038	5,673
Cash (used in)/generated from operations	(3,329)	798	(4,978)	9,399
Interest paid	(257)	(330)	(621)	(837)
Interest received	56	35	116	98
Income tax paid	(773)	(1,248)	(1,960)	(3,289)
Net cash used in operating activities	(4,303)	(745)	(7,443)	5,371

(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

	3 months ended 30 September		9 months ended 30 September	
	2014	2013 (Restated)	2014	2013 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Purchase of property, plant and equipment	-	(1,459)	(2,877)	(1,735)
Proceeds from disposal of property, plant and equipment	8	27	16	29
Dividends from an associate	-	-	60	60
Net cash generated from/(used in) investing activities	8	(1,432)	(2,801)	(1,646)
Cash flows from financing activities:				
Dividends to equity holders of the Company	-	-	(1,439)	(1,800)
Investment in subsidiaries by non-controlling interests	1,348	155	1,348	340
Amount owing/(Repayment) to non-controlling interests	1,200	(12)	1,145	-
Repayment from associates	-	-	-	16
Increase on restricted bank balances (net)	(720)	(950)	(730)	(1,337)
Proceeds from shares placement	-	-	-	18,892
Proceeds from bank loans	2,482	223	5,587	1,116
Repayments of bank loans	(751)	(264)	(3,246)	(2,737)
Repayment of short-term loans (net)	(639)	(550)	(2,180)	(1,419)
Proceeds from/(Repayment of) trust receipts (net)	11	932	2,153	(1,684)
Repayment of finance leases (net)	(29)	(15)	(142)	(44)
Net cash generated from/(used in) financing activities	2,902	(481)	2,496	11,343
Net change in cash and cash equivalents	(1,393)	(2,658)	(7,748)	15,068
Cash and cash equivalents at beginning of period	33,288	41,872	39,873	23,862
Effect of currency translation on cash and cash equivalents	877	(19)	636	(126)
Cash and cash equivalents at end of period (Note A)	32,772	39,195	32,761	38,804



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(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

Note A:

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

	30 September 2014	30 September 2013 (Restated)
	S\$'000	S\$'000
Cash and bank balances	29,194	30,129
Fixed deposits	4,299	10,012
	<hr/>	<hr/>
	33,493	40,141
(Less) Restricted bank balances	(730)	(1,337)
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Cash and cash equivalents at end of period	32,761	38,804
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(1)(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	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
Group										
Balance as at 1 January 2014 (Restated)	63,925	3,384	(162)	(436)	313	3,767	36,353	107,144	6,392	113,536
Profit for the year	-	-	-	-	-	-	5,698	5,698	1,717	7,415
Other comprehensive income	-	-	-	-	(730)	-	-	(730)	(71)	(801)
Total comprehensive income for the period	-	-	-	-	(730)	-	5,698	4,968	1,646	6,614
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	1,442	1,442
Disposal of interests of a subsidiary	-	-	-	-	-	-	-	-	18	18
Payment of dividends	-	-	-	-	-	-	(1,439)	(1,439)	-	(1,439)
Transfer to other reserves	-	-	-	-	-	452	(455)	(3)	3	-
Balance as at 30 September 2014	63,925	3,384	(162)	(436)	(417)	4,219	40,157	110,670	9,501	120,171



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

	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
Group										
Balance as at 1 January 2013 (Restated)	44,855	-	(162)	(436)	(1,339)	3,174	34,226	80,318	6,416	86,734
Profit for the year	-	-	-	-	-	-	3,529	3,529	1,371	4,900
Other comprehensive loss	-	-	-	-	758	-	-	758	100	858
Total comprehensive income for the year	-	-	-	-	758	-	3,529	4,287	1,471	5,758
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	-	340	340
Payment of dividends	-	-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
Share placement proceeds, net of expenses	18,892	-	-	-	-	-	-	18,892	-	18,892
Transfer of performance shares	178	-	-	-	-	(178)	-	-	-	-
Transfer to other reserves	-	-	-	-	-	79	(157)	(78)	78	-
Balance as at 30 September 2013 (Restated)	63,925	-	(162)	(436)	(581)	3,075	35,798	101,619	8,305	109,924

	Share capital	Warrants Issue	Treasury shares	Others reserve	Retained earnings/(loss)	Total
	S\$000	S\$000	\$'000	\$'000	S\$000	S\$000
Company						
Balance as at 1 January 2014	63,925	3,384	(162)	(178)	2,841	69,810
Total comprehensive loss for the period	-	-	-	-	(2,587)	(2,587)
Payment of dividends	-	-	-	-	(1,439)	(1,439)
Balance as at 30 September 2014	63,925	3,384	(162)	(178)	(1,185)	65,784
Balance as at 1 January 2013	44,855	-	(162)	-	1,636	46,329
Total comprehensive loss for the period	-	-	-	-	(1,969)	(1,969)
Payment of dividends	-	-	-	-	(1,800)	(1,800)
Share placement proceeds, net of expenses	18,892	-	-	-	-	18,892
Transfer of performance shares	178	-	-	(178)	-	-
Balance as at 30 September 2013	63,925	-	(162)	(178)	(2,133)	61,452



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(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 30 September 2014 is 359,944,950 (30 September 2013: 359,944,950), net of treasury shares. The number of shares held as treasury shares as at 30 September 2014 is 1,105,000 (30 September 2013: 1,105,000).

The outstanding convertibles are 179,972,475 warrants that maybe convertible into ordinary shares of 179,972,475 as at 30 September 2014 (30 September 2013: 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	
30 September 2014	31 December 2013	30 September 2014	31 December 2013
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	359,944,950	359,944,950	359,944,950
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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	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning and 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 period ended 30 September 2014 as those used for the audited financial statement as at 31 December 2013.

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 2014 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 except for FRS 111 – Joint Arrangements with effect from 1 January 2014.

The effect of the adoption is to equity accounting the investments in joint venture as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated, including goodwill arising from acquisition.



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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 30 September	
	2014	2013 (Restated)
EPS (based on consolidated net profit attributable to shareholders) (Singapore cents)		
- on weighted average number of ordinary shares on issue	0.74	0.27
- on a fully diluted basis	0.49	0.27
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	359,944,950	336,641,983
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	539,917,425*	336,641,983

* Assume 179,972,475 warrants are fully converted into ordinary shares

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

	Group		Company	
	30 September 2014	31 December 2013 (Restated)	30 September 2014	31 December 2013
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	33.39	31.54	18.28	19.39
Issued share capital at the end of the period (net of treasury shares)	359,944,950	359,944,950	359,944,950	359,944,950



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

STATEMENT OF COMPREHENSIVE INCOME ITEMS

Quarter on Quarter

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

	3 months ended 30 September		Increase (Decrease)		9 months ended 30 September		Increase (Decrease)	
	2014 S\$'000	2013 (Restated) S\$'000	S\$'000	%	2014 S\$'000	2013 (Restated) S\$'000	S\$'000	%
Singapore	9,712	7,541	2,171	28.8	27,251	21,172	6,079	28.7
People's Republic of China (PRC)	45,700	29,188	16,512	56.6	120,547	84,222	36,325	43.1
Malaysia	1,426	1,725	(299)	(17.3)	5,061	4,701	360	7.7
Others	2,481	1,403	1,078	76.8	4,981	8,217	(3,236)	(39.4)
Total	59,319	39,857	19,462	48.8	157,840	118,312	39,528	33.4

N/M – not meaningful

Notes to table:

Others include but not limited to Australia, Denmark, Finland, Germany, Indonesia, India, Israel, Korea, Mexico, Myanmar, New Zealand, Pakistan, Philippines, Russia, Sultanate of Oman, Switzerland, Taiwan, Thailand, United States of America, United Kingdom, and Vietnam.

The main reason for the increase in sales revenue in Singapore and PRC was due to higher demand from customers from Motion Control products.

The increase in sales revenue from Others was mainly due to stronger demand from customers in Vietnam.



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STATEMENT OF COMPREHENSIVE INCOME ITEMS Cont'd

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

Revenue Cont'd

Revenue by Business Segment

	3 months ended 30 September		Increase (Decrease)		9 months ended 30 September		Increase (Decrease)	
	2014	2013 (Restated)	S\$'000	%	2014	2013 (Restated)	S\$'000	%
	S\$'000	S\$'000			S\$'000	S\$'000		
Motion Control	48,011	32,116	15,895	49.5	128,980	92,892	36,088	38.9
Other Specialised Engineering Solutions	9,709	6,728	2,981	44.3	24,564	17,657	6,907	39.1
Industrial Computing	1,583	984	599	60.9	4,231	3,656	575	15.7
Others	16	29	(13)	(44.8)	65	4,107	(4,042)	(98.4)
Total	59,319	39,857	19,462	48.8	157,840	118,312	39,528	33.4

N/M – not meaningful

Motion Control, Industrial Computing and Other Specialised Engineering Solutions registered higher revenue in 3Q2014 as compared to 3Q2013 mainly due to overall stronger demand from customers.



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STATEMENT OF COMPREHENSIVE INCOME ITEMS Cont'd

Gross profit

The Group's gross profit increased by S\$3.81 million or 35.0% from S\$10.91 million in 3Q2013 to S\$14.72 million in 3Q2014. Gross profit margin decreased from 27.4% in 3Q2013 to 24.8% in 3Q2014 mainly due to more sales revenue generated by trading activities with lower gross profit.

Other operating income

Other operating income increased by S\$0.72 million from S\$0.59 million in 3Q2013 to S\$1.31 million in 3Q2014 mainly due to increase in property management income, operating lease rental income from sub-let of office, write back of allowance for trade receivables and foreign exchange gain.

Distribution costs

Distribution costs increased by S\$0.76 million or 19.2% from S\$3.97 million in 3Q2013 to S\$4.73 million in 3Q2014 mainly due to increase in staff costs as a result of higher sales revenue.

Administrative expenses

Administrative expenses increased by S\$1.74 million or 39.4% from S\$4.43 million in 3Q2013 to S\$6.17 million in 3Q2014 mainly due to increase in office expenses and various staff costs.

Other operating expenses

Other operating expenses decreased by S\$0.48 million or 74.0% from S\$0.65 million in 3Q2013 to S\$0.17 million in 3Q2014 mainly due to no foreign exchange loss in 3Q2014.

Share of results of associates and joint ventures

Share of results of associates and joint ventures increased by S\$0.32 million from S\$0.32 million in 3Q2013 to S\$0.65 million in 3Q2014 was mainly due to higher profits contributed by associated and joint venture companies.



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STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment increased by S\$1.70 million or 6.2% from S\$27.60 million as at 31 December 2013 to S\$29.30 million as at 30 September 2014 mainly due to capitalisation of hydropower project costs.

Other receivables

Other receivables increased by S\$4.63 million from S\$1.85 million as at 31 December 2013 to S\$6.48 million as at 30 September 2014 mainly due to advances to investee companies.

Associates and joint ventures

The increase of S\$1.18 million or 6.6% in associates and joint ventures was mainly due to higher contribution from associates and joint ventures.

Trade and other receivables

Trade and other receivables increased by S\$18.50 million or 42.8% from S\$43.20 million as at 31 December 2013 to S\$61.70 million as at 30 September 2014 mainly due to increase in sales revenue.

Subsequent receipts amounted to about S\$15.51 million as at 31 October 2014 which was approximately 28.1% of trade receivables as at 30 September 2014.

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

Trade and other payables

The increase of S\$9.27 million or 28.6% in trade and other payables was mainly due to increase in purchases of inventories which have been consumed during 3Q2014 as a result of higher sales revenue and advances from non-controlling interests.



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

STATEMENT OF FINANCIAL POSITION ITEMS Cont'd

Bank borrowings

Bank borrowings increased by S\$2.64 million or 19.5% from S\$13.56 million as at 31 December 2013 to S\$16.19 million as at 30 September 2014 was mainly due to new bank loans drawdown and increase in trust receipts.

Current income tax liabilities

Current income tax liabilities increased by S\$1.59 million from S\$0.45 million as at 31 December 2013 to S\$2.04 million as at 30 September 2014 was mainly due to higher provision for income tax as a result of higher profit.

Non-controlling interests

Non-controlling interests increased by S\$3.11 million or 48.6% from S\$6.39 million as at 31 December 2013 to S\$9.50 million as at 30 September 2014 was mainly due to contribution of share capital by non-controlling interests and current period's share of results.

CASH FLOW STATEMENT

Cash and cash equivalents

Net cash used in operating activities increased from S\$0.75 million in 3Q2013 to S\$4.30 million in 3Q2014 mainly due to advances to investee companies and prompt payment to trade payables.

Net cash from investing activities increased from a net outflow of S\$1.43 million in 3Q2013 to net inflow of S\$0.01 million in 3Q2014 mainly because of the construction of a new building within ISDN High-Tech Industrial Park in Wujiang, PRC in 3Q2013.

Net cash from financing activities increased from a net outflow of S\$0.48 million in 3Q2013 to a net inflow of S\$2.90 million in 3Q2014 mainly due to new loans drawdown and advances from non-controlling interests.

As at 30 September 2014, the Group maintained healthy cash and cash equivalents balances of S\$33.49 million.



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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 continued to generate steady growth in its core Motion Control business underpinned by healthy demand in the smart phone sector buoyed by orders for motion control solutions from smart phone production equipment manufacturers both in China and Singapore. This surge in demand is expected to flow into the early part of the next financial year.

In tandem with this upward momentum, the Group's green shoot businesses in hydro and coal power have also made creditable strides. The hydropower business centred in the Indonesian archipelago marked its maiden ground breaking milestone in North Sumatra in the second quarter of this year while the remaining series of hydropower projects in both Sumatra and Sulawesi are in various stages of development such as awaiting the signing of the power purchase agreement (PPA).

The coal power venture in Myanmar is in the midst of cementing the crucial Memorandum of Agreement with the Myanmar Ministry of Electric Power. ISDN will make the requisite updates as they come online.

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



11. Dividend Cont'd

(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). Cont'd

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00p.m.) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared.

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

No IPT mandate has been obtained.

14. Negative confirmation 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.



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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 17 September 2014. 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

Unless otherwise defined in this announcement, all capitalised terms used in this paragraph shall have the meanings ascribed to them in the announcements made on 20 June 2013, 27 August 2013, 20 September 2013, 25 September 2013, 14 October 2013, 19 October 2013, 5 November 2013, 12 November 2013, 10 December 2013, 28 February 2014, 16 April 2014, 12 May 2014, 2 June 2014, 1 August 2014 and 17 September 2014 (*the "Warrants Issue Announcements"*).

The Board wishes to update the shareholders of the Company on the Group's utilisation of the net proceeds of approximately S\$3,350,000 (after deducting expenses of approximately S\$250,000) from the Warrants Issue, as set out below:

<i>Use of Proceeds</i>	<i>Amount of net proceeds allocated (\$'000)</i>	<i>Amount utilised to date (\$'000)</i>	<i>Amount unutilised to date (\$'000)</i>
<i>Energy related business</i>	3,350	2,362	988
Total	3,350	2,362	988

The allocation and utilisation of the proceeds from the Warrants Issue is in accordance with the intended use as stated in the Warrants Issue Announcements.

The Company will make further announcements when the remaining net proceeds from the Warrants Issue are materially disbursed.

By Order of the Board

Gwendolyn Gn
Company Secretary
ISDN Holdings Limited

12 November 2014