



(Company Registration No.: 200416788Z)

ISDN Holdings Limited
Full Year Financial Statements Announcement
For the Financial Year Ended 31 December 2015

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

Group			
12 months ended 31 December			
	2015	2014	Increase (Decrease)
	S\$'000	S\$'000	%
Revenue	235,963	230,518	2.4
Cost of sales	(170,352)	(169,039)	0.8
Gross profit	65,611	61,479	6.7
Other operating income	3,238	2,540	27.5
Distribution costs	(22,016)	(20,009)	10.0
Administrative expenses	(27,785)	(27,358)	1.6
Other operating expenses	(1,856)	(1,588)	16.9
Finance costs	(774)	(881)	(12.1)
Share of results of associates	795	1,054	(24.6)
Profit before income tax	17,213	15,237	13.0
Income tax expense	(5,329)	(4,632)	15.0
Profit for the year	11,884	10,605	12.1
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss			
- Exchange differences on translation of foreign operations	(151)	678	(122.3)
Total comprehensive income for the year	11,733	11,283	4.0
Profit after income tax attributable to:			
Equity holders of the Company	8,721	7,457	17.0
Non-controlling interests	3,163	3,148	0.5
	11,884	10,605	12.1
Total comprehensive income attributable to:			
Equity holders of the Company	9,063	7,746	17.0
Non-controlling interests	2,670	3,537	(24.5)
	11,733	11,283	4.0

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

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

	Group		
	12 months ended 31		
	December		
	2015	2014	Increase (Decrease)
	S\$'000	S\$'000	%
Other operating income			
Administrative income	78	199	(60.8)
Recovery of bad debts written off	23	5	360.0
Commission income	102	77	32.5
Gain on disposal of interests in associate	-	77	N/M
Gain on disposal of property, plant and equipment	36	31	16.1
Finance income:			
- interest on bank deposits	207	175	18.3
- interest on loan to associate	19	15	26.7
Foreign exchange gain, net	-	427	N/M
Government grant	223	131	70.2
Miscellaneous income	406	74	448.6
Operating lease rental income:			
- investment properties	53	61	(13.1)
- sub-let office/warehouse premises	695	524	32.6
Property management income	451	290	55.5
Technical service income	818	373	119.3
Write back of allowance for inventories	114	34	235.3
Write back of allowance for trade receivables	13	47	(72.3)
		0	
	3,238	2,540	27.5

N/M- not meaningful

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

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

	Group 12 months ended 31 December		Increase (Decrease)
	2015	2014	
	S\$'000	S\$'000	%
Other operating expenses			
Allowance for impairment of trade receivables	135	393	(65.6)
Allowance for inventories obsolescence	1,222	558	119.0
Amortisation of land use rights	36	35	2.9
Bad trade receivables written off	210	43	388.4
Foreign exchange loss, net	17	-	N/M
Inventories written off	228	141	61.7
Loss on disposal of interest in subsidiary	-	6	N/M
Loss on disposal of property, plant and equipment	5	-	N/M
Property, plant and equipment written off	3	412	(99.3)
	<u>1,856</u>	<u>1,588</u>	16.9
<i>Included in Distribution costs</i>			
Depreciation of property, plant and equipment	255	243	4.9
<i>Included in Administrative expenses</i>			
Depreciation of property, plant and equipment	1,641	1,490	10.1
Depreciation of investment properties	17	17	-
<i>Included in cost of sales</i>			
Depreciation of property, plant and equipment	282	394	(28.4)

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:- Cont'd

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

	Group 12 months ended 31 December 2015 S\$'000	Group 2014 S\$'000	Increase (Decrease) %
Income tax expense			
Current taxation	5,202	4,677	11.2
Deferred taxation	2	-	N/M
	<u>5,204</u>	<u>4,677</u>	11.3
(Over)/Under provision of tax in respect of prior years:			
- current income tax	125	61	104.9
- deferred taxation	-	(106)	N/M
	<u>5,329</u>	<u>4,632</u>	15.0

N/M- not meaningful

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

Group	Group	Company	Company
31 December 2015	31 December 2014	31 December 2015	31 December 2014
S\$'000	S\$'000	S\$'000	S\$'000

ASSETS

Non-current assets

Property plant and equipment	35,554	31,418	-	-
Investment properties	542	570	-	-
Land use rights	1,461	1,481	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	34,582	36,653
Associates	5,033	4,628	31	31
Deferred tax assets	149	94	-	-
Total non-current assets	54,425	49,877	34,613	36,684

Current assets

Inventories	40,855	34,612	-	-
Trade and other receivables	73,134	68,027	39	65
Amount owing by subsidiaries	-	-	30,911	31,388
Dividend receivables	-	-	3,470	3,847
Cash and bank balances and fixed deposits	39,096	37,493	331	327
Total current assets	153,085	140,132	34,751	35,627

Total Assets	207,510	190,009	69,364	72,311
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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	Company	Company
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	S\$'000	S\$'000	S\$'000	S\$'000
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	53,935	46,283	(682)	2,919
	119,727	112,075	65,110	68,711
Non-controlling interests	19,541	17,654	-	-
Total equity	139,268	129,729	65,110	68,711
Non-current liabilities				
Bank borrowings	360	162	-	-
Finance leases	339	418	-	-
Total non-current liabilities	699	580	-	-
Current liabilities				
Bank borrowings	13,925	12,930	-	-
Finance leases	160	140	-	-
Trade and other payables	51,911	45,138	4,254	3,600
Current income tax liabilities	1,547	1,492	-	-
Total current liabilities	67,543	59,700	4,254	3,600
Total Liabilities	68,242	60,280	4,254	3,600
Total Liabilities and Equity	207,510	190,009	69,364	72,311

(1)(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

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

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,244	10,841	3,987	9,083

The amount repayable after one year;

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
339	360	418	162

Details of any collaterals:

The secured borrowings relate to:-

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

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

	12 months ended 31 December	
	2015	2014
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit before income tax	17,213	15,237
Adjustments for:		
Amortisation of land use rights	36	35
Bad trade receivables written off	210	43
Depreciation of property, plant and equipment	2,178	2,127
Depreciation of investment properties	17	17
Allowance for inventories obsolescence	1,222	558
Allowance for impairment of trade receivables	135	393
Gain on disposal of interests in associate	-	(77)
Gain on disposal of property, plant and equipment	(31)	(31)
Loss on disposal of interests in subsidiary	-	6
Property, plant and equipment written off	3	412
Inventories written off	228	141
Write back of allowance for inventory obsolescence	(114)	(34)
Write back of allowance for trade receivables	(13)	(47)
Interest expense	774	881
Interest income	(226)	(190)
Share of results of associates	(795)	(1,054)
Unrealised currency translation differences	1,047	197
Operating cash flow before working capital changes	21,884	18,614
Inventories	(7,580)	(3,540)
Trade and other receivables	(4,980)	(16,519)
Trade and other payables	3,132	5,033
Cash generated from operations	12,456	3,588

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

	12 months ended 31 December	
	2015	2014
	S\$'000	S\$'000
Interest paid	(774)	(881)
Interest received	226	190
Income tax paid	(5,272)	(3,771)
Net cash generated from/(used in) operating activities	6,636	(874)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(6,001)	(4,113)
Proceeds from disposal of property, plant and equipment	73	92
Acquisition of a subsidiaries	(565)	(575)
Cash inflow from disposal of interests in associate	-	102
Dividends from an associate	398	60
Net cash used in investing activities	(6,095)	(4,434)
Cash flows from financing activities:		
Dividends to equity holders of the Company	(1,419)	(1,440)
Dividends to non-controlling interests	(2,593)	(2,457)
Investment in subsidiaries by non-controlling interests	-	4,519
Loan to associates	(123)	-
Amount owing to non-controlling interests	3,204	1,428
Purchase of treasury shares	-	(1,355)
Proceeds from bank loans	11,207	6,601
Repayments of bank loans	(9,946)	(6,925)
(Repayment of)/Proceeds from trust receipts (net)	(69)	43
Repayment of finance leases (net)	(150)	(178)
Net cash generated from financing activities	111	236

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

	12 months ended 31 December	
	2015	2014
	S\$'000	S\$'000
Net change in cash and cash equivalents	652	(5,072)
Cash and cash equivalents at beginning of year	37,493	41,554
Effect of currency translation on cash and cash equivalents	951	1,011
Cash and cash equivalents at end of year (Note A)	39,096	37,493

Note A:

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

	12 months ended 31 December	
	2015	2014
	S\$'000	S\$'000
Cash and bank balances	34,034	33,170
Fixed deposits	5,062	4,323
Cash and cash equivalents at end of year	39,096	37,493

(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
Group										
Balance as at 1 January 2015	63,925	3,384	(1,517)	(436)	602	4,478	41,639	112,075	17,654	129,729
Profit for the year	-	-	-	-	-	-	8,721	8,721	3,163	11,884
Other comprehensive income	-	-	-	-	342	-	-	342	(493)	(151)
Total comprehensive income for the period	-	-	-	-	342	-	8,721	9,063	2,670	11,733
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	1,222	1,222
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	588	588
Disposal of interests of a subsidiary	-	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,593)	(2,593)
Payment of dividends	-	-	-	-	-	-	(1,419)	(1,419)	-	(1,419)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	-	-	11	(3)	8	-	8
Balance as at 31 December 2015	63,925	3,384	(1,517)	(436)	944	4,489	48,938	119,727	19,541	139,268

(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
Group										
Balance as at 1 January 2014	63,925	3,384	(162)	(436)	313	3,767	36,348	107,139	11,773	118,912
Profit for the year	-	-	-	-	-	-	7,457	7,457	3,148	10,605
Other comprehensive income	-	-	-	-	289	-	-	289	389	678
Total comprehensive income for the period	-	-	-	-	289	-	7,457	7,746	3,537	11,283
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	4,519	4,519
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	142	142
Disposal of interests of a subsidiary	-	-	-	-	-	-	-	-	18	18
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,304)	(2,304)
Payment of dividends	-	-	-	-	-	-	(1,440)	(1,440)	-	(1,440)
Purchase of treasury shares	-	-	(1,355)	-	-	-	-	(1,355)	-	(1,355)
Transfer to other reserves	-	-	-	-	-	711	(726)	(15)	(31)	(46)
Balance as at 31 December 2014	63,925	3,384	(1,517)	(436)	602	4,478	41,639	112,075	17,654	129,729

(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	Others reserve	Retained earnings	Total
	S\$000	S\$000	S\$'000	S\$'000	S\$000	S\$000
Company						
Balance as at 1 January 2015	63,925	3,384	(1,517)	(178)	3,097	68,711
Total comprehensive loss for the period	-	-	-	-	(2,182)	(2,182)
Payment of dividends	-	-	-	-	(1,419)	(1,419)
Purchase of treasury shares	-	-	-	-	-	-
Transfer of performance shares	-	-	-	-	-	-
Balance as at 31 December 2015	63,925	3,384	(1,517)	(178)	(504)	65,110
Balance as at 1 January 2014	63,925	3,384	(162)	(178)	2,841	69,810
Total comprehensive income for the period	-	-	-	-	1,696	1,696
Payment of dividends	-	-	-	-	(1,440)	(1,440)
Purchase of treasury shares	-	-	(1,355)	-	-	(1,355)
Warrants issue proceeds, net of expenses	-	-	-	-	-	-
Transfer of performance shares	-	-	-	-	-	-
Balance as at 31 December 2014	63,925	3,384	(1,517)	(178)	3,097	68,711

(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 December 2015 is 354,684,950 (31 December 2014: 354,684,950), net of treasury shares. The number of shares held as treasury shares as at 31 December 2015 is 6,365,000 (31 December 2014: 6,365,000).

The outstanding convertibles are 179,972,475 warrants that may be convertible into 179,972,475 ordinary shares as at 31 December 2015 (31 December 2014: 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 December 2015	31 December 2014	31 December 2015	31 December 2014
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
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(1)(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning of period	6,365,000	1,105,000	6,365,000	1,105,000
Purchase of treasury shares	-	5,260,000	-	5,260,000
Balance at 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 statements for the year ended 31 December 2015 as those used for the audited financial statements for the year ended 31 December 2014.

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 2015 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
	12 months ended 31 December	
	2015	2014
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares in issue	2.46	2.07
- on a fully diluted basis	2.46	2.07
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	354,684,950	359,501,725
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	354,684,950	359,501,725

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

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	39.27	36.58	18.36	19.37
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

Revenue

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

Revenue by Geographical Location

	12 months ended 31 December		Increase/(Decrease)	
	2015 S\$'000	2014 S\$'000	S\$'000	%
Singapore	35,004	35,472	(468)	(1.3)
People's Republic of China	176,570	176,744	(174)	(0.1)
Malaysia	5,798	7,930	(2,132)	(26.9)
Others ⁽¹⁾	18,591	10,372	8,219	79.2
Total	235,963	230,518	5,445	2.4

Notes to table:

⁽¹⁾ Others include but not limited to Australia, Finland, Germany, Indonesia, India, Israel, Korea, Myanmar, New Zealand, Pakistan, Philippines, Russia, Sultanate of Oman, Switzerland, Taiwan, Thailand, United States of America, United Kingdom, and Vietnam.

The decrease in revenue from Singapore, Malaysia and People's Republic of China's (PRC) was mainly due to weaker demand of customers from Semiconductor sector.

However, the demand of our products from Other markets was strong with an increase in sales revenue of S\$8.22 million in year 2015 as compared to year 2014.

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

Revenue Cont'd

Revenue by Business Segment

	12 months ended 31 December		Increase/(Decrease)	
	2015	2014		
	S\$'000	S\$'000	S\$'000	%
Motion Control	184,101	172,861	11,240	6.5
Other Specialised Engineering Solutions	46,127	51,988	(5,861)	(11.3)
Industrial Computing	5,071	5,601	(530)	(9.5)
Others	664	68	596	876.5
Total	235,963	230,518	5,445	2.4

Motion Control product group recorded more revenue in year 2015 as compared to year 2014 mainly due to overall stronger demand from our customers.

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

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

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

STATEMENT OF COMPREHENSIVE INCOME ITEMS Cont'd

Gross profit

In line with the increase in Group's revenue, our Group's gross profit increased by S\$4.13 million or 6.7% in 2015 as compared to 2014. The gross profit margin of 27.8% achieved is within our target margin of between 26% - 30%.

Other operating income

Other operating income increased by S\$698,000 or 27.5% mainly due to higher service income and other miscellaneous income.

Distribution expenses

Distribution expenses increased by S\$2.01 million or 10.0% in year 2015 as compared to year 2014 mainly due to increases in sales commission paid, advertising and promotion expenses and staff costs.

Administrative expenses

Administrative expenses increased by S\$427,000 or 1.6% in 2015 as compared to 2014 mainly due to increase in staff costs.

Other operating expenses

Other operating expenses increased by S\$268,000 or 16.9% in 2015 as compared to 2014 mainly due to increase in bad trade receivables written off and allowance for inventories obsolescence.

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

Depreciation expenses

Depreciation of property, plant and equipment increased by S\$51,000 or 2.4% in 2015 mainly due to more plant and equipment being purchase to support our business.

Finance costs

Finance costs decreased by S\$107,000 or 12.1% in 2015 as compared to 2014 mainly due to more repayment of bank borrowings.

Share of results of associates

Share of results of associates decreased by S\$259,000 or 24.6% in 2015 as compared to 2014 mainly due to lower profits contributed by associated companies.

Income tax expense

Income tax expense increased by S\$697,000 or 15.0% in 2015 as compared to 2014 mainly due to higher taxable income.

STATEMENT OF FINANCIAL POSITION ITEMS

Property plant and equipment

Property plant and equipment increased by S\$4.14 million or 13.2% mainly due to purchase of motor vehicles, machinery, 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.

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

Associates

Increase in Associates was mainly due to increase in net assets of associate.

Inventories

Inventories increased by S\$6.24 million or 18.0% mainly due to increase in raw materials, work in progress, finished goods and component parts to meet customers' future orders.

Trade and other receivables

Trade and other receivable increased by S\$5.11 million or 7.5% in 2015 as compared to 2014 as a result of increase in sales revenue and advances to investee companies.

The Group has subsequently received about S\$13.54 million from customers as at 31 January 2016. The subsequent receipt was approximately 24.2% of trade receivables as at 31 December 2015.

Most of the outstanding trade receivables are customers who are paying progressively and/or having ongoing transactions with the Company. These are long time customers of the Group and the Group is regularly in close contact with them.

Cash and bank balances and fixed deposits

Cash and bank balances and fixed deposits increased by S\$1.60 million or 4.3% in 2015 as compared to 2014 mainly due to collection from customers.

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

Trade and other payables increased by S\$6.8 million or 15.0% in 2015 as compared to 2014 mainly due to increase in purchases of inventories and advance payment from customers.

Bank Borrowings

Bank borrowings increased by S\$1.13 million or 8.3% from S\$13.65 million in 2014 to S\$14.78 million in 2015. The increase was mainly due to new bank loans drawdown in the last quarter and increase in trust receipts.

CASH FLOW STATEMENT

Net cash generated from operating activities increased from cash outflow of S\$874,000 in 2014 to cash inflow of S\$6.64 million in 2015 mainly due to higher collection from customers.

Net cash used in investing activities increased from S\$4.43 million in 2014 to S\$6.10 million in 2015 mainly due to purchase of property, plant and equipment.

Net cash from financing activities decreased from S\$236,000 to S\$111,000 in 2015 mainly due to repayment of bank loan and trust receipts.

As at 31 December 2015, the Group maintained a healthy cash and cash equivalents balances of S\$39.10 million.

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

Not applicable.

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

With nearly three quarters of ISDN's revenue originating from China, it is inevitable that the Group's outlook will be impacted by the slowing down of the Chinese economy and the overall cautious sentiments in the mainland's business landscape. Fortunately, ISDN has a diverse customer base that covers a wide-ranging industry segment including food & beverage, aerospace, medical and smartphone machine-builders – which will play a role in mitigating the risks from external headwinds. Additionally, new geographical market sentiments in South-east Asia, particularly Vietnam, have grown steadily to add a new dimension to the Group revenue composition.

11. Dividend

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

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

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

(a) Current Financial Period Reported On

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

11. Dividend Cont'd

(d) The date the dividend is payable.

The date of payment of the proposed dividend, if approved at the Annual General Meeting, will be announced at a later date.

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

The book closure date will be announced at a later date.

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

Not applicable.

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

No IPT mandate has been obtained.

14. 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 11 November 2015. 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 11 November 2015. 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.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15.Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's more recently audited financial statements, with comparative information for the immediately preceding year.

Information by operating segments

	Engineering Solutions Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Revenue												
External sales	184,101	172,861	46,127	51,988	5,071	5,601	664	68	-	-	235,963	230,518
Inter-segment sales	1,763	1,711	1,410	1,604	70	60	-	-	(3,243)	(3,375)	-	-
	185,864	174,572	47,537	53,592	5,141	5,661	664	68	(3,243)	(3,375)	235,963	230,518
Results												
Segment results	22,259	14,398	84	2,384	775	440	(2,910)	(2,159)	-	-	20,208	15,063
Share of (losses) profits of associates	795	1,054	-	-	-	-	-	-	-	-	795	1,054
Corporate expenses											(3,990)	(774)
Rental income											748	585
Interest income											226	190
Finance costs											(774)	(881)
Profit before income tax											17,213	15,237
Income tax											(5,329)	(4,632)
Net profit for the year											11,884	10,605
Assets												
Segment assets	103,960	95,218	30,750	27,972	2,276	3,127	19,065	13,832	(4,897)	(4,517)	151,154	135,632
Goodwill	2,178	2,178	9,508	9,508	-	-	-	-	-	-	11,686	11,686
Investments in Associates	5,032	4,628	-	-	-	-	-	-	-	-	5,032	4,628
Cash and cash equivalents											39,096	37,493
Investment properties											542	570
Consolidated total assets											207,510	190,009
Liabilities												
Segment liabilities	33,442	34,634	15,295	9,092	698	1,039	5,628	3,231	(4,897)	(4,517)	50,166	43,479
Bank borrowings and finance leases											14,784	13,650
Income tax liabilities											1,547	1,492
Others unallocated corporate liabilities											1,745	1,659
Consolidated total liabilities											68,242	60,280

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

Information by operating segments (Cont'd)

	<u>Engineering Solutions</u> <u>Motion Control</u>		<u>Other Specialised Engineering Solutions</u>		<u>Industrial Computing Solution</u>		<u>Others</u>		<u>Elimination</u>		<u>Consolidated</u>	
	<u>2015</u> S\$'000	<u>2014</u> S\$'000	<u>2015</u> S\$'000	<u>2014</u> S\$'000	<u>2015</u> S\$'000	<u>2014</u> S\$'000	<u>2015</u> S\$'000	<u>2014</u> S\$'000	<u>2015</u> S\$'000	<u>2014</u> S\$'000	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Group												
Capital expenditure on												
- Property, plant and equipment	1,720	1,835	900	699	-	16	23	113	-	-	2,643	2,663
- Progress payments for properties under development	-	-	-	-	-	-	3,358	1,915	-	-	3,358	1,915
Depreciation of properties, plant and equipment	1,367	1,381	676	625	6	2	129	119	-	-	2,178	2,127
Depreciation of investment properties	17	17	-	-	-	-	-	-	-	-	17	17
Other non-cash Expenses												
- allowance for inventory obsolescence	425	474	774	61	23	23	-	-	-	-	1,222	558
- allowance for impairment of trade receivables	(100)	148	235	245	-	-	-	-	-	-	135	393
- amortisation of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
- amortisation of land use rights	36	35	-	-	-	-	-	-	-	-	36	35
- bad trade receivables written off	192	18	18	25	-	-	-	-	-	-	210	43
- inventories written off	135	110	93	31	-	-	-	-	-	-	228	141
- properties, plant and equipment written off	2	21	1	89	-	-	-	302	-	-	3	412
- write back of allowance of inventory obsolescence	(114)	(31)	-	(3)	-	-	-	-	-	-	(114)	(34)
- write back of allowance of trade receivables	(1)	(16)	(12)	(31)	-	-	-	-	-	-	(13)	(47)

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

Information by geographical segments

	Revenue from external customers		Non-current assets	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	35,004	35,472	20,765	20,631
People's Republic of China	176,570	176,744	31,555	27,870
Malaysia	5,798	7,930	1,037	433
Others ⁽¹⁾	18,591	10,372	1,068	943
	<u>235,963</u>	<u>230,518</u>	<u>54,425</u>	<u>49,877</u>

⁽¹⁾ Others include but not limited to Australia, Finland, Germany, Indonesia, India, Israel, Korea, Myanmar, New Zealand, Pakistan, Philippines, Russia, Sultanate of Oman, Switzerland, Taiwan, Thailand, United States of America, United Kingdom, and Vietnam.

16. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8 above for more details.

17. A breakdown of sales as follows:

	Group 2015	Group 2014	Increase (Decrease)
	S\$'000	S\$'000	%
Sales reported for the first half year (Restated)	119,763	108,833	10.0
Operating profit after tax before deducting minority interests reported for the first half year (Restated)	6,620	4,307	53.7
Sales reported for the second half year	116,200	121,685	(4.5)
Operating profit after tax before deducting minority interests reported for the second half year	5,264	6,298	(16.4)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	Group 2015	Group 2014
	S\$'000	S\$'000
Ordinary *	1,419	1,419

* 2015 final dividend is estimated based on number of shares (excluding treasury shares) outstanding as at the end of the financial year.

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

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

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Thang Yee Chin	56	Spouse of:- Teo Cher Koon - managing director and substantial shareholder	Company's name: Servo Dynamics Pte Ltd A principal Subsidiary of the Company Position in the Company: Director Appointed on: 26 September 2005 Duties: Managing the administrative functions of the subsidiary.	No change.



20. 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

26 February 2016

