



(Company Registration No.: 200416788Z)

**ISDN Holdings Limited**  
**Interim Financial Statements Announcement**  
**For the Second Quarter and Period Ended 30 June 2015**

**1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 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 period.

	Group 3 months ended 30 June			Group 6 months ended 30 June		
	2015	2014 (Restated)	Increase (Decrease) %	2015	2014 (Restated)	Increase (Decrease) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	67,551	65,593	3.0	119,763	108,833	10.0
Cost of sales	(50,307)	(48,604)	3.5	(86,730)	(80,466)	7.8
Gross profit	17,244	16,989	1.5	33,033	28,367	16.4
Other operating income	888	747	18.9	2,179	1,325	64.5
Distribution costs	(5,954)	(4,702)	26.6	(11,199)	(8,720)	28.4
Administrative expenses	(6,987)	(6,547)	6.7	(13,607)	(12,035)	13.1
Other operating expenses	(1,108)	(1,201)	(7.7)	(1,353)	(2,303)	(41.3)
Finance costs	(194)	(209)	(7.2)	(392)	(392)	-
Share of results of associates	161	447	(64.0)	743	361	105.8
<b>Profit before income tax</b>	4,050	5,524	(26.7)	9,404	6,603	42.4
Income tax expense	(1,248)	(1,653)	(24.5)	(2,784)	(2,296)	21.2
<b>Profit for the period</b>	2,802	3,871	(27.6)	6,620	4,307	53.7
Other comprehensive income/ (loss):						
Items that may be subsequently reclassified to profit and loss						
- Exchange differences on translation of foreign operations	(883)	(758)	16.5	1,044	(1,832)	N/M
Total comprehensive income for the period	1,919	3,113	(38.3)	7,664	2,475	209.7
Profit after income tax attributable to:						
Equity holders of the Company	2,061	2,783	(25.9)	4,922	2,883	70.7
Non-controlling interests	741	1,088	(31.9)	1,698	1,424	19.2
	2,802	3,871	(27.6)	6,620	4,307	53.7
Total comprehensive income attributable to:						
Equity holders of the Company	1,308	2,424	(46.0)	6,099	1,199	408.7
Non-controlling interests	611	689	(11.3)	1,565	1,276	22.7
	1,919	3,113	(38.3)	7,664	2,475	209.7

N/M- not meaningful

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

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

	Group 3 months ended 30 June			Group 6 months ended 30 June		
	2015	2014 (Restated)	Increase (Decrease)	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Other operating income</b>						
Administrative income	142	86	65.1	218	104	109.6
Commission income	12	16	(25.0)	66	27	144.4
Finance income:						
- interest on bank deposits	37	25	48.0	108	54	100
- interest on loan to associates	4	-	N/M	9	8	12.5
Foreign exchange gain, net	-	-	-	642	-	N/M
Gain on disposal of property, plant and equipment	27	1	2,700	28	8	250
Government Grant	1	24	(95.8)	88	115	(23.5)
Technical service income	133	97	37.1	261	148	76.4
Write back of allowance for trade receivables	86	-	N/M	97	31	212.9
Write back of allowance for inventories obsolescence	-	-	-	4	21	(81.0)
Write back of allowance for impairment In subsidiary	36	-	N/M	36	-	N/M
Operating lease rental income:						
- investment properties	12	17	(29.4)	23	31	(25.8)
- sub-let of office/warehouse premises	92	210	(56.2)	229	314	(27.1)
Property management income	97	218	(55.5)	147	302	(51.3)
Miscellaneous income	209	53	294.3	223	162	37.7
	<b>888</b>	<b>747</b>	<b>18.9</b>	<b>2,179</b>	<b>1,325</b>	<b>64.5</b>

N/M- not meaningful

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

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

	Group 3 months ended 30 June			Group 6 months ended 30 June		
	2015	2014 (Restated)	Increase (Decrease)	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Other operating expenses</b>						
Allowance for impairment of trade receivables	-	405	N/M	40	442	(91.0)
Allowance for inventories obsolescence	145	289	(49.8)	330	672	(50.9)
Amortisation of prepayment of land use rights	9	9	-	18	17	5.9
Trade receivables written off	-	1	N/M	-	6	N/M
Foreign exchange losses, net	948	475	99.6	948	1,116	(15.1)
Inventories written off	5	18	(72.2)	14	30	(53.3)
Property, plant and equipment written off	1	1	-	3	12	(75.0)
Loss on de-registration of a subsidiary	-	-	-	-	3	N/M
Loss on disposal of property, plant and equipment	-	3	N/M	-	5	N/M
	<u>1,108</u>	<u>1,201</u>	<u>(7.7)</u>	<u>1,353</u>	<u>2,303</u>	<u>(41.3)</u>
<i>Included in Distribution costs</i>						
Depreciation of property, plant and equipment	62	53	17.0	128	106	20.8
<i>Included in Administrative expenses</i>						
Depreciation of property, plant and equipment	377	367	2.7	790	770	2.60
Depreciation of investment properties	4	4	-	8	8	-
<i>Included in cost of sales</i>						
Depreciation of property, plant and equipment	64	90	(28.9)	166	200	(17.0)

**(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 crediting/charging the following:**  
**Cont'd**

	Group 3 months ended 30 June			Group 6 months ended 30 June		
	2015	2014 (Restated)	Increase (Decrease)	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Income tax expense</b>						
Current taxation	1,065	1,370	(22.3)	2,568	2,080	23.5
Deferred taxation	-	(2)	N/M	-	(61)	N/M
Under provision of tax in respect of prior years	183	285	(35.8)	216	277	(22.0)
	<u>1,248</u>	<u>1,653</u>	<u>(24.5)</u>	<u>2,784</u>	<u>2,296</u>	<u>21.3</u>

N/M- not meaningful

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

Group	Group	Company	Company
30 June 2015	31 December 2014	30 June 2015	31 December 2014
S\$'000	S\$'000	S\$'000	S\$'000

## ASSETS

### Non-current assets

Property plant and equipment	35,449	31,418	-	-
Investment properties	556	570	-	-
Prepayment- land use rights	1,492	1,481	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	36,753	36,653
Associates	5,168	4,628	31	31
Deferred tax assets	152	94	-	-
<b>Total non current assets</b>	<b>54,503</b>	<b>49,877</b>	<b>36,784</b>	<b>36,684</b>

### Current assets

Inventories	36,866	34,612	-	-
Trade and other receivables	81,230	68,027	49	65
Amount owing by subsidiaries	-	-	31,036	31,388
Dividend receivable	-	-	3,147	3,847
Cash and bank balances and fixed deposits	36,031	37,493	97	327
<b>Total current assets</b>	<b>154,127</b>	<b>140,132</b>	<b>34,329</b>	<b>35,627</b>
<b>Total Assets</b>	<b>208,630</b>	<b>190,009</b>	<b>71,113</b>	<b>72,311</b>

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

<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>

**EQUITY AND LIABILITIES**

**Equity attributable to  
members of the Company**

Share capital	63,925	63,925	63,925	63,925
Warrants issue	3,384	3,384	3,384	3,384
Treasury shares	(1,517)	(1,517)	(1,517)	(1,517)
Reserves	50,963	46,283	670	2,919
	116,755	112,075	66,462	68,711
<b>Non-controlling interests</b>	19,583	17,654	-	-
<b>Total equity</b>	136,338	129,729	66,462	68,711

**Non-current liabilities**

Bank borrowings	1,286	162	-	-
Finance leases	417	418	-	-
<b>Total non-current liabilities</b>	1,703	580	-	-

**Current liabilities**

Bank borrowings	14,590	12,930	-	-
Current portion of finance leases	162	140	-	-
Trade and other payables	54,232	45,138	4,651	3,600
Current income tax liabilities	1,605	1,492	-	-
<b>Total current liabilities</b>	70,589	59,700	4,651	3,600
<b>Total liabilities</b>	72,292	60,280	4,651	3,600

<b>Total equity and liabilities</b>	208,630	190,009	71,113	72,311
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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 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,693	11,059	3,987	9,083

**The amount repayable after one year;**

As at 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
417	1,286	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 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.



**(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 June		6 months ended 30 June	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities:</b>				
Profit before income tax	4,050	5,524	9,404	6,603
Adjustments for:				
Amortisation of land use rights	9	9	18	17
Trade receivables written off	-	1	-	6
Depreciation of property, plant and equipment	503	510	1,084	1,076
Depreciation of investment properties	4	4	8	8
Allowance for impairment of trade receivables	-	405	40	442
Allowance for inventories obsolescence	145	289	330	672
Gain on disposal of property, plant and equipment	(27)	(1)	(28)	(8)
Loss on de-registration of a subsidiary	-	-	-	3
Loss on disposal of property, plant and equipment	-	3	-	5
Property, plant and equipment written off	1	1	3	12
Inventories written off	5	18	14	30
Write back of allowance for inventories obsolescence	-	-	(4)	(21)
Write back of allowance for trade reivables	(86)	-	(97)	(31)
Interest expense	194	209	392	392
Interest income	(41)	(25)	(117)	(62)
Share of results of associates	(161)	(447)	(743)	(361)
Unrealised currency translation differences	851	448	368	448
<b>Operating cash flow before working capital changes</b>	<b>5,447</b>	<b>6,948</b>	<b>10,672</b>	<b>9,231</b>
Inventories	3,854	(4,170)	(2,593)	(5,389)
Trade and other receivables	(2,157)	(15,588)	(11,835)	(18,274)
Trade and other payables	(1,633)	11,952	7,557	12,567
Cash generated from/(used in) operations	5,511	(858)	3,801	(1,865)
Interest paid	(194)	(209)	(392)	(392)
Interest received	41	24	117	61
Income tax paid	(1,613)	(1,032)	(2,672)	(1,472)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,745</b>	<b>(2,075)</b>	<b>854</b>	<b>(3,668)</b>

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

	3 months ended 30 June		6 months ended 30 June	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(4,209)	(2,404)	(4,737)	(3,184)
Proceeds from disposal of property, plant and equipment	48	1	52	15
Acquisition of subsidiaries	(535)	-	(535)	-
Dividends from an associate	217	60	217	60
<b>Net cash used in investing activities</b>	<b>(4,479)</b>	<b>(2,343)</b>	<b>(5,003)</b>	<b>(3,109)</b>
<b>Cash flows from financing activities:</b>				
Dividends to equity holders of the Company	(1,419)	(1,440)	(1,419)	(1,440)
Dividends to non-controlling interests	(252)	-	(252)	-
Amount owing to/(Repayment of) non-controlling interests	1,263	(73)	1,363	(56)
Amount owing from associate	(123)	-	(123)	-
Increase on restricted bank balances (net)	-	-	-	(10)
Proceeds from bank loans	4,181	2,602	5,507	3,430
Repayments of bank loans	(2,079)	(1,989)	(3,905)	(4,127)
Proceeds from trust receipts (net)	867	2,041	1,181	2,142
(Repayment of)/Proceeds from finance leases	(42)	(33)	22	(113)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,396</b>	<b>1,108</b>	<b>2,374</b>	<b>(174)</b>
Net change in cash and cash equivalents	1,662	(3,310)	(1,775)	(6,951)
Cash and cash equivalents at beginning of period	34,397	37,766	37,493	41,554
Effect of currency translation on cash and cash equivalents	(28)	(102)	313	(249)
Cash and cash equivalents at end of period (Note A)	36,031	34,354	36,031	34,354



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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:

	<b>30 June 2015</b>	<b>30 June 2014 (Restated)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances	33,852	25,829
Fixed deposits	2,179	8,535
	<hr/>	<hr/>
	36,031	34,364
(Less) Restricted bank balances	-	(10)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	36,031	34,354
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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	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>										
<b>Balance as at 1 January 2015</b>	63,925	3,384	(1,517)	(436)	602	4,478	41,639	112,075	17,654	129,729
Profit for the year	-	-	-	-	-	-	4,922	4,922	1,698	6,620
Other comprehensive income	-	-	-	-	1,177	-	-	1,177	(133)	1,044
Total comprehensive income for the period	-	-	-	-	1,177	-	4,922	6,099	1,565	7,664
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	616	616
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(252)	(252)
Payment of dividends	-	-	-	-	-	-	(1,419)	(1,419)	-	(1,419)
<b>Balance as at 30 June 2015</b>	<b>63,925</b>	<b>3,384</b>	<b>(1,517)</b>	<b>(436)</b>	<b>1,779</b>	<b>4,478</b>	<b>45,142</b>	<b>116,755</b>	<b>19,583</b>	<b>136,338</b>



**ISDN Holdings Limited**  
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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	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>										
<b>Balance as at 1 January 2014 (Restated)</b>	63,925	3,384	(162)	(436)	313	3,767	36,348	107,139	11,773	118,912
Profit for the year	-	-	-	-	-	-	2,883	2,883	1,424	4,307
Other comprehensive (loss)/income	-	-	-	-	(1,684)	-	-	(1,684)	(148)	(1,832)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,684)	-	2,883	1,199	1,276	2,475
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	114	114
Disposal of a subsidiary	-	-	-	-	-	-	-	-	18	18
Payment of dividends	-	-	-	-	-	-	(1,440)	(1,440)	-	(1,440)
Transfer to other reserve	-	-	-	-	-	263	(263)	-	-	-
<b>Balance as at 30 June 2014 (Restated)</b>	63,925	3,384	(162)	(436)	(1,371)	4,030	37,528	106,898	13,181	120,079

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

	Share capital	Warrant issue	Treasury shares	Other reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Company</u></b>						
<b>Balance as at 1 January 2015</b>	63,925	3,384	(1,517)	(178)	3,097	68,711
Total comprehensive loss for the period	-	-	-	-	(830)	(830)
Payment of dividends	-	-	-	-	(1,419)	(1,419)
<b>Balance as at 30 June 2015</b>	63,925	3,384	(1,517)	(178)	848	66,462
<b>Balance as at 1 January 2014</b>	63,925	3,384	(162)	(178)	2,841	69,810
Total comprehensive loss for the period	-	-	-	-	(1,210)	(1,210)
Payment of dividends	-	-	-	-	(1,440)	(1,440)
<b>Balance as at 30 June 2014</b>	63,925	3,384	(162)	(178)	191	67,160

**(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 June 2015 is 354,684,950 (30 June 2014: 359,944,950), net of treasury shares. The number of shares held as treasury shares as at 30 June 2015 is 6,365,000 (30 June 2014: 1,105,000).

The outstanding convertibles are 179,972,475 warrants that maybe convertible into ordinary shares of 179,972,475 as at 30 June 2015 (30 June 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 2013.

**(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 2015	31 December 2014	30 June 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

**1)(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported**

	Group		Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning and end of period	6,365,000	6,365,000	6,365,000	6,365,000

**2. Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statement for the period ended 30 June 2015 as those used for the audited financial statement as at 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
	6 months ended 30 June	
	2015	2014
	Singapore cents	(Restated) Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	1.39	0.80
- on a fully diluted basis	1.39	0.80
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	354,684,950	359,944,950
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	354,684,950	359,944,950

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

	Group		Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
<b>Net asset value per share based on existing issued capital as at respective period</b>	38.44	36.58	18.74	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**

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

#### **Revenue**

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

The Group's revenue increased by S\$1.96 million or 2.99% from S\$65.59 million for 2Q2014 to S\$67.55 million for 2Q2015.

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

	2Q2015	2Q2014	Increase (Decrease)		1H2015	1H2014	Increase (Decrease)	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Singapore	9,501	11,635	(2,134)	(18.3)	18,407	17,868	539	3.0
People's Republic of China	51,620	50,547	1,073	2.1	89,548	82,491	7,057	8.6
Malaysia	1,415	2,616	(1,201)	(45.9)	3,225	3,707	(482)	(13.0)
Others <sup>(1)</sup>	5,015	795	4,220	530.8	8,583	4,767	3,816	80.0
Total	67,551	65,593	1,958	2.99	119,763	108,833	10,930	10.0

N/M- not meaningful

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

<sup>(1)</sup> 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 main reason for the decrease in sales revenue in Singapore and Malaysia was due to lower demand from customers for motion control products.

The decrease in sales revenue in Singapore and Malaysia was compensated by the significant increase in sales revenue in other locations especially Indonesia, Thailand and Vietnam as a result of higher demand from customers for motion control products.

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

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

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

#### **Revenue by Business Segment**

	2Q2015	2Q2014	Increase (Decrease)		1H2015	1H2014	Increase (Decrease)	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Motion Control	52,797	49,373	3,424	6.9	93,525	80,967	12,558	15.5
Other Specialised Engineering Solutions	12,700	14,630	(1,930)	(13.2)	23,077	25,169	(2,092)	(8.3)
Industrial Computing	1,572	1,557	15	0.96	2,665	2,648	17	0.6
Others	482	33	449	1,360	496	49	447	912.2
Total	67,551	65,593	1,958	2.99	119,763	108,833	10,930	10.0

N/M- not meaningful

Motion Control and Industrial Computing product groups generated more revenue in 2Q2015 as compared to 2Q2014 mainly due to overall stronger demand from customers.

Other specialised engineering solutions product group decreased in revenue by 13.2% in 2Q2015 as compared to 2Q2014 mainly due to lower demand from customers.

Others product group increased significantly in revenue mainly due to higher demand from customers in transportation service in Indonesia.

#### **Gross profit**

The Group's gross profit increased by S\$255,000 or 1.5% from S\$16.99 million in 2Q2014 to S\$17.24 million in 2Q2015. Gross profit margin decreased from 25.9% in 2Q2014 to 25.5% in 2Q2015 mainly due to more sales revenue generated with higher cost of sales.

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

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

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

#### **Other operating income**

Other operating income decreased by S\$545,000 or 73.0% from S\$747,000 in 2Q2014 to S\$202,000 in 2Q2015 mainly due to no foreign exchange gain offset by higher technical service and administrative income.

#### **Distribution costs**

Distribution costs increased by S\$1.25 million or 26.6% from S\$4.70 million in 2Q2014 to S\$5.95 million in 2Q2015 mainly due to increase in staff costs, advertising and marketing expenses and sales commission paid.

#### **Administrative expenses**

Administrative expenses increased by S\$440,000 or 6.7% from S\$6.55 million in 2Q2014 to S\$6.99 million in 2Q2015 mainly due to increase in staff costs.

#### **Other operating expenses**

Other operating expenses decreased by S\$778,000 or 64.9% from S\$1.20 million in 2Q2014 to S\$422,000 in 2Q2015. This was mainly due to decrease in foreign exchange losses and allowance for impairment of trade receivables and inventories obsolescence.

#### **Depreciation expenses**

Depreciation expenses decreased by S\$7,000 or 1.4% from S\$514,000 in 2Q2014 to S\$507,000 in 2Q2015 mainly due to certain assets fully depreciated.

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

Share of results of associates decreased by S\$286,000 or 64.0% from S\$447,000 in 2Q2014 to S\$161,000 in 2Q2015 mainly due to lower contribution from associates.

#### **Finance costs**

Finance costs decreased by S\$15,000 or 7.2% from S\$209,000 in 2Q2014 to S\$194,000 in 2Q2015 mainly due to repayment of existing bank borrowings.

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

## **STATEMENT OF FINANCIAL POSITION ITEMS**

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

Property, plant and equipment increased by S\$4.03 million or 12.8% from S\$31.42 million as at 31 December 2014 to S\$35.45 million as at 30 June 2015 mainly due to purchase of motor vehicles, machinery and factory equipment and capital expenditure in Indonesia mini hydropower plant. No depreciation on capital expenditure due to development in progress for Indonesia mini hydropower plant.

### **Associates**

Associates increased by S\$540,000 or 11.7% from S\$4.63 million as at 31 December 2014 to S\$5.17 million as at 30 June 2015 mainly due to continued contribution from associates.

### **Inventories**

Inventories increased by S\$2.26 million or 6.5% from S\$34.61 million as at 31 December 2014 to S\$36.87 million as at 30 June 2015 mainly due to the increase in inventory level in order to meet the increase in demand from customers.

### **Trade and other receivables**

The net increase of S\$13.20 million in Trade and other receivables was mainly due to increase in revenue in 2Q2015. The net increase of S\$11.5 million attributed to increase in trade receivables and net increase of S\$1.7 million attributed to increase in other receivables.

Subsequent to the 2Q2015 ended 30 June 2015, the Group collected outstanding debts of about S\$17.87 million from customers as of 29 July 2015. The collection represents approximately 28.0% of trade receivables balances as at 30 June 2015.

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

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

### **STATEMENT OF FINANCIAL POSITION ITEMS Cont'd**

#### **Trade and other payables**

The increase of S\$9.09 million or 20.1% in Trade and Other Payables was mainly due to increase in purchase of inventories and advance payment from customers.

#### **Bank borrowings**

Bank borrowings increased by S\$2.81 million or 20.5% from S\$13.65 million as at 31 December 2014 to S\$16.46 million as at 30 June 2015. The increase was mainly due to new bank loans drawdown in 2Q2015 and increase in trust receipts.

### **CASH FLOW STATEMENT**

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

#### **Cash and cash equivalents**

Net cash generated from operating activities increased from a net outflow of S\$2.08 million in 2Q2014 to a net inflow of S\$3.75 million in 2Q2015. The increase was mainly due to higher collection from customers.

Net cash used in investing activities increased from a net outflow of S\$2.34 million in 2Q2014 to S\$4.48 million in 2Q2015 mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities increased from a net inflow of S\$1.11 million in 2Q2014 to S\$2.40 million in 2Q2015 mainly due to proceeds from bank loans and amount due to non-controlling interests.

As at 30 June 2015, the Group maintained a healthy cash and cash equivalents balance of S\$36.03 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 continues to benefit from its diversified customer portfolio and strong technology content of its products and services that enabled it to cushion the impact of some external headwinds such as movements in exchange rate parity. It will continue to adopt a cautious and prudent business stance in view of the fluid market conditions in the macro environment.

**11. Dividend**

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

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

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

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(d) The date the dividend is payable**

Not applicable.

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

Not applicable.



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

We, Teo Cher Koon and Kong Deyang, being Directors of ISDN Holdings Limited, hereby confirm on behalf of the Board of Directors that to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited interim financial results (comprising the comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material aspect.

**15. Use of proceeds**

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

There has been no material usage till to the date of this announcement after the last announcement made on 22 June 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 22 June 2015. The Company will make further announcements when the remaining net proceeds from Warrants Issue are materially disbursed.

By Order of the Board

Gwendolyn Gn  
Company Secretary  
ISDN Holdings Limited

11 August 2015