



(Company Registration No.: 200416788Z)

ISDN Holdings Limited
Interim Financial Statements Announcement
For the Third Quarter and Period Ended 30 September 2015

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 September			Group 9 months ended 30 September		
	2015	2014 (Restated)	Increase (Decrease)	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	64,766	64,641	0.2	184,529	173,474	6.4
Cost of sales	(47,834)	(47,116)	1.5	(134,564)	(127,582)	5.5
Gross profit	16,932	17,525	(3.4)	49,965	45,892	8.9
Other operating income	1,664	1,152	44.4	3,843	2,477	55.1
Distribution costs	(5,667)	(5,550)	2.1	(16,866)	(14,270)	18.2
Administrative expenses	(7,229)	(7,198)	0.4	(20,836)	(19,233)	8.3
Other operating expenses	(406)	(267)	52.1	(1,759)	(2,570)	(31.6)
Finance costs	(210)	(298)	(29.5)	(602)	(690)	(12.8)
Share of results of associates and joint ventures	(30)	580	N/M	713	941	(24.2)
Profit before income tax	5,054	5,944	(15.0)	14,458	12,547	15.2
Income tax expense	(1,749)	(1,883)	(7.1)	(4,533)	(4,179)	8.5
Profit for the period	3,305	4,061	(18.6)	9,925	8,368	18.6
Other comprehensive income/(loss):						
Items that may be subsequently reclassified to profit and loss						
Exchange differences on translation of foreign operations	1,621	1,205	34.5	2,665	(627)	N/M
Total comprehensive income for the period	4,926	5,266	(6.5)	12,590	7,741	62.6
Profit for the period attributable to:						
Equity holders of the Company	1,990	2,766	(28.1)	6,912	5,649	22.4
Non-controlling interests	1,315	1,295	1.5	3,013	2,719	10.8
	3,305	4,061	(18.6)	9,925	8,368	18.6
Total comprehensive income for the period attributable to:						
Equity holders of the Company	3,361	3,721	(9.7)	9,460	4,920	92.3
Non-controlling interests	1,565	1,545	1.3	3,130	2,821	11.0
	4,926	5,266	(6.5)	12,590	7,741	62.6

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 September			Group 9 months ended 30 September		
	2015	2014 (Restated)	Increase (Decrease)	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other operating income						
Administrative income	60	-	N/M	278	104	67.3
Commission income	30	22	36.4	96	49	95.9
Finance income:						
- interest on bank deposits	55	53	3.8	163	107	52.3
- interest on loan to associates	5	3	66.7	14	11	27.3
Foreign exchange gain, net	1,036	254	307.9	1,678	254	560.6
Government Grant	67	15	346.7	155	130	19.2
Gain on disposal of property, plant and equipment	2	-	N/M	30	8	275
Technical service income	172	192	(10.4)	433	340	27.4
Recovery of bad debts written off	29	-	N/M	29	-	N/M
Write back of allowance for trade receivables	-	216	N/M	97	247	(60.7)
Write back of allowance for inventories obsolescence	-	4	N/M	4	25	(84)
Write back of allowance for impairment in subsidiary	-	-	-	36	-	N/M
Operating lease rental income:						
- investment properties	15	10	50	38	41	(7.3)
- sub-let of office/warehouse premises	129	211	(38.9)	358	525	(31.8)
Property management income	64	105	(39.0)	211	407	(48.2)
Miscellaneous income	-	67	N/M	223	229	(2.6)
	<u>1,664</u>	<u>1,152</u>	<u>44.4</u>	<u>3,843</u>	<u>2,477</u>	<u>55.1</u>

N/M- not meaningful

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

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

	Group 3 months ended 30 September			Group 9 months ended 30 September		
	2015	2014 (Restated)	Increase (Decrease)	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other operating expenses						
Allowance for impairment of trade receivables	91	-	N/M	131	442	(70.4)
Allowance for inventories obsolescence	207	145	42.8	537	817	(34.3)
Amortisation of prepayment of land use rights	10	9	11.1	28	26	7.7
Trade receivables written off	3	12	(75)	3	18	(83.3)
Foreign exchange losses, net	-	-	-	948	1,116	(15.1)
Inventories written off	92	3	2,966.7	106	33	221.2
Property, plant and equipment written off	-	93	N/M	3	105	(97.1)
Loss on de-registration of a subsidiary	-	1	N/M	-	4	N/M
Loss on disposal of property, plant and equipment	3	4	(25)	3	9	(66.7)
	<u>406</u>	<u>267</u>	<u>52.1</u>	<u>1,759</u>	<u>2,570</u>	<u>(31.6)</u>
<i>Included in Distribution costs</i>						
Depreciation of property, plant and equipment	72	64	12.5	200	170	17.6
<i>Included in Administrative expenses</i>						
Depreciation of property, plant and equipment	417	378	10.3	1,207	1,148	5.1
Depreciation of investment properties	5	5	-	13	13	-
<i>Included in cost of sales</i>						
Depreciation of property, plant and equipment	88	93	(5.4)	254	293	(13.3)

(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		Group	Group	
	3 months ended 30 September			9 months ended 30 September		
	2015	2014 (Restated)	Increase (Decrease)	2015	2014 (Restated)	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax expense						
Current taxation	1,685	1,839	(8.4)	4,253	3,919	8.5
Deferred taxation	3	-	N/M	3	(61)	N/M
Under provision of tax in respect of prior years	61	44	38.6	277	321	(13.7)
	<u>1,749</u>	<u>1,883</u>	<u>(7.1)</u>	<u>4,533</u>	<u>4,179</u>	<u>8.5</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 September 2015	31 December 2014	30 September 2015	31 December 2014
S\$'000	S\$'000	S\$'000	S\$'000

ASSETS

Non-current assets

Property, plant and equipment	35,984	31,418	-	-
Investment properties	545	570	-	-
Prepayment- land use rights	1,518	1,481	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	36,753	36,653
Associates	5,113	4,628	31	31
Deferred tax assets	158	94	-	-
Total non-current assets	55,004	49,877	36,784	36,684

Current assets

Inventories	40,527	34,612	-	-
Trade and other receivables	81,482	68,027	48	65
Amount owing by subsidiaries	-	-	30,464	31,388
Dividend receivable	-	-	2,500	3,847
Cash and bank balances and fixed deposits	39,166	37,493	311	327
Total current assets	161,175	140,132	33,323	35,627
Total assets	216,179	190,009	70,107	72,311



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

(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
30 September 2015	31 December 2014	30 September 2015	31 December 2014
S\$'000	S\$'000	S\$'000	S\$'000

EQUITY AND LIABILITIES

**Equity attributable to
owners 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	54,324	46,283	(1)	2,919
	120,116	112,075	65,791	68,711
Non-controlling interests	21,120	17,654	-	-
Total equity	141,236	129,729	65,791	68,711

Non-current liabilities

Bank borrowings	1,181	162	-	-
Finance leases	378	418	-	-
Total non-current liabilities	1,559	580	-	-

Current liabilities

Bank borrowings	14,641	12,930	-	-
Current portion of finance leases	160	140	-	-
Trade and other payables	56,462	45,138	4,316	3,600
Current income tax liabilities	2,121	1,492	-	-
Total current liabilities	73,384	59,700	4,316	3,600
Total liabilities	74,943	60,280	4,316	3,600
Total equity and liabilities	216,179	190,009	70,107	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 30 September 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,374	11,427	3,987	9,083

The amount repayable after one year;

As at 30 September 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
378	1,181	418	162

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.

(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	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities:				
Profit before income tax	5,054	5,944	14,458	12,547
Adjustments for:				
Amortisation of land use rights	10	9	28	26
Trade receivables written off	3	12	3	18
Depreciation of property, plant and equipment	577	535	1,661	1,611
Depreciation of investment properties	5	5	13	13
Allowance for impairment of trade receivables	91	-	131	442
Allowance for inventories obsolescence	207	145	537	817
Gain on disposal of property, plant and equipment	(2)	-	(30)	(8)
Loss on de-registration of a subsidiary	-	-	-	3
Loss on disposal of property, plant and equipment	3	4	3	9
Property, plant and equipment written off	-	93	3	105
Inventories written off	92	3	106	33
Write back of allowance for inventory obsolescence	-	(4)	(4)	(25)
Write back of allowance for trade receivables	-	(216)	(97)	(247)
Interest expense	210	298	602	690
Interest income	(60)	(56)	(177)	(118)
Share of results of associates	30	(580)	(713)	(941)
Unrealised currency translation differences	(854)	(342)	(486)	106
Operating cash flow before working capital changes	5,366	5,850	16,038	15,081
Inventories	(3,961)	4,221	(6,554)	(1,168)
Trade and other receivables	330	(5,162)	(11,505)	(23,436)
Trade and other payables	2,299	(5,216)	9,856	7,351
Cash generated from/(used in) operations	4,034	(307)	7,835	(2,172)
Interest paid	(210)	(298)	(602)	(690)
Interest received	60	57	177	118
Income tax paid	(1,230)	(979)	(3,902)	(2,451)
Net cash generated from/(used in) operating activities	2,654	(1,527)	3,508	(5,195)

(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	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Purchase of property, plant and equipment	(432)	(244)	(5,169)	(3,428)
Proceeds from disposal of property, plant and equipment	3	109	55	124
Acquisition of subsidiaries	(28)	-	(563)	-
Dividends from an associate	-	-	217	60
Net cash used in investing activities	(457)	(135)	(5,460)	(3,244)
Cash flows from financing activities:				
Dividends to equity holders of the Company	-	-	(1,419)	(1,440)
Dividends to non-controlling interests	-	-	(252)	-
Amount owing to non-controlling interests	72	2,546	1,435	2,490
Amount owing from associates	-	-	(123)	-
Increase on restricted bank balances (net)	-	(720)	-	(730)
(Repayment of)/Proceeds from bank borrowings	(54)	778	2,729	2,223
Repayment of finance leases (net)	(41)	(29)	(19)	(142)
Net cash (used in)/generated from financing activities	(23)	2,575	2,351	2,401
Net change in cash and cash equivalents	2,174	913	399	(6,038)
Cash and cash equivalents at beginning of period	36,031	34,354	37,493	41,554
Effect of currency translation on cash and cash equivalents	961	(50)	1,274	(299)
Cash and cash equivalents at end of period (Note A)	39,166	35,217	39,166	35,217



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

(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 2015	30 September 2014 (Restated)
	S\$'000	S\$'000
Cash and bank balances	34,397	31,648
Fixed deposits	4,769	4,299
	<hr/> 39,166	<hr/> 35,947
(Less) Restricted bank balances	-	(730)
Cash and cash equivalents at end of period	<hr/> 39,166	<hr/> 35,217



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

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

	Share capital	Warrants Issue	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$000	\$'000	\$'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	-	-	-	-	-	-	6,912	6,912	3,013	9,925
Other comprehensive income	-	-	-	-	2,548	-	-	2,548	117	2,665
Total comprehensive income for the period	-	-	-	-	2,548	-	6,912	9,460	3,130	12,590
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	588	588
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(252)	(252)
Payment of dividends	-	-	-	-	-	-	(1,419)	(1,419)	-	(1,419)
Balance as at 30 September 2015	63,925	3,384	(1,517)	(436)	3,150	4,478	47,132	120,116	21,120	141,236



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

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

	Share capital	Warrants Issue	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$000	\$'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	36,348	107,139	11,773	118,912
Profit for the year	-	-	-	-	-	-	5,649	5,649	2,719	8,368
Other comprehensive (loss)/income	-	-	-	-	(729)	-	-	(729)	102	(627)
Total comprehensive (loss)/income for the period	-	-	-	-	(729)	-	5,649	4,920	2,821	7,741
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	-	1,442	1,442
De-registration of a subsidiary	-	-	-	-	-	-	-	-	18	18
Payment of dividends	-	-	-	-	-	-	(1,440)	(1,440)	-	(1,440)
Transfer to other reserves	-	-	-	-	-	452	(455)	(3)	3	-
Balance as at 30 September 2014 (Restated)	63,925	3,384	(162)	(436)	(416)	4,219	40,102	110,616	16,057	126,673

(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	\$'000	\$'000	S\$000	S\$000
<u>Company</u>						
Balance as at 1 January 2015	63,925	3,384	(1,517)	(178)	3,097	68,711
Total comprehensive loss for the period	-	-	-	-	(1,501)	(1,501)
Payment of dividends	-	-	-	-	(1,419)	(1,419)
Balance as at 30 September 2015	63,925	3,384	(1,517)	(178)	177	65,791
Balance as at 1 January 2014	63,925	3,384	(162)	(178)	2,841	69,810
Total comprehensive loss for the period	-	-	-	-	(2,586)	(2,586)
Payment of dividends	-	-	-	-	(1,440)	(1,440)
Balance as at 30 September 2014	63,925	3,384	(162)	(178)	(1,185)	65,784

(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 2015 is 354,684,950 (30 September 2014: 359,944,950), net of treasury shares. The number of shares held as treasury shares as at 30 September 2015 is 6,365,000 (30 September 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 September 2015 (30 September 2014: 179,972,475).

On 13 November 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. 12 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	
	30 September 2015	31 December 2014	30 September 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 on.

	Group		Company	
	30 September 2015	31 December 2014	30 September 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 September 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
	9 months ended 30 September	9 months ended 30 September
	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	1.95	1.57
- on a fully diluted basis	1.95	1.57
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 September 2015	31 December 2014	30 September 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	39.82	36.58	18.55	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\$125,000 or 0.19% from S\$64.64 million for 3Q2014 to S\$64.77 million for 3Q2015.

Revenue by Geographical Location

	3 months ended 30 September		Increase (Decrease)		9 months ended 30 September		Increase (Decrease)	
	2015	2014 (Restated)			2015	2014 (Restated)		
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Singapore	8,630	9,796	(1,166)	(11.9)	27,037	27,664	(627)	(2.3)
People's Republic of China (PRC)	49,641	49,828	(187)	(0.4)	139,189	132,319	6,870	5.2
Malaysia	1,180	1,471	(291)	(19.8)	4,405	5,178	(773)	(14.9)
Others ⁽¹⁾	5,315	3,546	1,769	49.9	13,898	8,313	5,585	67.2
Total	64,766	64,641	125	0.19	184,529	173,474	11,055	6.37

N/M – not meaningful

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 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 Cont'd

Revenue by Business Segment

	3 months ended 30 September		Increase (Decrease)		9 months ended 30 September		Increase (Decrease)	
	2015 S\$'000	2014 (Restated) S\$'000	S\$'000	%	2015 S\$'000	2014 (Restated) S\$'000	S\$'000	%
Motion Control	50,477	48,010	2,467	5.1	144,002	128,977	15,025	11.6
Other Specialised Engineering Solutions	12,569	15,033	(2,464)	(16.4)	35,646	40,202	(4,556)	(11.3)
Industrial Computing	1,388	1,582	(194)	(12.3)	4,053	4,230	(177)	(4.2)
Others	332	16	316	1975	828	65	763	1173.8
Total	64,766	64,641	125	0.19	184,529	173,474	11,055	6.37

N/M – not meaningful

Motion Control product group generated more revenue in 3Q2015 as compared to 3Q2014 mainly due to overall stronger demand from customers.

Other specialised engineering solutions and Industrial Computing product groups decreased in revenue by 16.4% and 12.3% respectively in 3Q2015 as compared to 3Q2014 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 decreased by S\$593,000 or 3.4% from S\$17.53 million in 3Q2014 to S\$16.93 million in 3Q2015. Gross profit margin decreased from 27.1% in 3Q2014 to 26.1% in 3Q2015 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 increased by S\$512,000 or 44.4% from S\$1.15 million in 3Q2014 to S\$1.66 million in 3Q2015 mainly due to higher foreign exchange gain.

Distribution costs

Distribution costs increased by S\$117,000 or 2.1% from S\$5.55 million in 3Q2014 to S\$5.67 million in 3Q2015 mainly due to increase in staff costs, advertising and marketing expenses and sales commission paid.

Administrative expenses

Administrative expenses increased by S\$31,000 or 0.4% from S\$7.20 million in 3Q2014 to S\$7.23 million in 3Q2015 mainly due to increase in staff costs.

Other operating expenses

Other operating expenses increased by S\$139,000 or 52.1% from S\$267,000 in 3Q2014 to S\$406,000 in 3Q2015. This was mainly due to increase in allowance for impairment of trade receivables and inventories obsolescence and higher inventories written off.

Depreciation expenses

Depreciation expenses increased by S\$42,000 or 7.8% from S\$540,000 in 3Q2014 to S\$582,000 in 3Q2015 mainly due to more assets being purchased and depreciated.

Share of results of associates

Share of results of associates decreased by S\$610,000 from share of profits of S\$580,000 in 3Q2014 to share of losses of S\$30,000 in 3Q2015 mainly due to loss operations from associates.

Finance costs

Finance costs decreased by S\$88,000 or 29.5% from S\$298,000 in 3Q2014 to S\$210,000 in 3Q2015 mainly due to more repayment of 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\$4.56 million or 14.5% from S\$31.42 million as at 31 December 2014 to S\$35.98 million as at 30 September 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\$485,000 or 10.5% from S\$4.63 million as at 31 December 2014 to S\$5.11 million as at 30 September 2015 mainly due to continued contribution from associates.

Inventories

Inventories increased by S\$5.92 million or 17.1% from S\$34.61 million as at 31 December 2014 to S\$40.53 million as at 30 September 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\$13.46 million in Trade and other receivables was mainly due to increase in revenue in 3Q2015. The net increase of S\$10.87 million attributed to increase in trade receivables and net increase of S\$2.59 million attributed to increase in other receivables.

Subsequent to the 3Q2015 ended 30 September 2015, the Group collected outstanding debts of about S\$14.24 million from customers as of 30 October 2015. The collection represents approximately 22.5% of trade receivables balances as at 30 September 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\$11.32 million or 25.1% 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\$2.71 million or 19.9% from S\$13.65 million as at 31 December 2014 to S\$16.36 million as at 30 September 2015. The increase was mainly due to new bank loans drawdown.

Current income tax liabilities

Current income tax liabilities increased by S\$629,000 from S\$1.49 million as at 31 December 2014 to S\$2.12 million as at 30 September 2015 was mainly due to higher provision for income tax as a result of higher profits from China subsidiaries.

Non-controlling interests

Non-controlling interests increased by S\$3.47 million or 19.6% from S\$17.65 million as at 31 December 2014 to S\$21.12 million as at 30 September 2015 was mainly due to contribution of share capital by non-controlling interests and current period's share of results.

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

CASH FLOW STATEMENT

Quarter on Quarter

Cash and cash equivalents

Net cash generated from operating activities increased from a net outflow of S\$1.53 million in 3Q2014 to a net inflow of S\$2.65 million in 3Q2015. The increase was mainly due to higher collection from customers.

Net cash used in investing activities increased from a net outflow of S\$135,000 in 3Q2014 to S\$457,000 in 3Q2015 mainly due to purchase of property, plant and equipment.

Net cash used in financing activities increased from a net inflow of S\$2.58 million in 3Q2014 to a net outflow of S\$23,000 in 3Q2015 mainly due to repayments of bank loans and trust receipts.

As at 30 September 2015, the Group maintained a healthy cash and cash equivalents balance of S\$39.17 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.



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

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.

With more than two thirds of ISDN's revenue derived from China, the Group is adopting a more cautious stance on its business outlook in the light of the softer pace of the Chinese economy. The operating landscape will generally be more competitive too but this will be mitigated to a degree by ISDN's niche Motion Control products and solutions as well as its diversified customer base that includes industry sectors such as medical that are relatively more resilient.

In addition to China, the Group will continue to grow its market presence in Motion Control in emerging markets such as ASEAN, particularly in Thailand and Vietnam. On the renewable energy front, ground work has commenced for ISDN's maiden mini-hydropower plant in Sumatra. The Group will provide the necessary updates as they come on line.

11. Dividend

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

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

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

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

No dividend has been declared.



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

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

No IPT mandate has been obtained.

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

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

15. Use of proceeds

1. Use of Net Proceeds from the First Placement

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 14 March 2013, 2 April 2013, 3 April 2013 and 4 April 2013 (*the "First Placement Announcements"*).

The Board wishes to update the shareholders of the Company on the Group's utilisation of the net proceeds of approximately S\$8,400,000 (after deducting expenses of approximately S\$240,000) from the First Placement, as set out below:

Prospects/ Future Plans	Amount of net proceeds allocated (\$'000)	Amount utilised to date (\$'000)	Amount unutilised to date (\$'000)
Hydroponics business	1,500	1,500	-
Mining-related business	4,400	4,400	-
Engineering solutions -motion control	2,500	2,500	-
Total	8,400	8,400	-

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



ISDN Holdings Limited
2015 Interim Financial Statements Announcement

15. Use of proceeds Cont'd

2. Use of Net Proceeds from the Second Placement

Prospects/ Future Plans	Amount of net proceeds allocated (\$\$'000)	Amount utilised to date (\$\$'000)	Amount unutilised to date (\$\$'000)
Partial funding of the planning and construction of additional facilities within the ISDN High-Tech Industrial Park	1,815	1,200	615
Working capital requirements of the mining-related business of the Group (in particular, coal trading)	6,600	500	6,100
Exploration of Power Plant Opportunities	2,000	2,000	-
Total	10,415	3,700	6,715

There has been no material usage till to the date of this announcement after the last announcement made on 11 August 2015. The Company will make further announcements when the remaining net proceeds from Second Placement are materially disbursed.

3. Use of Net Proceeds from the Warrant Issue

The net proceeds of approximately S\$3,350,000 (after deducting expenses of approximately S\$250,000) from the Warrants Issue had been fully utilised in accordance with the intended use as stated in the Warrants Issue Announcements.

By Order of the Board

Gwendolyn Gn
Company Secretary
ISDN Holdings Limited

11 November 2015