



(Company Registration No.: 200416788Z)

ISDN Holdings Limited
Full Year Financial Statements Announcement
For the Financial Year Ended 31 December 2014

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

	Group		
	12 months ended 31 December		
	2014	2013	Increase
	S\$'000	(Restated) S\$'000	(Decrease) %
Revenue	230,518	173,747	32.7
Cost of sales	(169,039)	(122,004)	38.6
Gross profit	61,479	51,743	18.8
Other operating income	2,540	2,244	13.2
Distribution costs	(20,009)	(19,629)	1.9
Administrative expenses	(27,358)	(22,883)	19.6
Other operating expenses	(1,588)	(1,279)	24.2
Finance costs	(881)	(1,030)	(14.5)
Share of results of associates	1,054	604	74.5
Profit before income tax	15,237	9,770	56.0
Income tax expense	(4,632)	(2,992)	54.8
Profit for the year	10,605	6,778	56.5
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss			
- Exchange differences on translation of foreign operations	678	1,929	(64.9)
Total comprehensive income for the year	11,283	8,707	29.6
Profit after income tax attributable to:			
Equity holders of the Company	7,457	4,754	56.9
Non-controlling interests	3,148	2,024	55.5
	10,605	6,778	56.5
Total comprehensive income attributable to:			
Equity holders of the Company	7,746	6,406	20.9
Non-controlling interests	3,537	2,301	53.7
	11,283	8,707	29.6

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		
	2014	2013	Increase
		(Restated)	(Decrease)
	S\$'000	S\$'000	%
Other operating income			
Administrative income	199	157	26.8
Recovery of bad debts written off	5	-	N/M
Commission income	77	51	51.0
Gain on disposal of interests in subsidiary	-	84	N/M
Gain on disposal of interests in associate	77	-	N/M
Gain on disposal of property, plant and equipment	31	-	N/M
Finance income:			
- interest on bank deposits	175	152	15.1
- interest on loan to associate	15	9	66.7
Foreign exchange gain, net	427	282	51.4
Government grant	131	76	72.4
Miscellaneous income	77	237	(67.5)
Operating lease rental income:			
- investment properties	58	66	(12.1)
- sub-let office/warehouse premises	524	304	72.4
Property management income	290	129	124.8
Technical service income	373	593	(37.1)
Write back of allowance for inventories	34	14	142.9
Write back of allowance for trade	47	90	(47.8)
	<u>2,540</u>	<u>2,244</u>	<u>13.2</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:-

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

	Group 12 months ended 31 December		Increase (Decrease)
	2014	2013 (Restated)	
	S\$'000	S\$'000	%
Other operating expenses			
Allowance for impairment of trade receivables	393	275	42.9
Allowance for inventories obsolescence	558	689	(19.0)
Amortisation of intangible assets	-	23	N/M
Amortisation of land use rights	35	35	-
Bad trade receivables written off	43	84	(48.8)
Inventories written off	141	77	83.1
Loss on disposal of interest in subsidiary	6	-	N/M
Loss on disposal of property, plant and equipment	-	91	N/M
Property, plant and equipment written off	412	5	8,140.0
	<u>1,588</u>	<u>1,279</u>	24.2
<i>Included in Distribution costs</i>			
Depreciation of property, plant and equipment	243	151	60.9
<i>Included in Administrative expenses</i>			
Depreciation of property, plant and equipment	1,490	1,446	3.0
Depreciation of investment properties	17	19	(10.5)
<i>Included in cost of sales</i>			
Depreciation of property, plant and equipment	394	499	(21.0)

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 2014 S\$'000	Group 2013 (Restated) S\$'000	Increase (Decrease) %
Income tax expense			
Current taxation	4,632	3,382	37.0
Deferred taxation	45	-	N/M
	<u>4,677</u>	<u>3,382</u>	38.3
(Over)/Under provision of tax in respect of prior years:			
- current income tax	61	(395)	115.4
- deferred taxation	(106)	5	(2220.0)
	<u>4,632</u>	<u>2,992</u>	54.8

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	Group	Company	Company
	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)	31 December 2014	31 December 2013
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property plant and equipment	31,418	29,044	27,258	-	-
Investment properties	570	590	611	-	-
Intangible assets	-	-	23	-	-
Land use rights	1,481	1,496	1,467	-	-
Goodwill on consolidation	11,686	11,686	11,686	-	-
Subsidiaries	-	-	-	36,653	36,082
Associates	4,628	3,713	3,416	31	31
Total non-current assets	49,783	46,529	44,461	36,684	36,113
Current assets					
Inventories	34,612	31,737	28,411	-	-
Trade and other receivables	68,167	52,195	51,478	65	381
Amount owing by subsidiaries	-	-	-	31,388	27,049
Dividend receivables	-	-	-	3,847	5,750
Cash and bank balances and fixed deposits	37,493	41,554	26,328	327	3,710
Total current assets	140,272	125,486	106,217	35,627	36,890
Total Assets	190,055	172,015	150,678	72,311	73,003



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

	Group	Group	Group	Company	Company
	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)	31 December 2014	31 December 2013
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
EQUITY AND LIABILITIES					
Equity attributable to members of the Company					
Share capital	63,925	63,925	44,855	63,925	63,925
Warrants Issue	3,384	3,384	-	3,384	3,384
Treasury shares	(1,517)	(162)	(162)	(1,517)	(162)
Reserves	46,283	39,992	35,620	2,919	2,663
	112,075	107,139	80,313	68,711	69,810
Non-controlling interests	17,654	11,773	11,193	-	-
Total equity	129,729	118,912	91,506	68,711	69,810
Non-current liabilities					
Bank borrowings	162	762	5,557	-	-
Finance leases	418	214	277	-	-
Deferred tax liabilities	46	49	50	-	-
Total non-current liabilities	626	1,025	5,884	-	-
Current liabilities					
Bank borrowings	12,930	12,615	15,792	-	-
Finance leases	140	57	65	-	-
Trade and other payables	45,138	38,836	35,411	3,600	3,193
Current income tax liabilities	1,492	570	2,020	-	-
Total current liabilities	59,700	52,078	53,288	3,600	3,193
Total Liabilities	60,326	53,103	59,172	3,600	3,193
Total Liabilities and Equity	190,055	172,015	150,678	72,311	73,003



(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 2014		As at 31 December 2013 (Restated)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,987	9,083	5,765	6,907

The amount repayable after one year;

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
418	162	976	-

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	
	2014	2013 (Restated)
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit before income tax	15,237	9,770
Adjustments for:		
Amortisation of intangible assets	-	23
Amortisation of land use rights	35	35
Bad trade receivables written off	43	84
Depreciation of property, plant and equipment	2,127	2,096
Depreciation of investment properties	17	19
Allowance for inventories obsolescence	558	689
Allowance for impairment of trade receivables	393	275
Gain on disposal of interests in associate	(77)	-
Gain on disposal of property, plant and equipment	(31)	(84)
Loss on disposal of interests in subsidiary	6	-
Loss on disposal of property, plant and equipment	-	91
Property, plant and equipment written off	412	5
Inventories written off	141	77
Write back of allowance for inventory obsolescence	(34)	(14)
Write back of allowance for trade receivables	(47)	(90)
Interest expense	881	1,030
Interest income	(190)	(161)
Share of results of associates	(1,054)	(604)
Unrealised currency translation differences	197	(383)
Operating cash flow before working capital changes	18,614	12,858
Inventories	(3,540)	(4,078)
Trade and other receivables	(16,623)	990
Trade and other payables	5,033	3,015
Cash generated from operations	3,484	12,785

(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	
	2014	2013 (Restated)
	S\$'000	S\$'000
Interest paid	(881)	(1,030)
Interest received	190	161
Income tax paid	(3,771)	(4,437)
Net cash (used in)/generated from operating activities	(978)	7,479
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,113)	(2,950)
Proceeds from disposal of property, plant and equipment	92	188
Acquisition of a subsidiaries	(589)	(1,037)
Cash inflow from disposal of interests in associate	102	-
Dividends from an associate	60	60
Net cash used in investing activities	(4,448)	(3,739)
Cash flows from financing activities:		
Dividends to equity holders of the Company	(1,440)	(1,800)
Dividends to non-controlling interests	(2,339)	(1,963)
Investment in subsidiaries by non-controlling interests	4,519	185
Repayment from associates	-	15
Amount owing to non-controlling interests	1,429	122
Decrease on restricted bank balances	-	500
Proceeds from share placement	-	19,318
Share placement expense	-	(426)
Proceeds from warrants issue	-	3,600
Warrants issue expense	-	(216)
Purchase of treasury shares	(1,355)	-
Proceeds from bank loans	6,601	4,634
Repayments of bank loans	(6,927)	(9,456)
Proceeds from/(Repayment of) trust receipts (net)	43	(3,150)
Repayment of finance leases (net)	(178)	(71)
Net cash generated from financing activities	353	11,292

(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	
	2014	2013 (Restated)
	S\$'000	S\$'000
Net change in cash and cash equivalents	(5,073)	15,032
Cash and cash equivalents at beginning of year	41,554	25,829
Effect of currency translation on cash and cash equivalents	1,012	693
Cash and cash equivalents at end of year (Note A)	37,493	41,554

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	
	2014	2013 (Restated)
	S\$'000	S\$'000
Cash and bank balances	33,170	31,535
Fixed deposits	4,323	10,019
Cash and cash equivalents at end of year	37,493	41,554

(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 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	-	-	-	-	-	-	-	-	94	94
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)	17	2
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	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
(Restated) Group	S\$000	S\$'000	S\$'000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
Balance as at 1 January 2013	44,855	-	(162)	(436)	(1,339)	3,174	34,221	80,313	11,193	91,506
Profit for the year	-	-	-	-	-	-	4,754	4,754	2,024	6,778
Other comprehensive income	-	-	-	-	1,652	-	-	1,652	277	1,929
Total comprehensive income for the period	-	-	-	-	1,652	-	4,754	6,406	2,301	8,707
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	185	185
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	259	259
Disposal of interests of a subsidiary	-	-	-	-	-	-	-	-	11	11
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,254)	(2,254)
Payment of dividends	-	-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
Share placement proceeds	19,318	-	-	-	-	-	-	19,318	-	19,318
Placement share expense	(426)	-	-	-	-	-	-	(426)	-	(426)
Warrants issue proceeds	-	3,600	-	-	-	-	-	3,600	-	3,600
Warrant issue expense	-	(216)	-	-	-	-	-	(216)	-	(216)
Transfer of performance shares	178	-	-	-	-	(178)	-	-	-	-
Transfer to other reserves	-	-	-	-	-	771	(827)	(56)	78	22
Balance as at 31 December 2013	63,925	3,384	(162)	(436)	313	3,767	36,348	107,139	11,773	118,912

(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
<u>Company</u>	S\$000	S\$000	S\$'000	S\$'000	S\$000	S\$000
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)
Transfer of performance shares	-	-	-	-	-	-
Balance as at 31 December 2014	63,925	3,384	(1,517)	(178)	3,097	68,711
Balance as at 1 January 2013	44,855	-	(162)	-	1,636	46,329
Total comprehensive income for the period	-	-	-	-	3,005	3,005
Payment of dividends	-	-	-	-	(1,800)	(1,800)
Share placement proceeds, net of expenses	18,892	-	-	-	-	18,892
Warrants issue proceeds, net of expenses	-	3,384	-	-	-	3,384
Transfer of performance shares	178	-	-	(178)	-	-
Balance as at 31 December 2013	63,925	3,384	(162)	(178)	2,841	69,810



(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, 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 except for 5,260,000 number of share buy-backs as treasury shares.

The number of outstanding shares as at 31 December 2014 is 354,684,950 (31 December 2013: 359,944,950), net of treasury shares. The number of shares held as treasury shares as at 31 December 2014 is 6,365,000 (31 December 2013: 1,105,000).

The outstanding convertibles are 179,972,475 warrants that may be converted into 179,972,475 ordinary shares as at 31 December 2014 (31 December 2013: 179,972,475).

(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 2014	31 December 2013	31 December 2014	31 December 2013
	No. of shares	No. of shares	No. of shares	No. of shares
Issued share capital at the end of the period (net of treasury shares)	354,684,950	359,944,950	354,684,950	359,944,950

(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	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning of period	1,105,000	1,105,000	1,105,000	1,105,000
Purchase of treasury shares	5,260,000	-	5,260,000	-
Balance at end of period	6,365,000	1,105,000	6,365,000	1,105,000

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the year ended 31 December 2014 as those used for the audited financial statements for the year ended 31 December 2013 except for those described in paragraph (5).

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted all of the new or revised Financial Reporting Standards (“**FRS**”) and Interpretations to FRS (“**INT FRS**”) that are effective for the financial period beginning 1 January 2014 and are relevant to its operations. The adoption of these new and revised FRS and INT FRS has no material effect on the amounts reported for the current or prior reporting periods except for FRS 110 – Consolidated Financial Statements with effect from 1 January 2014.

The company adopts full consolidation method for investments in joint venture as the company exercises effective control over management and operations of joint venture.

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	
	2014	2013
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares in issue	2.07	1.39
- on a fully diluted basis	1.38	1.30
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	360,388,175	342,515,608
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	539,917,425*	366,676,296

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

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

	Group		Company	
	31 December 2014	31 December 2013 (Restated)	31 December 2014	31 December 2013
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	36.58	33.04	19.37	19.39
Issued share capital at the end of the period (net of treasury shares)	354,684,950	359,944,950	354,684,950	359,944,950

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.

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 Geographical Location

	12 months ended 31 December		Increase/(Decrease)	
	2014	2013 (Restated)		
	S\$'000	S\$'000	S\$'000	%
Singapore	35,472	27,573	7,899	28.6
People's Republic of China	176,744	126,326	50,418	39.9
Malaysia	7,930	6,366	1,564	24.6
Others ⁽¹⁾	10,372	13,482	(3,110)	(23.1)
Total	230,518	173,747	56,771	32.7

Notes to table:

⁽¹⁾ Others include but not limited to Australia, Bahrain Brazil, Bulgaria, Denmark, Finland, France, Germany, Indonesia, India, Israel, Korea, Mexico, Myanmar, Netherland, New Zealand, Norway, Pakistan, Philippines, Russia, South Africa, Sultanate of Oman, Switzerland, Taiwan, Thailand, United Arab Emirates, United States of America, United Kingdom, and Vietnam.

The increase in revenue from Singapore, Malaysia and People's Republic of China's (PRC) was mainly due to 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

Revenue Cont'd

Revenue by Business Segment

	12 months ended 31 December		Increase/(Decrease)	
	2014	2013 (Restated)		
	S\$'000	S\$'000	S\$'000	%
Motion Control	172,861	124,592	48,269	38.7
Other Specialised Engineering Solutions	51,988	40,599	11,389	28.1
Industrial Computing	5,601	4,360	1,241	28.5
Others	68	4,196	(4,128)	(98.4)
Total	230,518	173,747	56,771	32.7

Motion Control product group, Other Specialised Engineering Solutions and Industrial Computing generated more revenue in 2014 as compared to 2013 mainly due to overall stronger demand from our 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 COMPREHENSIVE INCOME ITEMS Cont'd

Gross profit

In line with the increase in Group's revenue, our Group's gross profit increased by S\$9.74 million or 18.8% in 2014 as compared to 2013. The gross profit margin of 26.7% achieved is within our target margin of between 26% - 30%.

Other operating income

Other operating income increased by S\$296,000 or 13.2% mainly due to rental income from the sublet of office/warehouse premises, property management income, finance income and foreign exchange gain, net.

Distribution expenses

Although revenue increased significantly, distribution expenses only increased marginally by S\$380,000 or 1.9% in 2014 as compared to 2013 as a result of better cost control.

Administrative expenses

Administrative expenses increased by S\$4.48 million or 19.6% in 2014 as compared to 2013 mainly due to increase in office expenses and various staff costs.

Other operating expenses

Other operating expenses increased by S\$309,000 or 24.2% in 2014 as compared to 2013 mainly due to property, plant and equipment written off, allowance for impairment of trade receivables 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 and Amortisation expenses

Depreciation of property, plant and equipment increased by S\$29,000 or 1.4% in 2014 mainly due to additions of plant and equipment to support our business expansion in the countries that the group operates in. Amortization expense declined by S\$23,000 because intangible assets were fully amortised.

Finance costs

Finance costs decreased by S\$149,000 or 14.5% in 2014 as compared to 2013 mainly due to lesser bank borrowings.

Share of results of associates

Share of results of associates increased by S\$450,000 or 74.5% in 2014 as compared to 2013 mainly due to higher profits contributed by associated companies.

Income tax expense

Income tax expense increased by S\$1.64 million or 54.8% in 2014 as compared to 2013 mainly due to higher taxable income.

STATEMENT OF FINANCIAL POSITION ITEMS

Property plant and equipment

Property plant and equipment increased by S\$2.37 million or 8.2% mainly due to capitalization of hydropower project costs.



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 share of results of Associates.

Inventories

Inventories increased by S\$2.88 million or 9.1% 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\$15.97 million or 30.6% in 2014 as compared to 2013 as a result of increase in sales revenue and advances to investee companies.

The Group has subsequently received about S\$12.64 million from customers as at 31 January 2015. The subsequent receipt was approximately 24.1% of trade receivables as at 31 December 2014.

Most of the remaining 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 decreased by S\$4.06 million or 9.8% in 2014 as compared to 2013 mainly due to advances to investee companies.



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\$6.3 million or 16.2% in 2014 as compared to 2013 mainly due to increase in purchases of inventories to support higher sales revenue.

Current income tax liabilities

Current income tax liabilities increased by S\$922,000 or 161.8% in 2014 as compared to 2013 because of higher taxable income.

CASH FLOW STATEMENT

Net cash generated from operating activities decreased from cash inflow of S\$7.48 million in 2013 to cash outflow of S\$978,000 in 2014 mainly due to advances to investee companies and increase in trade receivables.

Net cash used in investing activities increased from S\$3.74 million in 2013 to S\$4.45 million in 2014 mainly because of capitalization of hydropower project costs.

Net cash from financing activities decreased from S\$11.3 million in 2013 to S\$353,000 in 2014 mainly due to proceeds from the two share placements and warrants issue in 2013 and purchase of treasury shares in 2014.

As at 31 December 2014, the Group maintained healthy cash and cash equivalents balances of S\$37.49 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.

The Group expects the outlook for its core mainstay business in Motion Control to remain generally positive while it develops its emerging energy sector. Hydropower in Indonesia continues to present encouraging new opportunities while we work towards revising upwards the tariff rates of projects secured earlier, in line with the new favourable energy policy introduced by the Indonesian Government.

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 2 February 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 2 February 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	
	2014 S\$'000	2013 S\$'000 (Restated)	2014 S\$'000	2013 S\$'000 (Restated)	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000 (Restated)
Revenue												
External sales	172,861	124,592	51,988	40,599	5,601	4,360	68	4,196	-	-	230,518	173,747
Inter-segment sales	1,711	588	1,604	1,527	60	40	-	-	(3,375)	(2,155)	-	-
	174,572	125,180	53,592	42,126	5,661	4,400	68	4,196	(3,375)	(2,155)	230,518	173,747
Results												
Segment results	14,401	12,268	2,384	(83)	440	(33)	(2,159)	(1,379)	-	-	15,066	10,773
Share of (losses) profits of associates	1,054	604	-	-	-	-	-	-	-	-	1,054	604
Corporate expenses											(774)	(1,108)
Rental income											582	370
Interest income											190	161
Finance costs											(881)	(1,030)
Profit before income tax											15,237	9,770
Income tax											(4,632)	(2,992)
Net profit for the year											10,605	6,778
Assets												
Segment assets	95,264	92,258	27,972	27,696	3,127	2,568	13,832	5,213	(4,517)	(13,263)	135,678	114,472
Goodwill	2,178	2,178	9,508	9,508	-	-	-	-	-	-	11,686	11,686
Investments in Associates	4,628	3,712	-	-	-	-	-	-	-	-	4,628	3,713
Cash and cash equivalents											37,493	41,554
Investment properties											570	590
Consolidated total assets											190,055	172,015
Liabilities												
Segment liabilities	34,505	38,745	9,267	10,535	1,039	716	3,231	566	(4,517)	(13,263)	43,525	37,279
Bank borrowings and finance leases											13,650	13,648
Income tax liabilities											1,492	620
Others unallocated corporate liabilities											1,659	1,536
Consolidated total liabilities											60,326	53,103

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

Information by operating segments (Cont'd)

Group	Engineering Solutions Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solution		Others		Elimination		Consolidated	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000 (Restated)	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000 (Restated)
Capital expenditure on												
- Property, plant and equipment	1,370	1,533	699	608	16	2	2,028	807	-	-	4,113	2,950
Depreciation of properties, plant and equipment	1,381	1,254	625	687	2	24	119	131	-	-	2,127	2,096
Depreciation of investment properties	17	19	-	-	-	-	-	-	-	-	17	19
Other non-cash Expenses												
- allowance for inventory obsolescence	474	589	61	77	-	23	-	-	-	-	558	689
- allowance for impairment of trade receivables	148	129	245	146	-	-	-	-	-	-	393	275
- amortisation of intangible assets	-	23	-	-	-	-	-	-	-	-	-	23
- amortisation of land use rights	35	35	-	-	-	-	-	-	-	-	35	35
- bad trade receivables written off	18	83	25	1	-	-	-	-	-	-	43	84
- inventories written off	110	74	31	3	-	-	-	-	-	-	141	77
- properties, plant and equipment written off	21	2	89	3	-	-	302	-	-	-	412	5
- write back of allowance of inventory obsolescence	(31)	(14)	(3)	-	-	-	-	-	-	-	(34)	(14)
- write back of allowance of trade receivables	(16)	(5)	(31)	(85)	-	-	-	-	-	-	(47)	(90)



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

Information by geographical segments

	Revenue from external customers		Non-current assets	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	35,472	27,573	20,631	19,869
People's Republic of China	176,744	126,326	27,870	25,466
Malaysia	7,930	6,366	433	572
Others ⁽¹⁾	10,372	13,482	849	622
	<u>230,518</u>	<u>173,747</u>	<u>49,783</u>	<u>46,529</u>

⁽¹⁾ Others include but not limited to Australia, Bahrain, Brazil, Bulgaria, Denmark, Finland, France, Germany, Indonesia, India, Israel, Korea, Mexico, Myanmar, Netherlands, New Zealand, Norway, Pakistan, Philippines, Russia, South Africa, Sultanate of Oman, Switzerland, Taiwan, Thailand, United Arab Emirates, 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 2014 S\$'000	Group 2013 (Restated) S\$'000	Increase (Decrease) %
Sales reported for the first half year (Restated)	108,833	86,313	26.1
Operating profit after tax before deducting minority interests reported for the first half year (Restated)	4,307	3,526	22.2
Sales reported for the second half year	121,685	87,434	39.2
Operating profit after tax before deducting minority interests reported for the second half year	6,298	3,252	93.7



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 2014	Group 2013
	S\$'000	S\$'000
Ordinary *	1,419	1,440

* 2014 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	55	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.



By Order of the Board

Gwendolyn Gn
Company Secretary
ISDN Holdings Limited

25 February 2015