



(Company Registration No.: 200416788Z)

ISDN Holdings Limited
Financial Statements Announcement
For the First Quarter and Period Ended 31 March 2019

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 31 MARCH 2019

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		
	31 March		
	2019	2018	% change
	S\$'000	S\$'000	+ / (-)
Revenue	75,537	76,192	-0.9%
Cost of sales	(56,708)	(56,839)	-0.2%
Gross profit	18,829	19,353	-2.7%
Other operating income	2,154	1,890	14.0%
Distribution costs	(6,091)	(6,212)	-1.9%
Administrative expenses	(7,458)	(6,371)	17.1%
Net impairment gain/ (loss) on financial assets	111	(1)	n.m.
Other operating expenses	(374)	(78)	n.m.
Finance costs	(481)	(233)	n.m.
Share of profit of associates	106	441	-76.0%
Profit before taxation	6,796	8,789	-22.7%
Income tax expense	(1,001)	(1,940)	-48.4%
Profit for the period	5,795	6,849	-15.4%
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
- Net fair value changes on cash flow hedge	22	-	n.m.
- Exchange differences on translation	1,142	1,876	-39.1%
	<u>1,164</u>	<u>1,876</u>	<u>-38.0%</u>
Total comprehensive income for the period	6,959	8,725	-20.2%
Profit for the period attributable to:			
Equity holders of the Company	4,212	5,198	-19.0%
Non-controlling interests	1,583	1,651	-4.1%
	<u>5,795</u>	<u>6,849</u>	<u>-15.4%</u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company	5,119	6,935	-26.2%
Non-controlling interests	1,840	1,790	2.8%
	<u>6,959</u>	<u>8,725</u>	<u>-20.2%</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:-

	GROUP		
	3 months ended		
	31 March		
	2019	2018	% change
	S\$'000	S\$'000	+/(-)
Profit from operations is determined after (crediting)/charging the following:			
Net impairment (gain)/losses on financial assets	(111)	1	n.m.
Allowance for inventories obsolescence	130	38	n.m.
Amortisation and depreciation	555	527	5.3%
Interest income	(101)	(26)	n.m.
Foreign exchange gain, net	(594)	(5)	n.m.
Loss/(gain) on disposal of plant and equipment, net	1	(129)	n.m.
Inventories written off	227	2	n.m.
Write back of allowance for inventories obsolescence	(266)	(51)	n.m.
Plant and equipment written off	2	-	n.m.
Trade receivables written off	-	5	-100.0%

n.m: Not meaningful

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

	GROUP		COMPANY	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	39,935	39,314	28	30
Investment properties	493	497	-	-
Land use rights	1,279	1,270	-	-
Goodwill	12,227	12,227	-	-
Subsidiaries	-	-	50,410	50,410
Associates	6,224	6,136	128	124
Service concession receivables	31,883	30,233	-	-
Other financial assets	900	-	-	-
Deferred tax assets	174	139	-	-
	93,115	89,816	50,566	50,564
Current assets				
Inventories	48,099	55,183	-	-
Trade and other receivables	103,992	96,225	336	363
Amounts owing by subsidiaries	-	-	50,240	46,436
Dividend receivables	-	-	8,643	9,918
Cash and bank balances	43,408	41,877	4,640	3,023
	195,499	193,285	63,859	59,740
Current liabilities				
Bank borrowings	17,495	16,423	2,275	2,291
Finance leases liabilities	70	81	-	-
Trade and other payables	62,654	69,380	13,348	13,686
Current tax liabilities	1,361	2,286	-	-
	81,580	88,170	15,623	15,977
Net current assets	113,919	105,115	48,236	43,763
Non-current liabilities				
Bank borrowings	11,729	11,842	11,372	11,455
Finance leases liabilities	211	224	-	-
Deferred tax liabilities	613	657	-	-
	12,553	12,723	11,372	11,455
Net assets	194,481	182,208	87,430	82,872
Equity				
Share capital	76,381	70,984	76,381	70,984
Warrants issue	-	-	-	-
Reserves	77,886	72,767	11,049	11,888
Equity attributable to owners of the Company	154,267	143,751	87,430	82,872
Non-controlling interests	40,214	38,457	-	-
Total equity	194,481	182,208	87,430	82,872

- (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 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,387	15,178	2,823	13,681

The amount repayable after one year;

As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,921	19	12,016	50

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 mortgages over land use rights and leasehold properties of the Group for a term loan. The said facilities are also secured by corporate guarantee provided by the Company and other subsidiaries as well as personal guarantee by the directors of the subsidiaries.

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

	GROUP	
	3 months ended	
	31 March	
	2019	2018
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	6,796	8,789
Adjustments for:		
Amortisation of land use rights	8	11
Trade receivables written off	-	5
Depreciation of property, plant and equipment	543	507
Depreciation of investment properties	4	9
Allowance for impairment of trade receivables	20	1
Allowance for inventory obsolescence	130	38
Loss/(gain) on disposal of plant and equipment, net	1	(129)
Inventories written off	227	2
Plant and equipment written off	2	-
Write back of allowance for inventory obsolescence	(266)	(51)
Write back of allowance for trade receivables	(131)	-
Interest expenses	481	233
Interest income	(101)	(26)
Share of results of associates	(106)	(441)
Foreign currency on translation of foreign operations	262	1,259
Operating cash flow before working capital changes	7,870	10,207
Changes in:		
Inventories	6,993	1,829
Trade and other receivables	(9,146)	(9,322)
Trade and other payables	(5,012)	(2,106)
Cash from operating activities before service concession arrangements	705	608
Change in receivables from service concession arrangements	(1,650)	-
Cash (used in)/generated from operations after service concession arrangements	(945)	608
Interest paid	(481)	(233)
Interest received	101	26
Income tax paid	(1,861)	(1,078)
Net cash used in operating activities	(3,186)	(677)

(1)(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)

	GROUP	
	3 months ended	
	31 March	
	2019	2018
	S\$'000	S\$'000
Cash flows from investing activities:		
Purchase of plant and equipment	(1,052)	(652)
Proceeds from disposal of plant and equipment	25	308
Loan to associates	-	(250)
Acquisition of other financial assets	(900)	-
Net cash used in investing activities	(1,927)	(594)
Cash flows from financing activities:		
Dividends to non-controlling interests	-	(1,534)
Repayment from non-controlling interests	250	-
Proceeds from bank borrowings	3,838	-
Repayment of bank borrowings	(1,984)	(1,533)
Repayment of trust receipts, net	(906)	(51)
(Repayment of)/ proceeds from finance lease, net	(24)	167
Proceeds from issue of shares	5,397	-
Net cash generated from/(used in) financing activities	6,571	(2,951)
Net increase/(decrease) in cash and cash equivalents	1,458	(4,222)
Cash and cash equivalents at the beginning of financial period	37,255	38,053
Effect of currency translation on cash and cash equivalents	78	91
Cash and cash equivalents at the end of financial period	38,791	33,922
Additional information:		
Cash and bank balances	37,423	33,866
Fixed deposits	5,985	306
Cash and bank balances	43,408	34,172
Less: restricted bank deposits	(1,455)	-
Less: bank deposits pledged	(3,162)	(250)
Total cash and cash equivalents	38,791	33,922



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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.

Group	Share capital S\$'000	Warrants issue S\$'000	Merger reserve S\$'000	Exchange translation reserve S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 January 2019	70,984	-	(436)	(2,053)	4,820	70,436	143,751	38,457	182,208
Profit for the period	-	-	-	-	-	4,212	4,212	1,583	5,795
Other comprehensive income for the period	-	-	-	885	22	-	907	257	1,164
Total comprehensive income for the period	-	-	-	885	22	4,212	5,119	1,840	6,959
Issue of shares	5,397	-	-	-	-	-	5,397	-	5,397
Dividends to non-controlling interests	-	-	-	-	-	-	-	(83)	(83)
Balance as at 31 March 2019	76,381	-	(436)	(1,168)	4,842	74,648	154,267	40,214	194,481
Balance at 1 January 2018	70,981	3,384	(436)	(802)	4,921	58,572	136,620	15,206	151,826
Adjustment on initial application of SFRS(I) 9	-	-	-	-	-	(254)	(254)	(96)	(350)
Adjusted balance at 1 January 2018	70,981	3,384	(436)	(802)	4,921	58,318	136,366	15,110	151,476
Profit for the period	-	-	-	-	-	5,198	5,198	1,651	6,849
Other comprehensive income for the period	-	-	-	1,737	-	-	1,737	139	1,876
Total comprehensive income for the period	-	-	-	1,737	-	5,198	6,935	1,790	8,725
Balance as at 31 March 2018	70,981	3,384	(436)	935	4,921	63,516	143,301	16,900	160,201

- (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)**

Company	Share capital S\$'000	Warrants Issue S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2019	70,984	-	(279)	12,167	82,872
Net loss for the period	-	-	-	(861)	(861)
Other comprehensive income for the period	-	-	22	-	22
Total comprehensive income/(loss) for the period	-	-	22	(861)	(839)
Issue of shares	5,397	-	-	-	5,397
Balance at 31 March 2019	76,381	-	(257)	11,306	87,430
Balance at 1 January 2018	70,981	3,384	(178)	4,828	79,015
Total comprehensive loss for the period	-	-	-	(866)	(866)
Balance at 31 March 2018	70,981	3,384	(178)	3,962	78,149

- (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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

Pursuant to the subscription agreement entered on 27 February 2019, the Company had issued 26,987,295 subscription shares at the subscription price of S\$0.20 per share. Considerations from these new shares amounting to approximately S\$5.4 million will be utilised for the Group's business development and as the general working capital of the Group. The newly issued shares rank pari passu in all respects with the previously issued shares.

The number of outstanding shares as at 31 March 2019 is 421,676,481 (31 March 2018: 394,684,950). No treasury shares were held as at 31 March 2019 (31 March 2018: nil). The number of shares held as subsidiary holdings as at 31 March 2019 is nil (31 March 2018: nil). The Company does not have any existing warrants or convertibles as at the date of this announcement.



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- (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 March 2019	31 December 2018
Total number of issued shares	394,689,186	394,684,950
Add: Subscription shares issued	26,987,295	-
Add: Exercise of warrants	-	4,236
Total number of issued shares excluding treasury shares	421,676,481	394,689,186

- (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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

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's financial statements is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2018.

- 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 has applied the same accounting policies and methods of computation in the financial statements for the current financial period as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 *Leases*

The adoption of the above new and revised standards does not have any significant impact on the financial statements of the Group.

- 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	
Period ended 31 March	
2019	2018
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	398,887,210 394,684,950
Weighted average number of ordinary shares in issue for diluted EPS (net of treasury shares)	398,887,210 394,684,950
EPS (based on consolidated net profit attributable to shareholders)	
(i) Based on weighted average number of ordinary shares in issue	1.06 1.32
(ii) On a fully diluted basis	1.06 1.32
	(cents) (cents)

- 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 March 2019	31 December 2018	31 March 2019	31 December 2018
Net assets (S\$'000)	154,267	143,751	87,430	82,872
Issued share capital at the end of the year (net of treasury shares)	421,676,481	394,689,186	421,676,481	394,689,186
Net assets value per ordinary share based on issued share capital as at respective year	36.58	36.42	20.73	21.00
	(cents)	(cents)	(cents)	(cents)

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 and Gross Profit Margin

	1Q2019			1Q2018		
	Engineering solutions	Construction revenue	Total	Engineering solutions	Construction revenue	Total
Revenue (S\$'000)	73,602	1,935	75,537	76,192	-	76,192
Gross Profit (S\$'000)	18,686	143	18,829	19,353	-	19,353
Gross Profit Margin (%)	25.4%	7.4%	24.9%	25.4%	-	25.4%

Gross profit of S\$18.8 million was S\$0.5 million, or 2.7% lower for the three months ended 31 March 2019 ("1Q2019") as compared to the corresponding quarter ended 31 March 2018 ("1Q2018"). Overall, the gross profit margin edged down slightly in 1Q2019 as compared to 1Q2018 by 0.5% from 25.4% to 24.9%. Excluding the gross profit contributions arising from the construction of mini-hydropower plants under the service concession arrangement, the Group managed to maintain its gross profit margin at 25.4% on its engineering solutions business.

The Group reported a decrease in revenue of S\$0.7 million, or 0.9% from S\$76.2 million in 1Q2018 to S\$75.5 million in 1Q2019. In 1Q2019, the Group recognized construction revenue of approximately S\$1.9 million arising from the construction of mini-hydropower plants under the service concession arrangement. The core motion control solutions segment continued to be a key revenue generator accounting for approximately 75.4% of the Group's total revenue.

Overall, revenue was slightly lower across our geographical markets, reflecting moderately softer macroeconomic demand arising from global trade tensions and cyclical headwinds in the semiconductor sector. However, these demand impacts were mitigated by Group's diversified revenue streams which saw growth in other sectors such as medical and information technology. ISDN's long-held approach to building diversified customers, end-industries and geographies in its core business has also delivered positive growth in Malaysia and Vietnam, two large and strategic emerging markets for manufacturing automation. The Group expects to continue its strategy of broadening its core motion control business to diversify risk and expand the long-term base of growth for the Group.

Other operating income

Other operating income increased by approximately S\$0.3 million, or 14.0% to S\$2.2 million in 1Q2019. The factors contributing to the increase were (i) increase in foreign exchange gain of S\$0.6 million and; (ii) increase in inventories written back of approximately S\$0.2 million. This is offset by the decrease in (iii) technical consultancy income of S\$0.4 million and; (iv) commission income derived from suppliers of S\$0.1 million.

Distribution costs

Distribution costs remained relatively stable for 1Q2019 as compared with 1Q2018.

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)

Administrative expenses

Administrative expenses increased by approximately S\$1.1 million or 17.1% from S\$6.4 million in 1Q2018 to S\$7.5 million in 1Q2019. The factors contributing to the increase were (i) consolidation of Aenergy Subgroup following the completion of the step-up acquisition in 4Q2018 of S\$0.3 million; (ii) increase in salaries and bonuses of S\$0.3 million mainly due to the annual salary increment adjusted during the 1Q2019; (iii) increase in office and administrative expenses of approximately S\$0.3 million and; (iv) increase in professional fees of S\$0.2 million.

Other operating expenses

Other operating expenses increased by approximately S\$0.3 million, from S\$0.1 million in 1Q2018 to S\$0.4 million in 1Q2019. The increase was mainly due to increase in allowance for inventories obsolescence of S\$0.1 million and inventories written off amounting to approximately S\$0.2 million.

Finance costs

Finance costs increased by approximately S\$0.2 million mainly due to an increase in bank facilities drawn down as compared to corresponding period last year.

Income tax expense

Income tax expense for 1Q2019 decreased by S\$0.9 million, or 48.4% to S\$1.0 million as compared to 1Q2018. The Group's effective tax rate declined from 22.1% to 14.7% for 1Q2019 mainly due to reversal of prior year's tax provision.

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment increased by S\$0.6 million or 1.6% to S\$39.9 million as at 31 March 2019 primarily due to capital expenditure incurred in the quarter offset by depreciation charged during the financial period.

Service concession receivables

Service concession receivables increased by S\$1.7 million, or 5.5% to S\$31.9 million as at 31 March 2019. This was mainly due to recognition of construction revenue of S\$1.9 million from the construction of mini-hydropower plants under the service concession arrangement offset by foreign exchange revaluation losses in 1Q2019.

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)

Other financial assets

Increase in other financial assets was mainly due to the investment of 10% unquoted equity interest in a company specialises in the design and development, integration and sales of lithium battery management systems. The investments aligns well with the Company's diversification strategy involving renewable energy ventures.

Inventories

Inventories decreased by S\$7.1 million or 12.8% to S\$48.1 million as at 31 March 2019 primarily due to the fulfilment of customer orders during the financial period.

Trade and other receivables

Trade and other receivables increased by S\$7.8 million or 8.1% to S\$104.0 million as at 31 March 2019 mainly due to an increase in trade receivables from third parties of S\$6.0 million arising from the increase in period end billing to customers, coupled with an increase in advance payment to suppliers of approximately S\$2.1 million. This was partly offset by the decrease in deposits of S\$0.4 million.

Subsequent to 31 March 2019 till 30 April 2019, we have received approximately S\$18.1 million which represents approximately 22.9 % of trade receivables as of 31 March 2019.

Trade and other payables

Trade and other payables decreased by S\$6.7 million or 9.7% to S\$62.7 million as at 31 March 2019. The factors contributing to the decrease were (i) decrease in trade payables of S\$4.1 million mainly due to payment to trade suppliers as they became due; (ii) decrease in advance received from customers of S\$1.5 million; and (iii) decrease in accrued staff costs of approximately S\$1.3 million. This is offset by the net increase in accrued operating expenses and other payables of S\$0.2 million.

Bank borrowings (current and non-current)

Bank borrowings increased by S\$1.0 million to S\$29.2 million as at 31 March 2019. The increase was primarily due to proceeds of bank borrowings of S\$3.8 million, partly offset by repayment of bank borrowings amounting to S\$2.9 million.



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

For the financial period ended 31 March 2019, net cash used in operating activities of S\$3.2 million arose from operating cash flow before working capital changes of S\$7.9 million offset by (i) decrease in working capital including change in receivables from service concession arrangements of S\$8.8 million; (ii) net interest paid of S\$0.4 million; and (iii) income tax paid of S\$1.9 million.

For 1Q2019, net cash used in investing activities amounted to S\$1.9 million, primarily attributed to the purchase of plant and equipment of S\$1.1 million and the acquisition of other financial assets of S\$0.9 million.

For 1Q2019, net cash generated from financing activities amounted to S\$6.6 million as a result of (i) proceeds from issue of shares of S\$5.4 million; (ii) net proceeds from bank borrowings of S\$0.9 million; and (iii) repayment from non-controlling interests of S\$0.3 million.

Overall, the group maintained a healthy cash and cash equivalents of S\$38.8 million in 1Q2019.

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

No specific forecast statement was previously disclosed to shareholders.

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 remains confident in the longer-term prospects for its integrated engineering business, especially its core motion control segment, as industrial automation in Asia takes root with companies across various industries seeking to reduce time to market and increase productivity. Demand for such engineering services is expected to remain positive across the region in the long term, boding well for a strategic solutions provider like ISDN.

While some of its markets have seen demand softness recently from increased trade tensions, the Group notes that the diversification of more than 10,000 customers across many industries in Asia has allowed the Group to remain relatively resilient in the face of trade and cyclical headwinds. ISDN expects to continue its approach of building long-term diversified growth by (1) continuing to broaden its base of customers, end-markets, geographies and solutions in its growing core motion control business; and (2) building additional long-term growth through its renewable energy investments.

In its hydropower business, ISDN's first three mini-hydropower plants with a combined capacity of 24.2 megawatts of power are on schedule to reach commercial operation this year and next. Post their completion, the Group has plans to develop a further 60 megawatts of capacity and it is likely that the new developments could be completed at a quicker pace as the Group should reach certain economies of scale. Financial contributions from the hydropower business are expected to become more meaningful once the hydropower plants are commercially operational. Presently, about S\$1.9 million in revenue has been recognized in 1Q2019 from the construction of these plants in Indonesia.

As part of efforts to further deepen solutions offerings for ISDN's engineering customers, the Group recently teamed up with the Singapore Institute of Manufacturing Technology ("SIMTech"), a research institute of A*Star, to commercialise a laser-aided 3D printing technology for the fabrication of corrosion-resistant metal structures and components for heavy industries such as aerospace, oil and gas, and offshore and marine. SIMTech's laser-aided additive manufacturing technique is more dynamic than conventional machining as it can design and produce complex metal components without the need for traditional intermediate steps or special tooling. This facilitates rapid manufacturing and reduces production lead-time.



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).**
- (i) **Current Financial Period Reported On**
Any dividend recommended for the current financial period reported on?
No
- (ii) **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.

Not applicable.

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 quarterly financial results (comprising the comprehensive income statement, statement of financial position, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material aspect.



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15. Use of proceeds

(a) Use of Net Proceeds from the Second Placements

There has been no material usage till to the date of this announcement after the last announcement made on 26 February 2019. The Company will make further announcements when the remaining net proceeds from Second Placements are materially disbursed.

(b) Use of Net Proceeds from the issuance of new shares under general mandate

There has been no material usage of net proceeds from the subscription. The Company will make further announcements on the utilization of proceeds from the subscription as and when the funds are materially disbursed.

16. Issuer to confirm in the announcement that it has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

Yes.

By Order of the Board

Gwendolyn Gn
Joint Company Secretary
ISDN Holdings Limited

13 May 2019