



(Company Registration No.: 200416788Z)

**ISDN Holdings Limited**  
**Interim Financial Statements Announcement**  
**For the Third Quarter and Period Ended 30 September 2016**

**1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016**

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<br>3 months ended 30<br>September |          |                        | Group<br>9 months ended 30<br>September |           |                        |
|----------------------------------------------------------------|-----------------------------------------|----------|------------------------|-----------------------------------------|-----------|------------------------|
|                                                                | 2016                                    | 2015     | Increase<br>(Decrease) | 2016                                    | 2015      | Increase<br>(Decrease) |
|                                                                | S\$'000                                 | S\$'000  | %                      | S\$'000                                 | S\$'000   | %                      |
| <b>Revenue</b>                                                 | 70,984                                  | 64,434   | 10.2                   | 191,443                                 | 183,701   | 4.2                    |
| Cost of sales                                                  | (53,894)                                | (47,539) | 13.4                   | (143,254)                               | (133,730) | 7.1                    |
| Gross profit                                                   | 17,090                                  | 16,895   | 1.2                    | 48,189                                  | 49,971    | (3.6)                  |
| Other operating income                                         | 938                                     | 1,455    | (35.5)                 | 2,915                                   | 2,895     | 0.7                    |
| Distribution costs                                             | (5,627)                                 | (5,671)  | (0.8)                  | (16,612)                                | (16,870)  | (1.5)                  |
| Administrative expenses                                        | (8,749)                                 | (7,171)  | 22.0                   | (23,181)                                | (20,778)  | 11.6                   |
| Other operating expenses                                       | (657)                                   | (214)    | N/M                    | (2,485)                                 | (871)     | N/M                    |
| Finance costs                                                  | (148)                                   | (210)    | (29.5)                 | (569)                                   | (602)     | (5.5)                  |
| Share of profit/(loss) of associates                           | 541                                     | (30)     | N/M                    | 65                                      | 713       | (90.9)                 |
| <b>Profit before income tax</b>                                | 3,388                                   | 5,054    | (33.0)                 | 8,322                                   | 14,458    | (42.4)                 |
| Income tax                                                     | (1,528)                                 | (1,749)  | (12.6)                 | (3,225)                                 | (4,533)   | (28.9)                 |
| <b>Profit for the period</b>                                   | 1,860                                   | 3,305    | (43.7)                 | 5,097                                   | 9,925     | (48.6)                 |
| Other comprehensive income:                                    |                                         |          |                        |                                         |           |                        |
| Items that may be subsequently reclassified to profit and loss |                                         |          |                        |                                         |           |                        |
| Exchange differences on translation of foreign operations      | 587                                     | 1,621    | (63.8)                 | 411                                     | 2,665     | (84.6)                 |
| <b>Total comprehensive income for the period</b>               | 2,447                                   | 4,926    | (50.3)                 | 5,508                                   | 12,590    | (56.3)                 |
| Profit for the period attributable to:                         |                                         |          |                        |                                         |           |                        |
| Equity holders of the Company                                  | 698                                     | 1,990    | (64.9)                 | 2,229                                   | 6,912     | (67.8)                 |
| Non-controlling interests                                      | 1,162                                   | 1,315    | (11.6)                 | 2,868                                   | 3,013     | (4.8)                  |
|                                                                | 1,860                                   | 3,305    | (43.7)                 | 5,097                                   | 9,925     | (48.6)                 |
| Total comprehensive income for the period attributable to:     |                                         |          |                        |                                         |           |                        |
| Equity holders of the Company                                  | 1,224                                   | 3,361    | (63.6)                 | 55                                      | 9,460     | (99.4)                 |
| Non-controlling interests                                      | 1,223                                   | 1,565    | (21.9)                 | 5,453                                   | 3,130     | 74.2                   |
|                                                                | 2,447                                   | 4,926    | (50.3)                 | 5,508                                   | 12,590    | (56.3)                 |

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<br>3 months ended 30<br>September |         |                        | Group<br>9 months ended 30<br>September |         |                        |
|----------------------------------------------------------|-----------------------------------------|---------|------------------------|-----------------------------------------|---------|------------------------|
|                                                          | 2016                                    | 2015    | Increase<br>(Decrease) | 2016                                    | 2015    | Increase<br>(Decrease) |
|                                                          | S\$'000                                 | S\$'000 | %                      | S\$'000                                 | S\$'000 | %                      |
| Allowance for impairment of trade receivables            | -                                       | 91      | N/M                    | 154                                     | 131     | 17.6                   |
| Allowance for inventories obsolescence                   | -                                       | 207     | N/M                    | 566                                     | 537     | 5.4                    |
| Amortisation and Depreciation                            | 514                                     | 535     | (3.9)                  | 1,478                                   | 1,645   | (10.2)                 |
| Interest income                                          | (48)                                    | (60)    | (20.0)                 | (163)                                   | (177)   | (7.9)                  |
| Foreign exchange (gain)/loss, net                        | 638                                     | (730)   | N/M                    | 1,557                                   | (730)   | N/M                    |
| Gain on disposal of interest in associate                | -                                       | -       | -                      | (64)                                    | -       | N/M                    |
| Gain on disposal of interest in subsidiary               | -                                       | -       | -                      | (411)                                   | -       | N/M                    |
| (Gain)/loss on disposal of property, plant and equipment | -                                       | 1       | N/M                    | (2)                                     | (27)    | (92.6)                 |
| Inventories written off                                  | 18                                      | 92      | (80.4)                 | 150                                     | 106     | 41.5                   |
| (Over)/under provision of tax in respect of prior year   | (18)                                    | 61      | N/M                    | (255)                                   | 277     | N/M                    |
| Property, plant and equipment written off                | -                                       | -       | -                      | -                                       | 3       | N/M                    |
| Recovery of bad debts written off                        | -                                       | (29)    | N/M                    | -                                       | (29)    | N/M                    |
| Trade receivables written off                            | 56                                      | 3       | N/M                    | 77                                      | 3       | N/M                    |
| Write back of allowance for trade receivables            | (229)                                   | (97)    | N/M                    | (229)                                   | (97)    | N/M                    |
| Write back of allowance for inventories obsolescence     | (59)                                    | -       | N/M                    | (98)                                    | (4)     | N/M                    |

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<br>September<br>2016 | 31<br>December<br>2015 | 30<br>September<br>2016 | 31<br>December<br>2015 |
| S\$'000                 | S\$'000                | S\$'000                 | S\$'000                |

## ASSETS

### Non-current assets

|                                 |               |               |               |               |
|---------------------------------|---------------|---------------|---------------|---------------|
| Property, plant and equipment   | 27,707        | 35,554        | -             | -             |
| Investment properties           | 527           | 542           | -             | -             |
| Land use rights                 | 1,377         | 1,461         | -             | -             |
| Goodwill on                     | 11,686        | 11,686        | -             | -             |
| Subsidiaries                    | -             | -             | 36,653        | 36,653        |
| Interest in associates          | 12,555        | 5,033         | -             | 31            |
| Deferred tax assets             | 180           | 149           | -             | -             |
| <b>Total non-current assets</b> | <b>54,032</b> | <b>54,425</b> | <b>36,653</b> | <b>36,684</b> |

### Current assets

|                              |                |                |               |               |
|------------------------------|----------------|----------------|---------------|---------------|
| Inventories                  | 41,825         | 40,855         | -             | -             |
| Trade and other receivables  | 86,641         | 73,134         | 51            | 39            |
| Amount owing by subsidiaries | -              | -              | 28,856        | 30,888        |
| Dividend receivable          | -              | -              | -             | 3,470         |
| Cash and bank balances       | 34,107         | 39,096         | 913           | 331           |
| <b>Total current assets</b>  | <b>162,573</b> | <b>153,085</b> | <b>29,820</b> | <b>34,728</b> |
| <b>Total assets</b>          | <b>216,605</b> | <b>207,510</b> | <b>66,473</b> | <b>71,412</b> |

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

| Group                   | Group                  | Company                 | Company                |
|-------------------------|------------------------|-------------------------|------------------------|
| 30<br>September<br>2016 | 31<br>December<br>2015 | 30<br>September<br>2016 | 31<br>December<br>2015 |
| 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                         | 52,571  | 53,935  | (4,940) | 1,366   |
|                                  | 118,363 | 119,727 | 60,852  | 67,158  |
| <b>Non-controlling interests</b> | 13,093  | 19,541  | -       | -       |
| <b>Total equity</b>              | 131,456 | 139,268 | 60,852  | 67,158  |

**Non-current liabilities**

|                                      |     |     |   |   |
|--------------------------------------|-----|-----|---|---|
| Bank borrowings                      | 288 | 360 | - | - |
| Finance leases                       | 224 | 339 | - | - |
| <b>Total non-current liabilities</b> | 512 | 699 | - | - |

**Current liabilities**

|                                  |        |        |       |       |
|----------------------------------|--------|--------|-------|-------|
| Bank borrowings                  | 12,440 | 13,925 | -     | -     |
| Finance leases                   | 152    | 160    | -     | -     |
| Trade and other payables         | 70,491 | 51,911 | 5,621 | 4,254 |
| Current tax liabilities          | 1,554  | 1,547  | -     | -     |
| <b>Total current liabilities</b> | 84,637 | 67,543 | 5,621 | 4,254 |
| <b>Total liabilities</b>         | 85,149 | 68,242 | 5,621 | 4,254 |

|                                     |         |         |        |        |
|-------------------------------------|---------|---------|--------|--------|
| <b>Total equity and liabilities</b> | 216,605 | 207,510 | 66,473 | 71,412 |
|-------------------------------------|---------|---------|--------|--------|

**(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 2016 |           | As at 31 December 2015 |           |
|-------------------------|-----------|------------------------|-----------|
| Secured                 | Unsecured | Secured                | Unsecured |
| S\$'000                 | S\$'000   | S\$'000                | S\$'000   |
| 4,304                   | 8,288     | 5,244                  | 8,841     |

**The amount repayable after one year;**

| As at 30 September 2016 |           | As at 31 December 2015 |           |
|-------------------------|-----------|------------------------|-----------|
| Secured                 | Unsecured | Secured                | Unsecured |
| S\$'000                 | S\$'000   | S\$'000                | S\$'000   |
| 224                     | 288       | 339                    | 360       |

**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, leasehold properties and investment properties of subsidiaries. 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 |               |
|----------------------------------------------------------------|-----------------------------|--------------|-----------------------------|---------------|
|                                                                | 2016                        | 2015         | 2016                        | 2015          |
|                                                                | S\$'000                     | S\$'000      | S\$'000                     | S\$'000       |
| <b>Cash flow from operating activities:</b>                    |                             |              |                             |               |
| Profit before income tax                                       | 3,388                       | 5,054        | 8,322                       | 14,458        |
| Adjustments for:                                               |                             |              |                             |               |
| Amortisation of land use rights                                | 9                           | 10           | 26                          | 28            |
| Trade receivables written off                                  | 56                          | 3            | 77                          | 3             |
| Depreciation of property, plant and equipment                  | 500                         | 520          | 1,439                       | 1,604         |
| Depreciation of investment properties                          | 5                           | 5            | 13                          | 13            |
| Allowance for impairment of trade receivables                  | -                           | 91           | 154                         | 131           |
| Allowance for inventories obsolescence                         | -                           | 207          | 566                         | 537           |
| (Gain)/loss on disposal of property, plant and equipment (net) | -                           | 1            | (2)                         | (27)          |
| Gain on disposal of interest in an associate                   | -                           | -            | (64)                        | -             |
| Gain on disposal of interest in a subsidiary                   | -                           | -            | (411)                       | -             |
| Property, plant and equipment written off                      | -                           | -            | -                           | 3             |
| Inventories written off                                        | 18                          | 92           | 150                         | 106           |
| Write back of allowance for inventory obsolescence             | (59)                        | -            | (98)                        | (4)           |
| Write back of allowance for trade receivables                  | (229)                       | (97)         | (229)                       | (97)          |
| Interest expense                                               | 148                         | 210          | 569                         | 602           |
| Interest income                                                | (48)                        | (60)         | (163)                       | (177)         |
| Share of (profit)/loss of associates                           | (541)                       | 30           | (65)                        | (713)         |
| Unrealised foreign exchange differences                        | (205)                       | (757)        | 791                         | (486)         |
| <b>Operating cash flow before working capital changes</b>      | <b>3,042</b>                | <b>5,309</b> | <b>11,075</b>               | <b>15,981</b> |
| Changes in working capital:                                    |                             |              |                             |               |
| Inventories                                                    | (3,351)                     | (3,961)      | (1,627)                     | (6,554)       |
| Trade and other receivables                                    | (5,910)                     | 371          | (12,488)                    | (10,623)      |
| Trade and other payables                                       | 10,858                      | 2,299        | 14,432                      | 9,856         |
| Cash generated from operations                                 | 4,639                       | 4,018        | 11,392                      | 8,660         |
| Interest paid                                                  | (148)                       | (210)        | (569)                       | (602)         |
| Interest received                                              | 48                          | 60           | 163                         | 177           |
| Income tax paid                                                | (936)                       | (1,230)      | (3,286)                     | (3,902)       |
| <b>Net cash generated from operating activities</b>            | <b>3,603</b>                | <b>2,638</b> | <b>7,700</b>                | <b>4,333</b>  |

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

|                                                               | 3 months ended 30 September |              | 9 months ended 30 September |                |
|---------------------------------------------------------------|-----------------------------|--------------|-----------------------------|----------------|
|                                                               | 2016                        | 2015         | 2016                        | 2015           |
|                                                               | S\$'000                     | S\$'000      | S\$'000                     | S\$'000        |
| <b>Cash flows from investing activities:</b>                  |                             |              |                             |                |
| Purchase of property, plant and equipment                     | (383)                       | (432)        | (2,114)                     | (5,169)        |
| Proceeds from disposal of property, plant and equipment       | -                           | 3            | 5                           | 55             |
| Net cash outflow on disposal of a subsidiary                  | -                           | -            | (4,631)                     | -              |
| Proceeds from the disposal of associate                       | 122                         | -            | 570                         | -              |
| Loan to associates                                            | (540)                       | 124          | (540)                       | (123)          |
| Funds to investee companies                                   | (12)                        | (136)        | (413)                       | (1,388)        |
| Consideration for acquisition of interest of a subsidiary     | -                           | -            | (310)                       | -              |
| Dividends from associates                                     | -                           | -            | 105                         | 217            |
| <b>Net cash used in investing activities</b>                  | <b>(813)</b>                | <b>(441)</b> | <b>(7,328)</b>              | <b>(6,408)</b> |
| <b>Cash flows from financing activities:</b>                  |                             |              |                             |                |
| Dividends to equity holders of the Company                    | -                           | -            | (1,419)                     | (1,419)        |
| Dividends to non-controlling interests                        | (1,584)                     | -            | (1,584)                     | (252)          |
| Amount owing to non-controlling interests                     | -                           | 72           | -                           | 1,435          |
| Proceeds from bank loans                                      | 6,194                       | 4,535        | 8,589                       | 10,042         |
| Repayments of bank loans                                      | (6,148)                     | (3,470)      | (10,637)                    | (7,375)        |
| Proceeds from/(repayments of) trust receipts (net)            | 451                         | (1,119)      | 492                         | 62             |
| Repayment of finance leases                                   | (43)                        | (41)         | (123)                       | (19)           |
| Repayment from associates                                     | -                           | -            | 2                           | -              |
| Increase in fixed deposit pledged                             | (350)                       | -            | (350)                       | -              |
| <b>Net cash (used in)/generated from financing activities</b> | <b>(1,480)</b>              | <b>(23)</b>  | <b>(5,030)</b>              | <b>2,474</b>   |
| Net increase/(decrease) in cash and cash equivalents          | 1,310                       | 2,174        | (4,658)                     | 399            |
| Cash and cash equivalents at beginning of period              | 32,205                      | 36,031       | 39,096                      | 37,493         |
| Effect of currency translation on cash and cash equivalents   | 242                         | 961          | (681)                       | 1,274          |
| Cash and cash equivalents at end of period (Note A)           | 33,757                      | 39,166       | 33,757                      | 39,166         |



**ISDN Holdings Limited**  
**2016 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:

|                                            | <b>30 September<br/>2016<br/>S\$'000</b> | <b>30 September<br/>2015<br/>S\$'000</b> |
|--------------------------------------------|------------------------------------------|------------------------------------------|
| Cash and bank balances                     | 32,151                                   | 34,397                                   |
| Fixed deposits                             | 1,956                                    | 4,769                                    |
|                                            | <hr/> 34,107                             | <hr/> 39,166                             |
| (Less) Restricted bank balances            | (350)                                    | -                                        |
| Cash and cash equivalents at end of period | <hr/> 33,757                             | <hr/> 39,166                             |



**ISDN Holdings Limited**  
**2016 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       |
| <b>Group</b>                              |               |                |                 |                 |                              |                |                   |         |                           |              |
| <b>Balance as at 1 January 2016</b>       | 63,925        | 3,384          | (1,517)         | (436)           | 944                          | 4,489          | 48,938            | 119,727 | 19,541                    | 139,268      |
| Profit for the period                     | -             | -              | -               | -               | -                            | -              | 2,229             | 2,229   | 2,868                     | 5,097        |
| Other comprehensive income for the period | -             | -              | -               | -               | (2,174)                      | -              | -                 | (2,174) | 2,585                     | 411          |
| Total comprehensive income for the period | -             | -              | -               | -               | (2,174)                      | -              | 2,229             | 55      | 5,453                     | 5,508        |
| Acquisition of non-controlling interests  | -             | -              | -               | -               | -                            | -              | -                 | -       | (310)                     | (310)        |
| De-recognition of a subsidiary            | -             | -              | -               | -               | -                            | -              | -                 | -       | (8,114)                   | (8,114)      |
| Dividends to non-controlling interests    | -             | -              | -               | -               | -                            | -              | -                 | -       | (3,477)                   | (3,477)      |
| Payment of dividends                      | -             | -              | -               | -               | -                            | -              | (1,419)           | (1,419) | -                         | (1,419)      |
| Transfer to other reserves                | -             | -              | -               | -               | -                            | 57             | (57)              | -       | -                         | -            |
| <b>Balance as at 30 September 2016</b>    | 63,925        | 3,384          | (1,517)         | (436)           | (1,230)                      | 4,546          | 49,691            | 118,363 | 13,093                    | 131,456      |



**ISDN Holdings Limited**  
**2016 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         |
| <b>Group</b>                                     |               |                |                 |                 |                              |                |                   |                |                           |                |
| <b>Balance as at 1 January 2015</b>              | 63,925        | 3,384          | (1,517)         | (436)           | 602                          | 4,478          | 41,639            | 112,075        | 17,654                    | 129,729        |
| Profit for the period                            | -             | -              | -               | -               | -                            | -              | 6,912             | 6,912          | 3,013                     | 9,925          |
| Other comprehensive income for the period        | -             | -              | -               | -               | 2,548                        | -              | -                 | 2,548          | 117                       | 2,665          |
| Total comprehensive (loss)/income for the period | -             | -              | -               | -               | 2,548                        | -              | 6,912             | 9,460          | 3,130                     | 12,590         |
| Capital contributed by non-controlling interests | -             | -              | -               | -               | -                            | -              | -                 | -              | 616                       | 616            |
| Dividends to non-controlling interests           | -             | -              | -               | -               | -                            | -              | -                 | -              | (252)                     | (252)          |
| Payment of dividends                             | -             | -              | -               | -               | -                            | -              | (1,419)           | (1,419)        | -                         | (1,419)        |
| <b>Balance as at 30 September 2015</b>           | <b>63,925</b> | <b>3,384</b>   | <b>(1,517)</b>  | <b>(436)</b>    | <b>3,150</b>                 | <b>4,478</b>   | <b>47,132</b>     | <b>120,116</b> | <b>21,148</b>             | <b>141,264</b> |

**(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<br>capital | Warrants<br>Issue | Treasury<br>shares | Others<br>reserve | Retained<br>earnings | Total   |
|-----------------------------------------|------------------|-------------------|--------------------|-------------------|----------------------|---------|
|                                         | S\$000           | S\$000            | \$'000             | \$'000            | S\$000               | S\$000  |
| <b><u>Company</u></b>                   |                  |                   |                    |                   |                      |         |
| <b>Balance as at 1 January 2016</b>     | 63,925           | 3,384             | (1,517)            | (178)             | 1,544                | 67,158  |
| Total comprehensive loss for the period | -                | -                 | -                  | -                 | (4,887)              | (4,887) |
| Payment of dividends                    | -                | -                 | -                  | -                 | (1,419)              | (1,419) |
| <b>Balance as at 30 September 2016</b>  | 63,925           | 3,384             | (1,517)            | (178)             | (4,762)              | 60,852  |
| <b>Balance as at 1 January 2015</b>     | 63,925           | 3,384             | (1,517)            | (178)             | 3,097                | 68,711  |
| Total comprehensive loss for the period | -                | -                 | -                  | -                 | (1,501)              | (1,501) |
| Payment of dividends                    | -                | -                 | -                  | -                 | (1,419)              | (1,419) |
| <b>Balance as at 30 September 2015</b>  | 63,925           | 3,384             | (1,517)            | (178)             | 177                  | 65,791  |

**(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 2016 is 354,684,950 (30 September 2015: 354,684,950), net of treasury shares. The number of shares held as treasury shares as at 30 September 2016 is 6,365,000 (30 September 2015: 6,365,000).

The outstanding convertibles are 179,972,475 warrants that maybe convertible into ordinary shares of 179,972,475 as at 30 September 2016 (30 September 2015: 179,972,475).

In 2013, the Company issued 179,972,475 warrants at an issue price of S\$0.02 for each warrant. Each warrant carries the right to subscribe for one new ordinary share of the Company at an exercise price of S\$0.60 for each new share and expiring on the date immediately preceding the fifth anniversary of the date of issue of the warrants i.e. 9 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<br>2016 | 31 December<br>2015 | 30 September<br>2016 | 31 December<br>2015 |
|                                                                        | 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<br>2016         | 31 December<br>2015          | 30 September<br>2016         | 31 December<br>2015          |
|                                        | No. of<br>treasury<br>shares | No. of<br>treasury<br>shares | No. of<br>treasury<br>shares | No. of<br>treasury<br>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 2016 as those used for the audited financial statement as at 31 December 2015.

**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 2016 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 |                 |
|                                                                                            | 2016                        | 2015            |
|                                                                                            | Singapore cents             | Singapore cents |
| EPS (based on consolidated net profit attributable to shareholders)                        |                             |                 |
| - on weighted average number of ordinary shares on issue                                   | 0.63                        | 1.95            |
| - on a fully diluted basis                                                                 | 0.63                        | 1.95            |
| Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares) | 354,684,950                 | 354,684,950     |
| Weighted average number of ordinary shares for diluted EPS (net of treasury shares)        | 354,684,950                 | 354,684,950     |

**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 2016 | 31 December 2015 | 30 September 2016 | 31 December 2015 |
|                                                                                    | Singapore cents   | Singapore cents  | Singapore cents   | Singapore cents  |
| Net asset value per share based on existing issued capital as at respective period | 37.06             | 39.27            | 17.16             | 18.93            |
| 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 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\$6.55 million or 10.2% from S\$64.43 million for 3Q2015 to S\$70.98 million for 3Q2016.

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

|                                     | 3 months ended 30<br>September |                 | Increase<br>(Decrease) |      | 9 months ended 30<br>September |                 | Increase<br>(Decrease) |      |
|-------------------------------------|--------------------------------|-----------------|------------------------|------|--------------------------------|-----------------|------------------------|------|
|                                     | 2016<br>S\$'000                | 2015<br>S\$'000 | S\$'000                | %    | 2016<br>S\$'000                | 2015<br>S\$'000 | S\$'000                | %    |
| Singapore                           | 9,817                          | 8,614           | 1,203                  | 14.0 | 28,236                         | 26,979          | 1,257                  | 4.7  |
| People's Republic of<br>China (PRC) | 50,189                         | 47,506          | 2,683                  | 5.7  | 133,318                        | 131,726         | 1,592                  | 1.2  |
| Malaysia                            | 1,853                          | 1,179           | 674                    | 57.2 | 5,621                          | 4,404           | 1,217                  | 27.6 |
| Hong Kong                           | 3,956                          | 2,135           | 1,821                  | 85.3 | 11,110                         | 7,463           | 3,647                  | 48.9 |
| Others <sup>(1)</sup>               | 5,169                          | 5,000           | 169                    | 3.4  | 13,158                         | 13,129          | 29                     | 0.2  |
| Total                               | 70,984                         | 64,434          | 6,550                  | 10.2 | 191,443                        | 183,701         | 7,742                  | 4.2  |

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

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

The Group registered higher sales revenue in the 3Q2016 as compared to the previous corresponding period of 3Q2015.

The main reason for the increase in sales revenue was 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

**Quarter on Quarter** Cont'd

**Revenue** Cont'd

**Revenue by Business Segment**

|                                         | 3 months ended 30<br>September |         | Increase/<br>(Decrease) |       | 9 months ended 30<br>September |         | Increase/<br>(Decrease) |       |
|-----------------------------------------|--------------------------------|---------|-------------------------|-------|--------------------------------|---------|-------------------------|-------|
|                                         | 2016                           | 2015    |                         |       | 2016                           | 2015    |                         |       |
|                                         | S\$'000                        | S\$'000 | S\$'000                 | %     | S\$'000                        | S\$'000 | S\$'000                 | %     |
| Engineering Solutions - Motion Control  | 56,351                         | 50,457  | 5,894                   | 11.7  | 151,371                        | 143,982 | 7,389                   | 5.1   |
| Other Specialised Engineering Solutions | 13,255                         | 12,569  | 686                     | 5.5   | 35,116                         | 35,646  | (530)                   | (1.5) |
| Industrial Computing Solutions          | 1,378                          | 1,408   | (30)                    | (2.1) | 4,956                          | 4,073   | 883                     | 21.7  |
| Total                                   | 70,984                         | 64,434  | 6,550                   | 10.2  | 191,443                        | 183,701 | 7,742                   | 4.2   |

Engineering Solutions - Motion Control and Other Specialised Engineering Solutions product groups generated more revenue in 3Q2016 as compared to 3Q2015 mainly due to overall growing demand from customers.

Decrease in revenue from Industrial Computing Solutions group by 2.1% in 3Q2016 as compared to 3Q2015 mainly due to lower demand from customers in this segment.

**Gross profit**

The Group's gross profit increased by S\$195,000 or 1.2% from S\$16.90 million in 3Q2015 to S\$17.09 million in 3Q2016. Gross profit margin decreased from 26.2% in 3Q2015 to 24.1% in 3Q2016 mainly due to lesser sales revenue generated with higher gross profit.

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

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

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

**Other operating income**

Other operating income decreased by S\$517,000 or 35.5% from S\$1.46 million in 3Q2015 to S\$0.94 million in 3Q2016 mainly due to absence of foreign exchange gain of S\$730,000 booked in 3Q2015.

**Distribution costs**

Distribution costs decreased by S\$44,000 or 0.8% from S\$5.67 million in 3Q2015 to S\$5.63 million in 3Q2016 mainly due to decrease in marketing expenses and sales commission paid.

**Administrative expenses**

Administrative expenses increased by S\$1.58 million or 22.0% from S\$7.17 million in 3Q2015 to S\$8.75 million in 3Q2016 mainly due to increase in staff costs and professional fees incurred for proposed listing in Hong Kong.

**Other operating expenses**

Other operating expenses increased by S\$443,000 or 207.0% from S\$214,000 in 3Q2015 to S\$657,000 in 3Q2016. This was mainly due to increase in trade receivables written off and foreign exchange losses.

**Depreciation expenses**

Depreciation expenses decreased by S\$21,000 or 3.9% from S\$535,000 in 3Q2015 to S\$514,000 in 3Q2016 mainly due to more assets being fully depreciated.

**Share of results of associates**

Share of results of associates increased by S\$571,000 from share of losses of S\$30,000 in 3Q2015 to share of profits of S\$541,000 in 3Q2016 mainly due to higher contribution from associates.

**Finance costs**

Finance costs decreased by S\$62,000 or 29.5% from S\$210,000 in 3Q2015 to S\$148,000 in 3Q2016 mainly due to more repayment of existing bank borrowings.

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

## **STATEMENT OF FINANCIAL POSITION ITEMS**

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

Property, plant and equipment decreased by S\$7.85 million or 22.1% from S\$35.56 million as at 31 December 2015 to S\$27.71 million as at 30 September 2016 mainly due to deconsolidation of capital expenditure for Indonesia mini hydropower plant.

### **Associates**

Associates increased by S\$7.52 million or 149.5% from S\$5.03 million as at 31 December 2015 to S\$12.55 million as at 30 September 2016 mainly due to a subsidiary becoming an associate during the period and higher contribution from associates.

### **Inventories**

Inventories increased by S\$970,000 or 2.4% from S\$40.86 million as at 31 December 2015 to S\$41.83 million as at 30 September 2016 mainly due to increase in inventory level in order to meet the increase in demand from customers.

### **Trade and other receivables**

The net increase of S\$13.51 million in Trade and other receivables was mainly due to increase in revenue in 3Q2016 and slower payment from customers. The net increase of S\$12.67 million attributed to increase in trade receivables and net increase of S\$838,000 attributed to increase in other receivables.

Subsequent to period ended 30 September 2016, the Group collected outstanding debts of about S\$16.27 million from customers as of 31 October 2016. The collection represents approximately 23.7% of trade receivables balances as at 30 September 2016.

The customers who have delayed payments are still paying progressively and/or having ongoing transactions with the Company. They are 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\$18.58 million or 35.8% in Trade and Other Payables was mainly due to increase in purchase of inventories, accrued operating expenses and advance payment from customers.

**Bank borrowings**

Bank borrowings decreased by S\$1.68 million or 11.4% from S\$14.78 million as at 31 December 2015 to S\$13.10 million as at 30 September 2016. The decrease was mainly due to repayment of existing bank borrowings offset against drawdown of new bank loans.

**Non-controlling interests**

Non-controlling interests decreased by S\$6.45 million or 33.0% from S\$19.54 million as at 31 December 2015 to S\$13.09 million as at 30 September 2016 was mainly due to deconsolidation of a subsidiary to become an associate and its corresponding non-controlling interests during the period.

**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 S\$2.64 million in 3Q2015 to S\$3.60 million in 3Q2016 mainly due to higher cash generated from working capital.

Net cash used in investing activities increased from S\$441,000 in 3Q2015 to S\$813,000 in 3Q2016 mainly due to loan to associates.

Net cash used in financing activities increased from S\$23,000 in 3Q2015 to S\$1.48 million in 3Q2016 mainly due to dividends to non-controlling interests and increase in fixed deposit pledged.

As at 30 September 2016, the Group maintained a healthy cash and cash equivalents balance of S\$33.76 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 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 is cautiously optimistic on the outlook for the upcoming quarter despite being able to grow revenue this quarter, in part due to the diversified nature of ISDN's customer base. Certain customer segments such as the medical sector continue to exhibit sales growth due to sturdy customer orders. These also include customers in the smart phone and semi-conductor categories. However, the Group has also to be mindful that other industry sectors may face softer demand thereby potentially offsetting the gains in the better performing customer segments.

Motion Control is expected to continue to be the Group's dominant contributor as we build on our efforts to grow market share through organic growth from existing customers as well as carving new footprints and nurturing new customers, in line with our efforts to fortify ISDN's geographical reach and market presence.

**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**  
**2016 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 and Second Placements**

There has been no material usage till to the date of this announcement after the last announcement made on 12 August 2016. 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 12 August 2016. The Company will make further announcements on the utilisation of proceeds arising from the exercise of the warrants as may be necessary and/or appropriate in due course.

**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  
Company Secretary  
ISDN Holdings Limited

14 November 2016