



ISDN Holdings Limited
Interim Financial Statements Announcement
For the Second Quarter and Period Ended 30 June 2012



ISDN Holdings Limited
2012 Interim Financial Statements Announcement

1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 2012

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			Group		
	3 months ended 30 June			6 months ended 30 June		
	2012	2011	Increase (Decrease) %	2012	2011	Increase (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	39,951	48,528	(17.7)	72,784	93,073	(21.8)
Cost of sales	(27,832)	(34,287)	(18.8)	(50,612)	(63,837)	(20.8)
Gross profit	12,119	14,241	(14.9)	22,172	29,236	(24.2)
Other operating income	527	1,227	(57.0)	1,170	1,548	(24.4)
Distribution costs	(3,912)	(4,081)	(4.1)	(7,268)	(7,500)	(3.1)
Administrative expenses	(4,200)	(5,412)	(22.4)	(8,170)	(10,532)	(22.4)
Other operating expenses	(613)	(1,124)	(45.5)	(1,210)	(1,824)	(33.7)
Finance costs	(178)	(175)	1.7	(432)	(505)	(14.5)
Share of results of associates	692	526	31.6	1,045	618	69.1
Profit before income tax	4,435	5,202	(14.7)	7,307	11,041	(33.8)
Income tax expense	(1,526)	(1,787)	(14.6)	(2,011)	(3,254)	(38.2)
Profit for the period	2,909	3,415	(14.8)	5,296	7,787	(32.0)
Other comprehensive income:						
Exchange differences on translation of foreign	352	277	(27.1)	(791)	(352)	N/M
Total comprehensive income for the period	3,261	3,692	(11.7)	4,505	7,435	(39.4)
Profit after income tax attributable to:						
Equity holders of the Company	2,380	2,557	(6.9)	4,387	5,530	(20.7)
Non-controlling interests	529	858	(38.3)	909	2,257	(59.7)
	2,909	3,415	(14.8)	5,296	7,787	(32.0)
Total comprehensive income attributable to:						
Equity holders of the Company	2,704	2,793	(3.2)	3,699	5,213	(29.0)
Non-controlling interests	557	899	(38.0)	806	2,222	(63.7)
	3,261	3,692	(11.7)	4,505	7,435	(39.4)

N/M- not meaningful



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

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

	Group 3 months ended 30 June			Group 6 months ended 30 June		
	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other operating income						
Administrative income charged to associates	17	13	30.8	48	56	(14.3)
Commission income	34	100	(66.0)	38	132	(71.2)
Finance income:						
- interest on bank deposits	32	32	-	61	62	(1.6)
Gain on disposal of property, plant and equipment	-	690	N/M	-	690	N/M
Technical service income	136	171	(20.5)	278	325	(14.5)
Inventories written back	-	6	N/M	-	-	-
Write back of allowance for trade receivables	8	8	-	43	8	N/M
Write back of allowance for inventories obsolescence	68	-	N/M	118	-	N/M
Operating lease rental income:						
- investment properties	13	12	8.3	27	24	12.5
- sub-let of office/warehouse premises	61	94	(35.1)	153	105	45.7
Property management income	49	22	N/M	61	36	69.4
Miscellaneous income	109	79	38.0	343	110	N/M
	<u>527</u>	<u>1,227</u>	<u>(57.0)</u>	<u>1,170</u>	<u>1,548</u>	<u>(24.4)</u>

N/M- not meaningful



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	Group 3 months ended 30 June			Group 6 months ended 30 June		
	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other operating expenses						
Allowance for impairment of trade receivables	(24)	129	N/M	86	163	(47.2)
Allowance for inventories obsolescence	155	233	(33.5)	388	343	13.1
Amortisation of intangible assets	7	145	(95.2)	12	223	(94.6)
Amortisation of prepayment of land use rights	8	8	-	16	16	-
Bad trade receivables written off	41	-	N/M	52	-	N/M
Foreign exchange losses, net	393	608	(35.4)	611	1,021	(40.2)
Inventories written off	35	-	N/M	37	57	(35.1)
Property, plant and equipment written off	1	1	-	1	1	-
Loss on disposal of property, plant and equipment	(3)	-	N/M	7	-	N/M
	<u>613</u>	<u>1,124</u>	<u>(45.5)</u>	<u>1,210</u>	<u>1,824</u>	<u>(33.7)</u>
<i>Included in Distribution costs</i>						
Depreciation of property, plant and equipment	28	28	-	56	53	5.7
<i>Included in Administrative</i>						
Depreciation of property, plant and equipment	325	1,126	(71.1)	685	2,213	(69.0)
Depreciation of investment properties	5	4	25.0	10	8	25.0
<i>Included in cost of sales</i>						
Depreciation of property, plant and equipment	62	12	N/M	123	55	N/M
Income tax expense						
Current taxation	1,362	1,826	(25.4)	1,783	3,264	(45.4)
Deferred taxation	5	(17)	N/M	8	(15)	N/M
(Over) Underprovision of tax in respect of prior years	159	(22)	N/M	220	5	N/M
	<u>1,526</u>	<u>1,787</u>	<u>(14.6)</u>	<u>2,011</u>	<u>3,254</u>	<u>(38.2)</u>

N/M- not meaningful



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

Group	Group	Company	Company
30 June 2012	31 December 2011	30 June 2012	31 December 2011
S\$'000	S\$'000	S\$'000	S\$'000

ASSETS

Non-current assets

Property plant and equipment	26,961	27,896	-	-
Investment properties	623	633	-	-
Intangible assets	35	41	-	-
Prepayment- land use rights	1,510	1,547	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	38,724	38,822
Associates	3,578	2,586	33	33
Total non current assets	44,393	44,389	38,757	38,855

Current assets

Inventories	30,652	29,209	-	-
Trade and other receivables	45,490	36,704	259	119
Amount owing by subsidiaries	-	-	3,587	4,968
Dividend receivable	-	-	3,150	4,050
Cash and bank balances and fixed deposits	24,744	28,403	240	1,392
Total current assets	100,886	94,316	7,236	10,529

Total Assets

145,279	138,705	45,993	49,384
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Cont'd

Group	Group	Company	Company
30 June 2012	31 December 2011	30 June 2012	31 December 2011
S\$'000	S\$'000	S\$'000	S\$'000

EQUITY AND LIABILITIES

Equity attributable to members of the Company

Share capital	44,855	44,855	44,855	44,855
Treasury shares	(340)	(340)	(340)	(340)
Reserves	35,495	33,287	(697)	1,826
	80,010	77,802	43,818	46,341
Non-controlling interests	7,718	6,018	-	-
Total equity	87,728	83,820	43,818	46,341

Non-current liabilities

Bank borrowings	8,103	10,636	-	-
Finance leases	265	293	-	-
Deferred tax liabilities	55	30	-	-
Total non-current liabilities	8,423	10,959	-	-

Current liabilities

Bank borrowings	11,078	11,020	-	-
Current portion of finance leases	53	54	-	-
Trade and other payables	36,254	31,282	2,175	3,043
Current income tax liabilities	1,743	1,570	-	-
Total current liabilities	49,128	43,926	2,175	3,043
Total liabilities	57,551	54,885	2,175	3,043

Total equity and liabilities	145,279	138,705	45,993	49,384
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(1)(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The amount repayable in one year or less, or on demand:

As at 30 June 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,414	6,717	4,424	6,650

The amount repayable after one year;

As at 30 June 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,889	479	10,173	756

Details of any collaterals.

The secured borrowings relate to:-

- 1) The finance lease obligations of various subsidiaries which are secured against respective assets under the finance lease arrangement.
- 2) Legal mortgage over a land use right and a leasehold property of a subsidiary for a term loan. The said facility is also secured by corporate guarantee provided by the Company and a subsidiary.
- 3) There are legal mortgages over four leasehold properties of three subsidiaries and one investment property of a subsidiary for facilities including a term loan, a commercial property loan and trade facilities. The said facilities are also secured by corporate guarantee provided by the Company.



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

	6 months ended 30 June	
	2012	2011
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit before income tax	7,306	11,041
Adjustments for:		
Amortisation of intangible assets	12	223
Amortisation of land use rights	16	16
Bad trade receivables written off	52	-
Depreciation of property, plant and equipment	864	2,321
Depreciation of investment properties	10	8
Allowance for impairment of trade receivables	86	163
Allowance for inventories obsolescence	388	343
Gain on disposal of property, plant and equipment	-	(690)
Loss on disposal of property, plant and equipment	7	-
Property, plant and equipment written off	1	1
Inventories written off	37	57
Write back of allowance for inventories obsolescence	(118)	-
Write back of allowance for trade reivables	(43)	(8)
Interest expense	432	505
Interest income	(61)	(62)
Share of results of associates	(1,045)	(618)
Unrealised currency translation differences	487	82
Operating cash flow before working capital changes	8,431	13,382
Inventories	(1,749)	(4,390)
Trade and other receivables	(9,134)	(4,531)
Trade and other payables	6,142	4,194
Cash generated from operations	3,690	8,655
Interest paid	(432)	(505)
Interest received	61	62
Income tax paid	(1,830)	(2,228)
Net cash generated from operating activities	1,489	5,984



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Cont'd	6 months ended 30 June	
	2012	2011
	S\$'000	S\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(528)	(2,542)
Proceeds from disposal of property, plant and equipment	23	1,026
Progress payments of properties under development	-	(408)
Consideration for acquisition of interests from non-controlling interests	-	(21)
Additions of intangible assets	-	(215)
Dividends from an associate	30	23
Net cash used in investing activities	(475)	(2,137)
Cash flows from financing activities:		
Dividends to equity holders of the Company	(1,493)	-
Dividends to non-controlling interests	(1,425)	(1,409)
Investment in subsidiaries by non-controlling interests	1,083	-
Amount owing to non-controlling interests	16	70
Repayment from/(Loans to) associates	15	(75)
Repayment from/(Loans to) a joint venture	12	(100)
Loans from a joint venture	-	-
Proceeds from bank loans	-	2,328
Repayments of bank loans	(3,228)	(3,476)
Proceeds from/Repayment of short term loan (net)	407	(2,202)
Proceeds from trust receipts	228	99
Repayment of finance leases	(28)	(20)
Net cash used in financing activities	(4,413)	(4,785)
Net change in cash and cash equivalents	(3,399)	(938)
Cash and cash equivalents at beginning of period	28,403	28,500
Effect of currency translation on cash and cash equivalents	(260)	-
Cash and cash equivalents at end of period (Note A)	24,744	27,562



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Note A:

For the purpose of the consolidated cash flow statement, the period end cash and cash equivalents comprise the following:

	30 June 2012	30 June 2011
	S\$'000	S\$'000
Cash and bank balances	24,731	27,970
Fixed deposits	13	12
	<hr/>	<hr/>
	24,744	27,982
(Less) Bank overdraft	-	(399)
(Less) Restricted bank balances	-	(21)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	24,744	27,562



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

	Share capital	Treasury shares	Merger reserves	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	S\$000	\$'000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
Group									
Balance as at 1 January 2011	44,855	(340)	(436)	(1,801)	1,745	24,879	68,902	5,563	74,465
Total comprehensive income for the period	-	-	-	(317)	-	5,530	5,213	2,222	7,435
2010 final dividend of \$0.005 per share	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Acquisition of non-controlling interests	-	-	-	-	-	(4)	(4)	(15)	(19)
Transfer to other reserves	-	-	-	-	3	(3)	-	-	-
Balance as at 30 June 2011	44,855	(340)	(436)	(2,118)	1,748	28,909	72,618	7,770	80,388
Balance as at 1 January 2012	44,855	(340)	(436)	139	1,909	31,675	77,802	6,018	83,820
Total comprehensive income for the period	-	-	-	(688)	-	4,387	3,699	806	4,505
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	1,083	1,083
Acquisition on non-controlling interests	-	-	-	-	-	2	2	(2)	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	(187)	(187)
2011 final dividend of \$0.005 per share	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Transfer to other reserves	-	-	-	-	21	(21)	-	-	-
Balance as at 30 June 2012	44,855	(340)	(436)	(549)	1,930	34,550	80,010	7,718	87,728



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	Share capital	Retained earnings/(loss)	Treasury shares	Total
<u>Company</u>	S\$000	S\$000	\$'000	S\$000
Balance as at 1 January 2011	44,855	1,518	(340)	46,033
Total comprehensive income for the period	-	218	-	218
2010 final dividend of \$0.005 per share	-	(1,493)	-	(1,493)
Balance as at 30 June 2011	44,855	243	(340)	44,758
Balance as at 1 January 2012	44,855	1,826	(340)	46,341
Total comprehensive income for the period	-	(1,030)	-	(1,030)
2011 final dividend of \$0.005 per share	-	(1,493)	-	(1,493)
Balance as at 30 June 2012	44,855	(697)	(340)	43,818



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(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.

The number of outstanding shares as at 30 June 2012 is 298,654,950 (31 December 2011: 298,654,950), net of treasury shares.

There were no shares issued under the Company's Share Option Scheme and Employees' Share Incentive Scheme.

(1)(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the preceding year.

	Group		Company	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	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)	298,654,950	298,654,950	298,654,950	298,654,950

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

	Group		Company	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	No. of treasury shares	No. of treasury shares	No. of treasury shares	No. of treasury shares
Balance at beginning and end of period	2,665,000	2,665,000	2,665,000	2,665,000



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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statement for the period ended 30 June 2012 as those used for the audited financial statement as at 31 December 2012.

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.

Adoption of new or revised Financial Reporting Standards ("FRS") applicable for the financial period beginning 1 January 2012 are as follows:-

- Improvements to FRSs issued in 2011:
 - Amendments to FRS 1 Presentation of Financial Statements
 - Amendments to FRS 12 Deferred Tax : Recovery of Underlying Assets

The adoption of these FRS does not impact the financial statement significantly.



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6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group	Group
	6 months ended 30 June	
	2012	2011
	Singapore cents	Singapore cents
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	1.47	1.85
- on a fully diluted basis	1.47	1.85
Weighted average number of ordinary shares in issue for basic EPS (net of treasury shares)	298,654,950	298,654,950
Weighted average number of ordinary shares for diluted EPS (net of treasury shares)	298,654,950	298,654,950

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

	Group		Company	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net asset value per share based on existing issued capital as at respective period	26.79	26.05	14.67	15.52
Issued share capital at the end of the period (net of treasury shares)	298,654,950	298,654,950	298,654,950	298,654,950



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

STATEMENT OF COMPREHENSIVE INCOME ITEMS

Quarter on Quarter

Revenue

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

The Group's revenue decreased by S\$8.58 million or 17.7% from S\$48.53 million for 2Q2011 to S\$39.95 million for 2Q2012.

Revenue by Geographical Location

	2Q2012	2Q2011	Increase (Decrease)		1H2012	1H2011	Increase (Decrease)	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Singapore	8,825	9,674	(849)	(8.8)	17,954	22,213	(4,259)	(19.2)
People's Republic of China	27,794	35,656	(7,862)	(22.0)	48,604	62,585	(13,981)	(22.3)
Malaysia	1,166	1,495	(329)	(22.0)	2,311	4,770	(2,459)	(51.6)
Others	2,166	1,703	463	27.2	3,915	3,505	410	11.7
Total	39,951	48,528	(8,577)	(17.7)	72,784	93,073	(20,289)	(21.8)

Notes to table:

Others include but not limited to Taiwan, Thailand, Indonesia, Germany, Pakistan, Israel, Sri Lanka, United States of America, India, Australia, New Zealand, Norway, Denmark, Italy, Egypt, Canada and United Arab Emirates.

Revenue from Singapore decreased by S\$849,000 or 8.8% from S\$9.67 million for 2Q2011 to S\$8.8 million for 2Q2012 was mainly due to no further contribution from a divested investment project.

The main reason for the decline in sales revenue in PRC and Malaysia was due to weaker demand from customers as a result of economic slowdown.

Revenue from Others increased by S\$463,000 or 27.2% from S\$1.70 million for 2Q2011 to S\$2.17 million for 2Q2012 due to the growing demand for our Motion Control engineering solutions especially in Indonesia.



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Revenue by Business Segment

	2Q2012	2Q2011	Increase (Decrease)		1H2012	1H2011	Increase (Decrease)	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Motion Control	30,632	38,932	(8,300)	(21.3)	55,546	74,802	(19,256)	(25.7)
Other Specialised Engineering Solutions	7,743	8,326	(583)	(7.0)	14,166	15,254	(1,088)	(7.1)
Industrial Computing	1,570	1,270	300	23.6	3,052	3,017	35	1.2
Others	6	-	6	N/M	20	-	20	N/M
Total	39,951	48,528	(8,577)	(17.7)	72,784	93,073	(20,289)	(21.8)

N/M- not meaningful

In line with the overall decline in sales revenue, the Group's various products segments recorded lower revenue in 2Q2012 as compared to 2Q 2011.

The decline was mainly due to weaker demand from Motion Control business segment because of economic slowdown.

Gross profit

The Group's gross profit decreased by S\$2.12 million or 14.9% from S\$14.24 million in 2Q2011 to S\$12.12 million in 2Q2012 as a result of the decrease in revenue. Gross profit margin remained relatively stable at 30.3% in 2Q2012, which is within the Group's targeted margin of between 26% and 30%.

Other operating income

Other operating income decreased by S\$700,000 or 57.0% from S\$1.23 million in 2Q2011 to S\$527,000 in 2Q2012 because of the recognition of profit of S\$690,000 from the sale of land parcel by a subsidiary in 2Q2011.

Distribution costs

In line with the decline in sales revenue, the distribution costs decreased by S\$169,000 or 4.1% in 2Q2012 as compared to 2Q2011.

Administrative expenses

Administrative expenses decreased by S\$1.21 million or 22.4% from S\$5.41 million in 2Q2011 to S\$4.20 million in 2Q2012 mainly due to decrease in sales revenue and lower depreciation expense.



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Other operating expenses

Other operating expenses decreased by S\$511,000 or 45.5% from S\$1.12 million in 2Q2011 to S\$613,000 in 2Q2012. This was due to lower foreign exchange loss, the decrease in allowance for inventories obsolescence and amortization of intangibles assets partially offset by the net increase in allowance for impairment of trade receivables.

Share of results of associates

Share of results of associates increased by S\$166,000 between 2Q2012 and 2Q2011 mainly due to additional contribution from an associate company.

Income tax expense

Lower income tax expense was incurred in 2Q2012 as compared to 2Q2011 mainly due to lower taxable profit.

STATEMENT OF FINANCIAL POSITION ITEMS

Associates

The increase in Associates was mainly due to increase in share of results of Associates.

Trade and other receivables

The increase of S\$8.79 million in Trade and other receivables was mainly due to delay in payments by customers. To further tighten the credit control on rising debts, the group has implemented an additional measure in certain subsidiaries under which no further shipment of goods to customers who have long outstanding debts unless it is approved by the management.

Subsequents to the 2Q2012 ended 30 June 2012, the Group collected outstanding debts of about S\$6.03 million from customers as of 25 July 2012. The collection represents approximately 15.81% of trade receivables balances as at 30 June 2012.

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

Trade and other payables

The increase of S\$4.97 million in Trade and Other Payables was mainly due to trade payables' invoices that are not yet to be due for payment.



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Bank borrowings

Bank borrowings decreased by S\$2.48 million or 11.4% from S\$21.66 million as at 31 December 2012 to S\$19.18 million as at 30 June 2012. The decline was mainly due to repayment of bank borrowings partially offset by the increase in short term loans and trust receipts.

CASH FLOW STATEMENT

Cash and cash equivalents

Net cash generated from operating activities in 2Q2012 was lower than 2Q2011 mainly due to lower profit and slower payment by customers.

Net cash used in investing activities in 2Q2012 was S\$475,000 which was lower than the amount used in the corresponding period 2Q2011 mainly because of lower capital expenditure was being incurred in 2Q 2012.

Net cash used in financing activities decreased from a net outflow of S\$4.79 million in 2Q2011 to S\$4.45 million in 2Q2012 mainly due to payment of dividend.

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.

We expect the global economic environment continues to be uncertain and demand from our customers remains volatile. However, we are cautiously optimistic that the Group's performance will remain positive because of the Group's strong and established business network which is supported by a diversified customers' base. The Group has also put in place operational and cost-savings initiative while it continues to explore viable investment opportunities that can enhance shareholders' value.

11. Dividend

(a) Current Financial Period Reported On

Any dividend proposed 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.



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(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared (recommended).

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.

Not applicable.

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.

By Order of the Board

Teo Cher Koon
Managing Director

Kong Deyang
Executive Director

7 August 2012