



(Company Registration No.: 200416788Z)

**ISDN Holdings Limited**  
**Interim Financial Statements Announcement**  
**For the Third Quarter and Period Ended 30 September 2012**



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

**1(a)(i) A STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 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			9 months ended 30		
	2012	2011	Increase (Decrease) %	2012	2011	Increase (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	43,775	36,737	19.2	116,559	129,810	(10.2)
Cost of sales	(30,235)	(28,578)	5.8	(80,847)	(92,415)	(12.5)
Gross profit	13,540	8,159	66.0	35,712	37,395	(4.5)
Other operating income	445	2,343	(81.0)	1,615	3,140	(48.6)
Distribution costs	(3,674)	(3,997)	(8.1)	(10,942)	(11,497)	(4.8)
Administrative expenses	(6,065)	(3,231)	87.7	(14,235)	(13,763)	3.4
Other operating expenses	(869)	(641)	35.6	(2,079)	(1,714)	21.3
Finance costs	(302)	(319)	(5.3)	(734)	(824)	(10.9)
Share of results of associates	162	207	(21.7)	1,207	825	46.3
<b>Profit before income tax</b>	3,237	2,521	28.4	10,544	13,562	(22.3)
Income tax expense	(1,002)	(181)	N/M	(3,013)	(3,435)	(12.3)
<b>Profit for the period</b>	2,235	2,340	(4.5)	7,531	10,127	(25.6)
Other comprehensive income:						
Exchange differences on translation of foreign operations	(1,191)	1,574	N/M	(1,982)	1,242	N/M
<b>Total comprehensive income for the period</b>	1,044	3,914	(73.3)	5,549	11,369	(51.2)
Profit for the period attributable to:						
Equity holders of the Company	1,655	1,831	(9.6)	6,042	7,361	(17.9)
Non-controlling interests	580	509	13.9	1,489	2,766	(46.2)
	2,235	2,340	(4.5)	7,531	10,127	(25.6)
Total comprehensive income for the period attributable to:						
Equity holders of the Company	507	3,290	(84.6)	4,206	8,577	(51.0)
Non-controlling interests	537	624	(13.9)	1,343	2,792	(51.9)
	1,044	3,914	(73.3)	5,549	11,369	(51.2)

N/M- not meaningful



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

**(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			Group		
	3 months ended 30 September			9 months ended 30 September		
	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Other operating income</b>						
Administrative income charged to associates	20	20	-	68	76	(10.5)
Commission income	7	61	(88.5)	45	193	(76.7)
Foreign exchange gain	-	751	N/M	-	-	-
Gain on disposal of property, plant and equipment	-	8	N/M	-	8	N/M
Gain on disposal of asset held for sale	-	17	N/M	-	707	N/M
Gain on disposal of properties under development	-	731	N/M	-	731	N/M
Gain from divested investment project	-	378	N/M	-	378	N/M
Finance income:						
- interest on bank deposits	20	37	(45.9)	81	99	(18.2)
Technical service income	164	240	(31.7)	442	565	(21.8)
Write back of allowance for inventories obsolescence	27	-	N/M	145	-	N/M
Write back of allowance for trade receivables	57	3	N/M	100	11	N/M
Operating lease rental income:						
- investment properties	15	13	15.4	42	37	13.5
- sub-let of office/warehouse	4	-	N/M	157	105	49.5
Property management income	1	15	(93.3)	62	51	21.6
Miscellaneous income	130	69	88.4	473	179	N/M
	<u>445</u>	<u>2,343</u>	<u>(81.0)</u>	<u>1,615</u>	<u>3,140</u>	<u>(48.6)</u>

N/M- not meaningful



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

	Group			Group		
	3 months ended 30			9 months ended 30		
	September			September		
	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Other operating expenses</b>						
Allowance for impairment of trade receivables	153	1	N/M	239	164	45.7
Allowance for inventories obsolescence	265	273	(2.9)	653	616	6.0
Amortisation of intangible assets	5	174	(97.1)	17	397	(95.7)
Amortisation of land use rights	9	9	-	25	25	-
Bad trade receivables written off	8	91	(91.2)	60	91	(34.1)
Foreign exchange losses, net	340	-	N/M	951	270	N/M
Inventories written off	78	88	(11.4)	115	145	(20.7)
Loss on dilution of subsidiary	-	4	N/M	-	4	N/M
Loss on disposal of property, plant and equipment	3	-	N/M	10	-	N/M
Property, plant and equipment written off	8	1	N/M	9	2	N/M
	<u>869</u>	<u>641</u>	35.6	<u>2,079</u>	<u>1,714</u>	21.3
<i>Included in Distribution costs</i>						
Depreciation of property, plant and equipment	23	30	(23.3)	79	83	(4.8)
<i>Included in Administrative</i>						
Depreciation of property, plant and equipment	326	(1,290)	N/M	1,011	923	9.5
Depreciation of investment properties	5	7	(28.6)	15	15	-
<i>Included in cost of sales</i>						
Depreciation of property, plant and equipment	41	33	24.2	164	88	86.4
<b>Income tax expense</b>						
Current taxation	1,127	(6)	N/M	2,910	3,258	(10.7)
Deferred taxation	-	-	-	8	(15)	N/M
(Over) /Underprovision of tax in respect of prior years	(125)	187	N/M	95	192	(50.5)
	<u>1,002</u>	<u>181</u>	N/M	<u>3,013</u>	<u>3,435</u>	(12.3)

N/M- not meaningful



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

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

<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
<b>30 September 2012</b>	<b>31 December 2011</b>	<b>30 September 2012</b>	<b>31 December 2011</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>

**ASSETS**

**Non-current assets**

Property, plant and equipment	26,181	27,896	-	-
Investment properties	617	633	-	-
Intangible assets	29	41	-	-
Land use rights	1,463	1,547	-	-
Goodwill on consolidation	11,686	11,686	-	-
Subsidiaries	-	-	38,964	38,822
Associates	3,715	2,586	33	33
<b>Total non-current assets</b>	<b>43,691</b>	<b>44,389</b>	<b>38,997</b>	<b>38,855</b>

**Current assets**

Inventories	28,681	29,209	-	-
Trade and other receivables	49,127	36,704	251	119
Amount owing by subsidiaries	-	-	3,269	4,968
Dividend receivable	-	-	2,500	4,050
Cash and cash equivalents	26,328	28,403	438	1,392
<b>Total current assets</b>	<b>104,136</b>	<b>94,316</b>	<b>6,458</b>	<b>10,529</b>
<b>Total Assets</b>	<b>147,827</b>	<b>138,705</b>	<b>45,455</b>	<b>49,384</b>



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

Cont'd

<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
<b>30 September 2012</b>	<b>31 December 2011</b>	<b>30 September 2012</b>	<b>31 December 2011</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>

**EQUITY AND LIABILITIES**

**Equity attributable to  
owners of the Company**

Share capital	44,855	44,855	44,855	44,855
Treasury shares	(340)	(340)	(340)	(340)
Reserves	36,023	33,287	(2,153)	1,826
	<b>80,538</b>	<b>77,802</b>	<b>42,362</b>	<b>46,341</b>
<b>Non-controlling interests</b>	6,021	6,018	-	-
<b>Total Equity</b>	<b>86,559</b>	<b>83,820</b>	<b>42,362</b>	<b>46,341</b>

**Non-current liabilities**

Bank borrowings	6,140	10,636	-	-
Finance leases	296	293	-	-
Deferred tax liabilities	49	30	-	-
<b>Total non-current liabilities</b>	<b>6,485</b>	<b>10,959</b>	<b>-</b>	<b>-</b>

**Current liabilities**

Bank borrowings	11,545	11,020	-	-
Finance leases	57	54	-	-
Trade and other payables	41,386	31,282	3,093	3,043
Current income tax liabilities	1,795	1,570	-	-
<b>Total current liabilities</b>	<b>54,783</b>	<b>43,926</b>	<b>3,093</b>	<b>3,043</b>
<b>Total Liabilities</b>	<b>61,268</b>	<b>54,885</b>	<b>3,093</b>	<b>3,043</b>

<b>Total Liabilities and Equity</b>	<b>147,827</b>	<b>138,705</b>	<b>45,455</b>	<b>49,384</b>
-------------------------------------	----------------	----------------	---------------	---------------



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

**(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:**

<b>As at 30 September 2012</b>		<b>As at 31 December 2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
4,394	7,208	4,424	6,650

**The amount repayable after one year;**

<b>As at 30 September 2012</b>		<b>As at 31 December 2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
6,098	338	10,173	756

**Details of any collateral:**

The secured borrowings relate to:-

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



**ISDN Holdings Limited**  
**2012 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.**

	3 months ended 30 September		9 months ended 30 September	
	2012	2011	2012	2011
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities:</b>				
Profit before income tax	3,237	2,521	10,544	13,562
Adjustments for:				
Amortisation of intangible assets	5	174	17	397
Amortisation of land use rights	9	9	25	25
Bad trade receivables written off	8	91	60	91
Depreciation of property, plant and equipment	390	(1,227)	1,254	1,094
Depreciation of investment properties	5	7	15	15
Allowance for inventories obsolescence	265	273	653	616
Allowance for impairment of trade receivables	153	1	239	164
Gain on disposal of property, plant and equipment	-	(8)	-	(8)
Gain on disposal assets held for sale	-	(17)	-	(707)
Gain on disposal of properties under development	-	(731)	-	(731)
Gain from divested investment project	-	(378)	-	(378)
Loss on dilution of a subsidiary (Note B)	-	4	-	4
Loss on disposal of property, plant and equipment	3	-	10	-
Property, plant and equipment written off	8	1	9	2
Inventories written off	78	88	115	145
Write back of allowance for inventory obsolescence	(27)	-	(145)	-
Write back of allowance for trade receivables	(57)	(3)	(100)	(11)
Interest expense	302	319	734	824
Interest income	(20)	(37)	(81)	(99)
Share of results of associates	(162)	(207)	(1,207)	(825)
Unrealised currency translation differences	533	772	1,020	854
<b>Operating cash flow before working capital changes</b>	<b>4,730</b>	<b>1,652</b>	<b>13,162</b>	<b>15,034</b>
Inventories	1,655	(859)	(94)	(5,249)
Trade and other receivables	(4,454)	7,550	(13,588)	3,019
Trade and other payables	3,760	(7,749)	9,902	(3,555)
Cash generated from operations	5,691	594	9,382	9,249
Interest paid	(302)	(319)	(734)	(824)
Interest received	20	37	81	99
Income tax paid	(950)	(1,187)	(2,780)	(3,415)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,459</b>	<b>(875)</b>	<b>5,949</b>	<b>5,109</b>





**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

Cont'd

	3 months ended 30 September		9 months ended 30 September	
	2012	2011	2012	2011
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(372)	(289)	(900)	(2,831)
Proceeds from disposal of property, plant and equipment	15	2,067	38	3,093
Progress payments of properties under development	-	(150)	-	(558)
Consideration for acquisition of interests from non-controlling interests	-	-	-	(21)
Dilution of interest in a subsidiary (Note B)	-	(27)	-	(27)
Additions of intangible assets	-	(72)	-	(287)
Dividends from an associate	-	-	30	23
<b>Net cash (used in)/generated from investing activities</b>	<b>(357)</b>	<b>1,529</b>	<b>(832)</b>	<b>(608)</b>
<b>Cash flows from financing activities:</b>				
Dividends to equity holders of the Company	-	(1,493)	(1,493)	(1,493)
Dividends to non-controlling interests	(791)	(135)	(2,216)	(1,544)
Investment in subsidiaries by non-controlling interests	-	-	1,083	-
(Repayment to)/Amount owing to non-controlling interests	(6)	1	11	71
(Loans to)/Repayment from associates	-	(100)	15	(175)
Repayment from a joint venture	77	103	89	3
Restricted bank balances	-	21	-	21
Proceeds from bank loans	-	5,360	-	7,688
Repayments of bank loans	(2,459)	(1,606)	(5,686)	(5,082)
Proceeds from/(Repayment of) short-term loans (net)	524	(1,777)	931	(3,979)
Proceeds from trust receipts (net)	172	168	400	267
Proceeds from/(Repayment of) finance leases (net)	35	(10)	6	(30)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,448)</b>	<b>532</b>	<b>(6,860)</b>	<b>(4,253)</b>
Net change in cash and cash equivalents	1,654	1,186	(1,743)	248
Cash and cash equivalents at beginning of period	24,744	27,562	28,403	28,500
Effect of currency translation on cash and cash equivalents	(70)	-	(332)	-
Cash and cash equivalents at end of period (Note A)	26,328	28,748	26,328	28,748



## ISDN Holdings Limited 2012 Interim Financial Statements Announcement

### Note A:

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

	<b>30 September 2012 S\$'000</b>	<b>30 September 2011 S\$'000</b>
Cash and bank balances	26,271	25,982
Fixed deposits	57	2,766
Cash and cash equivalents at end of period	<u>26,328</u>	<u>28,748</u>



## ISDN Holdings Limited 2012 Interim Financial Statements Announcement

### Note B:

On 26<sup>th</sup> August 2011, the Company announced that its subsidiary, TDS Technology (S) Pte Ltd (“TDS”) has transferred 20% (the “Transfer”) of its shareholdings in ADL Control (S) Pte Ltd (“ADL”), a separate subsidiary of the Company, to three individuals.

Prior to the Transfer, the Company's effective equity interest in ADL was 52%. This was held through the Company's wholly-owned subsidiary, Motion Control Group Pte Ltd, which holds 61.2% interest in TDS, which in turn held 85% of the equity interest in ADL.

Pursuant to the Transfer, TDS holds 65% of the equity interest in ADL and Company's effective equity interest in ADL has been reduced to 39.8%.

The effects of the above disposal of interests in the subsidiary on the consolidated cash flows of the Group were as follows:

<b>Net assets diluted</b>	<b>3 months ended 30 September 2011 S\$'000</b>
Property, plant and equipment	53
Inventories	54
Trade and other receivables	227
Trade and other payables	(340)
Cash and bank balances	27
Identifiable net assets	<hr/> 21
Non-controlling interests	(4)
Identifiable net assets on disposal	<hr/> 17
Identifiable net assets transferred to associates	(13)
Loss on dilution of a subsidiary	(4)
Purchase consideration	<hr/> -
(Less) Cash consideration receivable	-
(Less) Cash and bank balances disposed	(27)
Cash outflow on dilution	<hr/> <hr/> (27)



**ISDN Holdings Limited**  
**2012 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	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
<b>Group</b>									
<b>Balance as at 1 January 2011</b>	44,855	(340)	(436)	(1,801)	1,745	24,879	68,902	5,563	74,465
Total comprehensive income for the period	-	-	-	1,216	-	7,361	8,577	2,792	11,369
Dilution of subsidiary to associate (Note B to cash flow statement)	-	-	-	-	-	-	-	(4)	(4)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,843)	(1,843)
2010 final dividend of \$0.005 per share	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Acquisition on non-controlling interest	-	-	-	-	-	(6)	(6)	(15)	(21)
Transfer to other reserves	-	-	-	-	111	(193)	(82)	-	(82)
<b>Balance as at 30 September 2011</b>	44,855	(340)	(436)	(585)	1,856	30,548	75,898	6,493	82,391
<b>Balance as at 1 January 2012</b>	44,855	(340)	(436)	139	1,909	31,675	77,802	6,018	83,820
Total comprehensive (loss)/income for the period	-	-	-	(1,836)	-	6,042	4,206	1,343	5,549
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	1,083	1,083
Acquisition on non-controlling interests	-	-	-	-	-	2	2	(2)	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,421)	(2,421)
2011 final dividend of \$0.005 per share	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Transfer to other reserves	-	-	-	-	21	-	21	-	21
<b>Balance as at 30 September 2012</b>	44,855	(340)	(436)	(1,697)	1,930	36,226	80,538	6,021	86,559



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

	Share capital	Treasury shares	Retained earnings/ (Accumulated loss)	Total
<u>Company</u>	S\$000	\$'000	S\$000	S\$000
<b>Balance as at 1 January 2011</b>	44,855	(340)	1,518	46,033
Total comprehensive loss for the period	-	-	(335)	(335)
2010 final dividend of \$0.005 per share	-	-	(1,493)	(1,493)
<b>Balance as at 30 September 2011</b>	44,855	(340)	(310)	44,205
<b>Balance as at 1 January 2012</b>	44,855	(340)	1,826	46,341
Total comprehensive loss for the period	-	-	(2,486)	(2,486)
2011 final dividend of \$0.005 per share	-	-	(1,493)	(1,493)
<b>Balance as at 30 September 2012</b>	44,855	(340)	(2,153)	42,362



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

**(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 September 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.

**(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 2012	31 December 2011	30 September 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 on.**

	Group		Company	
	30 September 2012	31 December 2011	30 September 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



**ISDN Holdings Limited  
2012 Interim Financial Statements Announcement**

**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 2012 as those used for the audited financial statement as at 31 December 2011.

**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 is as follows:-

- Amendments to FRS 107 – Financial Instruments: Disclosure – Transfer of Financial Assets

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



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

**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	
	2012	2011
EPS (based on consolidated net profit attributable to shareholders) (Singapore cents)		
- on weighted average number of ordinary shares on issue	2.02	2.46
- on a fully diluted basis	2.02	2.46
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 September 2012	31 December 2011	30 September 2012	31 December 2011
Net asset value per share based on existing issued capital as at respective period	26.97	26.05	14.18	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





**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

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

**STATEMENT OF COMPREHENSIVE INCOME ITEMS**

**Revenue**

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

***Revenue by Geographical Location***

	3 months ended 30 September		Increase (Decrease)		9 months ended 30 September		Increase (Decrease)	
	2012	2011	S\$'000	%	2012	2011	S\$'000	%
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Singapore	8,486	3,998	4,488	N/M	26,440	26,211	229	0.9
People's Republic of China (PRC)	32,297	27,845	4,452	16.0	80,901	85,614	(4,713)	(5.5)
Malaysia	1,273	1,339	(66)	(4.9)	3,584	6,109	(2,525)	(41.3)
Others	1,719	3,555	(1,836)	(51.6)	5,634	11,876	(6,242)	(52.6)
<b>Total</b>	<b>43,775</b>	<b>36,737</b>	<b>7,038</b>	<b>19.2</b>	<b>116,559</b>	<b>129,810</b>	<b>(13,251)</b>	<b>(10.2)</b>

N/M – not meaningful

**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, Italy, South Africa, Pakistan, Sultanate of Oman and United Arab Emirates.

Our Singapore and PRC markets achieved better performances in 3Q2012 with a combined increase of sales revenue of S\$8.94 million as compared to the corresponding period in previous year after continuous decline in sales revenue over the first two quarters of 2012. The better performance was mainly due to higher demand of our motion control products from our customers.

However, the demand of our products from Malaysia and other regional markets remained weak with a combined decline in sales revenue of S\$1.90 million in 3Q2012 as compared to the corresponding period in previous year.



**ISDN Holdings Limited**  
**2012 Interim Financial Statements Announcement**

On nine months basis, with better performances in 3Q2012, our Group's sales revenue declined by 10.2% which was better than the decline rate of 21.8% recorded for the first half year of 2012.

**Revenue by Business Segment**

	3 months ended 30 September		Increase (Decrease)		9 months ended 30 September		Increase (Decrease)	
	2012	2011			2012	2011		
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Motion Control	34,014	26,007	8,007	30.8	89,560	100,809	(11,249)	(11.2)
Other Specialised Engineering Solutions	8,359	9,526	(1,167)	(12.3)	22,525	24,780	(2,255)	(9.1)
Industrial Computing	1,396	1,204	192	15.9	4,448	4,221	227	5.4
Others	6	-	6	N/M	26	-	26	N/M
<b>Total</b>	<b>43,775</b>	<b>36,737</b>	<b>7,038</b>	<b>19.2</b>	<b>116,559</b>	<b>129,810</b>	<b>(13,251)</b>	<b>(10.2)</b>

N/M – not meaningful

Our Motion Control product group generated an increase of sales revenue of S\$8.01 million in 3Q2012 as compared to the previous corresponding period. The increase was due to higher demand for our Motion Control products from our customers.

Sales revenue from Other Specialised Engineering Solutions declined by S\$1.17 million in 3Q2012 mainly due to weaker demand.

On nine months basis, the total sales revenue generated by various product groups declined by S\$13.25 million mainly due to weaker demand during the first half year of 2012.

**Gross profit**

In line with the higher sales revenue recorded, the Group's gross profit increased by S\$5.38 million or 66.0% in 3Q2012 as compared to the corresponding period in the previous year. The Group's gross profit margin remained relatively stable at 30.9%, within the Group's targeted margin ranging from 26% to 30%.

On nine months basis, the Group's gross profit declined by S\$1.68 million which is in line with lower sales revenue registered.



## **ISDN Holdings Limited 2012 Interim Financial Statements Announcement**

### **Other operating income**

Other operating income decreased by S\$1.90 million in 3Q2012 as compared to the corresponding period in previous year mainly due to the absence of profit from the disposal of properties, investment project and foreign exchange gain which were recognised in 3Q2011. For the same reason, on nine months basis, the Group's other operating income decreased by S\$1.53 million.

### **Distribution costs**

Distribution costs decreased by S\$0.32 million in 3Q2012 mainly due to the decrease in sales commission and overseas inward freight expenses for products whose sales performance slowed down.

### **Administrative expenses**

Administrative expenses increased by S\$2.83 million in 3Q2012 as compared to the corresponding period in previous year mainly due to reversal of depreciation expenses recognized for a divested investment project resulting in lower administrative expenses in 3Q2011, accrual of staff profit sharing and increase in staff bonus.

On nine months basis, the Group's administrative expenses remained stable with a slight increase of S\$0.47 million.

### **Other operating expenses**

Other operating expenses increased by S\$0.23 million in 3Q2012 as compared to the previous corresponding period in previous year mainly due to increase in foreign exchange losses and allowance for impairment of trade receivables. For the same reasons, the Group's operating expenses increased by S\$0.37 million on nine months basis.

### **Share of results of associates**

Share of results of associates decreased by S\$0.05 million in 3Q2012 as compared to the corresponding period in previous year mainly due to lower profits contributed by an associated company. However, on nine months basis, the Group's share of results of associates increased by S\$0.38 million because of the better performances by associated companies during the first half year of 2012.



## **STATEMENT OF FINANCIAL POSITION ITEMS**

### **Intangibles assets**

Intangible assets decreased due to amortisation.

### **Land use rights**

Land use rights decreased due to amortisation.

### **Associates**

Increase in Associates was mainly due to increase in share of results of Associates for nine months.

### **Trade and other receivables**

Trade and other receivables increased by S\$12.42 million or 33.85% were mainly due to increase in sales in 3Q2012 and delayed 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.

Subsequent receipts amounted to about S\$8.13 million as at 23 October 2012 which was approximately 19.28% of trade receivables as at 30 September 2012.

The customers, who have delayed payments, are still paying progressively and have ongoing transactions with the Group. They are long time customers of the Group and the Group is regularly in close contact with them.

### **Trade and other payables**

Increase in trade and other payables were mainly due to increase in purchases.

### **Bank borrowings**

Bank borrowings decreased by S\$3.97 million or 18.3% mainly due to repayment of term loans.



## **CASH FLOW STATEMENT**

### **Cash and cash equivalents**

Net cash from operating activities increased from a net outflow of S\$0.88 million in 3Q2011 to a net inflow of S\$4.46 million in 3Q2012 mainly due to more inventories sold and higher unpaid trade suppliers' invoices offset by slower payment from trade receivables.

Net cash from investing activities decreased from a net inflow of S\$1.53 million in 3Q2011 to a net outflow of S\$0.36 million in 3Q2012 mainly because of sales of properties of a subsidiary in 3Q2011.

Net cash from financing activities decreased from a net inflow of S\$0.53 million in 3Q2011 to a net outflow of S\$2.45 million in 3Q2012 mainly due to more repayment of term loans.

As at 30 September 2012, the Group maintained healthy cash and cash equivalents balances of S\$26.33 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.**

Although the Group's has achieved better profit before income tax in 3Q2012 as compared to the corresponding period in previous year, our businesses are still subjected to the negative impact of the global economic slowdown which is not expected to recover in the next reporting period and the next 12 months.

Nonetheless, we are cautiously confident of maintaining the Group's profitability for the full year of 2012 because of the Group's strong and well established business network in the Asian region and the Group will continue to secure and expand its diversified customers' base. Concurrently, the Group will look for more new sales revenue sources that can help to enhance the shareholders' value.

### **11. Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend proposed for the current financial period reported on?

No.



**ISDN Holdings Limited  
2012 Interim Financial Statements Announcement**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

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.**

Not applicable.

**14. Negative confirmation pursuant to SGX Listing Rule 705(5).**

To the best of our 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

14 November 2012