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ISDN Holdings Ltd 1QFY2014 revenue climbs by 26.6% from \$30.1 million to \$39.1 million to generate net earnings of \$0.6 million

Singapore, 12 May 2014 – SGX Main Board listed ISDN Holdings Limited's ("ISDN" or "The Group"), an integrated engineering solutions provider for diverse industries, revenue for the first quarter of FY2014 rose by 26.6% from \$30.1 million to \$39.1 million as the Group benefited from stronger demand from customers in industries such as the smart phone sector in China.

Gross profit increased by \$0.5 million or 6.0%, from \$9.0 million to \$9.6 million in tandem with the higher business volume. Gross margin, however, eased from 29.2% to 24.4% due to a larger proportion of trading activities that comprised of lower margin products. This is attributed to stiffer competition and relatively higher cost of sales, partly explaining for the slide in net earnings from \$1.1 million to \$0.6 million.

The Group continues to maintain a healthy cash and cash equivalent balance of \$36.0 million, up by 33.2% from the same quarter last year, in part due to fall in net cash used in financing activities, from \$3.8 million to \$1.6 million, mainly due to lower repayment of trust receipts in 1Q2014.

Financial Highlights

(S\$)	1Q2014	1Q2013	% Change
Turnover	39.1 mil	30.9 mil	26.6
Profit before tax	1.1 mil	1.6 mil	(26.6)
Profit for the year	0.6 mil	1.1 mil	(45.1)
Basic Earnings per share (Singapore cents)	0.10	0.25	(60.0)
Weighted average number of ordinary shares	359,944,950	300,214,950	19.9

China Sales Continue to Dominate

China remained the dominant revenue contributor for the Group, generating \$28.9 million sales, an increase of 34.1%, from \$21.6 million in the corresponding period last year, backed by stronger customer orders for smart phone-related products and services. Singapore's revenue this quarter relatively held level with that of last year, marginally rising by 0.8% from \$6.0 million to \$6.1 million while demand from Other Markets, the third largest sales earner after Singapore, rose significantly by 74.7% from \$1.7 million to \$3.0 million.

Across the business segment, Motion Control continued to account for the bulk of Group revenue as it posted \$31.6 million - equivalent to 80.8% of overall sales - an increase of 33.4% from 1QFY2013's sales of \$23.7 million, underpinned by higher customer demand. Similarly, Other Specialised Engineering Solutions, the second largest sales generator – registered an increase in revenue, by 7.4% from \$6.0 million to \$6.4 million.

New Energy Segment Remains on Track

ISDN's diversification into the energy sector, particularly in the coal and hydropower sectors, has chalked up considerable milestones. This month will see construction work begin at the PT Charma Paluta Energy mini-hydropower plant in North Sumatra following the Group's award of the master engineering, procurement and construction contract to China Huadian Engineering Co. Ltd in February this year.

ISDN's planned 540 megawatt coal-fired power plant in North-west Myanmar awaits the signing of the Memorandum of Agreement with the country's Ministry of Energy and Power. The company expects this significant milestone to be sealed within the third quarter of this financial year.

Mr Teo Cher Koon, ISDN Managing Director and President said, "After the initial investments, the energy segment will reward our shareholders with a steady flow of new income thereby unlocking the intrinsic value as represented by our niche technological capabilities and creditable corporate reputation that we have built over time. The industry's potential is enormous; the region provides a wealth of opportunities in energy ventures due to the thirst for new energy sources to power new businesses and population growth."

"By building a credible track record in the projects that we have undertaken, we aim to extend our footprint across Asia and beyond," Mr Teo added.

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About ISDN Holdings Limited

Founded on its precision and motion control engineering capabilities in 1987 and listed on the Singapore Exchange Main Board since 2005, ISDN Holdings Limited has today transformed into a multi-industry corporation with diverse strengths. With more than 90 offices spanning key Asian growth markets, ISDN's business interests now include, in addition to engineering, the energy and agriculture sectors

ISDN is dominant in the niche area of motion control and industrial computing, attending to the needs of customers in the Asian region. ISDN's customised solutions cater to different industrial sectors including medical, robotics, factory automation, oil and gas, water treatment, manufacturing, hard disk and semiconductor industries. By leveraging on its alliances with strategic partners in Europe, Asia and Australia, ISDN is able to combine and thereupon benefit from the best-in-class technology and business systems these collaborations have to offer.

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