

## ISDN FY2007 Revenue Soars Past S\$100 Million

- **Revenue from North Asia grew 61.5% on the back of robust demand for its engineering expertise**
- **52 sales offices in China at end of 2007, surpassed target of 50 sales offices by 2008**
- **Rewards shareholders with final dividend of 0.55 cents per share**
- **Foundation and infrastructure in place for strong growth in 2008**

Singapore, 21 February 2008 – ISDN Holdings Limited (“ISDN” or the “Company”), a fast growing engineering solution provider specializing in providing integrated motion control and industrial computing solutions to more than 3,000 customers in the medical, defence, automotive and manufacturing industries, has achieved record revenue of S\$102.9 million for the financial year ended 31 December 2007 (“FY2007”). Its North Asia operations grew tremendously on the back of continual robust growth of China’s economy and expansion of the Group’s sales network in China.



*“ISDN Holdings’ revenue has soared past S\$100 million for the first time in our history. This was achieved on the back of robust growth in the North Asia operations. Our decision to expand our North Asia’s operations especially in China has been proven to be strategically right.”*

*“We have also increased our revenue stream to include customers from the alternative energy, the medical and the offshore sectors. This has strengthened the resilience of our earnings. We are optimistic that our forays into these booming sectors would open more opportunities for ISDN.”*

*Mr Teo Cher Koon, ISDN’s Managing Director*

## Financial Highlights

| S\$'000                             | FY2007   | FY2006   | Change (%) |
|-------------------------------------|----------|----------|------------|
| Revenue                             | 102,856  | 74,520   | 38.0       |
| Gross Profit                        | 26,844   | 22,749   | 18.0       |
| Distribution Costs                  | (2,518)  | (2,276)  | 10.6       |
| Administrative expenses             | (14,980) | (11,453) | 30.8       |
| Profit before taxation              | 8,927    | 8,660    | 3.1        |
| Profit after taxation               | 7,037    | 6,972    | 0.9        |
| Profit attributable to shareholders | 5,607    | 6,170    | (9.1)      |
| Cash and Cash Equivalents           | 17,404   | 9,800    | 77.6       |

Total revenue improved by 38.0% to S\$102.9 million. This is largely attributed to a tremendous increase in demand for its engineering solutions in North Asia where revenue rose by 61.5% to S\$60.9 million. Continual robust growth of China's economy and expansion of the Group's sales network in China contributed to this increase. Revenue from South Asia rose by 13.2% to S\$41.5 million due to introduction of new products in Singapore.

The Group's gross profit increased by 18.0% to S\$26.8 million while gross margin declined slightly to 26.1%, well within the Group's historical margin of about 26% to 30%.

The Group's Administrative expense increased sharply mainly due to an increase of payroll and related expenses by S\$2.5 million. This is mainly due to the increase in staff headcount from 377 to 457. The increase in headcount was done in FY2007 to accommodate the Group's business leap forward in 2008.

The Group's effective tax rate increased slightly to 21.2% for year ended 31 December 2007 compared to 19.5% for year ended 31 December 2006. This increase in the Group's effective tax rate was due to increased profitability from China subsidiaries than 2006, which are in higher tax rate jurisdictions.

As a result of the above, net profit after taxation remained relatively flat at S\$7.0 million.

During the year, the Group completed two placements, totalling 24 million shares and raised approximately S\$11.0 million. This has helped to strengthen the Group's financial strength. Total cash and cash equivalent stands at S\$17.4 million, representing a 77.6% increase compared to FY2006.

## **Industry Prospects – The Future Looks Bright**

In the newly released *China Quarterly Update*, the World Bank said China's 2008 economic growth will hit 9.6 percent. For the whole of 2007, China's economy expanded by 11.4 percent. The annual growth rate, the highest in 13 years, recorded the fifth year of double-digit growth.

The Group will continue to ride on the growth of its business in North Asia, in particular China, where demand is expected to continue to be robust. Already, the Group is benefiting from its partnerships with strategic partners and looks to further enhance this collaboration in the coming years.

*Mr Teo added, "Revenue from North Asia has jumped from S\$18.8 million in FY2004 to S\$60.9 million in FY2007. This represents a three-fold increase within a short span of three years. North Asia will continue to be a major growth driver for ISDN Holdings in 2008. We had targeted to have 50 PRC sales offices by 2008 and by 2007, we have already increased our PRC offices to 52, up from 14 offices at the time of our IPO in November 2005."*

The Group has also recently announced the delivery of 18 units of positioning stages and control systems, amounting to RMB 3.0 million, to a leading solar panel equipment manufacturer in China. The demand from this particular customer is projected to increase to an additional 200 units which would amount to RMB 30.0 million (based on the customer's own estimate).

In addition, the Group's recent completed acquisition of Dirak Asia Pte Ltd will also contribute to the Group's profitability in 2008.

*"2008 is summing up to be a really exciting year for ISDN. We have started our North Asia operations on a strong foothold and have gradually established our North Asia operations over the past few years. 2008 would be the year where we will see a leap forward in our operations. Our expansion into the alternative energy, marine and offshore sectors have also been well planned and executed. Discussions are also in progress for potential mergers and acquisitions for further penetration into marine and offshore sectors. We believe we can see results in 2008."*

*“We have not forgotten our loyal supporters. The board has proposed a first and final dividend of 0.55 cents per share to reward our shareholders. While the global market environment may be less than favourable, we are cautiously optimistic that the profitability in 2008 would be significantly better than 2007.”*

*Mr Teo Cher Koon, ISDN's Managing Director*

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**About ISDN Holdings Limited**

Listed on SGX Mainboard on 24 November 2005, ISDN Holdings Limited is a company providing integrated engineering solutions to more than 3,000 customers, which consists of both MNCs and SMEs spread across South Asia, North Asia and other regions. Its' customized solutions cater to different industrial sectors including medical, defence, automotive and manufacturing industries.

For more information, please refer to the corporate website [www.isdnholdings.com](http://www.isdnholdings.com)

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