ANNUAL REPORT 2008

ISDN Holdings LIMITED

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ISDN HOLDINGS LIMITED

VISION

To be the engineering solution provider of choice focused on delivering innovative and quality solutions of value to our customers and stakeholders.

MISSION

- To be recognised as the leader in all the markets we serve
- To continue to build enduring relationship of trust with our customers and partners
- To be an employer of choice that inspires and rewards performance excellence
- To generate value for shareholders through measured growth strategies in earnings and distributions.

*ISDN*Holdings

ISDN Holdings Limited is an engineering company specialising in integrated precision engineering and industrial computing solutions. The company offers a wide range of engineering services, mainly to customers who are manufacturers and original design manufacturers of products and equipment that have specialised requirements in precision controls.

We provide the full spectrum of engineering services from conceptualisation, design & development to proto-typing, production, sales & marketing and after sales engineering support. ISDN was listed on the Mainboard of the Singapore Exchange on 24 November 2005.

CONTENTS

CORPORATE INFORMATION

Company Registration Number
200416788Z

Registered Office
No. 10 Kaki Bukit Road 1
#01-30 KB Industrial Building
Singapore 416175

Directors
Lim Siang Kai
Teo Cher Koon
Kong Deyang
Soh Beng Keng
Tay Gim Sin Leonard

Audit Committee
Lim Siang Kai (Chairman)
Soh Beng Keng
Tay Gim Sin Leonard

Remuneration Committee
Soh Beng Keng (Chairman)
Lim Siang Kai
Tay Gim Sin Leonard

Nominating Committee
Soh Beng Keng (Chairman)
Teo Cher Koon
Lim Siang Kai

Secretary
Gn Jong Yuh Gwendolyn

Share Registrar
Boardroom Corporate &
Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

Principal Bankers
Standard Chartered Bank
Main Branch
6 Battery Road
Singapore 049909

United Overseas Bank Limited
Main Branch
80 Raffles Place
UOB Plaza 1
Singapore 048624

DBS Bank Limited
Main Branch
6 Shenton Way
DBS Building
Singapore 068809

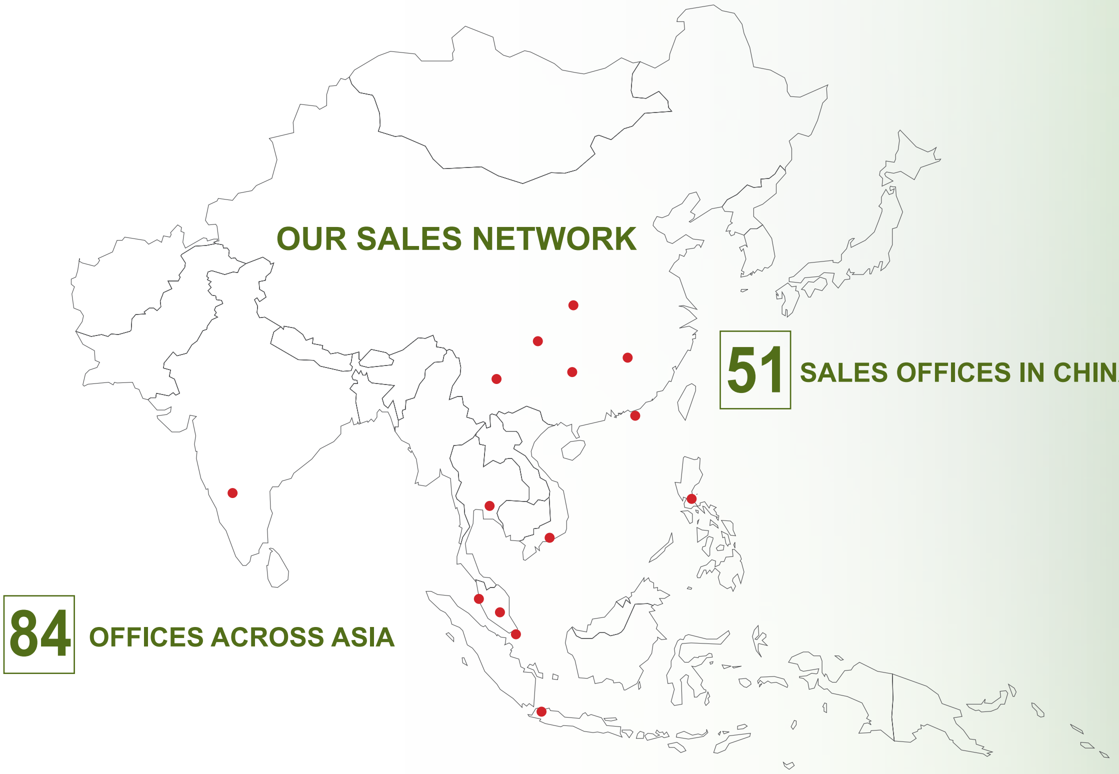
Standard Chartered Bank
(China) Limited
Shanghai Branch
35/F & 38/F & 26/F
China Merchants Tower
161 East Lu Jia Zui Road
Pudong District
Shanghai 200120, China

United Overseas Bank
(China) Limited
Shanghai Branch
9F Shanghai Erdos
International Mansion
1118 Pudong South Road
Pudong New Area
Shanghai 200122, China

China Construction Bank Co., Ltd
Suzhou New & Hi-Tech Industrial
Development Zone Sub-Branch
No.95 Shishan Road
Suzhou New District, China

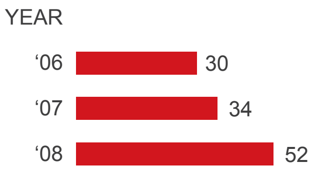
Auditors
Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge: Ng Chiou Gee Willy
(appointed in FY 2007)

CORPORATE
HIGHLIGHTS



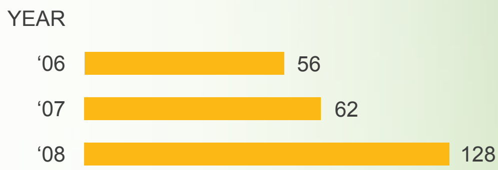
Our Human Capital

MANAGEMENT



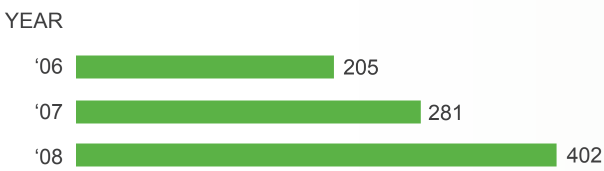
Number of employees

WAREHOUSE, DELIVERY & PRODUCTION



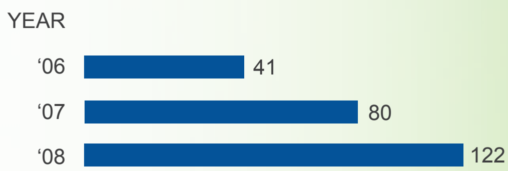
Number of employees

TECHNICAL, SALES & SALES SUPPORT



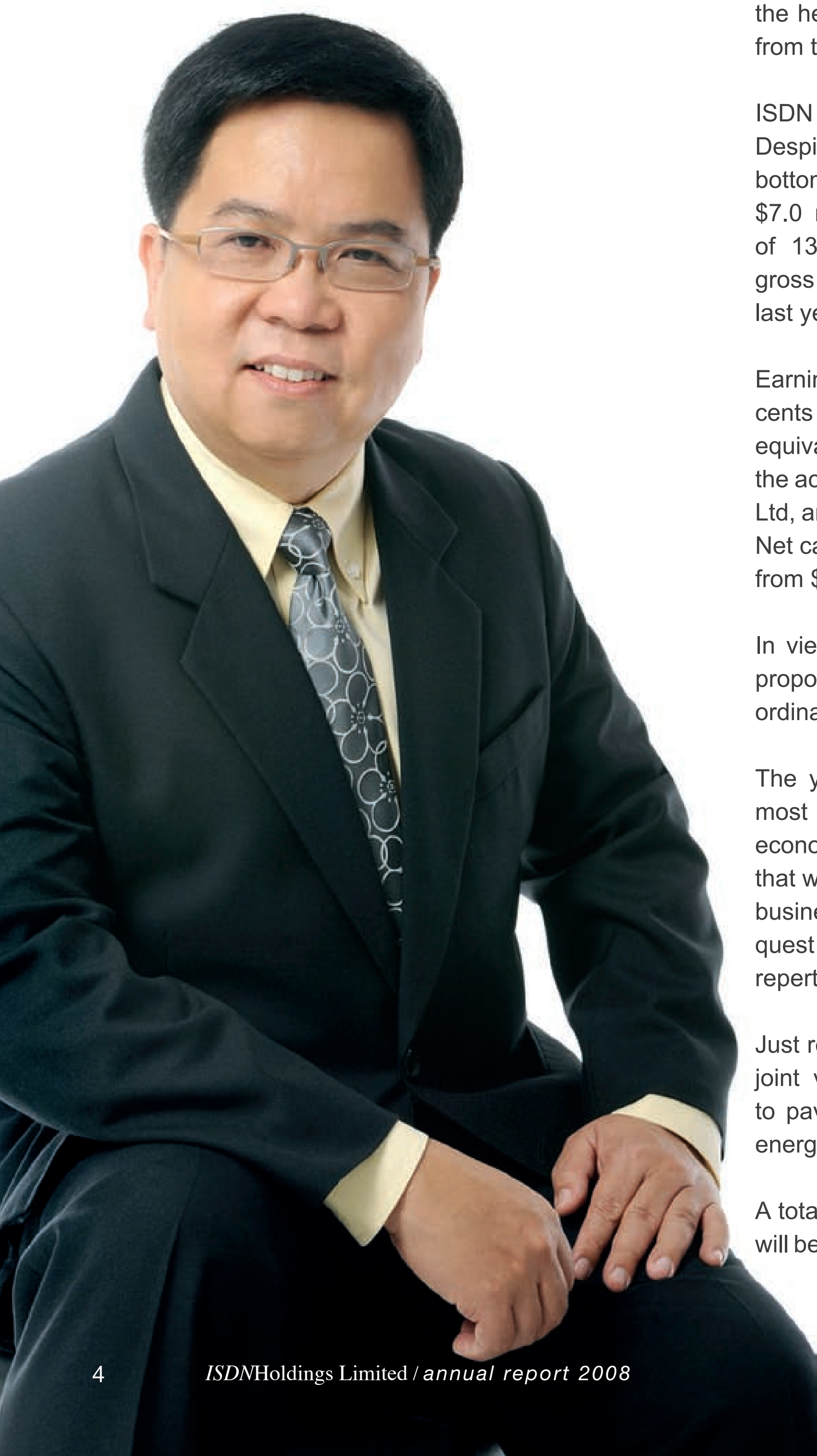
Number of employees

FINANCE, OFFICE & IT ADMINISTRATION



Number of employees

PRESIDENT'S MESSAGE



Dear shareholders,

This year's report comes at a time when world markets are grappling with one of the most formidable economic crises in history. Thus it is none too surprising that businesses, big and small, from every corner of the globe are feeling the heat and strain from the mounting uncertainty arising from this turbulence.

ISDN too, was not spared from these surging headwinds. Despite this, the Group managed to grow both top and bottom lines. Net profit for FY2008 rose by 16.4% from $7.0 million to $8.2 million, backed by revenue growth of 13.2% to $116.4 million, from $102.9 million. And gross profit margin inched higher to 30.0%, from 26.1% last year.

Earnings per share increased by 7.2% from 3.21 Singapore cents to 3.44 Singapore cents while cash and cash equivalents stood at $15.3 million, after taking into account the acquisition of our joint venture company, Dirak Asia Pte Ltd, and our subsidiary company, TDS Technology Pte Ltd. Net cash generated from operating activities strengthened from $3.5 million to $4.6 million.

In view of this performance, the Board of Directors has proposed final dividend of 0.25 Singapore cents per ordinary share.

The year ahead however, may prove to be one of the most challenging for the Company to date, as the global economic slowdown unfolds. It thus becomes imperative that we remain nimble and proactive in our pursuit for new business opportunities and newer revenue streams in the quest to preserve shareholder value and to build on our repertoire of capabilities.

Just recently, in March 2009, ISDN inked a new landmark joint venture with German partners to form W2Energy to pave our entry into the fast-growing clean renewable energy sector.

A total of $1.0 million will be invested into W2Energy that will be principally engaged in the business of environmental

control and alternative energy. With its unique and proprietary ability to convert organic wastes including plastic and wood into synthetic diesel, W2Energy will be the first company of its kind in this region.

As such, the business holds exciting prospects for the Group as well as for our customers and the general economy by its ability to create new jobs, recycle the world's precious resources and contribute to environmental sustainability by eliminating wastes in a controlled manner.

W2Energy has secured a 20-year licensing agreement from Dr Christian Koch, a German scientist and a visiting university professor at several German universities, who is also one of the partners in W2Energy, together with Mr Steffan Kaiser, a German businessman.

To-date, Dr Koch's patented catalytic depolymerisation method has been successfully supplied to and implemented in plants in the US, Spain, Mexico, Germany and Canada, with excellent results, garnering as high as 80% conversion yield rate. W2Energy aims to target both developed and emerging markets including the Asia-Pacific.

New business developments such as W2Energy provide fresh impetus for the Group. However, owing to the less than rosy external macro environment, the Group will adopt a more cautious stance to our business operations and outlook.

The Group remains steadfast in our pursuit for business excellence and I would like to take this opportunity to thank our Board of Directors, management and staff for their relentless hard work in these trying times. Let me also extend my sincere appreciation to our customers, suppliers and business associates for their continued support.

Teo Cher Koon
President and Managing Director
ISDN Holdings Limited

CORPORATE
PROFILE

ISDN Holdings Limited is an engineering solutions company specialising in integrated precision engineering and industrial computing solutions. The company offers a wide range of engineering services, mainly to customers who are manufacturers and original design manufacturers of products and equipment that have specialised requirements in precision controls. We provide the full spectrum of engineering services from conceptualisation, design & development to proto-typing, production, sales & marketing and after sales engineering support. ISDN was listed on the Mainboard of the Singapore Exchange on 24 November 2005.

VISION

To be the engineering solution provider of choice focused on delivering innovative and quality solutions of value to our customers and stake-holders.

MISSION STATEMENT

To achieve our vision, we are committed to do the following:

- To be recognised as the leader in all the markets we serve
- To continue to build enduring relationship of trust with our customers and partners
- To be an employer of choice that inspires and rewards performance excellence
- To generate value for shareholders through measured growth strategies in earnings and distributions.

CORPORATE PROFILE

Starting as a small trading and distribution company in 1987 for servo motors and related components in Singapore, the Company has since blossomed into a formidable integrated engineering solutions force in Asia with over 700 employees, 84 sales offices and 48 companies.

CORPORATE PROFILE

We provide the full spectrum of engineering services from conceptualisation, design & development to proto-typing, production, sales & marketing and after sales engineering support.

ISDN's business can be categorised into three broad segments:

1) engineering solutions - motion control;
2) other specialised engineering solutions and
3) industrial computing.

Engineering solutions - motion control

Engineering solutions - motion control involves a wide range of activities from conceptualisation, innovative designs and development, prototyping, procurement and production of assembly with systematic controls, testing, installation and commissioning, to the provision of continuing technical support through after sales services.

These engineering solutions are integrated into our customers' equipment, production processes as well as their end-products.

Other specialised engineering solutions

Other specialised engineering solutions include that for industrial vision, precision gears, gear boxes, laser technologies for precision measurement and cutting as well as for high-end industrial locks and hinges. These solutions include the assembly and manufacture of special purpose motors and gears, industrial locks and hinges and the trading and distribution of spares, components and motors.

Industrial computing

Industrial computing provides hardware and software solutions and complements the engineering solutions business. Industrial computing products and services include customising and assembling industrial computer systems and installation of software.

OUR CUSTOMERS

Our customers, most of whom are repeat customers are cut across diverse industries, including those in the alternative energy, aerospace, information technology, medical, oil & gas, robotics, factory automation, water treatment, manufacturing, hard disk drive, and semiconductor industries.

Our customers can be categorised into (i) those seeking solutions to their manufacturing processes and plants, and (ii) those seeking solutions for a special functions and controls to their equipment and end-products.

OUR COMPETITIVE ADVANTAGE

Unique Business Model

ISDN is focused on a high-mix, low-volume, high value-added market segment that requires customised needs. We provide high value-added solutions and supply custom-built functional modules and control assemblies that form an integral and critical part of our customers' production processes and their end products.

Strong Supplier Partnerships

Over the years, ISDN has built up a sizeable pool of global partners and suppliers, counting more than 500 today, from whom we draw a wide range of support in engineering technology. Today, we represent some of the leading European and Japanese manufacturers in China and parts of Asia for their growth programs in the region. These include Maxon Motor AG ("Maxon"), the leading global supplier in specialised motors, high-powered drives and systems; Eisele Antriebstechik Gmbh ("Eisele"), a German company with more than 30 years of manufacturing know-how in precision planetary gears

Industry	Examples of Applications	Examples of Customers
Aerospace	Aircraft maintenance (tooling for rapid sheet metal parts production)	China Aerospace Science and Technology
Alternative Energy	Positioning stages and control systems for laser manufacturer to produce solar panel processing equipment	(Confidential)
Information Technology	High-end locks and hinges for enclosure of manufactured industrial IT productsand solutions	Flextronics and Foxconn
Medical Equipment	Collimator for cancer radiation	Top Chinese manufacturers (E.g. Topslane, YPSun)
Medical Consumer	Insulin pumps	Top Chinese manufacturers (E.g. Fornia, Dintao Yiliao)
Manufacturing	Line assembly automation	Leica Instruments, Wyeth Nutritionals
Oil and Gas	Gas pipeline, shutdown systems.	China National Petroleum, Invensys Process Systems (in collaboration with Invensys to serve its oil and gas customers)
Semiconductor	PCB mounting systems, ultra-fast feeders, SMT placement equipment, wafer processing systems.	Kulicke & Soffa, ASM, MMI

and Yaskawa, the world's largest manufacturer of AC Inverter Drives, Servo and Motion Control, and Robotics Automation Systems. Partnerships with Maxon and Eisele have developed into joint ventures that have facilitated deeper exchange of technological know-how. We are also now the top distributor for Yaskawa products.

Strong Engineering Capability

Our people are our asset and we believe in continuous investment in our human capital through talent nurturing and reward programs, in-house training and team-based interaction. Our pool of engineers and sales force are central to our ability to translate our customers' needs and challenges into opportunities and sales for ISDN through design, assembly and provision of after-sales service.

Extensive Business Network in Asia

ISDN has about 51 offices across Greater China including Suzhou, Shenzhen, Guangzhou, Chongqing, Beijing and Shanghai as well as presence in Asian growth markets such as Thailand and India. Besides providing on-site, on-demand service to our clients, our business and manufacturing network offers our partners and suppliers a valuable entry point into Asia, in particular China.

OPERATIONS & *FINANCIAL REVIEW*

North Asia accounted for 65.5% of Group revenue, as compared to 59.2% a year ago as demand for both Motion Control and Other Specialised Engineering Solutions continued to rise. The region grew sales by 25.3% from $60.9 million to $76.3 million largely due to organic growth in China enhanced by contribution from Dirak Asia Pte Ltd and its subsidiaries that were acquired in January 2008.

Upon completion, the industrial park will comprise nine blocks of which two will be dedicated to research and development and named as the "Centre of Excellence". It will be used for engineering R&D activities and as a centre of education for our employees and customers. It will also provide professional training and courses on team building, business and communications to enrich our staff and business partners to enable them to understand and serve multi-national customers better.

The Group continued to make headways in its North Asia operations, particularly in China.

North Asia accounted for 65.5% of Group revenue, as compared to 59.2% a year ago as demand for both Motion Control and Other Specialised Engineering Solutions continued to rise. The region grew sales by 25.3% from $60.9 million to $76.3 million largely due to organic growth in China enhanced by contribution from Dirak Asia Pte Ltd and its subsidiaries that were acquired in January 2008.

Revenue from South Asia reduced marginally, from $41.5 million to $37.8 million, as orders paced in tandem with the global economic downturn.

Amongst its business segments, Other Specialised Engineering Solutions Division, increased sales by 54.8%, from $19.5 million to $30.2 million mainly due to contribution by Dirak and its subsidiaries. Revenue from Motion Control grew by 5.2% from $77.4 million to $81.3 million as a result of higher demand from North Asia.

Our North Asia operations reached a critical milestone with the announcement of the start of construction of its flagship industrial complex.

ISDN HIGH TECH INDUSTRIAL PARK

Costing an estimated $40.0 million and located in Suzhou's Wujiang region, the industrial hub will provide much needed warehousing and office space for the Group's operations in China. Spread over a combined land area of approximately 56,000 square meters ("sqm"), it will be built up to span a gross floor area of about 112,000 sqm.

The Industrial Park will be completed in phases. Phase 1, which is aimed to be completed by second half of 2009 is estimated to cost about S$25.0 million for a gross floor area of about 57,000 sqm. The remaining phases will commence when demand for the remaining area is available.

Most of the Group's subsidiaries and joint ventures in the mainland are currently located in the Suzhou District and

spread across six different locations. Consolidation of these operations in one single centralised location will enhance the effective management and control of the Group's business in China. Additionally, rental costs in Suzhou have been steadily rising over the years, thus operating from the Group's own premises would yield significant savings in the long-run.

Upon completion, the industrial park will comprise nine blocks of which two will be dedicated to research and development and named as the "Centre of Excellence". It will be used for engineering R&D activities and as a centre of education for our employees and customers. It will also provide professional training and courses on team building, business and communications to enrich our staff and business partners to enable them to understand and serve multi-national customers better. The Centre will eventually be open to the public who are keen to enrol for these courses.

Five blocks will be allocated for production and assembly work while the remaining two will be occupied as staff dormitories. We may potentially house our strategic partners' offices and operations within the park's compound as leasing the excess capacity to third parties would maximise the return from our investment.

NEW ACQUISITIONS AND INVESTMENTS

The Group, through its wholly-owned subsidiary, Motion Control Group Pte Ltd (MCG), acquired 61.2% of the issued and paid up share capital of TDS Technology (S) Pte Ltd in June 2008 ("TDS"). ISDN paid the vendor of TDS, Mr Ong Bee Chew, $3.5 million in 5,593,800 ISDN shares.

TDS has a 12-year history in the manufacture and distribution of a comprehensive range of advanced industrial control and factory automation products to various manufacturing industries. Its acquisition will add to ISDN's motion control capabilities and is line with the Group's strategy to deliver stable and sustainable earnings to its shareholders. It is expected to deepen the company's market share in the industrial control and factory automation markets.

Other investments that MCG made during the year included a 90% owned subsidiary in Wujiang, China, known as JAP Wire and Rebar Machinery Inc (JAP). JAP was incorporated with a registered capital of USD210,000 of which MCG contributed USD189,000. The remaining 10% of JAP is owned by Shanghai Xinsizhi Economic & Trade Developing Co. Ltd. The principal activity of JAP is manufacturing machines for bending and cutting fully-automatic coil wire. These machines are used for steel reinforcements in any construction project. JAP aims to be involved in infrastructural projects (eg. Railway projects) by the China government which are expected to be a strong boost for the China economy.

In January 2008, the Group's joint venture vehicle Dirak Asia Pte Ltd, set up a wholly-owned company, Suzhou D Snap Technologies Co., Ltd ("D Snap Tech") in China. D Snap Tech will be principally engaged in the manufacture and sale of D Snap products and the promotion of D Snap technology applications that fall under the Group's Other Engineering Solutions. D Snap Tech will help to widen the Group's product range and deepen its market penetration in China. D Snap Tech was registered with a capital of USD210,000 that was funded via internal resources.

MANAGEMENT
PROFILE

DIRECTORS

LIM SIANG KAI
Chairman and Independent Director

Mr Lim is currently the independent director of several other listed companies. Prior to joining the Board of ISDN Holdings Limited, Mr Lim held various positions in banks, financial services companies and a fund management company and has over 25 years of experience in the securities, private and investment banking and fund management industries. He holds a Bachelor of Arts Degree from University of Singapore, a Bachelor of Social Sciences (Honours) Degree from the National University of Singapore and a Master of Arts Degree in Economics from the University of Canterbury, New Zealand.

TEO CHER KOON
Managing Director and President

Mr. Teo joined our subsidiary, Servo Dynamics Pte Ltd ("Servo Dynamics") in 1987. He has more than 20 years of experience in all aspects of the business. Mr. Teo is responsible for formulating corporate strategies, general management and providing technical advice to our Group and is particularly active in procurement and marketing activities of our Group. Mr. Teo is instrumental in sourcing for new products and technology and securing new customers for our Group. Mr. Teo obtained a Bachelor Degree of Engineering (Mechanical) from the National University of Singapore in 1987. Before that, he was a sales engineer in a local engineering product distribution company, K L Chua & Brothers Pte Ltd from 1981 to 1984.

KONG DEYANG
Executive Director and Senior Vice President – PRC Operations

Mr Kong is in charge of all aspects of our business operations in the PRC, from charting and developing growth policies for our PRC businesses to managing the day-to-day operations of our subsidiaries in China. Mr. Kong began his career in a PRC government linked company involved in nuclear research and development ("R&D") as supervisor and was later promoted to senior R&D engineer for high- speed cameras in 1982. From 1994 to 1995, he became a sales manager in the same company for CNC computerised quilting machines.

From 1995 to 2001 he was the Vice General Manager for our subsidiary, Maxon Motor (Suzhou) Co., Ltd ("Maxon Suzhou") and since 2001, he is the managing director for our subsidiaries, Servo Dynamics Co., Ltd and Maxon Suzhou. Mr. Kong graduated from the Beijing Technical University in 1982 with a Degree in Applied Physics and was awarded the "Young and Middle-aged State-ranking Experts with Outstanding Contribution" Award by the PRC state council in 1994.

SOH BENG KENG

Independent Director

Mr Soh is currently the Chief Financial Officer of China Fashion Holdings Limited, a public listed company in Singapore. In 1996, Mr Soh became the director of finance of Heeton Management Pte Ltd and subsequently upon listing, he became the executive director of Heeton Holdings Limited. In 2005, he joined Kim Heng Marine & Oilfield Pte Ltd, a Singapore company involved in marine and oil related industries, and served as their financial controller. In 2006, he joined Miclyn Offshore Pte Ltd, a Singapore company involved in the business of owning and chartering of ships, and served as their financial controller. Mr Soh is also the independent director of another Singapore listed company. Mr Soh is a full member of the Singapore Institute of Directors and a member of the Institute of Certified Public Accountants of Singapore. He obtained his Bachelor of Commerce (Accountancy) from the Nanyang University in 1979.

TAY GIM SIN LEONARD

Non-executive Director

Mr Tay is currently an Executive Director of Enzer Corporation Limited. Under his belt, he has over a decade of financial management experience. Prior to joining Enzer, he was the Chief Financial Officer of AGVA Corporation Limited listed on the SGX-ST and subsequently, the Chief Financial Officer of Altitude Trust Management Pte. Ltd., the trustee manager of Altitude Aircraft Leasing Trust. Mr Tay has also spent nine years in public accounting with the Big Four accounting firms, four year of those were spent in the United States of America. Mr. Tay holds a bachelor's degree in business from Monash University, majoring in accounting, and is a member of the Institute of Certified Public Accountants of Singapore, CPA Australia, the Singapore Human Resource Institute, and the Singapore Institute of Directors.

MANAGEMENT
PROFILE

EXECUTIVE OFFICERS

CHENG HOCK KIANG

Vice President - Sales (Industrial Computing, Hardware)

Mr Cheng joined our Group as a Sales and Marketing Manager of our subsidiary, Portwell Singapore Pte Ltd ("Portwell") since 1997. He is responsible for building and sustaining good relationships with our customers, overseeing the day-to-day operations of Portwell, and leading our sales team in developing new marketing strategies for our industrial computing systems. Mr. Cheng was a partner in Sago Renovation & Trading, a furniture company from 1993 to 1999 and was a service engineer in Quest Technology Pte Ltd, a cleanroom specialist, from 1991 to 1993. Mr. Cheng obtained a Diploma in Electronic Engineering from Ngee Ann Polytechnic Singapore in 1988.

CHOW KA MAN

Vice President – Hong Kong Operations

Mr Chow has been the managing director of our subsidiary Servo Dynamics (H.K.) Co., Ltd ("SD Hong Kong") since 1996. He is in charge of the day-to-day operations of SD Hong Kong and is responsible for the sales and service engineering of the motion control systems that we provide in Hong Kong. In 1995, Mr. Chow worked as a Sales Engineer at Scientific Engineering Ltd. Mr. Chow obtained his Higher Certificate in Mechanical Engineering from the Hong Kong Polytechnic in 1994.

HAN MOO JUAN

Vice President – Sales (Industrial Computing, Software)

Mr Han joined Servo Dynamics as a sales engineer in 1997 and has been with our Group ever since. Mr. Han is responsible for the sales and marketing activities our Group's products, negotiating and securing projects and orders from our customers and formulating new strategies to improve the sales and marketing activities of our Group. From 1994 to 1997, he was a director with Abeltech Pte Ltd, and is in charge of the sales of provision of services, solutions and trading in AC power related products. From 1990 to 1994 he was a sales engineer with Boustead Services Pte Ltd, a distributor of test measurement, medical equipment and power conditioner products. From 1987 to 1990, he was a service engineer with Gould Electronics Pte Ltd, a company engaged in the trading of control instrument, test measurement, medical equipment and power conditioner products. Mr. Han obtained a Diploma in Management Studies from the Singapore Institute of Management in 1993 and a Technician Diploma in Electrical and Electronic Engineering from Ngee Ann Polytechnic Singapore in 1984.

LAU CHOON GUAN

Vice President - Sales (Motion Control)

Mr Lau is responsible for analysing market demand, sales and marketing of our Group's products and executing business plans effectively. He started his career in 1987 as an assistant foreman in Matsushita Electronics Components (S) Pte Ltd, which is engaged in the manufacture of electrical components and was responsible for supervising and increasing the productivity of the production operations. In 1990, he was promoted to foreman in the same company. In 1991, he joined our Group as a sales engineer where he was in charge of sales and marketing before eventually being promoted to be a Vice President in our Group. Mr. Lau obtained a Technician Diploma in Electrical Engineering from the Singapore Polytechnic in 1985.

LIM BEE TENG

Vice President - Finance

Ms Lim is responsible for the finance and accounting matters of our Group. Prior to joining our Group in 2004, Ms Lim was a financial accountant at Hotel Dynamics Group which is engaged in loyalty marketing for hospitality industry. From 2000 to 2003, she was an audit supervisor with Deloitte & Touche, Singapore where she managed the audit of various public-listed companies and MNCs. From 1998 to 2000, she was a tax/audit assistant with Tan Wee Tin & Co. Ms Lim obtained a Degree of Bachelor of Accountancy from the Nanyang Technological University in 1998. She is a member of the Institute of Certified Public Accountants of Singapore.

SIM LEONG SEANG

Vice President - Technical Support (Motion Control)

Mr Sim is responsible for increasing the size of our pre and post sales product and applications capability of our Group. Mr. Sim was a production supervisor with Hipak Industries Pte Ltd ("Hipak") from 1979 to 1981, a polythene bag production factory. When Hipak was acquired by Lamipak Industries Pte Ltd ("Lamipak"), he was promoted to the post of Production Superintendent, where he was responsible for the efficient running of the expanded production facilities. He left Lamipak in 1984 to pursue his studies and served his National Service thereafter. Mr. Sim obtained a Diploma in Electronics Engineering from the French-Singapore Institute in 1986. From 1988 to 1992, he worked with the German-Singapore Institute as a training officer where he was attached to the industrial projects group involving the designing and installation of computer hardware and software used in factory automation.

UDOM WARASATIAN

Vice President – Thailand Operation

Mr Warasatian has been the managing director of our subsidiary Servo Dynamics (Thailand) Co., Ltd ("SD Thailand") since 1995. He is in charge of the day-to-day operations of SD Thailand and is responsible for the sales and service engineering of the motion control systems that we provide in Thailand. Between 1987 and 1993, Mr. Warasatian was a lecturer at King Mongkut Institute of Technology. Mr. Warasatian obtained a Degree of Bachelor of Engineering in Electrical Engineering from King Mongkut Institute of Technology in North Bangkok, Thailand in 1987.

WONG KWOK WHYE PETER

Vice President - R&D and General Manager of Leaptron Engineering Pte Ltd ("Leaptron")

Mr. Wong is responsible for developing corporate growth strategies of Leaptron. He has more than 15 years of experience in the area of marketing, sales, product development, technical support and training in our industry. Before joining our Group in 2002, he was an operations manager in ADLink Technology Pte Ltd from 1999 to 2002, where he was responsible for the marketing and developing of industrial automation products in the South East Asia region. Before that he was an application manager of our subsidiary Servo Dynamics from 1996 to 1999, where he was in charge of the development of the technical and training team for our "Wonderware" software program. In 1996, he was an IT specialist with Vaggs Asia Pte Ltd, where he led a team of IT specialists in the provision of IT solutions and web application services. In 1995, he was also the head of R&D in Alpha Infortech Pte Ltd, where he led the development team in the research and development of TV tuner peripheral for computers. From 1989 to 1992 he was a customer service engineer in Conner Peripherals Pte Ltd, where he was in charge of quality improvement procedures in the hard disk production facility. Mr. Wong obtained a Degree of Bachelor of Engineering (Electrical) from the Nanyang Technological University in 1995 and a Diploma in Electronic Engineering from Ngee Ann Polytechnic Singapore in 1989, where he was also awarded a Certificate of Merit for Outstanding Performance in the Electronic Engineering Course during the 1988-1989 session.

DIRECTORSHIPS

PRESENT DIRECTORSHIPS

LIM SIANG KAI

Group companies
ISDN Holdings Limited

Other companies
China Angel Food Limited
China Print Power Group Limited
Foreland Fabrictech Holdings Limited
Joyas International Holdings Limited
Natural Cool Holdings Ltd
Texchem-Pack Holdings Ltd

TEO CHER KOON

Group companies
ISDN Holdings Limited
DBASIX Malaysia Sdn Bhd
DBASIX Singapore Pte Ltd
Dirak Asia Pte Ltd
DKM South Asia Pte Ltd
Eisele Asia Co., Ltd
Excel Best Industries (Suzhou) Co, Ltd
Gateway Motion (Shanghai) Co., Ltd
IDI Laser Services Pte Ltd
IGB (H.K.) Co., Ltd
JM Vistec System Pte Ltd
Leaptron Engineering Pte Ltd
Maxon Electronic Machine International Trade (Shanghai) Co., Ltd
Maxon Motor (Suzhou) Co., Ltd
Maxon Motor Taiwan Co., Ltd
Motion Control Group Pte Ltd
Precision Motion Control Phils Inc.
Prestech Industrial Automation Pte Ltd
SejinIGB (China) Co., Ltd
Servo Dynamics (H.K.) Limited
Servo Dynamics Pte Ltd
Servo Dynamics Sdn Bhd
Servo Dynamics (Thailand) Co., Ltd
Servo-matic Technology (M) Sdn Bhd
Servo Dynamics Co., Ltd
Shanghai DBASIX M&E Equipment Co., Ltd
Suzhou Dirak Co., Ltd
Suzhou PDC Co., Ltd
Taiwan Dirak Co., Ltd
W2Energy Pte Ltd

Other companies
Assetraise Holdings Limited
Sand Profile (HK) Co., Ltd
Sand Profile (Suzhou) Co., Ltd

KONG DEYANG

Group companies
ISDN Holdings Limited
Beijing Beicheng Xinkong Ci Fu Technology Co., Ltd
Beijing Junyizhicheng Technology Developing Co.,Ltd
Chongqing Junzhi Automatic Instrument Control Co., Ltd
Eisele Asia Co., Ltd
Excel Best Industries (Suzhou) Co., Ltd
Gateway Motion (Shanghai) Co., Ltd
JAP Wire & Rebar Machinery Inc.
Maxon Electronic Machine International Trade (Shanghai) Co., Ltd
Maxon Motor (Suzhou) Co., Ltd
SejinIGB (China) Co., Ltd
Servo Dynamics Co., Ltd
Shanghai DBASIX M&E Equipment Co., Ltd
Shanghai Delta Automation International Trade Co.,Ltd
Shenzhen Servo Dynamics Co.,Ltd
Suzhou Dirak Co., Ltd
Suzhou PDC Co., Ltd
Weiyi M&E Equipment (Shanghai) Co., Ltd
USAS Motion (Suzhou) Co., Ltd

SOH BENG KENG

Group companies
ISDN Holdings Limited

Other companies
China Haida Ltd

TAY GIM SIN LEONARD

Group companies
ISDN Holdings Limited

Other companies
Adventus Holdings Limited
Altitude One Pte Ltd
Altitude Sub-Trust One Management Pte Ltd
Altitude Trust Management Pte Ltd
Enzer Corporation Limited
Intraco Technology Pte Ltd (Alternate Director)
Swiber Holdings Limited
Watson Plastic Industries Pte Ltd (Alternate Director)

BUSINESS DIVISIONS

ISDN Industrial Park and Centre of Excellence

ISDNHoldings LIMITED

- ISDN Industrial Park
- Centre of Excellence
- Engineering Solutions - Motion Control
- Industrial Computing
- Other Specialised Engineering Solutions

CONTENTS

CORPORATE GOVERNANCE

ISDN Holdings Limited ("ISDN") is committed to complying with the Code of Corporate Governance issued by the Committee on Corporate Governance (the "Code") and the Best Practice Guide issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"). This report outlines ISDN's corporate governance framework in place throughout the financial year ended 31 December 2008 ("FY2008").

From financial year ending 31 December 2009 onwards, the Group will also be announcing its results on a quarterly basis.

1 Board Matters

Principle 1: Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The primary functions of the Board are to provide stewardship for ISDN and its subsidiaries (the "Group"), set the Group's values and standards and enhance and protect long-term returns and value for its shareholders. Besides carrying out its statutory responsibilities, the Board oversees the formulation of the Group's long-term strategic objectives and directions, reviews and approves the Group's business and strategic plans and monitors the achievement of the Group's corporate objectives. It also oversees the management of the Group's business affairs and conducts periodic reviews of the Group's financial performance and implementing policies relating to financial matters, which include risk management, internal controls and compliance. All Directors must objectively make decisions in the interests of the Group. The Board examines its size and, with a view to determining the impact of the number upon effectiveness, decides on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board also takes into account the scope and nature of the operations of the company.

The Board's approval is also required in matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends and major corporate policies on key areas of operations, the release of the Group's half yearly and full year results and interested person transactions of a material nature. The Board uses all means to ensure that incoming new Directors are familiarised with their duties, obligations and the Group's businesses and corporate governance practices upon their appointment to facilitate the effective discharge of their duties. The Board does not provide training to new Directors on accounting, legal or industry-specific matters as it uses its best efforts to select new Directors who already possess such skills. However, the Directors receive further relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

Going forward, the Board proposed to meet at least four times a year to oversee the business affairs of the Group, and to approve, if applicable, any financial and business objectives and strategies. Ad-hoc meetings will be held when circumstances require. ISDN's Articles of Association also provide for telephone conference and video conference meetings.

CORPORATE GOVERNANCE

1 Board Matters (cont'd)

Principle 1: Board's Conduct of its Affairs (cont'd)

To assist the Board in the discharge of its responsibilities, the Board has established three Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

The attendance of the Directors at meetings of the Board and Board Committees is as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	2	4	1	1
Directors	Number of meetings attended			
Teo Cher Koon	2	N/A	1	N/A
Kong Deyang	1	N/A	N/A	N/A
Tay Gim Sin Leonard	2	3	N/A	1
Lim Siang Kai	2	4	1	1
Soh Beng Keng	2	3	1	1

N/A-Not applicable

Non-Executive and Independent Directors constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, Non-Executive and Independent Directors are encouraged to meet regularly without Management being present.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

During the financial year under review, the Board of ISDN comprises two Executive Directors, one Non-Executive Director and two Independent Directors, namely:

Executive Directors
Teo Cher Koon
Kong Deyang

Non-Executive Director
Tay Gim Sin Leonard

1 Board Matters (cont'd)

Principle 2: Board Composition and Guidance (cont'd)

Independent Directors
Lim Siang Kai (Chairman)
Soh Beng Keng

There is a good balance between the Executive, Non-Executive and Independent Directors and a strong and independent element on the Board. Key information on directors can be found in the "Management Profile" section of the Annual Report.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in technology, business, finance and management skills critical to the Group's business to enable the Board to make sound and well-considered decisions.

The independence of each Director is reviewed annually by the NC, in accordance with Guideline 2.1 of the Code of Corporate Governance. The Board considers an "independent" Director as one who has no relationship with ISDN, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment of the conduct of the Group's affairs. The Board is independent from Management. No individual or small group of individuals is allowed to dominate the Board's decision making.

The composition of the Board is reviewed on an annual basis by NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman's primary function is to manage the business of the Board and the Board committees, and to promote harmonious relations with the shareholders. In respect of the Chairman's role with regard to Board proceedings, the Chairman being an Independent Director:

- schedules meetings that enable the Board to perform its duties responsibly while not interfering with the flow of ISDN's operations;
- prepares meeting agenda;
- exercises control over quality, quantity and timeliness of the flow of information between Management and the Board;
- assists in ensuring compliance with ISDN's guidelines on corporate governance;
- facilitates the effective contribution of Non-Executive and Independent Directors in particular;

CORPORATE GOVERNANCE

1 Board Matters (cont'd)

Principle 3: Chairman and Chief Executive Officer (cont'd)

- encourages constructive relations between Executive Directors, Non-Executive and Independent Directors;
- acts on the results of the performance evaluation; and
- where appropriate, proposes new members be appointed to the Board or seeks the resignation of Directors, in consultation with the NC.

There is a clear division of responsibilities at the top management with clearly defined lines of responsibility between the Board and executive functions of the management of ISDN's business. The Board sets broad business guidelines, approves financial objectives and business strategies and monitors the standards of executive management performance on a periodic basis.

The role of the Chairman and Executive Directors are separate. Lim Siang Kai, the non-executive Chairman, is consulted on the business of the Board and the Board committees. The Group's strategic direction, formulation of policies and day-to-day operation of the Group is entrusted to the President and Managing Director Teo Cher Koon. He is assisted by an experienced and qualified team of executive officers of the Group.

2 Nominating Committee

Principle 4: Board Membership

There should be a formal and transparent process for the appointment of new directors to the Board.

The NC comprises one Executive Director and two Independent Directors, one of whom is also the Chairman of the Committee, namely:

Soh Beng Keng (Chairman)	Independent
Lim Siang Kai (Member)	Independent
Teo Cher Koon (Member)	Executive

The NC performs the following principal functions:

- reviews the structure, size and composition of the Board and makes recommendations to the Board;
- identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board;
- make plans for succession, in particular for the Chairman and President;
- determines annually whether or not a Director is independent in accordance with the guidelines of the Code;
- decides whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company; and
- assesses the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

2 Nominating Committee (cont'd)

Principle 4: Board Membership (cont'd)

The Board has the authority from time to time and at any time to appoint a person as a Director to fill a casual vacancy or as an addition to the Board. Any new Directors appointed during the year shall only hold office until the next Annual General Meeting ("AGM") and submit themselves for re-election and shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the position. The NC then nominates the most suitable candidate.

Article 107 of ISDN's Articles of Association requires one third of the Board other than the Managing Director to retire by rotation at every AGM. The Directors must present themselves for re-nomination and re-election at regular intervals of at least once every three years.

In reviewing the nomination of the retiring Directors, the NC considered the performance and contribution of each of the retiring Directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and effort devoted to the Group's business and affairs, especially the operational and technical contributions.

When a Director has multiple board representations, he or she ensures that sufficient time and attention is given to the affairs of each company.

Principle 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value to be used for performance evaluation of the Board. The criteria are objective and are not changed regularly.

The Board is being assessed based on the following criteria:

1. Timely guidance to Management
2. Attendance at Board/Committee meetings
3. Participation at Board/Committee meetings
4. Commitment to Board activities
5. Independence of Independent Directors
6. Appropriate complement of skill, experience and expertise on the Board

Each Board member is asked to assess the effectiveness of the Board as a whole. The ratings are then averaged out to finalise the assessment.

3 Access to Information

Principle 6: Access to Information

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Board is provided with adequate information, management accounts, financial and corporate reports in a timely manner by Management to the Directors on matters to be deliberated, thus facilitating informed decision-making. Directors are also updated on initiatives and developments for the Group's business whenever possible on an on-going basis.

The Board has separate and independent access to ISDN's senior management and the Company Secretary. The Company Secretary attends the Board and Board committee meetings and is responsible for ensuring that board procedures are followed in accordance with the Memorandum and Articles of Association of ISDN, and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management, Non-Executive and Independent Directors, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Management will, upon direction by the Board, assist the Directors, either individually or as a group, to get independent professional advice in furtherance of their duties, at ISDN's expense.

4 Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises one Non-Executive Director and two Independent Directors, one of whom is also the Chairman of the Committee, namely:

Soh Beng Keng (Chairman)	Independent
Lim Siang Kai (Member)	Independent
Tay Gim Sin Leonard (Member)	Non-Executive

The role of the RC is to review and recommend remuneration policies and packages for Directors and key executives and to disseminate proper information on transparency and accountability to shareholders on issues of remuneration of the Executive Directors of the Group and employees related to the Executive Directors and controlling shareholders of the Group.

4 Remuneration Matters (cont'd)

RC's review covers all aspect of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, long term incentive schemes, including share schemes and benefits-in-kind. Recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration.

Primary functions to be performed by RC:

- reviews and recommends to the Board, a framework of remuneration for the Board and key executives;
- reviews the level of remuneration that are appropriate to attract, retain and motivate the directors and key executives;
- ensures adequate disclosure on Directors' remuneration;
- reviews and administers the ISDN Employee Share Option Scheme and ISDN Performance Share Scheme (the "Schemes") adopted by the Group and decides on the allocations and grants of options to eligible participants under the Scheme; and
- recommends to the Board any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

The ISDN Holdings Share Option Scheme and ISDN Performance Share Scheme are currently not utilised.

Principle 8: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate directors and executive officers of required experience and expertise to run the Group successfully.

The Independent and Non-Executive Directors receive directors' fees, in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. The directors' fees are recommended by the Board for approval at the AGM.

The Executive Directors of the Company, Mr Teo Cher Koon and Mr Kong Deyang have entered into separate service agreements with the Company for an initial period of three years (unless otherwise terminated by either party giving not less than six months' notice to each other). The service agreements cover the terms of employment and specifically, the salaries and bonuses.

4 Remuneration Matters (cont'd)

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

(a) Details of remuneration and fees paid to the directors for the financial year ended 31 December 2008 are set out below:

	Number of Directors	
	2008	2007
$500,000 and above	1	1
$250,000 to $499,999	1	1
Below $250,000	3	3
Total	5	5

The following table shows a breakdown of the annual remuneration (in percentage terms) of directors of the Company for the financial year under review.

	Salary	Bonus	Directors Fees	Other Benefits	Total
	%	%	%	%	%
Teo Cher Koon	33	67	-	-	100
Kong Deyang	26	65	-	9	100
Tay Gim Sin Leonard	-	-	100	-	100
Lim Siang Kai	-	-	100	-	100
Soh Beng Keng	-	-	100	-	100

(b) The following table shows a breakdown of the annual remuneration (in percentage terms) of five key executives of the Group for the financial year under review.

	Salary	Bonus	Directors Fees	Other Benefits	Total
	%	%	%	%	%
Below $250,000					
Individual A	29	71	-	-	100
Individual B	45	55	-	-	100
Individual C	65	29	-	6	100
Individual D	71	21	-	8	100
Individual E	85	15	-	-	100

It is not in the best interests of the Company to set out names of its key executives due to the sensitive nature of this information and to prevent solicitation of key executives by the Company's competitors.

4 Remuneration Matters (cont'd)

Principle 9: Disclosure on Remuneration (cont'd)

(c) The following table shows a breakdown of the annual remuneration (in percentage terms) of an immediate family member of a director and whose remuneration exceeds S$150,000 for the financial year under review.

	Salary	Bonus	Directors Fees	Other Benefits	Total
	%	%	%	%	%
Thang Yee Chin	92	8	-	-	100

Thang Yee Chin is a Director of seven of the subsidiaries and oversees the administrative and accounting functions in these companies. She is the spouse of ISDN's President and Managing Director, Teo Cher Koon. Her remuneration does not exceed S$180,000 for the financial year under review.

5 Accountability and Audit

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to shareholders for the stewardship of the Group. The Board updates shareholders on the operations and financial position of ISDN through half-year and full-year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. Management is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties.

Presently, Management presents to the AC the half-year and full-year results and the AC reports on the results to the Board for review and approval before releasing the results to the SGX-ST and public via SGXNET.

Principle 11: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises one Non-Executive Director and two Independent Directors, one of whom is also the Chairman of the Committee. The members of the AC as at the date of this report are as follows:

Lim Siang Kai (Chairman)	Independent
Soh Beng Keng (Member)	Independent
Tay Gim Sin Leonard (Member)	Non-Executive

5 Accountability and Audit (cont'd)

Principle 11: Audit Committee (cont'd)

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the Group's material internal controls, including financial, operational, compliance and risk management controls at least once annually, to safeguard ISDN's assets and maintain adequate accounting records, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group.

The AC has the authority to investigate any matter within its terms of reference, gain full access to and co-operation by Management, exercise full discretion to invite any Director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its function properly.

The AC will meet with the external auditors without the presence of Management at least once a year to review the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors. There are meetings between the AC and internal auditors with the presence of Management.

The AC has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services would not affect the independence of the auditors. Non-audit fees paid to the external auditors during the year under review was S$37,000.

In performing those functions, the AC reviews:

- with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;
- the financial statements of ISDN and the consolidated financial statements of the Group before their submission to the Board of Directors;
- the announcements of financial performances;
- discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations;
- potential conflicts of interest (if any);
- the adequacy of the internal audit function and the effectiveness of ISDN's material internal controls;
- independence of the external auditors;
- interested person transactions;
- the internal control procedures and ensure co-operation given by Management to the external auditors;
- the appointment and re-appointment of external and internal auditors of ISDN's and the audit fees; and
- undertake such other functions and duties as requested by the Board and as required by statute or Listing Manual.

The internal and external auditors have full access to the AC who has the express power to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings will be regularly submitted to the Board for its information.

The AC has reviewed the Group's risk assessment, and based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

5 Accountability and Audit (cont'd)

Principle 11: Audit Committee (cont'd)

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities.

All three AC members have accounting or related financial management expertise or experience, as the Board interprets such qualifications in its business judgment.

The AC is in the process of establishing the whistle blowing policy where serious concerns relating to financial reporting, unethical or illegal conduct can be reported.

Principle 12: Internal Controls

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Principle 13: Internal Audit

The company should establish an internal audit function that is independent of the activities it audits.

The Board is cognizant of its responsibility to maintain a sound system of internal controls to safeguard the shareholders' investment and the Group's assets and business. ISDN's outsourced internal auditors, Wensen Consulting Asia Pte Ltd, and external auditors, Moore Stephens, carry out a review of the effectiveness of ISDN's material internal controls, annually to the extent of their scope laid out in their audit plan. Material non-compliance and internal control weaknesses are reported to the AC members. For the financial year under review, the Board is of the view that based on the reports from the auditors, the system of internal controls that has been maintained by ISDN's Management throughout the financial year is adequate to meet the needs of ISDN. The Board shall consider expanding its internal audit resources as and when the need arises.

The internal Auditors meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal audit function is adequately resourced and has appropriate standing within the Company.

6 Communication with Shareholders

Principle 14: Communication with Shareholders

Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Greater Shareholder Participation

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

ISDN is committed to timely dissemination of information and proper transparency and disclosure of relevant information to SGX-ST, shareholders, analysts, the public and its employees.

6 Communication with Shareholders (cont'd)

Principle 15: Greater Shareholder Participation (cont'd)

Information is communicated to shareholders and the public through the following channels:

Notice of Annual General Meeting ("AGM") and Annual Reports are issued to all shareholders. The Board strives to ensure that these reports include all relevant information on the Group, including current developments, strategic plans and disclosures required under the Companies Act, Singapore Financial Reporting Standards, Listing Manual of the SGX-ST and other relevant statutory and regulatory requirements;

- Price sensitive announcement of interim and full year results released through SGXNET;
- Disclosures on the SGXNET;
- Press releases;
- Press and analysts' briefings as may be appropriate; and
- The Group's website (www.ISDNholdings.com) where shareholders and the public may access information on the Group.

There are separate resolutions at general meetings on each substantially separate issue.

All shareholders are welcome to attend the AGM. Each shareholder is allowed to vote in person or via proxy. Each shareholder shall not be entitled to appoint more than two proxies.

The Board of Directors, AC members and other committee members, Vice President of Finance, Auditors and the Company Secretary will be present and be available to address any questions from shareholders regarding the Group and its businesses.

7 Material Contracts

No material contracts were entered into between ISDN or any of its subsidiaries involving the interests of any Director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year except for related party transactions, Director's remuneration as disclosed in the financial statements.

8 Interested Person Transactions

ISDN has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with established procedures.

Aggregate value of interest person transactions entered for the financial year under review:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Name of interested person		
Teo Cher Koon	-	11,760
Resem Technologies Pte Ltd	229	-
Sand Profile (Suzhou) Co., Ltd	284	-

9 Dealings in Securities

The Group has adopted and implemented an internal compliance which prohibits securities dealings by Directors and employees while in possession of unpublished price-sensitive information.

Directors, executives and any other employees who have access to material price-sensitive information are prohibited from dealing in securities of ISDN prior to the announcement of a matter that involves material unpublished price-sensitive information. They are also prohibited from dealing in ISDN's securities during the period one month before the announcement of ISDN's half-year and full-year financial results and ending on the day of the announcement of the half-year and full-year results.

The company reminds their officers that the law on insider dealing is applicable at all times, notwithstanding that their internal codes may provide certain window periods for them or their officers to deal in their securities.

An officer does not deal in his company's securities on short-term considerations.

The Group has complied with the Rule 1207(18) of the Listing Manual.

10 Risk Management

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

CORPORATE GOVERNANCE

11 Use of IPO Proceeds

The Company successfully completed its IPO for 27 million new shares at S$0.29 per share which raised about S$6.3 million net proceeds in total during financial year ended 31 December 2005. The uses of the net proceeds of the placement as at the date of this report are as follow:

Earmarked purpose	Amount set aside per prospectus	Amount used	Remaining amount
	S$'000	S$'000	S$'000
Mergers and acquisitions	1,500	1,500	-
Expand and develop existing operations	1,000	1,000	-
Expand geographical coverage in Asia including Indonesia, India and Vietnam	500	141	359
Integrated computerised system (ERP system)	500	500	-
IPO professional fees	1,493	1,493	-
Working capital	2,837	2,837	-
Total	7,830	7,471	359

REPORT OF THE DIRECTORS
31 December 2008

The directors submit this Annual Report to the members together with the audited consolidated financial statements of the Group and the financial statements of the Company for the financial year ended 31 December 2008.

1 Names of Directors

The directors of the Company at the date of this report are:

Teo Cher Koon	(Managing director)
Lim Siang Kai	(Chairman and Independent director)
Kong Deyang	(Executive director)
Soh Beng Keng	(Independent director)
Tay Gim Sin Leonard	(Non-executive director)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

3. Directors' Interests in Shares or Debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), none of the directors who held office at the end of the financial year was interested in shares of the Company and its related corporations except as follows:

	Number of ordinary shares registered in the name of director		
	As at 1.1.2008	**As at 31.12.2008**	**As at 21.1.2009**
The Company -			
ISDN Holdings Limited			
Teo Cher Koon	91,654,700*	107,193,500*	107,193,500*
Kong Deyang	1,600,000	1,900,000	1,900,000
Tay Gim Sin Leonard	264,000	264,000	264,000
The holding company -			
Assetraise Holdings Limited			
Teo Cher Koon	1	1	1

* Shares in which director is deemed to have an interest

Mr Teo Cher Koon, by virtue of the provisions of Section 7 of the Act, is deemed to have an interest in all the subsidiaries of the Company.

4 Directors' Benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Singapore Companies Act, Cap. 50 except as disclosed in the financial statements.

5 Share Options

No options to take up unissued shares of the Company or of its subsidiaries have been granted during the financial year.

No shares were issued by virtue of the exercise of options to take up unissued shares of the Company or of its subsidiaries during the financial year.

There were no unissued shares of the Company or of its subsidiaries at the end of the financial year.

6 Audit Committee

The Audit Committee comprises the following members:

Lim Siang Kai	(Chairman and Independent director)
Soh Beng Keng	(Independent director)
Tay Gim Sin Leonard	(Non-executive director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

Functions performed by the Audit Committee are described in the Corporate Governance Report included in this Annual Report.

The Audit Committee has recommended to the Board of Directors that, Moore Stephens LLP, be nominated for re-appointment as independent auditors at the forthcoming Annual General Meeting of the Company.

7 Auditors

Moore Stephens was converted to Moore Stephens LLP, a limited liability partnership with effect from 1 July 2008. Accordingly, Moore Stephens LLP, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

………………………………………

TEO CHER KOON

………………………………………

LIM SIANG KAI

Singapore
2 April 2009

STATEMENT BY DIRECTORS
31 December 2008

In the opinion of the directors, the accompanying balance sheets, income statements, statements of changes in equity and the consolidated cash flow statement, together with the notes thereon, as set out on pages 41 to 98, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008, and of the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

....

TEO CHER KOON

....

LIM SIANG KAI

Singapore
2 April 2009

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ISDN HOLDINGS LIMITED

We have audited the accompanying financial statements of ISDN Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 41 to 98, which comprise the balance sheets of the Group and of the Company as at 31 December 2008, and the income statements and statements of changes in equity of the Group and of the Company and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of a true and fair income statements and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ISDN HOLDINGS LIMITED

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore
2 April 2009

INCOME STATEMENTS
For the Financial year ended 31 December 2008

	Note	Group 2008 S$'000	Group 2007 S$'000	Company 2008 S$'000	Company 2007 S$'000
Revenue	4	116,415	102,856	-	-
Cost of sales		(81,450)	(76,012)	-	-
Gross profit		34,965	26,844	-	-
Other operating income	5	1,190	735	1,480	2,378
Distribution costs		(3,643)	(2,518)	(18)	(4)
Administrative expenses		(19,921)	(14,980)	(1,627)	(717)
Other operating expenses		(1,498)	(817)	-	(1)
Finance costs	6	(448)	(435)	-	-
Share of profits of associates		45	98	-	-
Profit (Loss) before income tax	7	10,690	8,927	(165)	1,656
Income tax	9	(2,496)	(1,890)	(1)	-
Profit (Loss) for the year		8,194	7,037	(166)	1,656
Attributable to:					
Equity holders of the Company		6,832	5,607	(166)	1,656
Minority interests		1,362	1,430	-	-
		8,194	7,037	(166)	1,656
		Singapore cents			
Earnings per share:	10				
Basic		3.44	3.21		
Diluted		3.44	3.21		

The accompanying notes form an integral part of the financial statements

BALANCE SHEETS
As at 31 December 2008

	Note	Group 2008 S$'000	Group 2007 S$'000	Company 2008 S$'000	Company 2007 S$'000
ASSETS					
Non-current Assets					
Property, plant and equipment	11	15,831	8,480	-	-
Investment properties	12	600	617	-	-
Intangible assets	13	832	-	-	-
Goodwill	14	11,760	149	-	-
Subsidiaries	15	-	-	30,737	17,083
Associates	16	1,159	1,163	-	-
Total non-current assets		30,182	10,409	30,737	17,083
Current Assets					
Inventories	18	22,568	16,996	-	-
Trade and other receivables	19	26,005	22,186	44	264
Amount owing by subsidiaries	15	-	-	1,543	1,656
Dividend receivable		-	-	3,763	5,408
Cash and cash equivalents	20	15,496	17,404	96	1,600
Total current assets		64,069	56,586	5,446	8,928
Total Assets		94,251	66,995	36,183	26,011
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	34,542	24,209	34,542	24,209
Reserves	22	17,748	11,062	302	1,547
		52,290	35,271	34,844	25,756
Minority interests		5,185	3,507	-	-
Total Equity		57,475	38,778	34,844	25,756
Non-current liabilities					
Bank borrowings	23	1,001	1,145	-	-
Finance leases	24	155	196	-	-
Deferred tax liabilities	25	54	50	-	-
Total non-current liabilities		1,210	1,391	-	-
Current Liabilities					
Bank borrowings	23	11,038	5,859	-	-
Finance leases	24	41	47	-	-
Trade and other payables	26	22,582	19,846	1,339	253
Dividend payable		1,000	-	-	-
Current income tax payable		905	1,074	-	2
Total current liabilities		35,566	26,826	1,339	255
Total Liabilities		36,776	28,217	1,339	255
Total Liabilities and Equity		94,251	66,995	36,183	26,011

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the Financial year ended 31 December 2008

	Share Capital S$'000	Merger reserve S$'000	Exchange translation reserve S$'000	Other reserves S$'000	Retained profits S$'000	Total S$'000	Minority interests S$'000	Total equity S$'000
Group								
Balance at 1 January 2007	13,219	(436)	(500)	81	9,660	22,024	883	22,907
(As previously reported)								
Restatement of balance of minority interests	-	-	-	-	-	-	1,743	1,743
Balance at 1 January 2007	13,219	(436)	(500)	81	9,660	22,024	2,626	24,650
Net gain recognised directly in equity - foreign currency translation differences	-	-	(5)	-	-	(5)	8	3
Profit for the year	-	-	-	-	5,607	5,607	1,430	7,037
Total recognised income for the year	-	-	(5)	-	5,607	5,602	1,438	7,040
New/Additional investment in subsidiaries	-	-	-	-	-	-	138	138
Dividends to minority shareholders	-	-	-	-	-	-	(695)	(695)
Share placement proceeds, net of expenses	10,990	-	-	-	-	10,990	-	10,990
Transfer to other reserves	-	-	-	696	(696)	-	-	-
Dividends declared and paid (Note 27)	-	-	-	-	(3,345)	(3,345)	-	(3,345)
Balance at 31 December 2007	24,209	(436)	(505)	777	11,226	35,271	3,507	38,778
Balance at 1 January 2008	24,209	(436)	(505)	777	11,226	35,271	3,507	38,778
Net gain recognised directly in equity - foreign currency translation differences	-	-	933	-	-	933	34	967
Profit for the year	-	-	-	-	6,832	6,832	1,362	8,194
Total recognised income for the year	-	-	933	-	6,832	7,765	1,396	9,161
Issue of shares for acquisitions	10,333	-	-	-	-	10,333	-	10,333
Acquisition of minority interests	-	-	-	-	-	-	672	672
Capital contributed by minority interests	-	-	-	-	-	-	412	412
Dividends to minority shareholders	-	-	-	-	-	-	(802)	(802)
Transfer to other reserves	-	-	-	575	(575)	-	-	-
Dividends declared and paid (Note 27)	-	-	-	-	(1,079)	(1,079)	-	(1,079)
Balance at 31 December 2008	34,542	(436)	428	1,352	16,404	52,290	5,185	57,475

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the Financial year ended 31 December 2008

	Share capital S$'000	Retained profits S$'000	Total equity S$'000
Company			
Balance at 1 January 2007	13,219	3,236	16,455
Profit for the year	-	1,656	1,656
Share placement proceeds, net of expenses	10,990	-	10,990
Dividends declared and paid (Note 27)	-	(3,345)	(3,345)
Balance as at 31 December 2007	24,209	1,547	25,756
Balance at 1 January 2008	24,209	1,547	25,756
Issue of shares for acquisition	10,333	-	10,333
Loss for the year	-	(166)	(166)
Dividends declared and paid (Note 27)	-	(1,079)	(1,079)
Balance as at 31 December 2008	34,542	302	34,844

The accompanying notes form an integral part of the financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the Financial year ended 31 December 2008

	2008 S$'000	2007 S$'000
Cash Flows from Operating Activities		
Profit before income tax	10,690	8,927
Adjustments for:		
Allowance for impairment of trade receivables	104	15
Allowance for inventories obsolescence	302	67
Amortisation of intangible assets	182	-
Bad trade receivables written off	31	8
Depreciation of property, plant and equipment	955	672
Depreciation of investment properties	17	17
Foreign currency translation differences	900	(71)
Gain on sale of property, plant and equipment	(12)	-
Interest expense	448	435
Interest income	(156)	(124)
Inventories written off	47	-
Loss on liquidation of an associate	-	4
Property, plant and equipment written off	-	11
Share of profits of associates	(45)	(98)
Operating cash flow before working capital changes	13,463	9,863
Changes in working capital:		
Inventories	(2,387)	(4,809)
Trade and other receivables	2,566	(5,889)
Trade and other payables	(5,940)	6,716
Cash generated from operations	7,702	5,881
Interest paid	(448)	(435)
Interest received	156	124
Income tax paid	(2,812)	(2,051)
Net cash generated from operating activities	4,598	3,519
Cash Flows from Investing Activities		
Purchase of property, plant and equipment (Note A)	(7,814)	(1,161)
Proceeds from sale of property, plant and equipment	60	-
Cash inflow/(outflow) on acquisitions (Note B)	1,799	(791)
Intangible assets	(1,014)	-
Investment in associates	-	(117)
Net cash used in investing activities	(6,969)	(2,069)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the Financial year ended 31 December 2008

	2008	2007
	S$'000	S$'000
Cash Flows from Financing Activities		
Proceeds from issue of new shares	-	10,990
Payment of dividends by issuer	(1,079)	(3,345)
Payment of dividends declared to a subsidiary's shareholders before restructuring as described in the Group's financial statements for the financial period ended 31 December 2005	-	(2,390)
Payment of dividends declared to subsidiary's and joint venture's shareholders before acquisition	(3,164)	-
Investment in subsidiaries by minority shareholders	412	138
Dividends to minority shareholders	(802)	(695)
Restricted bank balances	(21)	-
Amount owing to minority shareholder	75	-
Repayment of loans by associates	33	-
Proceeds from short-term loans, net*	5,121	2,727
Repayment of bank loans	(225)	(1,194)
Trust receipts	(24)	24
Repayment to finance lease creditors	(47)	(101)
Net cash generated from financing activities	279	6,154
Net (decrease)/increase in cash and cash equivalents	(2,092)	7,604
Cash and cash equivalents at beginning of year	17,404	9,800
Cash and cash equivalents at end of year (Note 20)	15,312	17,404

* Short-term loans are with a maturity period of three months or less

Note A:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$7,814,000 (2007: S$1,460,000) which was funded as follows:

	2008	2007
	S$'000	S$'000
Cash	7,814	1,161
Finance leases	-	299
	7,814	1,460

The accompanying notes form an integral part of the financial statements

Note B:

The Group acquired a subsidiary and certain joint ventures during the financial year. The comparatives relate to the Group's acquisition of a subsidiary during the previous financial year. The carrying amounts, which approximate the fair values of the assets acquired and liabilities assumed in the acquisitions, were as follows:

	2008 S$'000	2007 S$'000
Property, plant and equipment	457	791
Inventories	3,534	-
Trade and other receivables	6,520	-
Trade and other payables	(3,677)	-
Dividend payable	(4,164)	-
Income tax payable	(151)	-
Cash and cash equivalents	2,285	892
Identifiable net assets	4,804	1,683
Minority interests	(672)	-
Identifiable net assets acquired	4,132	1,683
Goodwill arising on consolidation (Note 14)	11,611	-
Purchase considerations	15,743	1,683
Less: Share consideration	(10,333)	-
Less: Cash consideration unpaid	(4,924)	-
Less: Cash and cash equivalents acquired	(2,285)	(892)
Cash (inflow)/outflow on acquisitions	(1,799)	791

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

The Company is a public limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the SGX-ST. The registered office of the Company is located at No. 10 Kaki Bukit Road 1, #01-30 KB Industrial Building, Singapore 416175.

The immediate and ultimate holding company is Assetraise Holdings Limited, a company incorporated in the British Virgin Islands. Assetraise Holdings Limited is beneficially owned entirely by Mr Teo Cher Koon, the managing director of the Company.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 15.

The consolidated financial statements of the Group and the financial statements of the Company for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

2 Basis of Preparation

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical convention except as disclosed in the summary of significant accounting policies set out in Note 3.

New or Revised FRS and Interpretations to FRS (INT FRS) not yet adopted

The Group has not adopted the following new or revised FRS that have been issued as of the balance sheet date and which are relevant to the Group but not yet effective:

Revised FRS 1	Presentation of Financial Statements
Revised FRS 23	Borrowing Costs
FRS 108	Operating Segments

The above FRS will become effective for the Group's financial statements for the annual period beginning 1 January 2009.

Revised FRS 1 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. Revised FRS 1 will not have any impact on the Group's financial position or results.

2 Basis of Preparation (cont'd)

(a) Basis of Preparation (cont'd)

New or Revised FRS and Interpretations to FRS (INT FRS) not yet adopted (cont'd)

Revised FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The Group's current accounting policy to capitalise borrowing costs is consistent with the requirement in the Revised FRS 23.

FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal report that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments. Under FRS 108, the Group will present segment information in respect of its operating segments. FRS 108 would require the restatement of comparatives.

(b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below:

Critical assumptions used and accounting estimates in applying accounting policies

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated, using the straight-line method, over their estimated useful lives. Management estimates the useful lives of the Group's property, plant and equipment to be within 1 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the end of the financial year is disclosed in Note 11.

2 Basis of Preparation (cont'd)

(b) Significant Accounting Estimates and Judgements (cont'd)

Critical judgements in applying accounting policies

Impairment of property, plant and equipment and investment properties

The Group assesses annually whether property, plant and equipment and investment properties have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment and investment properties have been determined based on value in use calculations. These calculations require the use of judgement and estimates. The carrying amounts of the Group's property, plant and equipment and investment properties at the end of the financial year are disclosed in Note 11 and 12 respectively.

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of that investment. The value in use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of these investments based on such estimates. The carrying amount of the Company's investment in subsidiaries at the end of the financial year is disclosed in Note 15.

Allowance for inventories obsolescence

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost and record an allowance against the inventories for any such declines. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the end of the financial year is disclosed in Note 18.

Allowance for impairment of receivables

The Group makes allowance for impairment of receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of receivables requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables in the period in which such estimate has been changed. The carrying amount of the Group's trade and other receivables at the end of the financial year is disclosed in Note 19.

3 Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries made up to the financial year ended 31 December.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of the subsidiaries acquired or disposed of during the year are included or excluded from the consolidated income statement from the effective date in which control is transferred to the Group or which control ceases respectively.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Where accounting policies of a subsidiary do not conform with those of the Group, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority interests in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the Company have been recovered.

Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

3 Summary of Significant Accounting Policies (cont'd)

(b) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged so as to write off the cost these assets over their estimated useful lives, using the straight-line method, as follows:

Freehold building	50 years
Leasehold properties	remaining lease period of 45 years to 50 years
Renovations	5 to 8 years
Motor vehicles	5 to 6 years
Plant and equipment	5 to 6 years
Furniture, fittings and office equipment	1 to 6 years

Freehold land has an unlimited useful life and therefore is not depreciated.

Land use rights are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The land use rights are depreciated, using the straight-line method, over the remaining lease period of 49 years.

Construction-in-progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction-in-progress consists of construction costs including other attributable direct cost and finance costs incurred during the period of construction.

Construction-in-progress is classified to the appropriate category of property, plant and equipment when completed and ready for use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

For acquisitions and disposals of property, plant and equipment during the year, depreciation is provided from the year of acquisition and to the year before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed at each year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

3 Summary of Significant Accounting Policies (cont'd)

(c) Investment Properties

Investment properties are those properties that are held on a long-term basis for their investment potential and/or for the generation of rental income, and not occupied substantially for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of these assets over their remaining useful lives of 45 years, using the straight-line method. Cost includes purchase price, appropriate legal fees and stamp duty.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvements is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement.

(d) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. The cash generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

When goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

3 Summary of Significant Accounting Policies (cont'd)

(d) Intangible Assets (cont'd)

Research and Development Costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Development expenditure is reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision of the amortisation period or amortisation method are included in the income statement for the financial year in which the changes arise.

(e) Subsidiaries

A subsidiary is defined as a company in which the investing company has a long-term equity interest of more than 50% or over whose financial and operating policy decisions the Group controls.

In the Company's balance sheet, investment in subsidiaries is stated at cost less allowance for any impairment losses on an individual subsidiary basis.

(f) Associates

An associate is defined as a company, not being a subsidiary, in which the Group has a long-term interest of 20% to 50% of the equity and over whose financial and operating policy the Group exercises significant influence.

Associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates. Under the equity method of accounting, the Group's investment in associates are measured in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in the value of individual investments. Goodwill relating to an associate is included in the carrying amount of the investment and is assessed for impairment as part of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3 Summary of Significant Accounting Policies (cont'd)

(f) Associates (cont'd)

When the Group's share of losses of an associate equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues including its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed. When the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses recognised.

Where the accounting policies of an associate do not conform with those of the Group, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

(g) Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar item, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

(h) Impairment of Non-Financial Assets excluding Goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. goodwill acquired in a business combination or an intangible asset not yet available for use) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

3 Summary of Significant Accounting Policies (cont'd)

(h) Impairment of Non-Financial Assets Excluding Goodwill (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income statement.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average method and includes freight and handling charges. In the case of manufactured inventories and work-in-progress, cost consists of cost of raw materials, direct labour and an appropriate proportion of production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Allowance is made for obsolete and slow moving inventories.

(j) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and demand deposits/fixed deposits with a short maturity of three months or less. These include bank overdrafts which form part of the Group's cash management.

(l) Borrowings

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the year of the borrowings using the effective interest method.

Borrowing costs are charged to income statement except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3 Summary of Significant Accounting Policies (cont'd)

(m) Leases

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

Operating leases

Where the Group is the lessor:

Assets leased out under operating leases are included in investment properties as referred to in (c) above. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Where the Group is the lessee:

Rentals on operating leases are charged to income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

(n) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The provisions are reviewed annually and where it is determined that the provision is inadequate or excessive, due adjustment is made.

3 Summary of Significant Accounting Policies (cont'd)

(p) Financial Guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

(q) Revenue Recognition

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services tax or value added tax as applicable to foreign subsidiaries and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

Revenue from the rendering of services that are of a short duration is recognised when the services are rendered.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income is recognised when the right to receive a dividend has been established.

(r) Employee Benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the law of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the income statement in the year to which the contributions relate.

Employee leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave not utilised will be forfeited.

3 Summary of Significant Accounting Policies (cont'd)

(s) Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements of the Group and the financial statements of the Company are presented in Singapore dollars, to the nearest thousand, which is also the functional currency of the Company.

(t) Conversion of Foreign Currencies

Transactions in foreign currencies are recorded using the rate ruling on the date of transaction. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All exchange differences are recorded in the income statement in the year in which they arise.

Assets and liabilities of foreign subsidiaries and associates are translated at the rate of exchange ruling at the balance sheet date. The income statement of foreign subsidiaries and associates are translated using the average monthly rates, which approximate to exchange rates prevailing at the dates of the transactions. Foreign currency translation adjustments arising are recorded directly in exchange translation reserve.

(u) Income Taxes

The liability method of tax effect accounting is adopted by the Group. Current income tax is provided at the current income tax rate based on the tax payable on the income for the year that is chargeable to tax. Deferred taxation is provided at the current income tax rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss). Deferred income tax is provided on all temporary differences arising on investment in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The statutory tax rates enacted at the balance sheet date are used to determine deferred taxation.

3 Summary of Significant Accounting Policies (cont'd)

(v) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on competitive market prices. Segment results, assets and liabilities include items attributable to segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue, assets, liabilities and capital expenditures are based on the nature of the products and services provided by the Group. Segment revenue for geographical segments are based on the geographical location of the customers. The assets and capital expenditures are based on the location of these assets.

4 Revenue

Revenue represents invoiced value of goods delivered and integration services rendered less applicable goods and services tax.

Revenue of the Group by segmental analysis is set out in Note 28.

5 Other Operating Income

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Bad trade receivables recovered	12	7	-	-
Dividend income from subsidiaries	-	-	-	2,200
Foreign exchange gain	438	-	-	-
Gain on sale of property, plant and equipment	12	-	-	-
Government grant income	153	-	-	-
Interest income on:				
- bank deposits	153	123	6	37
- loan to an associate	3	1	-	-
Miscellaneous income:				
- subsidiaries	-	-	271	141
- a related party	-	34	-	-
- third parties	13	119	-	-
Operating lease income				
- investment properties	40	37	-	-
- others	30	23	-	-
Service fee income	-	-	1,203	-
Technical service income	336	379	-	-
Write back of allowance for inventories	-	12	-	-
	1,190	735	1,480	2,378

6 Finance Costs

	Group	
	2008	2007
	S$'000	S$'000
Interest expense on:		
- term loans	433	422
- trust receipts	7	3
- finance leases	8	10
	448	435

7 Profit (Loss) before Income Tax

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Profit before income tax has been arrived at after charging:				
Amortisation of intangible assets	182	-	-	-
Bad trade receivables written off	31	8	-	-
Depreciation of property, plant and equipment				
- recognised in other operating expenses	813	586	-	-
- recognised in cost of sales	142	86	-	-
Depreciation of investment properties	17	17	-	-
Allowance for inventories obsolescence	302	67	-	-
Allowance for impairment of trade receivables (included in other operating expenses)	104	15	-	-
Property, plant and equipment written off (included in other operating expenses)	2	11	-	-
Inventories written off (included in other operating expenses)	47	-	-	-
Directors' fee	167	185	100	100
Foreign exchange loss	-	67	-	1
Loss on liquidation of an associate	-	4	-	-
Operating lease rentals	1,115	534	-	-

8 Employee Benefits Cost

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Directors' remuneration				
- salaries and related costs	3,481	2,018	1,026	-
- defined contribution plans	154	91	-	-
Key management personnel (other than directors)				
- salaries and related costs	1,469	1,114	-	-
- defined contribution plans	116	85	-	-
Other than directors and key management personnel				
- salaries and related costs	6,783	5,953	-	-
- defined contribution plans	1,103	870	-	-
	13,106	10,131	1,026	-

9 Income Tax

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Current income tax	2,480	1,882	-	-
Deferred taxation (Note 25)	(4)	16	-	-
	2,476	1,898	-	-
Under/(Over) provision in respect of prior years:				
- current income tax	12	26	1	-
- deferred taxation (Note 25)	8	(34)	-	-
	2,496	1,890	1	-

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate to profit/(loss) before income tax as a result of the following differences:

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Profit/(Loss) before income tax	10,690	8,927	(165)	1,656
Tax at statutory rate of 18% (2007: 18%)	1,924	1,607	(30)	298
Tax effect of non-deductible expenses	134	302	-	101
Tax effect of non-taxable income	(32)	(15)	-	(396)
Effect of different tax rates of overseas subsidiaries	367	21	-	-
Singapore statutory stepped income exemption	(93)	(85)	-	(3)
Current year deferred tax benefits of subsidiaries not recognised	176	68	30	-
Under/(Over) provision in respect of prior years:				
- current income tax	12	26	1	-
- deferred taxation	8	(34)	-	-
	2,496	1,890	1	-

Subject to agreement with the relevant tax authorities, certain subsidiaries of the Group have unutilised tax losses amounting to S$1,651,000 (2007: S$681,000) which are available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of S$297,000 (2007: S$123,000) have not been recognised in the financial statements as there is no reasonable certainty of their realisation in the future periods.

10 Earnings Per Share

The basic earnings per share is calculated by dividing the Group's profit for the year attributable to the equity holders of the Company of S$6,832,000 (2007: S$5,607,000) by the weighted average number of ordinary shares in issue of 198,605,941 (2007: 174,677,153) during the financial year.

Diluted earnings per share for the financial years ended 31 December 2008 and 2007 is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the said financial years.

11. Property, Plant and Equipment

	Freehold land	Land use rights	Freehold building	Leasehold properties	Renovations	Motor vehicles	Plant and equipment	Furniture, fittings and office equipment	Construction in progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
2008										
Cost										
Balance at 1 January 2008	629	791	150	5,132	375	1,123	846	2,600	-	11,646
On acquisition of subsidiary and joint ventures	-	-	-	-	78	135	336	572	-	1,121
Additions	-	-	-	-	22	184	403	438	6,767	7,814
Disposals	-	-	-	-	(11)	(74)	(9)	(2)	-	(96)
Written off	-	-	-	-	-	-	-	(46)	-	(46)
Translation adjustment	(77)	28	(7)	-	32	54	29	43	-	102
Balance at 31 December 2008	552	819	143	5,132	496	1,422	1,605	3,605	6,767	20,541
Accumulated depreciation										
Balance at 1 January 2008	-	-	49	751	92	427	211	1,636	-	3,166
On acquisition of subsidiary and joint ventures	-	-	-	-	27	46	146	445	-	664
Depreciation for the year	-	17	3	116	88	186	193	352	-	955
Disposals	-	-	-	-	(9)	(30)	(3)	(6)	-	(48)
Written off	-	-	-	-	-	-	-	(46)	-	(46)
Translation adjustment	-	-	(2)	-	14	(11)	2	16	-	19
Balance at 31 December 2008	-	17	50	867	212	618	549	2,397	-	4,710
Net book value										
Balance at 31 December 2008	552	802	93	4,265	284	804	1,056	1,208	6,767	15,831
2007										
Cost										
Balance at 1 January 2007	579	-	149	5,132	122	570	714	2,082	-	9,348
On acquisition of subsidiary	-	791	-	-	-	-	-	-	-	791
Additions	-	-	-	-	243	570	117	530	-	1,460
Written off	-	-	-	-	-	(25)	-	(18)	-	(43)
Translation adjustment	50	-	1	-	10	8	15	6	-	90
Balance at 31 December 2007	629	791	150	5,132	375	1,123	846	2,600	-	11,646
Accumulated depreciation										
Balance at 1 January 2007	-	-	30	635	43	301	110	1,374	-	2,493
Depreciation for the year	-	-	19	116	40	136	96	265	-	672
Written off	-	-	-	-	-	(21)	-	(11)	-	(32)
Translation adjustment	-	-	-	-	9	11	5	8	-	33
Balance at 31 December 2007	-	-	49	751	92	427	211	1,636	-	3,166
Net book value										
Balance at 31 December 2007	629	791	101	4,381	283	696	635	964	-	8,480

11 Property, Plant and Equipment (cont'd)

The Group's freehold land and building and leasehold properties are set out below:

Description and location	Gross Area (approximately)	Use	Encumbrance
<u>Freehold land</u>			
4 Rai and 15 Square Wah Title deed number 37395 Bangkaew (Samrong Nok District) Bangplee (Prakanang, Samutprakarn Province), Thailand	69,535 sq. ft	Vacant land	Mortgaged for banking facilities
<u>Freehold building</u>			
H.S.(D) 224335 Lot No. PTD 41692 Mukim Senai-Kulai District Johore, Malaysia	3,000 sq. ft.	Office, workshop and warehouse	None
<u>Leasehold properties</u>			
No. 10 Kaki Bukit Road 1 #01-29 KB Industrial Building Singapore 416175	5,059 sq. ft.	Office, workshop and warehouse	Mortgaged for banking facilities
No. 10 Kaki Bukit Road 1 #01-30 KB Industrial Building Singapore 416175	5,059 sq. ft.	Office, workshop and warehouse	Mortgaged for banking facilities
No. 10 Kaki Bukit Road 1 #01-37 KB Industrial Building Singapore 416175	5,059 sq. ft.	Office, workshop and warehouse	Mortgaged for banking facilities
No. 10 Kaki Bukit Road 1 #01-40 KB Industrial Building Singapore 416175	5,059 sq. ft.	Office, workshop and warehouse	Mortgaged for banking facilities

As at 31 December 2008, the net book value of the mortgaged properties set out above to secure the Group's bank borrowings as disclosed in Note 23 was S$4,817,000 (2007: S$5,010,000).

As at 31 December 2008, the net book value of motor vehicles and office equipment of the Group held under finance leases was S$236,000 (2007: S$307,000).

The Group has land use rights over a plot of land under construction in Wujiang City, Jiangsu in the People's Republic of China.

12 Investment Properties

	Group 2008 S$'000	Group 2007 S$'000
Cost		
Balance at 1 January and 31 December	834	834
Accumulated depreciation		
Balance at 1 January	217	200
Depreciation for the year	17	17
Balance at 31 December	234	217
Net book value		
Balance at 31 December	600	617

The Group applies the cost model for its investment properties. The directors are of the opinion that the carrying amount approximates the market value as at the balance sheet date.

The Group's investment properties are set out below:

Description and location	Gross Area (approximately)	Tenure	Use	Encumbrance
Leasehold properties				
No. 85 Genting Lane #05-01A Guan Hua Warehouse Building Singapore 349569	1,000 sq. ft	60 years expiring December 2041	Leased out to unrelated third party	Mortgaged for banking facilities
No. 85 Genting Lane #05-01 Guan Hua Warehouse Building Singapore 349569	1,800 sq. ft	60 years expiring December 2041	Leased out to unrelated third party	Mortgaged for banking facilities

During the financial year, rental income from the investment properties amounted to S$40,000 (2007: S$37,000); and direct operating expenses amounted to S$8,000 (2007: S$8,000).

13 Intangible Assets

	Group 2008 S$'000	Group 2007 S$'000
Cost		
Additions for the year and balance as at 31 December	1,014	-
Accumulated amortisation		
Amortisation for the year and balance at 31 December	182	-
Net book value		
Balance at 31 December	832	-

Intangible assets relate to deferred development costs of engineering products and solutions, including common programming platform and the Group's own brand of motors and gearboxes.

14 Goodwill

	Group 2008 S$'000	Group 2007 S$'000
Balance at 1 January	149	149
On acquisition of a subsidiary and joint ventures	11,611	-
Balance at 31 December	11,760	149

Goodwill on acquisition of a subsidiary and joint ventures

The goodwill arising on consolidation relates to the excess of the cost of acquisitions over the fair value of the Group's share of the identifiable assets and liabilities acquired in TDS Technology (S) Pte Ltd and Dirak Asia Pte Ltd during the financial year. The goodwill was attributable to the products and business prospects of the entities acquired.

Impairment testing of goodwill

The goodwill arising on consolidation relates to the excess of the cost of acquisitions over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired in the following subsidiaries and joint ventures:

	Group 2008 S$'000	Group 2007 S$'000
JM Vistec System Pte Ltd	48	48
JM Vistec (Suzhou) Co., Ltd	26	26
Servo Dynamics (Thailand) Co., Ltd	75	75
TDS Technology (S) Pte Ltd	2,103	-
Dirak Asia Pte Ltd	9,508	-
	11,760	149

14 Goodwill (cont'd)

Impairment testing of goodwill (cont'd)

The Group assessed the recoverable amount of goodwill based on value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3% (2007: 10%) per annum. The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long-term growth rate of the industries in which the aforesaid entities operate. The discount rates used ranged from 3% to 8% (2007: 4% to 10%) and have been applied to the cash flows. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

15 Subsidiaries

	Company	
	2008	2007
	S$'000	S$'000
Non-current assets		
Equity shares, at cost	16,924	6,590
Loans to subsidiaries	13,813	10,493
	30,737	17,083
Current assets		
Amounts owing by subsidiaries	1,543	1,656

The loans to subsidiaries, which are quasi-equity loans, form part of the Company's net investment in the subsidiaries. The loans are unsecured and interest-free, and the settlement is neither planned nor likely to be settled in the foreseeable future. As the loans are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost.

The amounts owing by subsidiaries are non-trade in nature, unsecured, interest-free, and are repayable on demand.

15 Subsidiaries (cont'd)

The subsidiaries are set out below:

Name	Country of incorporation/ principal place of business	Cost of investment		Effective equity interest held by the Group		Principal activities
		2008	2007	2008	2007	
		S$'000	S$'000	%	%	
Motion Control Group Pte Ltd (1)	Singapore	13,977	3,643	100	100	Investment holding
Servo Dynamics Pte Ltd (1)	Singapore	1,512	1,512	100	100	Importing, exporting, distributing, servicing and repairing of motion control and industrial computing products, electric motor and accessories, and providing integrated solutions
Portwell Singapore Pte Ltd (1)	Singapore	970	970	100	100	Providing integrated solutions of industrial computing software and hardware
Leaptron Engineering Pte Ltd (1)	Singapore	465	465	100	100	Importing, exporting, servicing and trading of automation products, and providing integrated solutions
		16,924	6,590			
Held by Motion Control Group Pte Ltd						
Precision Motion Control Pte Ltd (1)	Singapore	-	-	100	100	Importing, exporting, distributing, servicing and repairing of motion control products, electric motor and accessories, and providing integrated solutions
Servo Dynamics Co., Ltd. (2)	People's Republic of China	-	-	100	100	Manufacturing and selling of motion control products and providing system integrated solutions
Servo Dynamics (Thailand) Co., Ltd (3)	Thailand	-	-	59.7	59.7	Carrying on the business of factory establishment for producing and trading electric appliances, including researching and producing the electric instruments of original machine

15 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investment		Effective equity interest held by the Group		Principal activities
		2008	2007	2008	2007	
		S$'000	S$'000	%	%	
Held by Motion Control Group Pte Ltd (cont'd)						
Servo Engineering (M) Sdn Bhd (3)	Malaysia	-	-	75	75	Engaging in the importing, exporting, purchasing, selling, distributing, servicing, repairing and otherwise dealing in automation products, amplifiers, gear boxes, electric motors and equipment and any parts or accessories used in connection therewith
JM Vistec System Pte Ltd (1)	Singapore	-	-	67	67	Trading and supplying of vision related products and industrial automation solutions
Servo Dynamics (H.K.) Limited (3)	Hong Kong	-	-	100	100	Trading in electronics products
Eisele Asia Co., Ltd (2)(5)	People's Republic of China	-	-	50	50	Manufacturing and selling of motion control products and providing engineering solutions
IGB (H.K.) Co., Ltd (3)	Hong Kong	-	-	51	51	Investment holding and provision of engineering solutions
USAS Motion Co., Ltd (3)	Hong Kong	-	-	95	95	Investment holding and provision of engineering solutions and supply special purpose motors
Servo Dynamics Sdn Bhd (3)	Malaysia	-	-	100	100	Provision of integrated engineering solutions
Excel Best Industries (Suzhou) Co., Ltd (2)	People's Republic of China	-	-	100	100	Land investment

15 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investment		Effective equity interest held by the Group		Principal activities
		2008	2007	2008	2007	
		S$'000	S$'000	%	%	
Held by Motion Control Group Pte Ltd (cont'd)						
IDI (INA) Laser Services Pvt Ltd (6)	India	-	-	53.33	53.33	Provision of integrated engineering solutions and others
Weiyi M&E Equipment (Shanghai) Co., Ltd (2)	People's Republic of China	-	-	51	51	Provision of other engineering solutions to packaging, textile and plastic industries in China
DKM South Asia Pte Ltd (1)(4)	Singapore	-	-	52.5	50	Provision of DKM integrated engineering solutions and services
Suzhou PDC Co., Ltd (2)	People's Republic of China	-	-	100	100	Land investment
Gateway Motion (Shanghai) Co., Ltd (2)(7)	People's Republic of China	-	-	100	-	Integrating and selling of motion control products and providing system integrated solutions
JAP Wire & Rebar Machinery Inc. (2)(7)	People's Republic of China	-	-	90	-	Manufacturing and selling of machines for bending and cutting fully-automatic coil wire
DBASIX Singapore Pte Ltd (1)(9)	Singapore	*	-	53.75	50	Investment holding
TDS Technology (S) Pte Ltd (1)(8)	Singapore	-	-	61.2	-	Wholesalers of electrical and electronic components and wiring accessories
Held by Servo Dynamics Pte Ltd						
Maxon Motor (Suzhou) Co., Ltd ("Maxon Suzhou")(2)(5)	People's Republic of China	-	-	50	50	Developing and trading in CNC, automation and electric products and other related products and accessories
Maxon Electronic Machine International Trade (Shanghai) Co., Ltd ("Maxon Shanghai") (2)(5)	People's Republic of China	-	-	50	50	Engaging in international trade, entreport trade and trade between agencies with a principal business on mechanical and electronic products

15 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investment		Effective equity interest held by the Group		Principal activities
		2008	2007	2008	2007	
		S$'000	S$'000	%	%	
Held by Servo Dynamics Co., Ltd. (cont'd)						
Chongqing Junzhi Automatic Instrument Control Co., Ltd (2)	People's Republic of China	-	-	100	100	Developing and selling of motion control products and providing system integrated solutions
Beijing Junyizhicheng Technology Developing Co., Ltd (2)	People's Republic of China	-	-	100	100	Manufacturing and selling of precise motion control products and providing system integrated solutions
Shenzhen Servo Dynamics Co., Ltd (2)	People's Republic of China	-	-	100	100	Supplying of precision motion control products and providing system integrated solutions
Shanghai Delta Automation International Trade Co., Ltd (2)	People's Republic of China	-	-	100	100	International trade and entreport trade
Beijing Bei Cheng Xin Kong Ci Fu Technology Co., Ltd (2)(5)	People's Republic of China	-	-	50	50	Carrying on the business of technology development, technology consultancy, technology transfer, technology training and technology services regarding digital controlled equipment and automatically controlled apparatus and selling of machinery equipment, electronic equipment, apparatus and instruments, electronics computer and accessories
Held by JM Vistec System Pte Ltd						
JM Vistec (Suzhou) Co., Ltd (2)	People's Republic of China	-	-	67	67	Trading and supplying of vision related products and industrial automation solutions
Held by IGB (H.K.) Co., Ltd						
SejinIGB (Suzhou) Co., Ltd (2)	People's Republic of China	-	-	51	51	Manufacturing and provision of engineering solutions

15 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investment		Effective equity interest held by the Group		Principal activities
		2008	2007	2008	2007	
		S$'000	S$'000	%	%	
Held by USAS Motion Co., Ltd						
USAS Motion (Suzhou) Co., Ltd (2)	People's Republic of China	-	-	95	95	Manufacturing of special purpose motors and provision of engineering solutions
Held by DBASIX Singapore Pte Ltd						
Shanghai DBASIX M&E Equipment Co., Ltd (2)(7)	People's Republic of China	-	-	53.75	-	Manufacturing and sale of aluminum profiles, actuators and related components
DBASIX Malaysia Sdn Bhd(3)(7)	Malaysia	-	-	43	-	Sale of aluminum profiles, actuators and related components

* Less than $1

(1) Audited by Moore Stephens LLP

(2) Audited by Moore Stephens LLP Singapore for FRS consolidation purposes

(3) Audited by member firms of Moore Stephens International Limited in the respective countries

(4) The Group's effective interest in DKM South Asia Pte Ltd was increased from 50% to 52.5% during the financial year. This is due to a 45% stake by a new shareholder DKM Co., Ltd and the divestment of the stake of existing shareholder, Lee Tick Long, to 2.5%.

(5) With management control over the financial and operating policy decisions

(6) Audited by Kannan and Alamelu

(7) Incorporated during the financial year

(8) Acquired during the financial year

(9) The Group's effective interest in DBASIX Singapore Pte Ltd ("DBASIX Singapore") was increased from 50% to 53.75% during the financial year, resulting in DBASIX Singapore, previously an associate, now a subsidiary of the Group. This is due to a 20% divestment of DBASIX Global Pte Ltd, the minority shareholder of DBASIX Singapore, to Prestech Industrial Automation Pte Ltd, a 37.5% owned associate of Motion Control Group Pte Ltd.

15 Subsidiaries (cont'd)

Acquisition of a subsidiary

The total consideration for a 61.2% equity interest in TDS Technology (S) Pte Ltd ("TDS") was paid in consideration of the Company's issued shares on 2 July 2008 and it represented the fair value of the share of net identifiable assets acquired on that date. (Note 21(b))

From the date of acquisition, TDS has contributed a net profit of S$405,000 to the Group for the financial year ended 31 December 2008. If the acquisition had taken place at the beginning of the financial year, the Group's profit for the year would have been S$8,485,000 and revenue would have been at S$122,269,000.

In 2007, total consideration for a 100% equity interest in Excel Best Industries (Suzhou) Co., Ltd ("Excel Best") was paid by Motion Control Group Pte Ltd in cash on 29 June 2007 and it represented the fair value of the share of net identifiable assets acquired on that date.

From the date of acquisition, Excel Best has contributed a net loss of S$2,800 to the Group for the financial year ended 31 December 2007. If the acquisition had taken place at the beginning of the financial year, the Group's profit for the year would have been S$5,600,000 and revenue would have remained unchanged at S$102,856,000.

16 Associates

	Group	
	2008	**2007**
	S$'000	**S$'000**
Equity shares, at cost	1,088	1,026
Share of post-acquisition profits	151	105
Elimination of unrealised intra-group profits	-	(7)
Share of pre-acquisition losses on acquisition	(62)	-
Share of exchange translation reserve	(42)	(18)
	1,135	1,106
Less: Allowance for impairment	(7)	(7)
	1,128	1,099
Loans to an associates	31	64
	1,159	1,163

As at 31 December 2008, investment in associates includes goodwill of S$125,000 (2007: S$125,000).

The current year's loan to an associate of S$31,000 is unsecured, interest-free and repayable on demand. The previous year's loan to an associate is unsecured and was repaid during the current financial year. Interest was charged at 4.2% per annum.

16 Associates (cont'd)

The summarised financial information of the associates, not adjusted for the percentage of equity interest held by the Group, is as follows:

	Group 2008	Group 2007
	S$'000	S$'000
Assets and Liabilities:		
- total assets	5,650	4,046
- total liabilities	3,303	1,319
Results:		
- revenue	9,046	5,506
- (loss)/profit for the year	(337)	665

The Group has not recognised its share of losses of an associated company amounting to S$1,000 (2007: S$16,000) because the Group's cumulative share of losses exceeds its interests in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to S$23,000 (2007: S$22,000) at the balance sheet date.

The Group has not recognised its share of losses of another associated company amounting to S$53,000 (2007: Nil) because the Group's cumulative share of losses exceeds its interests in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to S$53,000 (2007: Nil) at the balance sheet date.

The associates are set out below:

Name	Country of incorporation/ principal place of business	Cost of investment 2008	Cost of investment 2007	Effective equity interest held by the Group 2008	Effective equity interest held by the Group 2007	Principal activities
		S$'000	S$'000	%	%	
Held by Servo Dynamics Pte Ltd						
Maxonmotor Taiwan Co., Ltd [2]	Republic of China (Taiwan)	117	117	50	50	Engaging in offering of Maxon motor motion control solutions
Held by Motion Control Group Pte Ltd						
Servo-matic Technology (M) Sdn Bhd [1]	Malaysia	25	25	50	50	Carrying on all kinds of automation business, engineering works, trading import export design and servicing of industrial automation parts and all related fields

16 Associates (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investment		Effective equity interest held by the Group		Principal activities
		2008	2007	2008	2007	
		S$'000	S$'000	%	%	
Precision Motion Control Phils. Inc. [3]	Philippines	9	9	40	40	Trading of goods such as electro-mechanical equipment and accessories installation on wholesale basis
IDI Laser Services Pte Ltd [4]	Singapore	700	700	33.33	33.33	Provision of laser marking services and import and export and supplier of laser machineries optical technology
Prestech Industrial Automation Pte Ltd [5]	Singapore	175	175	37.5	37.5	Design and customisation of aluminium profiles and providing other motion control related solutions
DBASIX Singapore Pte Ltd [6]	Singapore	-	*	-	50	Investment holding
Held by TDS Technology (S) Pte Ltd						
TDS Technology (Thailand) Co., Ltd[1][7]	Thailand	62	-	30	-	Trading of electrical and electronic equipment
		1,088	1,026			

* Less than $1

(1) Audited by member firms of Moore Stephens International Limited in the respective country
(2) Unaudited as statutory report is not required
(3) Audited by SGV & Co
(4) Audited by Ong Teh & Co
(5) Audited by Trustnet Alliance
(6) Refer to footnote 9 in Note 15
(7) Acquired during the financial year

17 Joint Ventures

The joint ventures are set out below:

Name	Country of incorporation/ principal place of business	Effective equity interest held by the Group 2008 %	2007 %	Principal activities
Held by Motion Control Group Pte Ltd				
Dirak Asia Pte Ltd [1][6]	Singapore	49	-	Sale of industrial locks, hinges and enclosure products
Held by Dirak Asia Pte Ltd				
Suzhou Dirak Co., Ltd [2][6]	People's Republic of China	49	-	Manufacturing and sale of industrial locks, hinges and enclosure products
Suzhou D Snap Technologies Co., Ltd [2][5]	People's Republic of China	49	-	Manufacturing and selling of D Snap products and applications
Taiwan Dirak Co., Ltd [4][6]	Republic of China (Taiwan)	29.89	-	Sale of industrial locks, hinges and enclosure products
Held by Suzhou Dirak Co., Ltd				
Beijing Dirak Co., Ltd [2][6]	People's Republic of China	31.85	-	Sale of industrial locks, hinges and enclosure products

(1) Audited by Moore Stephens LLP
(2) Audited by Moore Stephens LLP Singapore for FRS consolidation purposes
(3) Audited by member firms of Moore Stephens International Limited in the respective countries
(4) Unaudited as statutory report is not required
(5) Incorporated during the financial year
(6) Acquired during the financial year

17 Joint Ventures (cont'd)

Acquisition of joint ventures

The total consideration for a 49% equity interest in Dirak Asia Pte Ltd and its subsidiaries ("Dirak Asia Group") was paid/payable in cash and shares of the Company issued on 11 January 2008 and it represented the fair value of the share of net identifiable assets acquired on that date (Note 21(a)).

From the date of acquisition, the Dirak Asia Group have contributed a net profit of S$1,651,000 to the Group for the financial year ended 31 December 2008. As the acquisition had taken place at the beginning of the financial year, the Group's profit for the year and revenue would have remained unchanged at S$8,194,000 and S$116,415,000 respectively.

The following amounts represent the Group's share of the assets and liabilities and income and expenses of the joint ventures which are included in the consolidated balance sheet and income statement using the line-by-line format of proportionate consolidation:

	Group	
	2008	**2007**
	S$'000	**S$'000**
Assets and liabilities:		
Current assets	6,024	-
Non-current assets	650	-
Total assets	6,674	-
Current liabilities	(1,519)	-
Income and expenses:		
Income	9,601	-
Expense	(7,879)	-

18 Inventories

	Group	
	2008	**2007**
	S$'000	**S$'000**
Components parts	9,254	5,546
Finished goods	12,806	9,618
Work-in-progress	472	322
Goods-in-transit – finished goods	36	1,510
	22,568	16,996
Cost of inventories sold recognised as cost of sales in the income statement	81,308	75,926

During the financial year, a reversal of allowance for inventories of Nil (2007: S$12,000) was made when the related inventories were sold above their carrying amounts.

19 Trade and Other Receivables

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Trade receivables, net of impairment:				
- note receivables	1,019	917	-	-
- third parties	20,817	19,097	3	5
- associates	274	80	-	-
- joint venture partner	33	-	-	-
- related parties	585	16	-	-
	22,728	20,110	3	5
Advances to:				
- suppliers	835	562	-	-
- associates	153	18	-	-
- joint venture partner	25	-	16	-
- related parties	16	14	-	-
- a subsidiary	-	-	-	229
Deposits	164	110	-	-
Prepayments	504	502	-	4
Loans to employees	106	-	-	-
Tax recoverable	-	30	25	25
Other receivables	1,474	840	-	1
	26,005	22,186	44	264

Trade receivables are non-interest bearing and are usually due within 30-90 days.

The note receivables from banks, mature at varying dates between 6 January 2009 (2007: 2 January 2008), the earliest date and 11 June 2009 (2007: 27 June 2008), the latest date.

The advances owing by associates, joint ventures, related parties and a subsidiary are unsecured, interest-free, and are repayable on demand.

The loans to employees are unsecured and interest-free, and repayable on demand.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Singapore Dollar	7,425	5,560	44	264
Renminbi	12,860	9,878	-	-
United States Dollar	2,593	4,566	-	-
Malaysian Ringgit	680	560	-	-
Thai Baht	166	230	-	-
Swiss Franc	854	757	-	-
Euro	1,016	390	-	-
Others	411	245	-	-
	26,005	22,186	44	264

20 Cash and Cash Equivalents

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Cash and bank balances	14,882	16,270	96	480
Fixed deposits	614	1,134	-	1,120
	15,496	17,404	96	1,600
Effective interest rate	1.25%	2.14%	1.07%	2.14%

The fixed deposits mature within eleven (2007: three) months from the balance sheet date.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Singapore Dollar	3,813	4,699	96	1,600
Renminbi	6,379	5,916	-	-
United States Dollar	3,308	5,403	-	-
Swiss Franc	730	763	-	-
Euro	497	297	-	-
Malaysian Ringgit	500	26	-	-
Others	269	300	-	-
	15,496	17,404	96	1,600

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

	Group	
	2008	2007
	S$'000	S$'000
Cash and bank balances	14,882	16,270
Fixed deposits	614	1,134
Less: Bank overdraft (Note 23)	(163)	-
	15,333	17,404
Less: Restricted bank balances	(21)	-
	15,312	17,404

21 Share Capital

	Issued and fully paid			
	No. of Ordinary shares		Amount	
	2008	2007	2008	2007
			S$'000	S$'000
Group and Company				
Balance at 1 January	182,798,700	158,798,700	24,209	13,219
Issue of new shares pursuant to share placements, net of expenses (c)	-	24,000,000	-	10,990
Issue of shares for acquisitions (a) (b)	18,969,600	-	10,333	-
Balance at 31 December	201,768,300	182,798,700	34,542	24,209

(a) During financial year ended 31 December 2008, the Company acquired 49% of joint venture, Dirak Asia Pte Ltd by issuing 13,375,800 ordinary shares to settle partially the purchase consideration. As at the date of completion, the fair valuation of these shares amounted to S$7,089,000.

(b) During financial year ended 31 December 2008, the Company has via its wholly owned subsidiary, Motion Capital Group Pte Ltd, acquired 61.2% of the issued and paid up capital of, TDS Technology (S) Pte Ltd by issuing 5,593,800 ordinary shares to settle in full the purchase consideration. As at the date of completion, the fair valuation of these shares amounted to S$3,244,000.

(c) In the previous financial year ended 31 December 2007, the Company completed two share placements totalling 24,000,000 ordinary shares at an issue price of S$0.48 each which raised a total proceeds of about S$11 million, net of expenses.

The ordinary shares of the Company have no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

22 Reserves

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Merger reserve (a)	(436)	(436)	-	-
Exchange translation reserve (b)	428	(505)	-	-
Other reserves (c)	1,352	777	-	-
Retained profits	16,404	11,226	302	1,547
	17,748	11,062	302	1,547

(a) The merger reserve arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of the subsidiaries acquired under the pooling-of-interest method of consolidation in the restructuring as described in the Group's financial statements for the financial period ended 31 December 2005.

22 Reserves (cont'd)

(b) Exchange translation reserve arises from the translation of foreign subsidiaries' and associates' assets and liabilities.

(c) Other reserves refer to the reserves set aside under the People's Republic of China ("PRC") laws, which according to the current PRC company law, the company is required to transfer between 10% and 50% of its profit after income tax to statutory common reserve and statutory enterprise expansion fund reserve until the balance of such reserves reaches 50% of the registered capital. For the purpose of calculating the transfer to these reserves, the profit after income tax shall be the amount determined under PRC accounting standards. The transfer to these reserves must be made before the distribution of dividends to shareholders. These reserves can be used to make good previous years' losses, for conversion to capital and expansion of production, if any.

23 Bank Borrowings

		Group					
		2008			2007		
	Note	Unsecured	Secured	Total	Unsecured	Secured	Total
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Bank loan #1	a	-	47	47	-	153	153
Bank loan #2	b	1	-	1	8	-	8
Bank loans #3	c	-	1,028	1,028	-	1,062	1,062
Bank loans #4	d	-	46	46	-	124	124
Short-term loan #1	e	1,058	-	1,058	1,983	-	1,983
Short-term loans #2	f	9,696	-	9,696	3,650	-	3,650
Trust receipts	g	-	-	-	24	-	24
Bank overdraft	h	-	163	163	-	-	-
		10,755	1,284	12,039	5,665	1,339	7,004
Non-current liabilities							
Later than one year and not later than five years		1	180	181	7	255	262
Later than five years		-	820	820	-	883	883
		1	1,000	1,001	7	1,138	1,145
Current liabilities							
Repayable not later than one year		10,754	284	11,038	5,658	201	5,859
		10,755	1,284	12,039	5,665	1,339	7,004

23 Bank Borrowings (cont'd)

Bank borrowings are denominated in the following currencies:

	Group					
	2008			2007		
	Unsecured	Secured	Total	Unsecured	Secured	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Singapore Dollar	7,962	1,028	8,990	2,209	1,062	3,271
Renminbi	1,058	-	1,058	1,983	-	1,983
United States Dollar	1,735	-	1,735	1,449	-	1,449
Thai Baht	-	256	256	24	277	301
	10,755	1,284	12,039	5,665	1,339	7,004

(a) The bank loan #1 granted to a subsidiary is secured on the freehold land of the subsidiary and personal guarantees provided by two directors of the subsidiary. During the previous financial year, the loan was revised to be repayable in 44 instalments commencing November 2007. Interest was charged at the minimum loan rate plus 1% (2007: minimum loan rate plus 1%) per annum.

(b) The bank loan #2 granted to a subsidiary is repayable in 47 instalments commencing January 2005. The loan is secured by a personal guarantee provided by a director of the subsidiary. Interest is charged at 5% (2007: 5%) per annum.

(c) The bank loans #3 granted to two subsidiaries are each repayable in 240 monthly instalments commencing December 2006. The loans are secured on the leasehold properties of the subsidiaries as well as corporate guarantees provided by the Company. Interest is charged at 4.98% (2007: 4.48% to 4.98%) per annum.

(d) The bank loans #4 granted to a subsidiary pertains to two working capital loans which are repayable in 36 and 60 instalments with the final instalment in October 2009 and December 2012 respectively. The loans are secured on the freehold land of the subsidiary and personal guarantees provided by two directors of the subsidiary. Interest is charged at between minimum retail rate plus 1% to minimum loan rate (2007: minimum retail rate plus 5% to minimum loan rate) per annum.

(e) Short-term loan #1 granted to a subsidiary incurred interest at 7.623% (2007: 6.7095%) per annum and is secured by corporate guarantee provided by a subsidiary of the Group. In year 2007, the short-term loan was secured by corporate guarantees provided by the Company.

(f) Short-term loans #2 granted to subsidiaries incurred interest at 1.91% to 7.344% (2007: 2.85% to 7.0625%) per annum and are secured by corporate guarantees provided by the Company.

(g) The facility for trust receipts of a subsidiary is secured on the freehold land of the subsidiary and personal guarantees by two directors of the subsidiary. The interest incurred ranged from 7.50 % to 9.25 % (2007: 4.50 % to 9.25 %) per annum.

(h) The bank overdraft facility granted to a subsidiary was secured on the freehold land of the subsidiary. The facility is secured by personal guarantees provided by two directors of the subsidiary. Interest was charged at minimum overdraft rate plus 1% (2007: Nil) per annum.

The weighted average effective interest rate of the Group's bank borrowings is 4.63% (2007: 5.65%) per annum.

24 Finance Leases

	Group 2008 S$'000	Group 2007 S$'000
Minimum lease payments payable:		
- due not later than one year	49	55
- due later than one year and not later than five years	171	235
- due later than five years	14	-
	234	290
Finance charges allocated to future years	(38)	(47)
Present value of minimum lease payments	196	243
Present value of minimum lease payments:		
Non-current liabilities		
Due later than one year and not later than five years	143	113
Due later than five years	12	83
	155	196
Current liabilities		
Due not later than one year	41	47
	196	243

The weighted average effective interest rate of the Group's finance leases is 3.57% (2007: 4.12%) per annum.

25 Deferred Tax Liabilities

	Group 2008 S$'000	Group 2007 S$'000
Deferred tax liabilities to be settled within one year	54	50
Movement in deferred tax liabilities is as follows:		
Balance at 1 January	50	68
(Credited)/Charged to income statement: (Note 9)		
- current year	(4)	16
- under/(over)provision in respect of prior years	8	(34)
Balance at 31 December	54	50

The deferred tax liabilities represent tax on excess of net book value over tax written down value of qualifying property, plant and equipment.

26 Trade and Other Payables

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Trade payables:				
- third parties	6,457	10,618	-	-
- associates	16	12	-	-
- joint venture partner	45	-	-	-
- related parties	2,478	3,168	-	-
	8,996	13,798	-	-
Advances received from customers	3,228	2,924	-	-
Accrued operating expenses	4,491	2,502	1,201	233
Amounts owing to directors of subsidiaries	232	49	-	-
Amount owing to minority shareholder	75	-	-	-
Consideration payable to director of Company for acquisition of joint venture entities	4,924	-	-	-
Other payables	636	573	138	20
	22,582	19,846	1,339	253

Trade payables are non-interest bearing and are usually settled within 30-90 days.

The amounts owing to directors of subsidiaries and minority shareholder and consideration payable to director of Company for acquisition of joint venture are unsecured, interest-free, and are repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Singapore Dollar	8,321	2,487	1,339	253
Renminbi	7,618	8,060	-	-
United States Dollar	1,713	3,799	-	-
Swiss Franc	1,879	3,168	-	-
Euro	1,602	1,198	-	-
Japanese Yen	766	443	-	-
Others	683	691	-	-
	22,582	19,846	1,339	253

27 Dividends

	Group 2008 S$'000	Group 2007 S$'000
Tax-exempt (one-tier) final dividend of Singapore 0.55 cents (2007: Singapore 1.83 cents less tax of 20%) paid in respect of the previous financial period	1,079	3,345

The Board has recommended a tax-exempt (one-tier) final dividend of Singapore 0.25 cents per share to be approved by shareholders at the Company's forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ended 31 December 2009, subject to shareholders' approval at the forthcoming Annual General Meeting.

28 Segment Information

(a) Business segments

The Group's primary business segments are provision of Engineering Solutions - Motion Control, Other Specialised Engineering Solutions and Industrial Computing Solutions.

(b) Geographical segments

The Group operates primarily in two geographical regions, namely South Asia and North Asia regions.

(c) Segment revenue and expenses

Segment revenue and expenses are revenue and expenses reported in the financial information that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

(d) Inter-segment transfers

Segment revenue and segment results include transfer between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. Those transfers are eliminated on consolidation.

(e) Segment assets and liabilities

Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are all operating liabilities that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

28 Segment Information (cont'd)

(f) Information by business segments:

	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
Revenue										
External sales	81,340	77,354	30,187	19,506	4,888	5,996	-	-	116,415	102,856
Inter-segment sales	800	6,912	1,548	1,800	280	424	(2,628)	(9,136)	-	-
	82,140	84,266	31,735	21,306	5,168	6,420	(2,628)	(9,136)	116,415	102,856
Results										
Segment results	9,403	8,619	1,488	282	(24)	179	-	-	10,867	9,080
Rental income from investment properties									70	60
Interest income									156	124
Finance costs									(448)	(435)
Share of profits of associates									45	98
Profit before income tax									10,690	8,927
Income tax									(2,496)	(1,890)
Profit for the year									8,194	7,037
Assets										
Segment assets	46,586	38,847	7,231	7,215	2,399	2,561	(2,749)	(896)	53,467	47,727
Goodwill	2,252	149	9,508	-	-	-	-	-	11,760	149
Unallocated corporate assets									29,024	19,119
Consolidated total assets									94,251	66,995
Liabilities										
Segment liabilities	21,244	16,878	4,634	2,915	453	949	(2,749)	(896)	23,582	19,846
Unallocated corporate liabilities									13,194	8,371
Consolidated total liabilities									36,776	28,217

28 Segment Information (cont'd)

(f) Information by business segments: (cont'd)

	Engineering Solutions – Motion Control		Other Specialised Engineering Solutions		Industrial Computing		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
Capital expenditure	7,258	1,099	554	355	2	6	-	-	7,814	1,460
Depreciation of properties, plant and equipment	637	578	283	71	35	23	-	-	955	672
Depreciation of investment properties	17	17	-	-	-	-	-	-	17	17
Other non-cash expenses										
- allowance for trade receivables	104	15	-	-	-	-	-	-	104	15
- allowance for inventories obsolescence	244	65	16	1	42	1	-	-	302	67
- amortisation of intangible assets	96	-	86	-	-	-	-	-	182	-
- bad trade receivables written off	17	8	-	-	14	-	-	-	31	8
- impairment loss on a property	-	16	-	-	-	-	-	-	-	16
- inventories written off	34	-	-	-	13	-	-	-	47	-
- loss on liquidation of an associate	-	-	-	4	-	-	-	-	-	4
- property, plant and equipment written off	2	11	-	-	-	-	-	-	2	11

28 Segment Information (cont'd)

(g) Information by geographical segments:

The revenue by geographical segments are based on the location of customers. The segment assets and capital expenditure are based on the location of those assets.

	South Asia		North Asia		Others (1)		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
Revenue	37,772	41,542	76,299	60,914	2,344	400	116,415	102,856
Cash and bank balances	7,683	9,022	7,813	8,377	-	5	15,496	17,404
Other segment assets including unallocated segments	44,442	24,697	34,228	24,750	85	144	78,755	49,591
Carrying amount of segment assets	52,125	33,719	42,041	33,127	85	149	94,251	66,995
Capital expenditure	233	614	7,579	833	2	13	7,814	1,460

(1) include countries such as India, Pakistan, Sri Lanka, United Kingdom, United States of America, Germany and Australia. Each of these countries does not contribute more than 5% of the Group's total revenue.

29 Operating Lease Commitments

Where the Group is a lessor:

At the balance sheet date, commitments in respect of non-cancellable operating leases for the rental of the Group's investment properties are as follows:

	Group	
	2008	2007
	S$'000	S$'000
Future minimum lease payment receivable:		
- not later than one year	33	30
- later than one year and not later than five years	15	10
- later than five years	-	-

The aforesaid operating leases will expire on 15 August 2009 (2007: 14 August 2008) and 14 August 2010 (2007: 15 August 2009) and the monthly lease rental income are S$1,200 (2007: S$1,200) and S$2,080 (2007: S$1,890) respectively.

29 Operating Lease Commitments (cont'd)

Where the Group is a lessee:

At the balance sheet date, commitments in respect of non-cancellable operating leases for the Group's rental of office premises and office equipment are as follows:

	Group	
	2008	**2007**
	S$'000	**S$'000**
Future minimum lease payment payable:		
- not later than one year	586	471
- later than one year and not later than five years	212	10
- later than five years	-	-

The aforesaid operating leases will expire between 28 February 2009 (2007: 16 January 2008), the earliest date and 31 May 2012 (2007: 28 February 2011), the latest date. The monthly lease rental expense ranges from S$529 (2007: S$56) to S$6,267 (2007: S$6,884) respectively.

30 Capital Commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	Group	
	2008	**2007**
	S$'000	**S$'000**
Capital commitment in respect of construction in progress	16,800	-

31 Contingent Liabilities

	Company	
	2008	**2007**
	S$'000	**S$'000**
Corporate guarantees provided to banks in connection with banking facilities granted to subsidiaries - unsecured	10,724	6,695

The financial guarantees shown above were not recorded at fair value in the Company's financial statements in accordance with the accounting policy disclosed in Note 3(p), as in the opinion of the directors, the difference in the interest rates, by comparing the actual rates charged by the banks with these guarantees made available, with the estimated rates that the banks would have charged had those guarantees not been available, is immaterial.

The Company has given letters of undertaking to provide financial support for two subsidiaries namely IGB (H.K.) Co., Ltd and USAS Motion Co., Ltd, which had total net deficits as at 31 December 2008 of S$146,000 (2007: S$119,000), so as to enable them to continue to operate as going concerns and to meet their respective obligations as and when they fall due.

32 Related Party Transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions of the Group with related parties at mutually agreed amounts during the financial year:

	Group	
	2008	2007
	S$'000	S$'000
Sales to associates	(1,050)	(109)
Sales to related parties	(1,569)	(953)
Sales to a joint venture partner	(13)	-
Purchases from associates	49	38
Purchases from related parties	16,917	13,305
Purchases from a joint venture partner	30	-
Rental charged to a related party	-	(25)
Rental charged to a joint venture partner	(32)	-
Technical service fee charged from related parties	3	3
Other expenses paid to associates	2	-
Other expenses paid to a joint venture partner	1	-
Other expenses charged from a related party	97	-
Other income charged to a related party	(4)	(34)
Other income charged to a joint venture partner	(38)	-

33 Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's activities expose it to foreign currency risk, interest risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group continually monitors the risk management process to ensure that an appropriate balance between risk and control is achieved. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in foreign currency exchange and interest rate.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board will review and agree on policies for managing each of these risks as summarised below.

33 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily Renminbi (RMB), United States Dollars (US$) Swiss Franc (CHF) and Euro.

To manage the foresaid foreign currency risk, the Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments of purchases in the same currency denomination.

In addition, the Group adopts the use of forward currency contracts to mitigate the foreign currency risk where viable. Under the Group risk management policy, any hedging transaction amount up to S$100,000 in equivalent requires prior approval from the managing director of the Company. Any hedging transaction amount more than S$100,000 in equivalent requires prior approval from the Audit Committee.

The Group's foreign currency exposure based on the information provided to key management is as follows:

	RMB	US$	CHF	Euro
	S$'000	S$'000	S$'000	S$'000
Group				
2008				
Financial assets				
Trade and other receivables	12,860	2,593	854	1,016
Cash and cash equivalents	6,379	3,308	730	497
	19,239	5,901	1,584	1,513
Financial liabilities				
Bank borrowings	1,058	1,735	-	-
Trade and other payables	7,618	1,713	1,879	1,602
	8,676	3,448	1,879	1,602
Net financial assets/(liabilities)	10,563	2,453	(295)	(89)
2007				
Financial assets				
Trade and other receivables	9,878	4,566	757	390
Cash and cash equivalents	5,916	5,403	763	297
	15,794	9,969	1,520	687
Financial liabilities				
Bank borrowings	1,983	1,449	-	-
Trade and other payables	8,060	3,799	3,168	1,198
	10,043	5,248	3,168	1,198
Net financial assets/(liabilities)	5,751	4,721	(1,648)	(511)

33 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk (cont'd)

A 5% strengthening of S$ against the following currencies at the balance sheet date would increase (decrease) the Group's profit after income tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group			
	2008		2007	
	Profit after tax	Equity	Profit after tax	Equity
	S$'000	S$'000	S$'000	S$'000
RMB	-	528	-	288
US$	123	-	236	-
CHF	(15)	-	(82)	-
Euro	(4)	-	(26)	-

A 5% weakening of S$ against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

Interest-earning financial assets primarily include fixed deposits that are short term in nature and are not held for speculative purposes but are placed to have better yield returns than cash at banks.

Interest-bearing financial liabilities mainly include bank borrowings and finance leases.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The Group's borrowings at variable rates are denominated mainly in Singapore Dollars ("SGD"), Renminbi ("RMB") and United States Dollars ("USD"). If the SGD, RMB and USD interest rates increase/decrease by 0.5% (2007: 0.5%) with all other variables remain constant, the Group's profit after income tax will be approximately lower/higher by S$45,000, RMB25,000 and USD4,000 respectively (2007: S$16,000, RMB50,000 and USD5,000) as a result of higher/lower interest expense on these borrowings.

33 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk

The Group has policies in place to ensure that sale of products and services rendered are made to customers with an appropriate credit history.

For trade receivables, the Group adopted the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. Cash and fixed deposits are held with creditworthy financial institutions.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The credit quality of customers is assessed after taking into accounts its financial position and past experience with the customers.

The Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised in the balance sheet resemble a large number of receivables from various customers. As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired at the balance sheet date are substantially creditworthy companies with a good collection record with the Group. Bank deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies.

The Group's trade receivables not past due include receivables amounting to S$246,000 (2007: S$329,000) that would have been past due or impaired if the terms were not re-negotiated during the financial year.

Financial assets that are past due and/or impaired

There is no other class of the Group's financial assets that is past due and/or impaired except for trade receivables as set out below.

The Group has trade receivables that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2008	**2007**
	S$'000	**S$'000**
Trade receivables past due:		
- 0 to 3 months	4,059	3,161
- 3 to 6 months	1,215	506
- over 6 months	965	723
	6,239	4,390

33 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

The Group's trade receivables that are determined to be individually impaired at the balance sheet date are as follows:

	Group 2008 S$'000	Group 2007 S$'000
Trade receivables	100	20
Less: Allowance for impairment	(100)	(20)
	-	-

The movements of the allowance account used to record the impairment are as follows:

	Group 2008 S$'000	Group 2007 S$'000
Balance at 1 January	20	46
Allowance for the year	104	15
Amount written off	(24)	(41)
Balance at 31 December	100	20

Trade receivables which are impaired at the balance sheet relate to debtors that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral.

Liquidity risk

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Carrying amount S$'000	Contractual cash flows S$'000	Within one year S$'000	Within two to five years S$'000	Over five years S$'000
Group					
2008					
Bank borrowings	12,039	12,671	11,133	394	1,144
Finance leases	196	234	49	171	14
Trade and Other payables	22,582	22,582	22,582	-	-
	34,817	35,487	33,764	565	1,158
2007					
Bank borrowings	7,004	7,961	6,184	544	1,233
Finance leases	243	290	55	178	57
Trade and Other payables	19,846	19,846	19,846	-	-
	27,093	28,097	26,085	722	1,290

33 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Liquidity risk (cont'd)

The Group monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of approximately 23 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition the Group maintains the following lines of credit:

(i) S$1.40 million overdraft facilities unsecured and covered by a corporate guarantee of the Company. Interest would be payable at rates ranging from Prime to Prime+1.25%.

(ii) At least S$3.81 million foreign exchange contract hedging limit that is unsecured and covered by a corporate guarantee of the Company. Limit in excess of S$3.78 million is determined at the discretion of some banks when entering into each contract.

(iii) S$25.33 million other banking facilities (including letter of credit, trust receipt, banker's acceptance, export credit, bill of exchange, bank guarantee etc) that are unsecured and covered by a corporate guarantee of the Company. Interest would be payable at rates ranging from SIBOR, Cost of Funds or Prime +0.75% to 2%, or rates mutually agreed at each drawdown.

(iv) S$10.00 million of term loan that is secured on properties and investment properties of a subsidiary and covered by a corporate guarantee of the Company. Interest is payable at cost of funds+2.35% p.a. The term loan is to be utilised for a subsidiary's construction of an industrial park in Wujiang, China. Repayment of principal shall be on a half yearly basis with the first instalment commencing on twelve months after the date of first drawdown. The first interest servicing shall commence six months from the date of the first drawdown. The loan is available for drawdown within a year from August 2008 and is cancelable for a fee of 0.5% on the amount cancelled or left undrawn.

Total combined limit of the above lines of credit at any time shall not exceed S$38.34 million.

(b) Fair Values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group.

Non-derivative financial liabilities

The carrying amounts of trust receipts approximate their fair values due to the relatively short term maturity period.

The carrying amounts of bank term loans and finance leases approximate their fair values, as estimated by using discounted cash flow analysis based on current lending rates for similar types of lending and borrowing arrangements.

33 Financial Instruments (cont'd)

(b) Fair Values (cont'd)

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year, which are primarily trade and other receivables, trade and other payables, and cash and cash equivalents, are assumed to approximate their fair values because of the short term period of maturity.

34 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's strategies, which were unchanged from 2007, are to maintain gearing ratios within 20% to 50%. The gearing ratio is calculated as net debts divided by total capital. Net debt is calculated as bank borrowings and finance leases, trade and other payables, less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group	
	2008	**2007**
	S$'000	**S$'000**
Net debt	19,321	9,689
Total equity	57,475	38,778
Total capital	76,796	48,467
Gearing ratio	25%	20%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2008 and 2007.

35 Events After Balance Sheet Date

(a) In February 2009, the Company incorporated a wholly owned subsidiary, W2Energy Pte Ltd ("W2Energy"), in Singapore with a paid up capital of S$1. The principal activities of W2Energy are environmental engineering and alternative energy.

In March 2009, the Company entered into a joint venture agreement ("JVA") with Mr Steffen Kaiser and Dr. Christian Koch in W2Energy.

Pursuant to the JVA, the Company will hold 350,000 shares of W2Energy, whilst Mr Steffen Kaiser and Dr. Christian Koch will hold 350,000 and 300,000 shares of W2Energy respectively. Following these changes, W2Energy will be a 35% owned associate of the Company.

(b) In March 2009, the Company repurchased by way of market acquisition 2,665,000 of its shares at S$0.127015 per share. The total consideration was S$338,495. These shares are held as treasury shares by the Company. The number of shares in issue after the repurchase is 199,103,300.

SHAREHOLDERS' INFORMATION
As at 16 March 2009

Issued and fully paid-up capital	:	S$34,542,262
Number of shares	:	201,768,300
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

Substantial shareholders

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 16 March 2009.

	No. of Ordinary Shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Assetraise Holdings Limited	107,193,500	53.13	-	-
Teo Cher Koon	-	-	107,193,500 [1]	53.13
Karl Walter Braun	26,250,000	13.01	-	-
DBS Nominees Pte Ltd	11,542,185	5.72	-	-

Notes:

[1] Assetraise Holdings Limited is beneficially owned entirely by Mr Teo Cher Koon. As such, Mr Teo Cher Koon is deemed to have an interest in 107,193,500 shares held by Assetraise Holdings Limited.

Free Float

As at 16 March 2009, approximately 27.01% of the issued share capital of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2009

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	NO. OF %	NO. OF SHARES	%
1 - 999	2	0.64	1,118	0.00
1,000 - 10,000	145	46.63	697,335	0.35
10,001 - 1,000,000	150	48.23	21,508,500	10.66
1,000,001 AND ABOVE	14	4.50	179,561,347	88.99
TOTAL	**311**	**100.00**	**201,768,300**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1.	ASSETRAISE HOLDINGS LIMITED	107,193,500	53.13
2.	KARL WALTER BRAUN	26,250,000	13.01
3.	DBS NOMINEES PTE LTD	11,542,185	5.72
4.	ONG BEE CHEW	5,044,800	2.50
5.	CHOW KA MAN	5,005,000	2.48
6.	HONG LEONG FINANCE NOMINEES PTE LTD	4,531,000	2.25
7.	MAYBAN NOMINEES (SINGAPORE) PTE LTD	4,212,000	2.09
8.	CITIBANK NOMINEES SINGAPORE PTE LTD	3,884,000	1.92
9.	CIMB-GK SECURITIES PTE. LTD.	3,596,000	1.78
10.	KIM ENG SECURITIES PTE. LTD.	2,467,862	1.22
11.	KONG DEYANG	1,900,000	0.94
12.	KOK TIU SING	1,554,000	0.77
13.	ANG BOON TECK (WENG WENDE)	1,307,000	0.65
14.	LAU CHOON GUAN	1,074,000	0.53
15.	LIM HWEE HONG	999,000	0.50
16.	POET INVESTMENT HOLDINGS PTE LTD	978,000	0.48
17.	HSBC (SINGAPORE) NOMINEES PTE LTD	941,500	0.47
18.	SIM LEONG SEANG	813,000	0.40
19.	NG SOCK HONG	800,000	0.40
20.	TAN THIAM CHYE	764,000	0.38
	TOTAL	**184,856,847**	**91.62**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ISDN HOLDINGS LIMITED (the "Company") will be held at 105 Tampines Road #06-06 WingTai Industrial Centre, Singapore 535127 on Tuesday, 28 April 2009 at 2.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' and Auditors' Report and Audited Accounts of the Company for the year ended 31 December 2008. **(Resolution 1)**

2. To declare a final tax-exempt (one tier) dividend of 0.25 Singapore cents per ordinary share for the year ended 31 December 2008. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:

   Mr Lim Siang Kai **(Resolution 3)**
   Mr Kong Deyang **(Resolution 4)**

   Mr. Lim Siang Kai, upon re-election will continue to serve as a member of the Nominating, Remuneration and Audit Committees of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$100,000 for the year ending 31 December 2009 (2008: S$100,000). **(Resolution 5)**

5. To re-appoint Messrs Moore Stephens LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6 Authority to allot and issue shares

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to:-

(a) allot and issue shares in the Company; and

(b) issue convertible securities and any shares in the Company pursuant to convertible securities

(whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of shares (including any shares to be issued pursuant to the convertible securities) in the Company to be issued pursuant to such authority:-

(i) shall not exceed fifty per cent. (50%) of the issued share capital of the Company (excluding treasury shares) at the time this Resolution is passed and that the aggregate number of shares in the Company to be issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed twenty per cent. (20%) of the issued share capital of the Company (excluding treasury shares) at the time this Resolution is passed; and

(ii) notwithstanding paragraph (i) above, where the share capital to be allotted via a pro-rata renounceable rights issue, shall not exceed one hundred per cent. (100%) of the issued share capital of the Company (excluding treasury shares) at the time this Resolution is passed.

That unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, except that the Directors shall be authorised to allot and issue new shares pursuant to the convertible securities notwithstanding that such authority has ceased.

For the purposes of this Resolution and Rule 806(3) of the Listing Manual, the percentage of issued share capital is based on the issued share capital of the Company at the time this Resolution is passed after adjusting for:-

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares."
[See Explanatory Note (i)] **(Resolution 7)**

7. Authority to grant options and issue shares under the ISDN Holdings Share Option Scheme and ISDN Performance Share Scheme

THAT the Directors of the Company be and are hereby authorised to offer and grant options and share awards in accordance with the ISDN Holdings Share Option Scheme and the ISDN Performance Share Scheme (the "Schemes") and to issue such shares as may be required to be issued pursuant to the exercise of the options under the Schemes provided always that the aggregate number of shares to be issued pursuant to the Schemes shall not exceed 15 per centum (15%) of the issued share capital of the Company from time to time.
[See Explanatory Note (ii)] **(Resolution 8)**

8. The Proposed Renewal of the Share Purchase Mandate

That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through the SGX-ST's trading system ("**Market Purchases**"); and/or (b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act ("**Off-Market Purchases**"), and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(2) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to this Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next Annual General Meeting of the Company is held; and
(b) the date by which the next Annual General Meeting of the Company is required by law to be held;

(3) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the last five consecutive Market Days on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST, for any corporate action which occurs after the relevant five Market Day period;

"**date of the making of the offer**'' means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price for each Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Limit**" means that number of issued Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, such limit as maybe prescribed by such equal access scheme; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.
[See Explanatory Note (iii)] **(Resolution 9)**

BY ORDER OF THE BOARD

GWENDOLYN GN JONG YUH
Company Secretary

Singapore, 13 April 2009

NOTICE OF ANNUAL GENERAL MEETING

Note:

1. A Member entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument of proxy must be executed under seal or by the hand of its duly authorized attorney.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 10 Kaki Bukit Road 1, #01-30 KB Industrial Building Singapore 416175 not less than forty-eight hours (48) before the time for holding the Meeting.

EXPLANATORY NOTES

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution (a) shall not exceed fifty per cent. (50%) of the issued share capital (as defined in Resolution 7) of the Company.

For issues of shares other than on a pro-rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per cent. (20%) of the issued share capital (as defined in Resolution 7) of the Company.

For issue of shares via a pro-rata renounceable rights issue, the aggregate number of shares to be issued shall not exceed one hundred per cent. (100%) of the issued share capital (as defined in Resolution 7) of the Company. This is one of the new measures introduced by the Singapore Exchange Limited, in consultation with the Monetary Authority of Singapore, on 20 February 2009 to accelerate and facilitate listed issuers' fund raising efforts and will be in effect until 31 December 2010.

This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date, by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any convertible securities issued under this authority.

(ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options in accordance with the Scheme.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, would give the Company the flexibility to undertake share purchases or acquisitions up to the 10% limit at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. The Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.

ISDN HOLDINGS LIMITED
Company Registration No. 200416788Z
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

Important:

1. For investors who have used their CPF monies to buy ISDN Holdings Limited hares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____ (name)

of ____ (address)
being a member/members of ISDN Holdings Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 28 April 2009 at 2.30 p.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1.	Directors' and Auditors' Report and Audited Accounts of the Company for the year ended 31 December 2008		
2.	Payment of proposed final dividend		
3.	Re-election of Mr Lim Siang Kai as Director of the Company		
4.	Re-election of Mr Kong Deyang as Director of the Company		
5.	Approval of Directors' fees amounting to S$100,000 for the year ending 31 December 2009		
6.	Re-appointment of Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration		
7.	Authority to allot and issue new shares		
8.	Authority to grant options and share awards and issue shares under the ISDN Holdings Share Option Scheme and ISDN Performance Share Scheme		
9.	Approval of renewal of the Share Buyback Mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this ____________ day of ______________

Total number of Shares in:	No. of Shares Held
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A proxy need not be a member of the company.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Kaki Bukit Road, #01-30 KB Industrial Building, Singapore 416175 not less than 48 hours before the time appointed for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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ISDN HOLDINGS LIMITED

C/o 1 Robinson Road # 18-00 AIA Tower

Singapore 048542

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LIMITED

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Company registration No. 200416788Z

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