

ISDN HOLDINGS LIMITED

No. 10 Kaki Bukit Road 1 #01-30

KB Industrial Building

Singapore 416175

Tel: 6844 0288 Fax: 6844 0070

Web: www.isdnholdings.com

ANNOUNCEMENT IN RELATION TO DIRAK ASIA PTE LTD ("DIRAK")

The Board of Directors of SGX Main Board-listed ISDN Holdings Limited ("ISDN" or the "Group") wishes to inform of a recent development relating to Dirak, a company of which Motion Control Pte Ltd ("MCG") holds 49% of its issued and paid up share capital.

Pursuant to Clause 7.10 of the Sale and Purchase of Shares Agreement entered between MCG and Teo Cher Koon ("TCK" or the "Vendor") for the Acquisition of Dirak (the "Acquisition"), Para 3(a) of ISDN's announcement dated 29 October 2007 mentioned the following:-

"The Vendor further warrants and undertakes to MCG that the cumulative audited net profit after tax (the "NPAT") of Dirak for financial years ended 31 December 2007 and ending 31 December 2008 immediately following the Completion Date of the Proposed Acquisition (the "Warranty Period") will amount to S\$7.00 million (the "Guaranteed Profit"). In the event that the NPAT for the Warranty Period is less than the aforesaid amount of Guaranteed Profit, the Vendor shall upon written demand by MCG be liable to pay to MCG in cash an amount equivalent to 50% of the difference between the Guaranteed Profit and the aggregate NPAT for the Warranty Period within 1 month of the date of the written demand. In the event that the NPAT for the Warranty Period exceeds the aforesaid amount of Guaranteed Profit, MCG shall be liable to pay to the Vendor in cash an amount equivalent to 25% of the difference between the aggregate NPAT for the Warranty Period and the Guaranteed Profit within a month from the Vendor's written demand."

The cumulative NPAT of Dirak for financial years ended 31 December 2007 and 31 December 2008 amounted to \$6.29 million. 50% of the difference amounts to approximately S\$355,000. The amount of S\$5.28 million still owing to the Vendor for the cash consideration arising from the Acquisition is reduced by S\$355,000 in the books of MCG.

The Board of Directors is of the opinion that these developments will have no significant impact on the Group's financial position for the current year.

By Order of the Board

Gwendolyn Gn
Company Secretary
18 December 2009