ISR

ISR CAPITAL LIMITED | 威豪投资集团

ANNUAL REPORT | 2016

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LETTER TO SHAREHOLDERS

Dear Shareholders,

I am honoured to present you the annual report for ISR Capital Limited ("ISR Capital" or the "Company") for the financial year ended 31 December 2016 ("FY2016"). This year's report marks my first time writing to you as the Executive Chairman of ISR Capital, following my re-designation on 18 November 2016.

FY2016 was an eventful and challenging year for the Company, during which we initiated the proposed acquisition of a 60%-stake in Tantalum Holding (Mauritius) Ltd ("THM"), which owns 100% of Tantalum Rare Earth Malagasy S.A.R.L. ("TREM") (collectively, "the Madagascar Asset"). TREM holds a concession for a rare earth oxide resource in Madagascar, an island located off the south-eastern coast of Africa.

As announced on 5 September 2016, I became a shareholder of the Company following the signing of share placement agreements between the Company and four subscribers – myself included – to raise gross proceeds of S$12 million for the acquisition. Financial Frontiers Pte. Ltd., Mr Lee Thiam Seng, Mdm Ong Siew Choo, and I have to date collectively invested S$6.0 million via the first of a two-tranche share placement.

On 26 September 2016, ISR Capital entered into a short-term secured bridging loan facility agreement with THM via its wholly-owned subsidiary, ISR Global Pte. Ltd. ("ISR Global"), to loan THM up to S$6.0 million for the Madagascar Asset's working capital requirements. To date, a total of S$3.47million (US$2.5 million) has been loaned to THM.

Rare earth oxides possess unique magnetic, luminescent and electrochemical properties which make specialised high-tech metal products lighter, smaller, more durable and more energy-efficient. They are included in specialised magnets used for electric vehicles, which are increasingly popular, as well as components for aerospace or satellite components. The People's Republic of China ("PRC") is one of the few nations currently capable of mining rare earths on an industrial scale, and recently announced plans to limit national output to 140,000 tonnes by 2020. This will potentially result in a significant shortage as demand for these materials continues to rise globally.

The Madagascar Asset holds a 300 square-kilometre concession on the west coast of Madagascar, which is considerably larger than existing rare earth concessions in the PRC. It will also be the only known ionic clay mine with rare earth potential outside the PRC.

ISR Capital commissioned two valuation reports on the Madagascar Asset in FY2016, both of which value the concession at over US$1.0 billion. We are currently commissioning a third valuation report to address certain issues which were raised by the Singapore Exchange in November 2016, and will update shareholders in due course. We are also in active dialogues with potential partners to lay the groundwork for possible offtake agreements once we complete the acquisition of THM.

The Company remains deeply committed to completing the acquisition, the injection of the Madagascar concession into ISR Capital, and thereafter extracting rare earths in a responsible manner which will generate returns for our shareholders.

LETTER TO SHAREHOLDERS

Board and Executive Changes

- I was first appointed as Non-Independent Non-Executive Director on 27 October 2016, and was re-designated as Executive Chairman of ISR Capital on 18 November 2016.

- Mr Lee Ka Shao has been appointed as Independent Non-Executive Director of the Company, Chairman of the Nominating and Remuneration Committees as well as a member of the Audit Committee, effective 3 January 2017.

- Mr Lin, Chen Hsin has been appointed as Independent Non-Executive Director of the Company, as well as a member of the Audit and Remuneration Committees, effective 8 March 2017.

- Datuk Md Wira Dani bin Abdul Daim resigned as Executive Chairman of the Company with effect from 15 August 2016.

- Ms Quah Su Yin resigned as Chief Executive Officer and Executive Director of the Company with effect from 31 December 2016.

- Mr David Francis Rigoll resigned as Executive Director of the Company with effect from 6 March 2017.

- Mr Levin Lee Keng Weng resigned as Independent Non-Executive Director of the Company with effect from 3 December 2016.

- Dato' Seri Krishna Kumar Sivasubramaniam resigned as Independent Non-Executive Director of the Company with effect from 28 November 2016.

Appreciation

On behalf of the Board, I would like to extend a warm welcome to the new directors, and look forward to working with them to lead ISR Capital into a new phase of growth. To those who have left us, we thank them for their invaluable contributions and we wish them all the best in their future endeavours.

Chen Tong
Executive Chairman

DIRECTORS' PROFILES

Mr Chen Tong
Executive Chairman and Executive Director

Mr Chen Tong, aged 52, is our Executive Chairman and he is a member of the Nominating Committee. He was appointed to the Board as Non-Independent Non-Executive Director on 27 October 2016 and was subsequently re-designated as Executive Chairman of ISR Capital Limited on 18 November 2016.

He comes with over 30 years' experience in metallurgical mining and investments. Mr Chen, a Singapore national, has been involved in developing mineral resources assets and businesses in China, Australia, Canada, South Africa and the ASEAN region over the last 10 years and has developed good relations with many large mining enterprises.

Mr Chen Tong graduated with a Master of Engineering (majoring in Metallurgy) from Shanghai University and a Bachelor of Engineering (majoring in Thermal Engineering) from Beijing University of Science and Technology.

Mr Kwok Wei Woon
Lead Independent Director

Mr Kwok Wei Woon, aged 43, is our Lead Independent Director and our Chairman for Audit Committee. He was appointed to the Board on 14 May 2012 and is also a member of the Remuneration Committee and Nominating Committee.

Joseph is currently the Deputy General Manager of SooChow Securities CSSD (Singapore) Pte Ltd, a licensed fund manager in Singapore that is 75% owned by SooChow Securities and 25% by China-Singapore Suzhou Industrial Park Development Co. Ltd. He is also a director of China Reform Overseas Management Co Ltd and China Reform Puissance Overseas Holdings Limited; an Independent Non-Executive Director of two other SGX main-board listed companies, CWG International Ltd (formerly known as Chiwayland International Limited) and Asia Fashion Holdings Limited.

He has more than 18 years of experience in the financial services industry and had previously held senior roles with global financial institutions like JP Morgan (Executive Director); UBS AG (Director, Advisory Consultant, North Asia); Standard Chartered Bank Singapore (Deputy GM, Wealth Management).

Joseph is Fellow of SIM University and an adjunct lecturer with Kaplan teaching finance and business related subjects.

In addition, he also volunteers in non-profit organisations and is currently President of Financial Planning Association of Singapore (FPAS); President of University Of New South Wales Alumni Association Singapore; Audit Committee Chairman of Singapore Gymnastics; member of the fund raising committee of NTUC Employee Training Fund (NETF).

Joseph graduated with a Master Of Commerce degree (majoring in advance finance) and a Bachelor of Commerce degree (majoring in Accounting and Finance) from University of New South Wales. He is a certified accountant with CPA Australia and a Certified Financial Planner (CFP).

DIRECTORS' PROFILES

Mr Lee Ka Shao
Independent Director

Mr Lee Ka Shao, aged 47, was appointed on 3 January 2017 as our Independent Director and he is the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.

Mr Lee, a Singaporean, is a 23-year veteran in the banking and finance industry who had built and managed businesses in major financial institutions spanning trading, investment management, corporate finance and solution structuring across broad asset classes in U.S., Europe and Asia. He currently manages a family office.

Prior to that he co-founded and was the chief investment officer of Cavenagh Capital, a global macro strategy hedge fund with offices in Amsterdam and Singapore; and before that was a founding member of Abax Global Capital, a special situations hedge fund based in Hong Kong.

Preceding that, Mr Lee established and managed an internal absolute returns fund on the shareholders' equity of DBS Bank group and also advised on DBS's asset and liability management as the Managing Director in Central Treasury. Mr Lee started his career on Wall Street with J.P. Morgan as a market maker and proprietary trader in foreign exchange, interest rates and derivatives. He also established and headed a structuring group to offer innovative solutions in the post Asian financial crisis economic meltdown in 1998 where markets were wrecked with capital controls, illiquidity and other impediments when governments, corporates and financial institutions in Asia needed financing and hedges while global investors and funds were looking to make investment inroads into Asia.

Mr Lee is also currently an Independent Director of Asia Fashion Holdings Limited, which is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST").

Mr Lee graduated with honours in Economics from the National University of Singapore.

Mr Lin, Chen Hsin
Independent Director

Mr Lin, Chen Hsin, aged 74, was appointed to the Board on 8 March 2017 as our Independent Director and he is a member of the Audit Committee and Remuneration Committee.

Mr Lin holds the position of Administration Director of Coastal International Holdings Ltd since 1997 and between 1997 to 2012, he was appointed as Executive Director of Coastal Greenland Limited, an investment holding company that is principally engaged in the property related business and is listed on the Hong Kong Stock Exchange. In addition, he also has over 20 years' experience in import and export trading and manufacturing.

Mr Lin graduated from the Shanghai Institute of Education in 1965.

FINANCIAL HIGHLIGHTS

	2016	2015	Increase/ (Decrease)
	(S$ '000)	(S$ '000)	(%)
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Revenue (from continuing operations)	350	2,995	(88.3)
Total (loss)/profit	(8,277)	667	(1,340.9)
Balance Sheets			
Total Assets	5,185	5,754	(9.9)
Total Liabilities	553	2,747	(79.9)
Total Equity	4,631	3,007	54.0

	2016	2015	Increase/ (Decrease)
	(%)	(%)	(%)
Ratios			
Return On Equity	(178.7)	22.2	(905.8)
Return On Assets	(159.6)	11.6	(1,477.5)

	2016	2015	Increase/ (Decrease)
	(cents)	(cents)	(%)
Per Ordinary Share			
Basic (loss)/earnings per share	(0.72)	0.27	(366.7)
Diluted (loss)/earnings per share	(0.72)	0.12	(416.7)

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chen Tong
Executive Chairman and Executive Director

Kwok Wei Woon
Lead Independent Director

Lee Ka Shao
Independent Director

Lin, Chen Hsin
Independent Director

AUDIT COMMITTEE
Kwok Wei Woon – Chairman
Lee Ka Shao
Lin, Chen Hsin

NOMINATING COMMITTEE
Lee Ka Shao – Chairman
Chen Tong
Kwok Wei Woon

REMUNERATION COMMITTEE
Lee Ka Shao – Chairman
Lin, Chen Hsin
Kwok Wei Woon

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RT LLP
1 Raffles Place
#17-02 One Raffles Place
Singapore 048616
Partner-in-charge: Su Chun Keat
(Appointed in Financial Year 2015)

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

COMPANY SECRETARIES
Vincent Lee Chung Ngee
Teo Meng Keong
Tan Wee Sin

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors (the "Board") of ISR Capital Limited (the "Company") is committed to uphold good corporate governance within the Company and its subsidiaries (the "Group"). This commitment to corporate governance is seen in their continuous support of the Code of Corporate Governance in their effort to observe high standards of transparency, accountability and integrity in managing the Group's business in order to create value for its stakeholders and safeguard the Group's assets.

This Statement describes the practices which the Company has taken with respect to each of the principles and guidelines and the extent of its compliance with the revised Code of Corporate Governance 2012 (the "Code") during the financial year ended 31 December 2016 ("FY2016"). Where there are deviations from the Code, appropriate explanations will be provided.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: 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 Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience, to lead and control the Company.

The Board's principal functions are:

- Setting the strategic directions and long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- Reviewing and approving financial policies, investments and divestment proposals and major funding proposals;
- Reviewing and approving the Group's annual business plan including the annual budget, capital expenditure and operational plans;
- Reviewing and evaluating the adequacy and integrity of the Group's internal controls, risk management and financial reporting system;
- Identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Considering sustainability issues including environmental and social factors in the formulation of the Group's strategies; and
- Ensuring accurate and timely reporting in communication with shareholders.

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly reviewed by the Board. The roles and responsibilities of the AC, NC and RC are provided for in the later sections of this Corporate Governance Statement.

The full Board meets on a regular basis and as when necessary, to address any significant matters that may arise.

As provided for under Article 97 of the Company's Constitution, the Directors of the Company may participate in any meeting of Directors by means of a conference telephone, video conferencing, audio visual or other similar communications equipment by means of which all persons participating in the meeting can hear each other.

CORPORATE GOVERNANCE STATEMENT

The number of Board and Board Committee meetings held during FY2016 and the attendance of each Director where relevant is as follows:

Type of meetings	Board	AC	NC	RC
No. of meetings held in FY2016	7	5	3	2
Attendance				
Mr Chen Tong[1]	3/3	N/A	1/1	N/A
Mr Kwok Wei Woon	7/7	5/5	3/3	2/2
Mr Lee Ka Shao[2]	N/A	N/A	N/A	N/A
Mr Lin, Chen Hsin[3]	N/A	N/A	N/A	N/A
Mr David Francis Rigoll[4]	3/5	N/A	N/A	N/A
Ms Quah Su-Yin[5]	7/7	N/A	N/A	N/A
Mr Levin Lee Keng Weng[6]	4/5	4/5	N/A	2/2
Dato' Seri Krishna Kumar Sivasubramaniam[7]	4/5	3/5	2/2	2/2
Datuk Md. Wira Dani Bin Abdul Daim[8]	4/4	N/A	2/2	N/A

N/A – Not applicable

(1) Mr Chen Tong was appointed as Non-Independent Non-Executive Director on 27 October 2016. He was subsequently re-designated as Executive Chairman and a member of Nominating Committee on 18 November 2016.

(2) Mr Lee Ka Shao was appointed as Independent Non-Executive Director, Chairman of Nominating Committee and Remuneration Committee and a member of Audit Committee on 3 January 2017.

(3) Mr Lin, Chen Hsin was appointed as Independent Non-Executive Director, and a member of Audit Committee and Remuneration Committee on 8 March 2017.

(4) Mr David Francis Rigoll was appointed as Non-Executive Director on 16 May 2016. He was subsequently re-designated as Executive Director on 16 June 2016 and resigned as Executive Director on 6 March 2017.

(5) Ms Quah Su-Yin resigned as Chief Executive Officer and Executive Director on 31 December 2016.

(6) Mr Levin Lee Keng Weng was appointed as Independent Non-Executive Director and a member of Audit Committee and Remuneration Committee on 1 February 2016. He was subsequently re-designated as Chairman of Remuneration Committee on 25 February 2016. He resigned as Independent Non-Executive Director, Chairman of Remuneration Committee and a member of Audit Committee on 3 December 2016.

(7) Dato' Seri Krishna Sivasubramaniam resigned as Independent Non-Executive Director, Chairman of Nominating Committee and a member of Audit and Remuneration Committees on 28 November 2016.

(8) Datuk Md. Wira Dani Bin Abdul Daim resigned as Executive Chairman and Executive Director and a member of Nominating Committee on 15 August 2016.

The Board has identified the following areas for which the Board has direct responsibility for decision making:

- Approving the Group's major investments and funding decisions;
- Approving the Group's half-year and full-year results announcements for release via the SGXNET in accordance to the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST");
- Approving annual report and audited financial statements;
- Convening of shareholders' meetings;
- Approving corporate strategies;
- Approving corporate or financial restructuring;
- Approving annual management plans and budgets; and
- Approving of material acquisitions and disposal of assets.

While matters relating to the Group's objectives, strategies and policies require the Board's decision and approval, Management is responsible for the day-to-day operations and administration of the Group.

CORPORATE GOVERNANCE STATEMENT

Upon appointment, each Director will receive appropriate training to ensure that the Director is familiar with the Group's business, financial performance and governance practices. Newly appointed Directors will receive a formal appointment letter setting out their duties and obligations. The Directors are continuously updated with the changes to relevant laws, regulations, changing commercial risks and accounting standards. To enable the Directors to remain updated with the relevant laws and corporate governance practices, the Company continues to facilitate and make arrangements for the Directors to participate in industry conferences and seminars, and attend relevant training courses, where required.

During the year, the Board was briefed and updated on the impending statutory and regulatory changes as well as the new/revised financial reporting standards that are applicable for FY2016 and beyond, including the key enhancements to the auditor's report. All Directors are encouraged to constantly keeping abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable.

Board Composition and Guidance

Principle 2: 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 and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of four (4) members comprising the Executive Chairman and three (3) Independent Non-Executive Directors. As Independent Directors make up more than half of the Board, there is a strong independent element on the Board and no individual or groups of individuals are able to dominate the Board's decision-making process. The Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group. They have the necessary experience to assist the Board in decision making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company.

The profile of each Director is presented on pages 4 to 5 of this Annual Report.

On an annual basis and upon notification by an Independent Director of a change in circumstances, the NC will review the independence of each Independent Director based on the criteria for independence as defined in the Code and recommends to the Board as to whether the Director is considered to be independent.

The Board examines its size and after taking into account the scope and nature of the Company's operations as well as the diversified background and experience of the Directors that provide core competencies in areas such as finance, accounting, business management, industry knowledge and strategic planning experience, is satisfied that the Board is of an appropriate size to facilitate effective decision making.

None of the Independent Directors have served on the Board beyond nine (9) years from their respective date of appointment.

The Non-Executive Directors constructively review and assist the Board to facilitate and develop proposals on strategy and review the performance of Management in meeting agreed objectives and monitor the reporting performance. On the effectiveness, the Independent Directors have full access and co-operation from the Company's Management and officers. The Independent Directors have full discretion to have separate meetings and invite any Directors or officers to the meetings and to meet without the presence of Management as and when warranted by certain circumstances.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Mr Chen Tong was appointed as a Non-Independent Non-Executive Director of the Company on 27 October 2016 and re-designated as an Executive Chairman on 18 November 2016. He is responsible for the effective conduct of the Board as well as directing the Group's overall strategy and growth.

The Chairman ensures that Board meetings are held on a regular basis and sets Board meeting agenda for each meeting in consultation with the Directors, the Management and the Company Secretary as and when necessary. The Chairman and the Directors ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

The Chairman should:

(a) lead the Board to ensure its effectiveness on all aspects of its role;
(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promote a culture of openness and debate at the Board;
(d) ensure that the Directors receive complete, adequate and timely information;
(e) ensure effective communication with shareholders;
(f) encourage constructive relations within the Board and between the Board and Management;
(g) facilitate the effective contribution of Non-Executive Directors in particular; and
(h) promote high standards of corporate governance.

For good corporate governance, Mr Kwok Wei Woon has been appointed as the Lead Independent Director of the Company. Shareholders of the Company with serious concerns that could have a material impact on the Group, for which contact through the normal channels of the Chairman, the Directors or Group Financial Controller have failed to resolve or is inappropriate, would be able to contact Mr Kwok or the Audit Committee members of the Company.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company had established a Nominating Committee to make recommendations to the Board on all board appointments. The NC comprises the following three (3) Directors, a majority of whom including the Chairman of the NC, are Independent Non-Executive Directors:

1. Mr Lee Ka Shao (Chairman)
2. Mr Kwok Wei Woon
3. Mr Chen Tong

The NC is governed by the NC's Terms of Reference which describes the duties and functions of the NC.

CORPORATE GOVERNANCE STATEMENT

The duties and functions of the NC are as follows:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's competencies, commitment, contributions and performance (for example attendance, preparedness, participation, candour and others);
(b) to determine annually whether a Director is independent;
(c) where a Director has multiple board representations, to decide whether a Director is able to and has adequately carried out his duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;
(d) to decide how the Board's performance may be evaluated and propose objective performance criteria that allow comparison with industry peers, for approval by the Board, and that address how the Board has enhanced long-term shareholders' value;
(e) to review the structure, composition and size of the Board;
(f) to review board succession plan; and
(g) to determine the appropriate training and professional development program for the Board.

The Company's Constitution provides that at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) but not less than one-third (1/3) shall retire by rotation and that all the Directors (other than a Director holding the office as Managing Director) shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election.

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives, the NC will recommend the candidate to the Board for approval. Under the Company's Constitution, a newly appointed Director shall retire at the AGM following his/her appointment and he/she shall be eligible for re-election.

At the forthcoming AGM, Mr Chen Tong, Mr Lee Ka Shao and Mr Lin, Chen Hsin will retire pursuant to Article 88 of the Company's Constitution.

As at the date of this Report, the Board comprises four (4) Directors. Details of the Directors' qualifications, initial appointment, last re-election and their directorship are as follows:

Name of Director	Position	Date of initial appointment	Date of last re-election	Academic and professional qualifications	Present Directorship in other listed Companies	Past Directorship in other listed Companies
Mr Chen Tong	Executive Chairman	27 October 2016	N/A	1. Master of Engineering (Metallurgy) 2. Bachelor of Engineering (Thermal Engineering)	N/A	N/A

Name of Director	Position	Date of initial appointment	Date of last re-election	Academic and professional qualifications	Present Directorship in other listed Companies	Past Directorship in other listed Companies
Mr Kwok Wei Woon	Lead Independent Director	14 May 2012	29 April 2016	1. Master of Commerce (Advance Finance) 2. Bachelor of Commerce (Accounting and Finance) 3. CPA (CPA Australia) 4. Certified Financial Planner	1. Asia Fashion Holdings Limited 2. CWG International Ltd (formerly known as Chiwayland International Limited)	N/A
Mr Lee Ka Shao	Independent Non-Executive Director	3 January 2017	N/A	1. Bachelor of Arts 2. Bachelor of Social Sciences	Asia Fashion Holdings Limited	N/A
Mr Lin, Chen Hsin	Independent Non-Executive Director	8 March 2017	N/A	Shanghai Institute of Education	N/A	Coastal Greenland Limited* *(from year 1997 to 2012)*

* *Listed on Hong Kong Stock Exchange*

The NC had recommended to the Board that Mr Chen Tong, Mr Lee Ka Shao and Mr Lin, Chen Hsin be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance.

The NC has considered and taken the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively. Currently, none of the Directors hold more than five (5) directorships in other listed companies. During the financial year under review, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no necessity to implement internal guidelines to address their competing time commitments. The NC is also of opinion that the current board size is adequate for the effective function of the Board.

In regard to the independence of the Directors, the NC has affirmed that all the three (3) Independent Directors are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

The Company does not have any alternate Directors' as the Board does not encourage the appointment of alternate Directors unless in exceptional cases.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board has implemented a process in which NC will coordinate a formal assessment of the effectiveness of the Directors and the Board Committees.

On an annual basis, the NC in consultation with the Chairman of the Board, will review and evaluate the performance of the Directors and the Board as a whole. Each Director is invited to complete a Board Assessment Checklist to appraise the performance and contributions of the Directors, including the Chairman of the Board. This includes taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contributions of each Director to the effectiveness of the Board.

The completed Board Assessment Checklist is then submitted for compilation and the NC will assess the results of the questionnaire and report key findings to the Board. The NC has assessed the Board's performance to-date and is of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that despite some of the Directors having board representations in other listed companies, the Directors are able to and have adequately carried out their duties as Directors of the Company.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board has separate and independent access to the senior management and external auditors of the Group at all times. Request for information is dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. The information made available to the Directors are in various forms such as quarterly, half-yearly and full-year financial results, progress reports of the Group's operations, corporate developments, regulatory updates, business developments and audit reports. Management also consults with Board members regularly and whenever necessary and appropriate. The Board is issued with Board papers timely prior to Board meetings.

Management's proposals to the Board for approval include background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

The Directors also have separate and independent access to the company secretaries. The roles of the company secretaries are to administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Constitution, Listing Manual of the SGX-ST and other relevant rules and regulations applicable to the Company are complied with. The company secretary also attends all Board meetings. The appointment and removal of the company secretaries are decided by the Board as a whole.

A calendar of activities is scheduled for the Board a year in advance, with Board papers and agenda items dispatched beforehand to Directors, with sufficient lead-time for Directors to peruse, review and consider the items tabled at the relevant Board meetings so that the discussions at such meetings can be more meaningful and productive.

The Board in fulfilling its responsibilities as a group or individually, when deemed fit, direct the Company, at the Company's expense, to appoint an independent professional adviser, to render professional advice.

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REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 7: 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 Remuneration Committee comprises the following three (3) Directors, all of whom are Independent Non-Executive Directors:

1. Mr Lee Ka Shao (Chairman)
2. Mr Kwok Wei Woon
3. Mr Lin, Chen Hsin

The RC is governed by the RC's Terms of Reference which describes the duties and powers of the RC.

The RC is responsible:

(a) to recommend to the Board a framework of remuneration for the Board and key management personnel, and to determine specific remuneration packages for each Executive Director, which covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
(b) in the case of service contracts of Directors (if any), to review and to recommend to the Board, the terms of renewal of service contracts and to consider the compensation commitments of the service contracts in the event of early termination;
(c) in respect of any long-term incentive schemes including any share option or share scheme, to administer and to consider whether an employee or Director is eligible for the benefits under such scheme;
(d) to appoint and retain such professional consultancy firm deemed necessary to enable the RC to discharge their duties satisfactorily; and
(e) to review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC's recommendations are made in consultation with the Chairman of the Board and submitted to the entire Board for endorsement. Each member of RC shall abstain from voting on any resolution in respect of his own remuneration package. Also in the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The RC ensures that the remuneration package of the Executive Chairman is in line with the Company's compensation policy. They also consider and review the disclosure of Directors' remuneration in the annual report. The RC will also ensure that the Independent Directors are not compensated excessively to the extent that their independence may be compromised.

If necessary, the RC would seek professional advice internally and/or externally pertaining to remuneration of all Directors.

Level and Mix of Remuneration

Principle 8: ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

In setting remuneration package for the Executive Chairman and the key management personnel, who are not Directors or CEO of the Company, the performance related elements of remuneration form a significant portion of the total remuneration package. This is to align their interests with those of shareholders, promote the long-term success of the Group, and to link rewards to corporate and individual performance. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution, effort and time spent, and the responsibilities of the Directors.

The Directors' Fees paid to the Non-Executive Directors of the Company each year are fixed in accordance with their level of contributions, taking into account factors such as effort, time spent as well as responsibilities and obligations and subject to the approval of the Company's shareholders at the AGM.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Chairman and Key Management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Executive Chairman owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Chairman in the event of such breach of fiduciary duties.

Disclosure of Remuneration

Principle 9: ***Each company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.***

The remuneration of the Directors for FY2016 is disclosed below. The disclosure is to enable investors to understand the link between the remuneration paid to Directors and their performance. The remuneration for the Executive Directors comprises fixed and variable components. The fixed component is in the form of fixed monthly salary whereas the variable component is linked to the performance of the Group and the individual.

The remuneration of each Director has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

The breakdown (in percentage terms) of each Directors' remuneration for FY2016 are as follows:

	Salary*	Bonus*	Share Awards	Other Benefits	Director Fees	Total
	%	%	%	%	%	%
Directors						
$250,000 – $500,000						
Ms Quah Su-Yin(1)	86	–	11	3	–	100
Below S$250,000						
Mr Chen Tong(2)	100	–	–	–	–	100
Mr Kwok Wei Woon	–	–	20	–	80	100
Mr Lee Ka Shao(3)	N/A	N/A	N/A	N/A	N/A	N/A
Mr Lin, Chen Hsin(4)	N/A	N/A	N/A	N/A	N/A	N/A
Mr David Francis Rigoll(5)	96	–	–	–	4	100
Datuk Md. Wira Dani Bin Abdul Daim(6)	60	–	27	13	–	100
Dato' Seri Krishna Kumar Sivasubramaniam(7)	–	–	21	–	79	100
Mr Levin Lee Keng Weng(8)	–	–	4	–	96	100

* *Inclusive of employer's contributions to defined contribution plan*

(1) *Ms Quah Su-Yin resigned as Chief Executive Officer and Executive Director on 31 December 2016.*

(2) *Mr Chen Tong was appointed as Non-Independent Non-Executive Director on 27 October 2016. He was subsequently re-designated as Executive Chairman and a member of Nominating Committee on 18 November 2016.*

(3) *Mr Lee Ka Shao was appointed as Independent Non-Executive Director, Chairman of Nominating Committee and Remuneration Committee and a member of Audit Committee on 3 January 2017.*

(4) *Mr Lin, Chen Hsin was appointed as Independent Non-Executive Director, and a member of Audit Committee and Remuneration Committee on 8 March 2017.*

(5) *Mr David Francis Rigoll was appointed as Non-Executive Director on 16 May 2016. He was subsequently re-designated as Executive Director on 16 June 2016 and resigned as Executive Director on 6 March 2017.*

(6) *Datuk Md. Wira Dani Bin Abdul Daim resigned as Executive Chairman and Executive Director and a member of Nominating Committee on 15 August 2016.*

(7) *Dato' Seri Krishna Sivasubramaniam resigned as Independent Non-Executive Director, Chairman of Nominating Committee and a member of Audit and Remuneration Committees on 28 November 2016.*

(8) *Mr Levin Lee Keng Weng was appointed as Independent Non-Executive Director and a member of Audit Committee and Remuneration Committee on 1 February 2016. He was subsequently re-designated as Chairman of Remuneration Committee on 25 February 2016. He resigned as Independent Non-Executive Director, Chairman of Remuneration Committee and a member of Audit Committee on 3 December 2016.*

In view of the confidentiality of the remuneration matters and given that the industry is very competitive in terms of hiring key personnel, the Board is of the opinion that it is in the best interest of the Company and the Group not to disclose the identity and remuneration bands of key management personnel in the Annual Report. In aggregate, the total remuneration paid to the top two key management personnel for the financial year ended 31 December 2016 was approximately S$526,000.

The Company does not have any employee who is an immediate family member of a Director or the CEO, whose remuneration for FY2016 exceeds S$50,000.

CORPORATE GOVERNANCE STATEMENT

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: ***The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects, to its shareholders, the public and regulators. Management provides the Board with management accounts, operations review and related explanations and any other information as the Board may require together with the financial statements on a quarterly basis.

The Board is accountable to its shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to its shareholders in compliance with the relevant statutory and regulatory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced and issued within the statutory prescribed periods.

Risk Management and Internal Controls

Principle 11: ***The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' interests and the Group's assets. The system of internal controls provides a reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The AC and the Board believe that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Group's Management and that was in place throughout the financial year and up to the date of this report is adequate to meet the needs of the Group in its current business environment.

The Group has a formal Risk Management Framework for identification of key risks within the business. The Group regularly reviews its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

The AC assists the Board in the oversight of risk management in the Group. It reviews the effectiveness of the overall risk management system in meeting sound corporate governance principles. The Group's risk management process is an ongoing process and requires continuing identification, assessment, monitoring and management of significant risks. The AC will report any material matters including findings and recommendations pertaining to risk management to the Board.

As part of the annual statutory audit, the Group's external auditor conducted an annual review, in accordance with their audit plan, of the effectiveness of the Group's material internal controls relevant to the Group's preparation of financial statements. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC as part of their review. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditor in this respect, if any.

In the absence of any evidence to the contrary, it is the opinion of the Board, with the concurrence of the AC, that the risk management and system of internal controls maintained by the Group's Management that is in place throughout FY2016 and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, information technology and compliance risks. The Board notes that all risk management and system of internal control contain inherent limitations and no risk management and system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors and the documentation on the Group's key risks, reviews performed by Management, AC and the Board, the AC and the Board are of the opinion that the Group's risk management and internal controls, addressing financial, operational, information technology and compliance risks, were effective and adequate. This is in turn supported by assurance from the Executive Chairman and the Group Financial Controller that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2016 give a true and fair view of the Group's operations and finances, and are prepared in accordance with the relevant accounting standards; and
(b) they have evaluated the effectiveness of the Group's risk management and internal controls and have discussed with the Group's external and internal auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of risk management and internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

The Company has disclosed that it is assisting with an investigation by the Commercial Affairs Department of the Singapore Police Force ("CAD") in a public announcement dated 3 April 2014. In response to the on-going investigation by CAD, the Board has put in place the following measures and controls to further safeguard the shareholders' interests in the Company:

(a) Management to notify the AC and seek AC's approval before any investment transactions are undertaken by the Group.
(b) The Group's business continuity plan should be enhanced to include identifying suitable personnel to replace any key executive or employee.

On 9 December 2016, the Company has been served a joint notice dated 7 December 2016 by Monetary Authority of Singapore and CAD (collectively referred to as the "Authorities") which states that the Authorities are investigating into an offence under the Securities and Futures Act (Chapter 289) and require access to certain documents and information pertaining to the Company.

CORPORATE GOVERNANCE STATEMENT

As of the date of this Statement, the Authorities have not disclosed to the Company any further details nor provided any further updates on their investigations. Given the uncertainties in relation to the target(s) and subject matter of the on-going investigations by the Authorities, the Executive Chairman and the Board of Directors and Management are not able to ascertain the impact of these investigations, if any, to the Company and the Group and to their ongoing business operations and furthermore, the implications of such investigations, if any, to the Group's and the Company's financial statements for the financial year ended 31 December 2016. The Company remains unaware of the commission of any offence in connection with the investigations by the Authorities and has been cooperating fully with the Authorities in their investigations.

Apart from the investigations by the Authorities which have given rise to some uncertainties, the Company and its subsidiaries have kept full and proper accounting records, the full access whereof were provided and fully disclosed to the independent auditors.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the following three (3) Directors, all of whom are Independent Non-Executive Directors:

1. Mr Kwok Wei Woon (Chairman)
2. Mr Lee Ka Shao
3. Mr Lin, Chen Hsin

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. Mr Kwok Wei Woon, Mr Lee Ka Shao and Mr Lin, Chen Hsin are all qualified professionals and they possess the requisite accounting and financial management expertise and experience.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on the financial statements, with regular updates by the independent auditors on changes or amendments to accounting standards.

The AC is governed by its Terms of Reference which highlights its duties and functions as follows:

(a) to review with the external auditor, the audit plan, their evaluation of the Group's system of internal accounting controls, their audit report, management letter and Management's responses; and also to review the assistance given by the Company's officers to the external auditor;
(b) to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the external auditor. Where the external auditor also provides a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the balance of objectivity and value for money;
(c) to review the quarterly, half-yearly and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
(d) to review annually the effectiveness of the Company's material internal controls including financial, operational, information technology and compliance control and risk management;
(e) to review the independence of the external auditor annually;
(f) to consider and make recommendations to the Board on the appointment, re-appointment and removal of external auditor, their remuneration and terms of engagement;

(g) to ensure that the internal audit function, is adequately resourced and has appropriate standing within the Company and to review the adequacy of the function annually;
(h) to review the scope and results of the internal audit procedures;
(i) to meet with the external and internal auditors without the presence of Management, annually;
(j) to review interested persons transactions to comply with the rules of the Listing Manual of the SGX-ST and other relevant statutory requirements and any potential conflicts of interest; and
(k) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The AC has the power to conduct and authorise investigations into matters within the AC's scope of responsibility. The AC also has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the AC meetings, and has been given the reasonable resources to enable it to discharge its functions.

During FY2016, the AC met five (5) times to discuss the following matters:

(a) reviewed the draft announcements of the unaudited results for the full-year ended 31 December 2015 and the half-year ended 30 June 2016 as well as the unaudited results for the quarters ended 31 March 2016 and 30 September 2016, before recommending them to the Board for approval;
(b) reviewed the external auditor's report for the financial year ended 31 December 2015;
(c) reviewed the nature and extent of non-audit services provided by the external auditor during the financial year ended 31 December 2015 and reviewed the external auditor's independence;
(d) met with the external auditor without the presence of Management;
(e) reviewed the adequacy of the scope of the Group's internal audit function and ensuring its appropriate standing within the Group for the financial year ended 31 December 2016;
(f) reviewed the proposals for internal audit and enterprise risk management services for the financial year ended 31 December 2016;
(g) reviewed the interested persons transactions (if any);
(h) reviewed the Corporate Governance Statement for disclosure in the Company's 2015 Annual Report;
(i) proposed and recommended the appointment of the external auditor for FY2016; and
(j) reviewed and approved the external auditor's plan for the financial year ended 31 December 2016.

For FY2016, the aggregate amount of fees paid or payable to the external auditor of the Group amounted to S$64,000 including audit fees of S$56,500 and non-audit services fees of S$7,500. The AC has reviewed all non-audit services provided by the external auditor and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditor.

The Company has in place a Whistle-Blowing Policy to enable persons employed by the Group a channel to report any suspicions of non-compliance with regulations, policies and fraud, etc, to the appropriate authority for resolution, without any prejudicial implications to these employees. The AC has been vested with the power and authority to receive, investigate and enforce appropriate actions when any such non-compliance matter is brought to its attention.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiaries. There were no former partners or directors of the Company's existing audit firm or audit corporation acting as a member of the AC. The AC recommended to the Board the reappointment of Messrs RT LLP as the external auditor of the Company at the forthcoming AGM.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, are adequate and functioning in the required manner.

The Group has outsourced its internal audit function for FY2016 to Mazars LLP (the "Internal Auditor"). The Internal Auditor reports directly to the Chairman of the Audit Committee.

The roles of the Internal Auditor and scope of its responsibilities are as follows:

(a) Evaluates and provides reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Group's objectives and goals to be met;
(b) Reports risk management issues and internal control deficiencies identified directly to the Audit Committee and provides recommendations for improving the Group's operation, in terms of both efficient and effective performance;
(c) Evaluates regulatory compliance with applicable laws and regulations;
(d) Evaluates information security and associated risk exposures;
(e) Evaluates the Group's readiness in case of business interruption; and
(f) Maintains open communication with Management and the Audit Committee.

To achieve its objectives, the Internal Auditor has unrestricted access to all records, properties and personnel of the Group. The Internal Auditor reviews the internal audit procedures and ensures that the internal audit function meets the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

During the year, the Internal Auditor has reviewed the following key risk area:

- Investment management

The Audit Committee will review the adequacy of the internal audit function annually. Based on the Audit Committee's review, the Audit Committee believes that the Internal Auditor is independent and has the appropriate standing within the Group and has adequate resources to perform its function effectively and objectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to the Listing Rules of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and press releases;
- Annual Reports and Circulars prepared and issued to all shareholders;
- Company's website at www.isrcap.com, at which shareholders may have access to information on the Group.

At the Company's general meetings, shareholders are given the opportunity to voice their views and ask Directors or Management questions regarding the Company. These meetings provide excellent opportunities for the Board to engage with shareholders to solicit their feedback. The Company's Constitution allows a shareholder to vote at any general meeting of the Company either personally or by proxy or by attorney or in the case of a corporation by a representative. If appointing a proxy, a shareholder may appoint one or two proxies to attend and vote in place of the shareholder. The Company's Constitution currently do not allow a shareholder to vote in absentia.

The Chairman of the AC, NC and RC, or members of the respective committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. The external auditor is also present at each AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

There are separate resolutions at the general meetings to address each distinct issue.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

The Group does not have a dividend policy in place at present. The Board may consider adopting a dividend policy in the future. In determining the form, frequency and amount of dividends that the Company may recommend or declare in respect of any particular year or period, the Board will take into consideration of the Group's profit growth, cash position, projected capital requirement for business growth and other factors as the Board may deem appropriate.

The Board has not declared any dividend payment for FY2016 after taking into account various factors, including the Group's business plans and the level of funding required for the Group's operations.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

MATERIAL CONTRACTS

There were no material contracts including loans that are either still subsisting at the end of FY2016 or entered into by the Group during FY2016, involving the interests of any Director, the Executive Chairman, the CEO or the controlling shareholders.

INTERESTED PERSON TRANSACTIONS

During FY2016, there was no interested person transaction entered into by the Group, as defined under the Listing Manual.

CORPORATE GOVERNANCE STATEMENT

DEALING IN SECURITIES

In line with the Rule 1207 (19) of the Listing Manual of the SGX-ST, the Company has in place a policy prohibiting share dealings by Directors and employees of the Group when in possession of undisclosed price sensitive information or for the period of one (1) month before the release of the announcement of the Company's half-year and full year financial results, with the restriction ending on the day after the announcement of the relevant results.

Directors and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. An officer should also not deal in the Company's securities on short-term considerations. All employees of the Group have to obtain written approval before dealing in securities in their own accounts or in accounts which they have control or influence over.

UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF CONVERTIBLE REDEEMABLE BONDS OF S$5,000,000 AS AT 31 DECEMBER 2016

The Company refers to the net proceeds of approximately S$4.57 million raised from the issuance of convertible redeemable bonds as at 31 December 2016.

As at 31 December 2016, the status on the use of the net proceeds raised from the issuance of convertible redeemable bonds in S$'000 is as follows:

	Amount utilised
	S$'000
Investments and general corporate purposes	3,312
General working capital	1,258*
Total net proceeds raised from issuance of convertible redeemable bonds	4,570

* *The breakdown of the amount utilised for general working capital is as follows:*

	S$'000
Wages and salaries and other short-term employee benefits and employer's contributions to Central Provident Fund	*563*
Office and warehouse rental	*172*
Directors' fees	*159*
Professional fees (including legal, secretarial, investor relations)	*89*
Fixed deposit	*80*
Listing related expenses	*66*
Office expenses	*31*
Repair and maintenance	*14*
Insurance premiums	*11*
Others	*73*
Total	*1,258*

UTILISATION OF PROCEEDS RAISED FROM PLACEMENT OF 70,588,236 SHARES AS AT 31 DECEMBER 2016

The Company refers to the net placement proceeds of approximately S$5.78 million raised from the placement of 70,588,236 new ordinary shares in the capital of the Company ("the Placement") which arose from the first of a two-tranche share placement that was completed in October 2016.

As at 31 December 2016, the status on the use of the net placement proceeds in S$'000 is as follows:

	Amount utilised
	S$'000
Working capital in relation to the proposed acquisition by the Company of a 60% shareholding in Tantalum Holding (Mauritius) Ltd from REO Magnetic Pte Ltd	3,620
General working capital	962**
Total net placement proceeds	4,582

** *The breakdown of the amount utilised for general working capital is as follows:*

	S$'000
Wages and salaries and other short-term employee benefits and employer's contributions to Central Provident Fund	*495*
Office and warehouse rental	*181*
Professional fees (including legal, secretarial, investor relations)	*129*
Insurance premiums	*44*
Renovation and relocation expenses	*43*
Directors' fees	*24*
Travelling expenses	*15*
Repair and maintenance	*10*
Others	*21*
Total	*962*

REPORT OF THE AUDIT COMMITTEE

The Audit Committee ("AC") has full access to and cooperation from management of the Company and the Group. The AC has been given the resources required to discharge its functions properly. The executive management of the Company are invited to attend most, if not all, of the meetings of the AC. The external auditor and the outsourced internal auditor have unrestricted access to the AC and are invited to attend the AC meetings as and when required. The AC meets with the external auditor and/or the outsourced internal auditor, without the presence of management, at least once a year.

The AC held four (4) quarterly meetings, which were scheduled, and one (1) ad hoc meeting during FY2016. During the quarterly-scheduled meetings, the AC reviewed the quarterly/half-yearly/full-year financial accounts, including relevant supporting schedules, prepared by management.

Key Audit Matters

The AC noted that the external auditors have issued a "Disclaimer of Opinion" and would not be expressing an opinion on the accompanying consolidated financial statements of the Group as at and for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In view of this, the AC considered a number of key audit matters highlighted by the external auditors during the course of their audit for the financial year ended 31 December 2016 ("FY2016") and in respect of these key audit matters, the AC's comments are as follows:

Key Audit Matters for FY2016	Comments by the AC
1. Valuation, Recoverability and Impairment of Trade Receivables and Debt Securities	During FY2016, the AC reviewed management's assessment of the recoverability of amounts due from trade debtors and borrowers as well as the level of impairment allowance required on the long outstanding debts. The AC notes that the Company is in the process of considering and taking appropriate legal actions against trade debtors with long outstanding amounts and a borrower who has defaulted on its interest and principal repayments. With regards to the recoverability of the debt security of S$3,467,535 extended to Tantalum Holding (Mauritius) Ltd as at 31 December 2016, the AC is of the view of that the Company would be in a better position to assess the recoverability of the debt upon the issuance of the third valuation report on the concession that hosts critical rare earth oxides in Northern Madagascar. The AC understands that the Company is in the process of commissioning a third independent valuation report. Overall, the AC is satisfied that the Company is taking appropriate steps and actions, which includes necessary legal actions, to recover the amounts due from the trade debtors and borrower and concurs with the management on the level of impairment allowance required with respect to the outstanding amounts due from trade debtors and borrower.

Key Audit Matters for FY2016	Comments by the AC
2. Going Concern of the Company and Group	The AC noted that the Company has recently raised S$1,950,000 (net of arrangement fees) through the issuance of Sub-Tranche 1 and Sub-Tranche 2 of Tranche 2 convertible redeemable bonds to Premier Equity Fund (which has exercised their option to subscribe for Tranche 2 Bonds for a principal sum of S$5,000,000). The AC also understands that the Company is currently in talks with several parties to explore and evaluate various options for the Group and that shareholders will be kept updated on any material developments. In view of the above, the AC is of the opinion that the Company and the Group would be able to continue to operate as a going concern for the next 12 months.
3. (a) Investigations commenced by the Commercial Affairs Department (the "CAD") in April 2014 (the "2014 investigations"); and (b) Investigations commenced by the Monetary Authority of Singapore (the "MAS"), jointly with the CAD in December 2016 (the "2016 investigations")	The AC notes that as of the date of this Report, the CAD and the MAS (collectively the "Authorities") have not disclosed to the Company any further details nor provided any further updates on their investigations and the Company remains unware of the commission of any offence in connection with the 2014 and 2016 investigations by the Authorities and has been cooperating fully with the Authorities in their investigations.

On behalf of the Audit Committee,

Kwok Wei Woon
Chairman of the Audit Committee

Singapore
5 April 2017

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Chen Tong (appointed on 27 October 2016)
Kwok Wei Woon
Lee Ka Shao (appointed on 3 January 2017)
Lin Chen Hsin (appointed on 8 March 2017)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate, other than as disclosed under the section on "Share awards" in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations as stated below:

	Holdings registered in name of director or nominee (No. of ordinary shares)			Holdings in which director is deemed to have an interest (No. of ordinary shares)		
The Company	At 1.1.2016 or date of appointment, if later	At 31.12.2016	At 21.01.2017	At 1.1.2016 or date of appointment, if later	At 31.12.2016	At 21.01.2017
Chen Tong	23,529,412	23,529,412	23,529,412	–	–	–
Kwok Wei Woon	70,000	1,921,000	1,921,000	–	–	–
David Francis Rigoll (appointed on 16 May 2016 and resigned on 6 March 2017)	287,500,000	429,113,000	429,113,000	137,500,000	–	–

The Company	Holdings registered in name of director or nominee (No. of ordinary shares)			Holdings in which director is deemed to have an interest (No. of ordinary shares)		
	At 1.1.2016 or date of appointment, if later	At 31.12.2016	At 21.01.2017	At 1.1.2016 or date of appointment, if later	At 31.12.2016	At 21.01.2017
Quah Su-Yin (resigned on 31 December 2016)	–	10,868,000	N/A	–	–	N/A

Except as disclosed above, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later or end of the financial year.

Except as disclosed above, there were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company or any corporation in the Group.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

There were no unissued shares of the Company or any corporation in the Group under option at the end of the financial year.

SHARE AWARDS

ISR Performance Share Plan

The shareholders of the Company approved the ISR Performance Share Plan (the "Share Plan") at an Extraordinary General Meeting on 8 September 2015.

The Share Plan is administered by the Remuneration Committee. The Share Plan enables the Company to award ordinary shares (the "Award") in the capital of the Company to directors and eligible employees in recognition of their contributions made to the Group.

The aggregate number of shares to be issued under that Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time-to-time.

The Company granted Awards totaling 42,161,000 new ordinary shares in the capital of the Company to directors and eligible employees under the ISR Performance Share Plan on 22 March 2016.

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Kwok Wei Woon (Chairman)

On 3 January 2017, Mr. Lee Ka Shao was appointed as an independent director and a member of the Audit Committee.

On 8 March 2017, Mr. Lin, Chen Hsin was appointed as an independent director and a member of the Audit Committee.

All members of the Audit Committee are independent non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

(i) the scope and the results of internal audit procedures with the internal auditor;

(ii) the audit plan of the Company's independent auditors and its report on the weaknesses of internal accounting controls arising from the statutory audit;

(iii) the assistance given by the Company's management to the independent auditors; and

(iv) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of directors, as well as the Independent Auditors' Report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the board that the independent auditor, RT LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Statement.

Pursuant to Rule 1207(6)(b), the Audit Committee has undertaken a review of all non-audit services provided by the auditors and they would not, in the Audit Committee's opinion, affect the independence of the auditors.

INDEPENDENT AUDITOR

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of directors

Chen Tong
Executive Chairman and Executive Director

Kwok Wei Woon
Lead Independent Non-Executive Director

5 April 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the financial statements of ISR Capital Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 33 to 85.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Loan to Tantalum Holding (Mauritius) Ltd

We were unable to determine the recoverability of loan receivable of S$3,467,535 to Tantalum Holding (Mauritius) Ltd (“THM”) which is stated as part of “Debt Securities” in the consolidated statement of financial position as management was unable to provide us with an appropriate valuation report of the concession that hosts critical rare earth oxides in Northern Madagascar to determine whether the future cash flows from THM would be sufficient to cover the cost of exploration and generate cash flows to repay the loan. The Company is currently engaging a valuer for the valuation report.

(2) Going Concern

During the financial year ended 31 December 2016, the Group incurred net loss of $8.3 million and net operating cash outflows of $1.8 million. These conditions indicated the existence of a material uncertainty which may cast a significant doubt over the Group’s ability to continue as a going concern. The financial statements have been prepared on a going concern basis as the Directors are of the view that the proposed acquisition of THM will be forthcoming once the third valuation report is accepted by SGX and the acquisition of THM is cleared by SGX and approved by shareholders of the Company.

The validity of the going concern basis on which the financial statements are prepared depends on the Directors’ assessment of the Group’s ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

Accordingly, we are unable to assess the appropriateness of the management’s use of going concern assumption in the preparation of the financial statements. If the Group were unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify its non-current assets as current assets. No such adjustments have been made to these accompanying financial statements.

As a result of the above matters, we were unable to determine whether any adjustments might have been found necessary in respect of the debt securities and the other assets which may be realised other than under the normal course of business, and the elements making up the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISR CAPITAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for 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 true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016	Group 2015
		S$	S$
Continuing operations:			
Revenue	4	**349,661**	2,994,609
Other losses, net	5	**(131,060)**	(534,143)
Other income	6	**290,733**	532,718
Employee benefits expense	7	**(1,421,831)**	(1,060,378)
Depreciation	8(a)	**(90,696)**	(92,632)
Other operating expenses	8(b)	**(7,273,460)**	(1,084,234)
Finance costs	8(c)	**(5,759)**	(32,102)
(Loss)/Profit before tax		**(8,282,412)**	723,838
Income tax credit/(expense)	9(a)	**5,535**	(4,326)
(Loss)/Profit from continuing operations, net of tax		**(8,276,877)**	719,512
Discontinued operations			
Loss from discontinued operations, net of tax	10(a)	**–**	(52,655)
Total (loss)/profit for the year		**(8,276,877)**	666,857
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences:			
– Arising from consolidation		**–**	226
Other comprehensive income for the year, net of tax		**–**	226
Total comprehensive income for the year		**(8,276,877)**	667,083
(Loss)/profit attributable to:			
Equity holders of the Company		**(8,276,877)**	667,519
Non-controlling interest		**–**	(662)
		(8,276,877)	666,857
Total comprehensive income attributable to:			
Equity holders of the Company		**(8,276,877)**	667,745
Non-controlling interest		**–**	(662)
		(8,276,877)	667,083
(Loss)/earnings per share for (loss)/profit from continuing and discontinued operations attributable to equity holders of the Company (Singapore cents per share)			
Basic (loss)/earnings per share	11(a)	**(0.72)**	0.27
From continuing operations	11(a)	**(0.72)**	0.29
From discontinued operations	11(a)	**–**	(0.02)
Diluted (loss)/earnings per share	11(b)	**(0.72)**	0.12
From continuing operations	11(b)	**(0.72)**	0.13
From discontinued operations	11(b)	**–**	(0.01)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016	2015	2016	2015
		S$	S$	S$	S$
ASSETS					
Current assets					
Cash and cash equivalents	12	**1,223,132**	20,589	**1,212,398**	17,321
Trade receivables	13	**–**	2,890,656	**–**	–
Other receivables	14(a)	**185,686**	306,921	**185,686**	306,082
Amounts due from subsidiaries	14(b)	**–**	–	**3,670,285**	2,620,200
Financial assets, available-for-sale	15	**30,327**	1	**–**	–
Debt securities	16	**3,467,535**	–	**–**	–
Other current assets	17	**38,823**	16,878	**36,030**	14,792
		4,945,503	3,235,045	**5,104,399**	2,958,395
Non-current assets					
Investments in subsidiaries	18	**–**	–	**7**	7
Debt securities	16	**–**	2,236,453	**–**	–
Property, plant and equipment	19	**239,079**	282,358	**221,579**	258,858
		239,079	2,518,811	**221,586**	258,865
Total assets		**5,184,582**	5,753,856	**5,325,985**	3,217,260
LIABILITIES					
Current liabilities					
Other payables	20	**441,351**	581,128	**409,705**	531,665
Finance lease liabilities	21	**41,408**	42,164	**26,825**	25,497
		482,759	623,292	**436,530**	557,162
Non-current liabilities					
Finance lease liabilities	21	**9,255**	50,664	**9,255**	36,080
Convertible redeemable bonds	22	**47,168**	2,053,672	**47,168**	2,053,672
Deferred income tax liabilities	23	**13,912**	19,447	**2,954**	8,305
		70,335	2,123,783	**59,377**	2,098,057
Total liabilities		**553,094**	2,747,075	**495,907**	2,655,219
Net assets		**4,631,488**	3,006,781	**4,830,078**	562,041
EQUITY					
Share capital	24	**32,074,968**	22,227,388	**32,074,968**	22,227,388
Capital reserve	25	**188,135**	134,131	**188,135**	134,131
Currency translation reserve	26	**406**	406	**–**	–
Accumulated losses	27	**(27,632,021)**	(19,355,144)	**(27,433,025)**	(21,799,478)
Total equity attributable to owners of the Company		**4,631,488**	3,006,781	**4,830,078**	562,041

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group

2016	Share capital	Capital reserve	Currency translation reserve	Accumulated losses	Total equity
	S$	S$	S$	S$	S$
	Note 24				
At 1 January	22,227,388	134,131	406	(19,355,144)	3,006,781
Transactions with owners in their capacity as equity holders of the Group					
Issuance of new ordinary shares	10,064,289	–	–	–	10,064,289
Share issue expense	(216,709)	–	–	–	(216,709)
Convertible redeemable bonds – equity component	–	54,004	–	–	54,004
Loss for the year, representing total comprehensive income for the year	–	–	–	(8,276,877)	(8,276,877)
At 31 December	32,074,968	188,135	406	(27,632,021)	4,631,488

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group

2015	Share capital	Capital reserve	Currency translation reserve	(Accumulated losses)/retained earnings	Equity attributable to the owners of the Company	Non-controlling interest	Total equity
	S$	S$	S$	S$	S$	S$	S$
At 1 January	21,549,245	–	180	(20,022,663)	1,526,762	(39,860)	1,486,902
Transactions with owners in their capacity as equity holders of the Group							
Issuance of new ordinary shares	678,143	–	–	–	678,143	–	678,143
Convertible redeemable bonds-equity component	–	134,131	–	–	134,131	–	134,131
Disposal of non-controlling interest	–	–	–	–	–	40,522	40,522
Net profit/(loss) for the year	–	–	–	667,519	667,519	(662)	666,857
Other comprehensive income:							
Currency translation differences arising from consolidation	–	–	226	–	226	–	226
Total comprehensive income for the year	–	–	226	667,519	667,745	(662)	667,083
At 31 December	22,227,388	134,131	406	(19,355,144)	3,006,781	–	3,006,781

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016	Group 2015
		S$	S$
Cash flows from operating activities			
(Loss)/profit from continuing operations, net of tax		**(8,276,877)**	719,512
Loss from discontinued operations, net of tax	10(a)	**–**	(52,655)
Net (loss)/profit for the year		**(8,276,877)**	666,857
Adjustments for:			
Income tax (credit)/expense	9(a)	**(5,535)**	4,326
Depreciation	8(a)	**90,696**	93,192
Convertible redeemable bond interest	8(c)	**1,624**	26,644
Hire purchase interest	8(c)	**4,135**	5,458
Interest income		**(171,333)**	(69,767)
Arranger fee		**(179,336)**	–
Impairment loss on trade receivables	8(b)	**2,387,499**	–
Impairment loss on other receivables	8(b)	**12,253**	96,472
Impairment loss on debt securities	8(b)	**3,665,790**	–
Impairment loss on financial assets, available-for-sale	Note (A), 5	**114,660**	717,705
Write-back of allowance for impairment on amount due from former subsidiary	6	**(35,856)**	–
Employee share award expense	7	**210,805**	–
Allowance/(write-back) for unutilised leave		**33,000**	(8,000)
(Write-back)/provision for bonus		**(3,200)**	143,000
Loss/(gain) on disposal of financial assets, available-for-sale	5	**16,400**	(183,562)
Gain on disposal of subsidiary	6	**–**	(179,247)
Property, plant and equipment written off		**243**	–
Operating cash flows before changes in working capital		**(2,135,032)**	1,313,078
Changes in working capital:			
Trade receivables, other receivables and other current assets		**407,326**	(2,913,692)
Other payables		**(172,410)**	(98,548)
Cash used in operating activities		**(1,900,116)**	(1,699,162)
Interest received		**130,264**	274
Net cash used in operating activities		**(1,769,852)**	(1,698,888)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016	Group 2015
		S$	S$
Cash flows from investing activities			
Purchase of property, plant and equipment	(Note B)	**(35,227)**	–
Net cash inflow on disposal of a subsidiary		**–**	219,168
Debt securities made to third party		**(4,717,535)**	(2,232,500)
Proceeds from disposal of financial assets, available-for-sale		**98,401**	823,894
Net cash used in investing activities		**(4,654,361)**	(1,189,438)
Cash flows from financing activities			
Hire purchase interest paid		**(4,135)**	(5,458)
Proceeds from issuance of convertible redeemable bonds	(Note C)	**1,900,000**	2,850,000
Interest paid on convertible redeemable bonds		**(10,836)**	–
Proceeds from issuance of new ordinary shares		**6,000,000**	–
Share issue expense	24	**(216,109)**	–
Repayment of finance lease liabilities		**(42,164)**	(41,602)
Net cash provided by financing activities		**7,626,756**	2,802,940
Net increase/(decrease) in cash and cash equivalents		**1,202,543**	(85,386)
Cash and cash equivalents at 1 January		**20,589**	105,975
Cash and cash equivalents at 31 December		**1,223,132**	20,589
List of significant non-cash transactions:			
Conversion of convertible redeemable bonds to ordinary shares		**3,853,484**	678,143

Note A:

Available for sale, financial assets
During the year, the Group received 25,509,030 new ordinary shares issued by a sub-tenant that is publicly quoted on SGX with a fair market value of S$259,788 as settlement of rent and charges outstanding from the sub-tenant.

Note B:

Property, plant and equipment
During the year, the Group acquired property, plant and equipment with an aggregate cost of $47,660 (2015: Nil). Cash payments of $35,227 were made during the financial year and S$12,433 was paid subsequent to the balance sheet date.

Note C:

Issuance of Share Capital
During the year, the convertible redeemable bonds issued by the Company was converted into 1,050,000,000 ordinary shares at a present value of S$3,853,484 (face value totaling S$4,200,000).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

1. CORPORATE INFORMATION

ISR Capital Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore, and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and its principal place of business is located at 83, Clemenceau Avenue, #10-03 UE Square, Singapore 239920.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of investment holding, private equity investments, investment advisory and business consultancy services.

The Group refers to ISR Capital Limited and its subsidiaries, as disclosed in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost basis, except as disclosed in the accounting policies below.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 New or revised accounting standards and interpretation

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

Description	Effective for annual periods beginning on or after
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial instruments*	1 January 2018
FRS 116 *Leases*	1 January 2019

Management anticipates that the adoption of the above standards in the future periods will not have a material impact to the Group's accounting policies but will require more disclosure in the financial statements in the period of their initial adoption except for FRS 115 and FRS 109. Management is currently evaluating the potential impact of the application of FRS 115 and FRS 109 on the financial statements of the Group and of the Company in the period of their initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting

Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous-held equity interest in the acquiree over the (ii) fair value of the identifiable assets acquired is recorded as goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

Subsidiaries (Continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2.4 Currency translation

The financial statements are presented in Singapore dollars ("SGD" or "S$") which is the Company's functional currency.

(a) Functional presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

(b) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investments in foreign operations, which are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Currency translation (Continued)

(c) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Leasehold improvements	3 years
Furniture and fittings	5 years
Office equipment	5 years
Computers	3 years
Motor vehicles	10 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset 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 of disposal 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that are previously re-valued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amounts of any previous revaluation.

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Financial assets

(a) Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

(b) Subsequent measurement and classification

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

"Cash and cash equivalents", "trade receivables", "other receivables", "amounts due from subsidiaries" and "debt securities" are classified and accounted for as loans and receivables.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity and in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

(c) *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the differences between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the financial period generally established by regulation or convention in the marketplace concerned.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired and recognises an allowance for impairment when such evidence exists.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amounts of the loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.The carrying amount of the asset is reduced through the use of an allowance account.The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying values of the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (Continued)

(a) *Financial assets carried at amortised cost* (Continued)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amounts of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the assets does not exceed its amortised cost at the reversal date. The amounts of reversal are recognised in profit or loss.

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale financial assets, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates and indicates that the cost of the investments in equity instruments may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investments below its costs. "Significant" is to be evaluated against the original cost of the investments and "prolonged" against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; any increase in their fair values after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and deposits with financial institutions which are subject to an insignificant risk of changes in value.

2.12 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increases in the provisions due to the passage of time are recognised as a finance cost.

2.13 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities include "other payables","finance lease liabilities" and "convertible redeemable bonds".

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. They are classified as current liabilities if payment is due within one year or less. Otherwise they are presented as non-current liabilities.

(b) Subsequent measurement and classification

The measurement of financial liabilities depends on their classification as follows:

(i) Other financial liabilities

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial liabilities (continued)

(c) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the differences in the respective carrying amount is recognised in profit or loss.

2.14 Convertible redeemable bonds

The total proceeds from convertible redeemable bonds issue are allocated to the liability component and the equity component, which are separately presented on the consolidated statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity. The carrying amount of the conversion option is not adjusted in subsequent periods.

2.15 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund (“CPF”) on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to CPF are recognised as an expense in the period in which it is incurred.

(b) Employee leave entitlement

Employee entitlement to annual leave is recognised as a liability when they accrue to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases

The Group leases a motor vehicle and copiers under finance leases and office and warehouse spaces under operating leases.

(a) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.17 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Rendering of services

Revenue earned from services rendered in respect of consultancy services and other similar services are recognised when the services are rendered in accordance with the terms of the contractual agreements.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Finance costs

Finance cost comprise interest expense on borrowings that are recognised in profit or loss.

2.19 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates.

Current income taxes are recognised in profit or loss except to the extent that the tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences, except:

– Where the deferred income tax liability arises from the initial recognition of goodwill or 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; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Taxes (Continued)

(b) *Deferred income tax* (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred income tax asset relating to the deductible temporary difference arises from 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; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and liabilities relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.20 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

2.22 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of the reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) Impairment of loans and receivables (Continued)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. For the financial year ended 31 December 2016, an impairment loss of S$2,387,499 (2015: Nil) was recognised for trade receivables whereas impairment losses of S$12,253 (2015: S$96,472) and S$4,162,958 (2015: S$20,519) were recognised for other receivables and amounts due from subsidiaries respectively. The allowance for impairment of trade receivables, other receivables and amounts due from subsidiaries as at 31 December 2016 were $2,668,095 (2015: S$280,596), S$12,253 (2015: S$96,472) and S$31,331,857 (2015: S$27,578,899) respectively. The carrying amounts of the Group's and Company's loans and receivables at the end of the reporting period are disclosed in Notes 13 and 14 to the financial statements.

(b) Impairment of debt securities

At the end of each reporting period, the Group reviews the debt securities to determine whether there is any indication of impairment loss. During the year, the Group recognised an impairment loss of $3,665,790 (2015: Nil) after taking into considerations the probability of default or significant delay in repayments by the debtor. The consideration of the probability of default requires management to exercise judgement about the financial position of the debtor and the probability of recovery of the debt securities with respect to the history of repayments.

(c) Impairment of financial assets, available-for-sale

The Group reviews its financial assets classified as available-for-sale at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on financial assets, available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 December 2016, an impairment loss of S$114,660 (2015: S$717,705) was recognised for available-for-sale financial assets. The carrying amount of financial assets, available-for-sale as at 31 December 2016 is disclosed in Note 15.

4. REVENUE

	Group	
	2016	2015
	S$	S$
Consultancy fees	–	2,925,116
Arranger fee	**179,336**	–
Interest income on debt securities	**170,325**	69,493
	349,661	2,994,609

5. OTHER LOSSES, NET

	Group 2016	Group 2015
	S$	**S$**
(Loss)/gain on disposal of financial assets, available-for-sale	**(16,400)**	183,562
Impairment loss on financial assets, available-for-sale (Note 15)	**(114,660)**	(717,705)
	(131,060)	(534,143)

6. OTHER INCOME

	Group 2016	Group 2015
	S$	**S$**
Interest income on bank deposits and trading account	**1,008**	274
Rental income	**235,002**	274,973
Interest on outstanding rental	**–**	14,005
Gain on disposal of subsidiary	**–**	179,247
Write-back of allowance for impairment on amount due from former subsidiary	**35,856**	–
Sundry income	**18,867**	64,219
	290,733	532,718

7. EMPLOYEE BENEFITS EXPENSE

	Group 2016	Group 2015
	S$	**S$**
Wages, salaries, bonuses and other short-term employee benefits	**1,147,773**	1,023,406
Equity-settled share-based payments	**210,805**	–
Employer's contributions to Central Provident Fund	**63,253**	36,972
	1,421,831	1,060,378

8. DEPRECIATION AND OTHER OPERATING EXPENSES

(a) Depreciation

	Group 2016	Group 2015
	S$	**S$**
Depreciation of property, plant and equipment:		
– Continuing operations	**90,696**	92,632
– Discontinued operations [Note 10(a)]	**–**	560
Total depreciation (Note 19)	**90,696**	93,192

8. DEPRECIATION AND OTHER OPERATING EXPENSES (CONTINUED)

(b) Other operating expenses

	Group	
	2016	2015
	S$	S$
Commission expenses	**549**	2,389
Directors' fee	**91,500**	117,000
Insurance expense	**21,528**	19,279
Impairment loss on trade receivables (Note 13)	**2,387,499**	–
Impairment loss on other receivables (Note 14)	**12,253**	96,472
Impairment loss on debt securities (Note 16)	**3,665,790**	–
Professional fees	**352,559**	232,663
Rental expense	**400,927**	392,469
Subscription expenses	**4,830**	4,694
Travel and entertainment expense	**130,248**	4,634
Listing related expenses	**91,454**	104,245
Office utilities and expenses	**52,966**	37,436
Repair and maintenance	**20,800**	14,995
Others	**40,557**	57,958
	7,273,460	1,084,234

Included in professional fees are audit and non-audit fees incurred by the Group as follows:

	Group	
	2016	2015
	S$	S$
The following items have been included in arriving at (loss)/profit before tax:		
Audit fees:		
– Auditors of the Group*	**56,500**	48,667
Non-audit fees:		
– Auditors of the Group*	**7,500**	8,167
– Other auditors	**11,000**	5,000
Total audit and non-audit fees	**75,000**	61,834

* Audit fees and non-audit fees for the financial year ended 31 December 2015 include fees charged to a former subsidiary that was classified as discontinued operations

(c) Finance costs

	Group	
	2016	2015
	S$	S$
Hire purchase interest	**4,135**	5,458
Convertible redeemable bond interest	**1,624**	26,644
	5,759	32,102

9. INCOME TAXES

(a) Income tax credit/(expense)

	Group 2016	Group 2015
	S$	S$
Income tax credit/(expense) attributable to (loss)/profit is made up of:		
– (Loss)/profit for the financial year:		
From continuing operations		
– Deferred income tax (Note 23)	**4,167**	(7,374)
– Over provision in respect of prior years:		
From continuing operations		
– Deferred income tax (Note 23)	**1,368**	3,048
	5,535	(4,326)

The tax on the Group's (loss)/profit before tax differs from the amount that would arise using the Singapore standard tax rate of income tax as follows:

	Group 2016	Group 2015
	S$	S$
(Loss)/profit before tax from:		
– continuing operations	**(8,282,412)**	723,838
– discontinued operations [Note 10(a)]	**–**	(52,655)
Total (loss)/profit before tax	**(8,282,412)**	671,183
Tax at statutory tax rate of 17% (2015: 17%)	**(1,408,010)**	114,101
Adjustments:		
Non-deductible expenses	**1,138,199**	69,985
Income not subject to taxation	**(69,700)**	(61,847)
Deferred income tax asset not recognised	**334,163**	214,132
Overprovision of deferred tax in respect of prior years	**(1,368)**	(3,048)
Utilisation of previously unrecognised tax losses	**–**	(333,617)
Others	**1,181**	4,620
Income tax (credit)/expense recognised in profit or loss	**(5,535)**	4,326

10. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD-FOR-SALE

The disposal of 100% of the equity interests held by the Company in Infiniti Asset Management Pte Ltd ("IAMPL") (now known as Kingsbridge Capital Pte Ltd) to Infiniti Capital Partners Ltd ("ICPL" or the "Purchaser") (now known as Kingsbridge Capital Partners Ltd) for a consideration of S$400,000 was completed on 6 March 2015.

Following the completion of the disposal of IAMPL, the assets and liabilities of IAMPL and its subsidiaries were derecognised in March 2015. The results contributed by IAMPL and its subsidiaries for January and February 2015 were presented separately on the consolidated statement of profit or loss and other comprehensive income as "Loss from discontinued operations, net of tax".

Details of the loss from discontinued operations for the financial year allocated between equity holders of the Company and non-controlling interest are as follows:

Profit/(loss) attributable to:	Equity holders of the company 2016	Equity holders of the company 2015	Non-controlling interest 2016	Non-controlling interest 2015
	S$	S$	S$	S$
(Loss)/profit from continuing operations, net of tax	**(8,276,877)**	719,512	–	–
Loss from discontinued operations, net of tax	–	(51,993)	–	(662)
	(8,276,877)	667,519	–	(662)

(a) Statement of profit or loss and other comprehensive income disclosures:

	Group 2016	Group 2015
	S$	S$
Management fee income	–	18,459
Employee benefits expense	–	(25,652)
Depreciation [Note 8(a)]	–	(560)
Professional fees	–	(16,989)
Rental expense – operating lease	–	(8,458)
Insurance expense	–	(3,839)
Travel and entertainment expense	–	(3,301)
Other operating expenses	–	(12,315)
Loss before income tax, from discontinued operations	–	(52,655)
Income tax	–	–
Loss from discontinued operations, net of tax	–	(52,655)

10. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD-FOR-SALE (CONTINUED)

(b) The impact of discontinued operations on the cash flows of the Group is as follows:

	Group	
	2016	2015
	S$	S$
Operating cash flows	–	141,330
Financing cash flows	–	(1)
Net cash inflows	–	141,329

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Basic earnings per share for continuing operations and discontinued operations attributable to equity holders of the Company is calculated as follows:

	Continuing operations		Discontinued operations		Total	
	2016	2015	2016	2015	2016	2015
Net (loss)/profit attributable to owners of the Company (S$)	**(8,276,877)**	719,512	–	(51,993)	**(8,276,877)**	667,519
Weighted average number of ordinary shares outstanding for basic (loss)/earnings per share	**1,148,340,474**	250,609,689	–	250,609,689	**1,148,340,474**	250,609,689
Basic (loss)/earnings per share for the Group (Singapore cents per share)	**(0.72)**	0.29	–	(0.02)	**(0.72)**	0.27

(b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are the convertible redeemable bonds.

The convertible redeemable bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect.

11. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per share (Continued)

Diluted (loss)/earnings per share for continuing operations and discontinued operations attributable to equity holders of the Company is calculated as follows:

	Continuing operations		Discontinued operations		Total	
	2016	2015	2016	2015	2016	2015
Net (loss)/profit attributable to equity holders of the Company	**(8,276,877)**	719,512	**–**	(51,993)	**(8,276,877)**	667,519
Interest expense on convertible bonds, net of tax	**–**	22,115	**–**	–	**–**	22,115
Net (loss)/profit used to determine diluted (loss)/ earnings per share	**(8,276,877)**	741,627	**–**	(51,993)	**(8,276,877)**	689,634
Weighted average number of ordinary shares outstanding for basic (loss)/earnings per share	**1,148,340,474**	250,609,689	**–**	250,609,689	**1,148,340,474**	250,609,689
Adjustments for convertible redeemable bonds	**–**	306,405,740	**–**	306,405,740	**–**	306,405,740
	1,148,340,474	557,015,429	**–**	557,015,429	**1,148,340,474**	557,015,429
Diluted (loss)/earnings per share	**(0.72)**	0.13	**–**	(0.01)	**(0.72)**	0.12

The basic and diluted loss per share for the financial year ended 31 December 2016 were the same as the effects of outstanding convertible bonds were anti-dilutive.

12. CASH AND CASH EQUIVALENTS

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Cash and cash equivalents	**1,223,132**	20,589	**1,212,398**	17,321

Cash and cash equivalents denominated in foreign currencies as at 31 December were as follows:

	Group	
	2016	2015
	S$	S$
Chinese Renminbi	**11**	11

13. TRADE RECEIVABLES

	Group	
	2016	2015
	S$	S$
Trade receivables	**2,668,095**	3,171,252
Less: Allowance for impairment of trade receivables	**2,668,095**	(280,596)
Trade receivables – net	**–**	2,890,656

Trade receivables are recognised at their original invoiced amounts which represent their fair value on initial recognition. The carrying value approximates its fair value.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to Nil (2015: S$2,825,116) that are past due but not impaired. These receivables are unsecured and the analysis of their aging is as follows:

	Group	
	2016	2015
	S$	S$
Trade receivables past due but not impaired:		
Past due 1 day to less than 90 days	**–**	2,825,116

Movements in the allowance for impairment of trade receivables are as follows:

	Group	
	2016	2015
	S$	S$
Movement in allowance accounts:		
At 1 January	**280,596**	280,596
Charge for the year [Note 8(b)]	**2,387,499**	–
At 31 December	**2,668,095**	280,596

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES

(a) Other receivables

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Amounts due from a third party	**24,000**	96,472	**24,000**	96,472
Less: Allowance for impairment	**–**	(96,472)	**–**	(96,472)
	24,000	–	**24,000**	–
Amounts due from related parties (non-trade)*	**12,253**	1,375	**–**	665
Less: Allowance for impairment	**(12,253)**	–	**–**	–
	–	1,375	**–**	665
Refundable deposits	**143,235**	101,149	**143,235**	101,020
Amounts due from a sub-tenant	**–**	197,098	**–**	197,098
Interest receivable	**744**	–	**744**	–
Goods and Services Tax receivables	**14,216**	7,299	**14,216**	7,299
Sundry receivables	**3,491**	–	**3,491**	–
	185,686	306,921	**185,686**	306,082

* The amounts due from related parties (non-trade) were unsecured and interest-free. The related parties refer to entities under the common control of an Executive Director who has resigned on 31 December 2016.

Movements in the allowance for impairment of other receivables are as follows:

	Company	
	2016	2015
	S$	S$
Movement in allowance accounts:		
At 1 January	**96,472**	–
Write-back during the financial year	**(96,472)**	–
Charge for the year [Note 8(b)]	**12,253**	96,472
At 31 December	**12,253**	96,472

(b) Amounts due from subsidiaries

	Company	
	2016	2015
	S$	S$
Amounts due from subsidiaries (non-trade)	**35,002,142**	30,199,099
Less: Allowance for impairment	**(31,331,857)**	(27,578,899)
	3,670,285	2,620,200

The amounts due from subsidiaries (non-trade) are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(b) Amounts due from subsidiaries (Continued)

The movements in the allowance for impairment of amounts due from subsidiaries are as follows:

	Company	
	2016	2015
	S$	S$
Movement in allowance accounts:		
At 1 January	**27,578,899**	28,441,380
Write-back during the financial year	**(410,000)**	(883,000)
Charge for the year	**4,162,958**	20,519
At 31 December	**31,331,857**	27,578,899

The impairment loss on amounts due from subsidiaries was provided due to loss-making subsidiaries.

15. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

Available-for-sale financial assets are analysed as follows:

	Group	
	2016	2015
	S$	S$
Financial assets, available-for-sale:		
– Equity securities (quoted)	**167,074**	68,007
– Equity securities (unquoted)	**7,650,000**	7,650,000
– Debt securities (unquoted)	**129,920**	129,920
	7,946,994	7,847,927
Less: Allowance for impairment	**(7,916,667)**	(7,847,926)
	30,327	1
Classified as:		
– Current	**30,327**	1
– Non-current	**–**	–
	30,327	1

During the current financial year, the Group received 25,509,030 new ordinary shares issued by a sub-tenant that is publicly quoted on SGX with a fair market value of S$259,788 as settlement of rent and charges outstanding from the sub-tenant.

15. FINANCIAL ASSETS, AVAILABLE-FOR-SALE (CONTINUED)

The movements in the allowance for impairment of financial assets, available-for-sale are as follows:

	Group	
	2016	2015
	S$	S$
Movement in allowance accounts:		
At 1 January	**7,847,926**	35,722,840
Charge for the year (Note 5)	**114,660**	717,705
Disposal during the year	**(45,919)**	(28,592,619)
	7,916,667	7,847,926

During the financial year, the Group recognised an impairment loss of S$114,660 (2015: S$717,705) against quoted and unquoted equity securities as their fair values have declined significantly below cost over a prolonged period of time. The Group defines prolonged period of time as a time period that spans across two consecutive quarters.

16. DEBT SECURITIES

	Group	
	2016	2015
	S$	S$
Debt securities (gross)	**7,133,325**	2,350,000
Deferred arrangement fee income	**–**	(113,547)
Less: Allowance for impairment	**(3,665,790)**	–
	3,467,535	2,236,453

The movements in the allowance for impairment of debt securities are as follows:

	Group	
	2016	2015
	S$	S$
Movement in allowance accounts:		
At 1 January	**–**	–
Charge for the year [Note 8(b)]	**3,665,790**	–
At the end of year	**3,665,790**	–

16. DEBT SECURITIES (CONTINUED)

Debt facility 1

This debt facility of S$3,665,790 was fully impaired during the year as the borrower has defaulted on interest payments and the Company has issued letters of demand to the borrower and its personal guarantor subsequent to the end of the reporting period and the Company is presently in discussions with its legal adviser to decide on the next course of legal action to take against the borrower and its personal guarantor.

Debt facility 2

As announced by the Company on 10 June 2016 and 1 July 2016, the Group intends to acquire 60% shareholding in Tantalum Holding (Mauritius) Ltd ("THM") from REO Magnetic Pte. Ltd. (the "Proposed Acquisition"). THM owns 100% of Tantalum Rare Earth Malagasy S.A.R.L., which has a permit to explore and develop a concession hosting critical rare earth oxides in the Ampasindava Peninsula in the Republic of Madagascar (the "Project"). The Group has entered into a facility agreement with THM in September 2016 under which it will grant a short term secured bridging loan facility of up to S$6,000,000 to THM. THM will use the loan for its working capital, for the purpose of developing and advancing the critical rare earth oxides Project in Madagascar. A principal amount totalling S$3,467,535 (which is equivalent to US$2,500,000) has since been extended to THM. The maturity date of the debt facility agreement falls on 12 months from the date after the first drawdown date (which was 29 September 2016). The rate of interest payable on the debt facility shall be 12% per annum, calculated on the basis of the number of actual days elapsed based on a 360 day year. The undrawn balance as at 31 December 2016 was S$2,532,465.

17. OTHER CURRENT ASSETS

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Prepayments	**38,823**	16,878	**36,030**	14,792

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	S$	S$
Equity investments		
At 1 January and 31 December	**7**	7

Impairment of investments in subsidiaries

In 2015, the Company disposed of 100% of the equity interests held in Infiniti Asset Management Pte Ltd (now known as Kingsbridge Capital Pte Ltd) for a consideration of S$400,000. Accumulated impairment loss of S$3,100,000 was written off upon the disposal of the former subsidiary.

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Impairment of investments in subsidiaries (Continued)

The movements in the allowance for impairment of investments in subsidiaries are as follows:

	Company	
	2016	2015
	S$	S$
Movement in allowance accounts:		
At 1 January	**349,160**	3,449,160
Write-off due to disposal of subsidiary	**–**	(3,100,000)
At 31 December	**349,160**	349,160

During the year, management carried out an impairment review of the Company's investments in subsidiaries based on their value-in-use. There was no change in the impairment previously recognised. No discount rate was used as there were no positive cash flows expected.

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
Held by the Company				
Dynamic Return (Singapore) Pte Ltd*	Singapore	Investment holding and provision of consultancy services	**100**	100
Infiniti Advantage Pte Ltd#	Singapore	Investment holding	**100**	100
ISR China Limited#	British Virgin Islands	Investment holding	**100**	100
ISR Global Pte Ltd*	Singapore	Investment holding	**100**	100
Raintree Strategic Consultancy Limited#	British Virgin Islands	Provision of consultancy services	**100**	100
Held through ISR China Limited:				
ISR Shanghai Investment Advisory Co. Ltd	People's Republic of China	Provision of consultancy services	**100**	100

* Audited by RT LLP, Singapore.

\# Not required to be audited under the laws of the country of incorporation.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fittings	Office equipment	Computers	Motor vehicles	Total
	S$	S$	S$	S$	S$	S$
Group						
Cost						
At 1 January 2015 and at 31 December 2015 and 1 January 2016	162,379	16,421	70,613	146,909	250,000	646,322
Additions	40,743	–	–	6,917	–	47,660
Write-offs	(162,379)	(4,873)	(3,150)	–	–	(170,402)
At 31 December 2016	40,743	11,548	67,463	153,826	250,000	523,580
Accumulated depreciation						
At 1 January 2015	50,289	12,821	38,445	135,104	34,673	271,332
Depreciation charge for the year [Note 8 (a)]	56,045	1,878	7,098	6,834	21,337	93,192
Reclassified to disposal group	–	–	–	(560)	–	(560)
At 31 December 2015	106,334	14,699	45,543	141,378	56,010	363,964
Depreciation charge for the year [Note 8 (a)]	56,045	1,722	6,863	4,729	21,337	90,696
Write-offs	(162,379)	(4,873)	(2,907)	–	–	(170,159)
At 31 December 2016	–	11,548	49,499	146,107	77,347	284,501
Carrying amount						
At 31 December 2016	40,743	–	17,964	7,719	172,653	239,079
At 31 December 2015	56,045	1,722	25,070	5,531	193,990	282,358

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements	Furniture and fittings	Office equipment	Computers	Motor vehicles	Total
	S$	S$	S$	S$	S$	S$
Company						
Cost						
At 1 January 2015 and at 31 December 2015 and 1 January 2016	162,378	16,421	40,614	146,909	250,000	616,322
Additions	40,743	–	–	6,917	–	47,660
Write-offs	(162,378)	(4,873)	(3,150)	–	–	(170,401)
At 31 December 2016	40,743	11,548	37,464	153,826	250,000	493,581
Accumulated depreciation						
At 1 January 2015	50,288	12,821	37,945	135,104	34,673	270,831
Depreciation charge	56,045	1,878	1,099	6,274	21,337	86,633
At 31 December 2015	106,333	14,699	39,044	141,378	56,010	357,464
Depreciation charge	56,045	1,722	863	4,729	21,337	84,696
Write-offs	(162,378)	(4,873)	(2,907)	–	–	(170,158)
At 31 December 2016	–	11,548	37,000	146,107	77,347	272,002
Carrying amount						
At 31 December 2016	40,743	–	464	7,719	172,653	221,579
At 31 December 2015	56,045	1,722	1,570	5,531	193,990	258,858

Property, plant and equipment with carrying amount of $190,153 (2015: $217,489) are pledged as security for the related finance lease.

20. OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Accrued operating expenses	**309,526**	279,137	**285,878**	261,473
Bond interest payable	**503**	10,699	**503**	10,699
Other payables	**131,322**	291,292	**123,324**	259,493
	441,351	581,128	**409,705**	531,665

21. FINANCE LEASE LIABILITIES

The Group leases a motor vehicle and photocopiers from third parties under finance leases. The lease agreements provide the Group with an option to purchase the leased assets at a nominal value at the end of the lease terms. The finance lease liabilities were secured against the leased assets.

	Group		Company	
	2016	2015	**2016**	2015
	S$	S$	S$	S$
Minimum lease payments due				
– Not later than one year	**44,015**	46,299	**28,032**	28,032
– Later than one year but not later than five years	**9,344**	53,360	**9,344**	37,377
	53,359	99,659	**37,376**	65,409
Less: Future finance charges	**(2,696)**	(6,831)	**(1,296)**	(3,832)
Present value of finance lease liabilities	**50,663**	92,828	**36,080**	61,577

The present value of the finance lease liabilities is analysed as follows:

	Group		Company	
	2016	2015	**2016**	2015
	S$	S$	S$	S$
– Not later than one year	**41,408**	42,164	**26,825**	25,497
– Later than one year but not later than five years	**9,255**	50,664	**9,255**	36,080
	50,663	92,828	**36,080**	61,577

22. CONVERTIBLE REDEEMABLE BONDS

The proposed issuance of 2% convertible redeemable bonds due 2018 (the "Bonds") with an aggregate principal amount of up to S$35,000,000 comprising seven tranches of bonds of S$5,000,000 each was approved by shareholders at an Extraordinary General Meeting held on 8 September 2015. Each tranche comprises five equal sub-tranches of S$1,000,000 each. Tranche 1 Bonds aggregating S$5,000,000 were issued and subscribed in 2015 and 2016. As at 31 December 2016, Bonds with a face value of S$4,950,000 have been converted into 1,237,500,000 ordinary shares (each share at a conversion price of S$0.004). The present value of the remaining outstanding Bonds amounted to S$47,168, which was arrived at using 5.5% per annum, an average rate compiled from interest rate quotations of 10 leading banks and financial institutions. The Bonds that remained outstanding as at 31 December 2016 were subjected to an interest rate of 2% per annum, payable in arrears on 31 December in 2016. Please refer to Note 20 for bond interest payable as at 31 December 2016.

23. DEFERRED INCOME TAX LIABILITIES

Deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Deferred income tax liabilities				
– To be settled	**13,912**	19,447	**2,954**	8,305

Movements in deferred income tax liabilities account are as follows:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
At 1 January	**19,447**	15,121	**8,305**	15,121
Tax (credited)/charged to profit or loss [Note 9(a)]	**(4,167)**	7,374	**(3,983)**	(3,768)
Overprovision in respect of prior years [Note 9(a)]	**(1,368)**	(3,048)	**(1,368)**	(3,048)
	13,912	19,447	**2,954**	8,305

The movements in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Group	Accelerated tax depreciation	Others	Total
	S$	S$	S$
Deferred income tax liabilities			
At 1 January 2015	15,121	–	15,121
Tax (credited)/charged to:			
– Profit or loss	(3,768)	11,142	7,374
– Overprovision in respect of prior years	(3,048)	–	(3,048)
At 31 December 2015 and 1 January 2016	8,305	11,142	19,447
Tax attributable to:			
– Current	(4,167)	–	(4,167)
– Overprovision in respect of prior years	(1,368)	–	(1,368)
At 31 December 2016	**2,770**	**11,142**	**13,912**

23. DEFERRED INCOME TAX LIABILITIES (CONTINUED)

Company	Accelerated tax depreciation 2016	Accelerated tax depreciation 2015
	S$	S$
Deferred income tax liabilities		
At 1 January	**8,305**	15,121
Tax credited to profit or loss	**(3,983)**	(3,768)
Overprovision in respect of prior years	**(1,368)**	(3,048)
At 31 December	**2,954**	8,305

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$3,934,000 (2015: S$1,972,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred income tax asset was recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

24. SHARE CAPITAL

	Issued share capital: No. of ordinary shares	Issued share capital: Amount
		S$
Group and Company		
2016		
Beginning of financial year	**401,500,100**	**22,227,388**
Shares issued	**1,162,749,236**	**9,847,580**
End of financial year	**1,564,249,336**	**32,074,968**
2015		
Beginning of financial year	214,000,100	21,549,245
Shares issued	187,500,000	678,143
End of financial year	401,500,100	22,227,388

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. The ordinary shares have no par value.

24. SHARE CAPITAL (CONTINUED)

Share capital increased in 2016 as the following activities that occurred during the financial year:

(a) the holder of the convertible redeemable bonds due 2018 (the "Bonds") issued by the Company has converted the Bonds with a present value of S$3,853,484 (face value totaling S$4,200,000) into 1,050,000,000 ordinary shares of the Company. The newly issued shares ranked pari passu in all respects with the previously issued shares;

(b) a total of 42,161,000 new ordinary shares amounting to S$210,805 was granted under the ISR Performance Share Plan;

(c) placement of 70,588,236 new ordinary shares amounting to S$5,783,291 (net of share issue expense of S$216,709).

In financial year 2015, the share capital increased as the holder of the convertible redeemable bonds due 2018 (the "Bonds") issued by the Company has converted the Bonds with a present value of S$678,143 (face value totalling S$750,000) into 187,500,000 new ordinary shares of the Company.

25. CAPITAL RESERVE

Capital reserve represents the equity component of the convertible redeemable bonds due 2018 issued by the Company during the financial year where the Bonds carry an equity element as the Bond subscriber has an option to convert the Bonds into ordinary shares of the Company.

26. CURRENCY TRANSLATION RESERVE

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

27. ACCUMULATED LOSSES OF THE COMPANY

	The Company	
	2016	2015
	S$	S$
Balance at beginning of the year	**(21,799,478)**	(21,199,771)
Loss for the year, representing total comprehensive loss for the financial year	**(5,633,547)**	(599,707)
Balance at end of the year	**(27,433,025)**	(21,799,478)

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28. COMMITMENTS

Operating lease commitment – lessee

At the end of the reporting period, the Group leases office from a third party landlord under a non-cancellable operating lease agreement. The lease has varying terms and renewal rights.

The future minimum lease payable under non-cancellable operating lease at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Not later than one year	**86,772**	391,327	**86,772**	391,327
Later than one year but not later than five years	**86,772**	–	**86,772**	–
	173,544	391,327	**173,544**	391,327

Commitment arising from a debt facility agreement

As disclosed in Note 16 to the financial statements, a principal amount totalling S$3,467,535 (which is equivalent to US$2,500,000) has been extended to Tantalum Holding (Mauritius) Ltd. The maturity date of the debt facility agreement falls on 12 months from the date after the first drawdown date (which was 29 September 2016). The rate of interest payable on the debt facility shall be 12% per annum, calculated on the basis of the number of actual days elapsed based on a 360 day year. The undrawn balance as at 31 December 2016 was S$2,532,465.

29. RELATED PARTY TRANSACTIONS

Key management's remuneration

	Group	
	2016	2015
	S$	S$
Key management's remuneration is as follows:		
Salaries, fees, bonuses and other short-term employee benefits	**1,109,002**	994,610
Equity-settled share-based payments	**201,425**	–
Employer's contributions to Central Provident Fund	**46,378**	29,500
	1,356,805	1,024,110
Comprise amounts paid to:		
Directors of the Company	**831,165**	534,650
Other key management personnel	**525,640**	489,460
	1,356,805	1,024,110

29. RELATED PARTY TRANSACTIONS (CONTINUED)

Other related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, group entity entered into the following trading transactions with related parties:

	Amounts owed by related parties	
	2016	2015
	S$	S$
Payment of expenses on behalf of related parties	**12,253**	1,375

The amounts outstanding are unsecured. No guarantees have been given or received. The amounts owed by related parties of S$12,253 have been fully impaired during the financial year.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S$	S$	S$	S$
2016				
Financial assets				
Available-for-sale financial assets:				
– Equity securities (quoted)	**30,326**	**–**	**–**	**30,326**
– Debt securities (unquoted)	**–**	**–**	**1**	**1**
	30,326	**–**	**1**	**30,327**

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of financial instruments that are carried at fair value (Continued)

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S$	S$	S$	S$
2015				
Financial assets				
Available-for-sale financial assets:				
– Debt securities (unquoted)	–	–	1	1

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices unadjusted in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

Determination of fair value

Fair value of quoted equity securities are determined directly by reference to their published market bid price at the end of the reporting period.

The fair values of the financial assets are determined as follows:

Financial assets, available-for-sale:

– Unquoted equity securities amounted to Nil (2015: Nil) as at 31 December 2016.

– Unquoted debt securities amounted to S$1 (2015: S$1).

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of financial instruments that are carried at fair value (Continued)

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3):

Group	Equity securities (unquoted)	Debt securities (unquoted)	Total
	S$	S$	S$
2016			
At 1 January 2016 and 31 December 2016	**–**	**1**	**1**
Total losses for the year included in profit or loss for assets held at 31 December 2016	**–**	**–**	**–**
2015			
At 1 January 2015	717,704	1	717,705
Impairment loss in profit or loss	(717,704)	–	(717,704)
At 31 December 2015	–	1	1
Total losses for the year included in profit or loss for assets held at 31 December 2015	(717,704)	–	(717,704)

There has been no transfer from Levels 1 and 2 to Level 3 during the financial years ended 31 December 2016 and 2015.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amount is a reasonable approximation of fair value

Such financial instruments include cash and cash equivalents, trade receivables, other receivables, amounts due from subsidiaries, other payables and finance lease liabilities.

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial instruments by category

Set out below is a comparison by category of the carrying amounts of the Group's financial instruments that are carried in the financial statements:

	Group		Company	
	2016	2015	2016	2015
	S$	S$	S$	S$
Financial assets				
Loans and receivables:				
– cash and cash equivalents	**1,223,132**	20,589	**1,212,398**	17,321
– trade receivables	**–**	2,890,656	**–**	–
– other receivables	**171,470**	299,622	**171,470**	298,783
– amounts due from subsidiaries	**–**	–	**3,670,285**	2,620,200
– debt securities	**3,467,535**	2,236,453	**–**	–
Available-for-sale financial asset:				
– financial assets, available-for-sales	**30,327**	1	**–**	–
Total financial assets	**4,892,464**	5,447,321	**5,054,153**	2,936,304
Financial liabilities				
Amortised cost:				
– other payables	**441,351**	581,128	**409,705**	531,665
– finance lease liabilities	**50,663**	92,828	**36,080**	61,577
– convertible redeemable bonds	**47,168**	2,053,672	**47,168**	2,053,672
Total financial liabilities	**539,182**	2,727,628	**492,953**	2,646,914

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and price 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.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2016 and 31 December 2015.

Risk management is carried out in accordance with approved policies. In relation to investment risk, mandates that are above or beyond the management's limits of authority would be deliberated, resolved and approved by the Audit Committee and/or the Board.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group adopts the policy of dealing only with customers and counterparties who have good credit standing to mitigate credit risk, and/or those who have provided sufficient security.

For consultancy services and private equity activities, service fees are collected in accordance with the stipulated payment terms.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by business units on an on-going basis. The credit risk concentration profiles of the Group's trade receivables that are neither pass due nor impaired at the end of the reporting period are as follows:

	Group			
	2016	2016	2015	2015
	S$	% of total	S$	% of total
By business units				
Management consultancy	**–**	–	**2,825,116**	100.0
Investment management	**3,467,535**	100.0	**–**	–

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits placed with banks that management considers as reputable banks.

Other receivables that are neither past due nor impaired are substantially debtors with good collection track record with the Group and the Company.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Notes 13 and 14 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

In 2016, all financial assets are expected to be realised within one financial year. In 2015, all financial assets were expected to be realised within one financial year except for the debt securities which was expected to be realised in five years.

The table below analyses the maturity profile of the financial liabilities of the Group and the Company based on contractual undiscounted cash flows:

		Undiscounted cash flows	
	Effective interest rate	Less than 1 year	More than 1 year
		S$	S$
Group			
2016			
Other payables	–	**374,351**	**–**
Convertible redeemable bonds	**5.50%**	**–**	**50,000**
Finance lease liabilities	**5% – 6%**	**44,015**	**9,344**
2015			
Other payables	–	547,128	–
Convertible redeemable bonds	5.50%	–	2,250,000
Finance lease liabilities	5% – 6%	46,299	53,360
Company			
2016			
Other payables	–	**350,703**	**–**
Convertible redeemable bonds	**5.50%**	**–**	**50,000**
Finance lease liabilities	**5%**	**28,032**	**9,344**
2015			
Other payables	–	505,665	–
Convertible redeemable bonds	5.50%	–	2,250,000
Finance lease liabilities	5%	28,032	37,377

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk

The Group operates primarily in Singapore. The Group does not generally take on significant exposures to foreign currency risk arising from its operations. The Group does not consider its currency exposure to the net assets of the Group's foreign operations as material.

The Group had no material foreign currency exposure as at 31 December 2016 and 2015.

The Group's exposure to foreign currency translation risk on its net investments in foreign subsidiaries is not significant when consolidated.

(d) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company do not take on significant variable-rate interest-bearing financial assets and financial liabilities. The Group and the Company have no exposure to interest rate risks as the debt securities and convertible redeemable bonds are issued at fixed rates. The Group's and the Company's income and equity are not likely to be materially affected by changes in market interest rates had these occurred at the end of the reporting period and had these been applied to the risk exposures as at those at the end of the reporting period.

(e) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated statement of financial position as available-for-sale.

If prices for quoted equity securities or fair value of unquoted equity securities change by 20% (2015: NA), respectively with all other variables including tax rate being held constant, the impact to profit or loss and other comprehensive income will be:

	2016		2015	
Group	Loss after Taxation	Other Comprehensive Income	Loss after taxation	Other Comprehensive Income
	S$	S$	S$	S$
Financial assets, available-for-sale:				
Equity securities (quoted):				
– if price increase by 20%	**–**	**5,034**[(1)]	–	–
– if price decrease by 20%	**(5,034)**[(1)]	**–**	–	–

(1) As the Group had recognised impairment loss on the available for sale equity instrument, any increase in fair value is recognised in other comprehensive income while any decrease will be recognised in profit or loss.

32. 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, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings, if any.

The Group has complied with the externally imposed capital requirements during the financial years ended 31 December 2016 and 2015. The Group's overall strategy remains unchanged for the financial years ended 31 December 2016 and 2015.

The Group deems its capital as follows:

	Group	
	2016	2015
	S$	S$
Equity attributable to the owners of the Company	**4,631,488**	3,006,781
Add/(less): Currency translation reserve	**(406)**	(406)
Total capital	**4,631,082**	3,006,375

33. SEGMENT INFORMATION

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas namely, Singapore and Indonesia. From a business segment perspective, management separately considers the consultancy and investment management activities in these geographic areas.

For management purposes, the Group is currently organised into the following main business segments:

(a) Investment management

The Group seeks significant capital appreciation through making direct and indirect investments in companies and projects, both listed and unlisted, which the Group considers to be undervalued and with high growth prospects. Such investments may include investments in quoted and non-quoted equity or debt securities, pre-initial public offer ("IPO") shares which include late stage pre-IPO deals and early stage pre-IPO deals, IPO placement tranche shares, and other corporate finance deals, including without limitation, buyout deals and corporate restructuring deals.

(b) Consultancy

The Group renders consultancy services which include investment advisory and consultancy services in both the resource and non-resource space. This includes consultancy services rendered in maximising the probability of success for companies seeking IPO/placement deals before the actual launch of the IPO/placement efforts.

33. SEGMENT INFORMATION (CONTINUED)

(b) Consultancy (Continued)

The following business segment has been discontinued since financial year ended 31 December 2014 as the Group is no longer involved in such business activities:

Fund management

The Group was previously involved in the fund management business through one of its former subsidiaries, Infiniti Asset Management Pte Ltd (now known as Kingsbridge Capital Pte Ltd), a Singapore based fund management company registered with the Monetary Authority of Singapore, managing niche and innovative investment funds and customised investment solutions for selected valued clients.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, may be measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, trade and other receivables, debt securities, financial assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, finance lease liabilities, income tax liabilities and deferred income tax liabilities.

33. SEGMENT INFORMATION (CONTINUED)

31 December 2016	Investment Management	Consultancy	Adjustments and eliminations	Note	Group
	S$	S$	S$		S$
Revenue					
– External revenue	349,661	–	–		349,661
Results					
Interest income	170,328	–	–		170,328
Arranger fee	179,336	–	–		179,336
Unallocated interest income	–	–	–		1,005
Depreciation	(6,000)	–	–		(6,000)
Unallocated depreciation	–	–	–		(84,696)
Impairment loss on trade receivables	(105,864)	(2,281,635)	–		(2,387,499)
Impairment loss on other receivables	(12,253)	–	–		(12,253)
Impairment loss on financial assets, available-for-sale	(114,660)	–	–		(114,660)
Impairment loss on debt securities	(3,665,790)	–	–		(3,665,790)
Unallocated income tax credit	–	–	–		5,351
Income tax credit	184	–	–		184
Segment results	(4,107,706)	(2,283,876)	(1,885,295)	B	(8,276,877)
Assets					
Segment assets	3,528,877	1	1,655,704	B	5,184,582
Segment liabilities	37,508,925	749,614	(37,705,445)	B	553,094

33. SEGMENT INFORMATION (CONTINUED)

2015	Consultancy	Investment Management	Fund Management (discontinued)	Adjustments and eliminations	Note	Group
	S$	S$	S$	S$		S$
Revenue						
– External revenue	2,925,116	69,493	18,459	(18,459)	A	2,994,609
Results						
Interest income	–	69,753	–	–		69,753
Unallocated interest income	–	–	–	–		14,019
Depreciation	–	(6,000)	(560)	560	A	(6,000)
Unallocated depreciation	–	–	–	–		(86,632)
Unallocated impairment loss on other receivables	–	–	–	–		(96,472)
Impairment loss on financial assets, available-for-sale	(165,200)	(552,505)	–	–		(717,705)
Income tax expense	–	(11,142)	–	–		(11,142)
Unallocated income tax credit	–	–	–	–		6,816
Segment results	2,758,996	(737,704)	(52,655)	(1,249,125)	B	719,512
Assets						
Segment assets	2,825,117	2,331,497	504,264	92,978	B	5,753,856
Segment liabilities	747,372	31,002,855	324,029	(29,327,181)	B	2,747,075

Notes

A The amounts relating to the fund management segment has been excluded to arrive at amounts shown in profit or loss as they are presented separately in the consolidated statement of profit or loss and comprehensive income within one line item, "loss from discontinued operations, net of tax".

B The following items are added to/(deducted from) segment results to arrive at "profit/(loss) from continuing operations, net of tax" presented in the consolidated statement of profit or loss and comprehensive income:

Geographical market of clients

The following details show the distribution of the Group's revenues and non-current assets from continuing operations based on the geographical segments in which the clients are located:

	Group			
	Revenues		Non-current assets	
	2016	2015	2016	2015
	S$	S$	S$	S$
Singapore	–	846,216	**239,079**	2,518,811
British Virgin Islands	–	2,028,900	–	–
Indonesia	**349,661**	119,493	–	–
	349,661	2,994,609	**239,079**	2,518,811

With the exception of Indonesia (2015: Singapore and British Virgin Islands), no other geographical segments contributed more than 10% of the Group's consolidated revenue. Revenue is based on the geographical segment in which the clients are located.

33. SEGMENT INFORMATION (CONTINUED)

Information about major customers which contributed more than 10% of total revenue

	2016	2015
	S$	S$
Customer 1	**349,661**	69,493
Customer 2	–	2,925,116

Customer 1 is from investment segment while Customer 2 is from consultancy segment.

34. EVENTS AFTER THE REPORTING PERIOD

(i) Ms. Quah Su-Yin ceased her position as Chief Executive Officer and Executive Director with effect from 31 December 2016.

(ii) The Company appointed Mr. Lee Ka Shao as an Independent Non-Executive Director, who is Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee, on 3 January 2017.

(iii) Mr. David Francis Rigoll ceased his position as Executive Director with effect from 6 March 2017. He has given notice that he would be withdrawing the voluntary deed of undertaking/moratorium that he has previously provided on selling, transferring or otherwise disposing of all the shares of ISR Capital Limited that are held by him and would no longer be bound by terms of the deed of undertaking/moratorium. The Board is of the view that Mr. Rigoll is not in a position to unilaterally terminate the deed of undertaking without the mutual agreement of the Company to vary or change the terms of the deed of undertaking satisfactory to Mr Rigoll and the Company and only if doing so would be in the interest of and for the benefit of the Company. The Board is of the view that Mr Rigoll has breached the terms of the deed of undertaking by disposing some of the shares of the Company on 6 March 2017 and will be seeking legal advice and up to the date of report, the Company is still in discussions with its legal adviser on the appropriate legal action to be taken.

(iv) The Company appointed Mr. Lin, Chen Hsin as an Independent Non-Executive Director who is also a member of the Audit Committee and Remuneration Committee on 8 March 2017.

(v) On 22 March 2017, the Company issued and allotted 12,500,000 conversion shares to Premier Equity Fund (the "Subscriber") with an aggregate principal value of $50,000.

(vi) On 22 March 2017, the Group received the Exercise Notice from the Subscriber in respect of Tranche 2 Bonds whereby the Subscriber exercised the option to subscribe for the Tranche 2 Bonds for a principal amount S$5,000,000 at the Bond Issue Price. The Tranche 2 Bonds would be subscribed by the Subscriber in accordance with the terms of the Subscription Agreement. As at 3 April 2017, the Subscriber has subscribed S$2,000,000 of Tranche 2 Bonds and an aggregate face value of S$1,950,000 of the Tranche 2 Bonds have been converted into 487,500 000 conversion shares.

35 INVESTIGATION BY REGULATORY AUTHORITIES

Investigation by Commercial Affairs Department (2014 Investigation)

On 2 April 2014, the Company with five other wholly-owned subsidiaries of the Company (one of which has since been disposed of) and two funds (including two subsidiaries of one of the funds) that are previously managed by the subsidiary of the Company that has since been disposed of, were served notices by the Commercial Affairs Department of the Singapore Police Force (“CAD”) for an investigation into an alleged offence under the Securities and Futures Act, Cap 289 which required the Company and those entities to provide CAD with access to certain data. Since then, the Company has been cooperating fully with CAD in its investigation. The CAD confirmed to the auditors that their investigation is still ongoing but has not provided the Company with any further details or updates of its investigation, apart from certain key personnel being requested to attend further interviews by CAD in 2015.

Joint investigation by the Monetary Authority of Singapore and Commercial Affairs Department

The Company has been served a joint notice dated 7 December 2016 by the Monetary Authority of Singapore and the Commercial Affairs Department of the Singapore Police Force (hereinafter collectively referred to as the “Authorities”) which states that the Authorities are investigating into an offence under the Securities and Futures Act (Chapter 289) and require access to certain documents and information pertaining to the Company. The Authorities have not disclosed to the Company any further details on their investigation. The Company has been cooperating fully with the Authorities in their investigation.

36. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Group for the financial year ended 31 December 2016 were authorised for the issue in accordance with a resolution of directors on 5 April 2017.

SHAREHOLDERS' STATISTICS AND DISTRIBUTION

AS AT 31 MARCH 2017

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
No. of issued shares	:	1,964,249,336 Shares
No. of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	65	3.98	57,555	0.00
1,001 – 10,000	322	19.72	2,225,600	0.11
10,001 – 1,000,000	1,099	67.30	233,671,300	11.90
1,000,001 AND ABOVE	147	9.00	1,728,294,881	87.99
	1,633	100.00	1,964,249,336	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2017

Issued Share Capital	1,964,249,336

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	DAVID FRANCIS RIGOLL	290,000,000	14.76
2	ABDUL WAHID BIN ABDUL GHANI	236,000,000	12.01
3	OOI WOOI JING	170,000,000	8.65
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	109,662,300	5.58
5	CITIBANK NOMINEES SINGAPORE PTE LTD	99,931,700	5.09
6	OCBC SECURITIES PRIVATE LTD	65,347,000	3.33
7	HO BENG SIANG	47,787,900	2.43
8	PHILLIP SECURITIES PTE LTD	45,505,400	2.32
9	MAYBANK KIM ENG SECURITIES PTE LTD	44,458,172	2.26
10	MD WIRA DANI BIN ABDUL DAIM	39,926,000	2.03
11	THONG SOON SENG	30,000,000	1.53
12	RHB SECURITIES SINGAPORE PTE LTD	24,122,800	1.23
13	FINANCIAL FRONTIERS PTE LTD	23,529,412	1.20
14	CHEN TONG	23,529,412	1.20
15	CIMB SECURITIES (SINGAPORE) PTE LTD	22,423,602	1.14
16	NG ENG TIONG	15,770,800	0.80
17	TAN SOON KEE	15,500,000	0.79
18	UOB KAY HIAN PTE LTD	13,076,700	0.67
19	CHIEW HOCK SENG (ZHOU FUCHENG)	13,000,000	0.66
20	LIM & TAN SECURITIES PTE LTD	12,346,000	0.63
	TOTAL	1,341,917,198	68.31

SHAREHOLDERS' STATISTICS AND DISTRIBUTION

AS AT 31 MARCH 2017

Based on Shareholders' Statistics and Distribution as at 31 March 2017, approximately 58.19% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Direct and Indirect Interest of Substantial Shareholders as at 31 March 2017
(As recorded in the Register of Members)

	Direct Interest		Indirect interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
David Francis Rigoll	389,893,200	19.85	–	–
Abdul Wahid Bin Abdul Ghani	236,000,000	12.01	–	–
Ooi Wooi Jing	170,000,000	8.65	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Tokyo 2, TKP Conference Center, Level 4, 137 Cecil Street, #04-01, Singapore 069537 on Friday, 28 April 2017 at 10:00 a.m., to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' Statements and Independent Auditors' Report thereon. *Resolution 1*

2. To approve the payment of Directors' fees of up to S$240,000/- for the financial year ending 31 December 2017, to be paid quarterly in arrears. *Resolution 2*

3. To re-elect Mr Chen Tong, the Director retiring by rotation pursuant to Article 88 of the Company's Constitution. *Resolution 3*
   [See Explanatory Note (i)]

4. To re-elect Mr Lee Ka Shao, the Director retiring by rotation pursuant to Article 88 of the Company's Constitution. *Resolution 4*
   [See Explanatory Note (ii)]

5. To re-elect Mr Lin, Chen Hsin, the Director retiring by rotation pursuant to Article 88 of the Company's Constitution. *Resolution 5*
   [See Explanatory Note (iii)]

6. To re-appoint Messrs RT LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 6*

SPECIAL BUSINESSES:

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

7. **Authority to allot and issue shares** *Resolution 7*

   "That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:–

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise, and/or

   (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below)("**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issue on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated with sub-paragraph (4) below ("**Additional Limit**");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limited, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for financing purposes may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed one hundred per centum (100%) of the total number of issue shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below;

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date, the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below;

(4) subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1)(A) and (1)(B) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:–

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

  (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

  (iii) any subsequent bonus issue, consolidation or subdivision of shares;

(5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(6) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of 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 the earlier.

[See Explanatory Note (iv)]

8. **Authority to allot and issue shares under the ISR Performance Share Plan** *Resolution 8*

"That authority be and is hereby given to the Directors of the Company to offer and grant awards in accordance with the provisions of the ISR Performance Share Plan and to allot and issue from time to time such number of fully-paid new Shares as may be required to be allotted and issued pursuant to the vesting of awards under the ISR Performance Share Plan provided always that the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the ISR Performance Share Plan, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed 15% of the total issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of award, and provided also that subject to such adjustments as may be made to the ISR Performance Share Plan as a result of any variation in the capital structure of the Company."

[See Explanatory Note (v)]

9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Vincent Lee Chung Ngee
Teo Meng Keong
Tan Wee Sin
Company Secretaries

13 April 2017
Singapore

Explanatory Notes:–

(i) Mr Chen Tong will, upon re-election as Director of the Company, remain as Executive Chairman and a member of Nominating Committee. Key information on Mr Chen Tong can be found on page 4 of the Annual Report 2016.

(ii) Mr Lee Ka Shao will, upon re-election as Director of the Company, remain as the Chairman of Nominating Committee and Remuneration Committee and a member of Audit Committee. Mr Lee Ka Shao is considered to be independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Lee Ka Shao can be found on page 5 of the Annual Report 2016. There are no relationships (including immediate family relationship) between Mr Lee Ka Shao and the other Directors of the Company or its shareholders.

(iii) Mr Lin, Chen Hsin will, upon re-election as Director of the Company, remain as a member of Audit Committee and Remuneration Committee. Mr Lin, Chen Hsin is considered to be independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Lin, Chen Hsin can be found on page 5 of the Annual Report 2016. There are no relationships (including immediate family relationship) between Mr Lin, Chen Hsin and the other Directors of the Company or its shareholders.

(iv) Ordinary Resolution 7 in item 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) at the time Ordinary Resolution 7 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company ("the **Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds as and when the funds are materially disbursed and a status report on the use of the proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue limit is in the interests of the Company and its shareholders as this provides flexibility to the Company to undertake future corporate exercises in an expeditious manner, as and when the need arises, without the need to convene an Extraordinary General Meeting.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

(v) The Ordinary Resolution 8, if passed, will empower the Directors of the Company to offer and grant awards under the ISR Performance Share Plan and to allot and issue Shares pursuant to the vesting of such awards in accordance with the ISR Performance Share Plan.

Notes:

1. A member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.

3. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

*__Relevant Intermediary__ is:

(a) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services license to provide custodial services for securities under the Securities Futures Act (Cap.89) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.

4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

6. Where an instrument appointing a proxy 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.

7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 83, Clemenceau Avenue, #10-03 UE Square, Singapore 239920, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ISR CAPITAL LIMITED
(Company No.: 200104762G)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy ISR Capital Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote. (Please see Note 4 for the definition of "Relevant Intermediary")
3. 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.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2017.

*I/We ______________________________

of ______________________________

being *a member/members of ISR Capital Limited. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting of the Company to be held at Tokyo 2, TKP Conference Center, Level 4, 137 Cecil Street, #04-01, Singapore 069537 on Friday, 28 April 2017 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For#	Against#
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' Statements and Independent Auditor's Report thereon.		
2.	Approval of payment of Directors' fees of up to S$240,000/- for the financial year ending 31 December 2017, to be paid quarterly in arrears.		
3.	Re-election of Mr Chen Tong as Director.		
4.	Re-election of Mr Lee Ka Shao as Director.		
5.	Re-election of Mr Lin, Chen Hsin as Director.		
6.	Re-appointment of Messrs RT LLP as Auditors.		
7.	Authority to allot and issue shares.		
8.	Authority to allot and issue shares under ISR Performance Share Plan.		

* *Delete accordingly*

\# *If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.*

IMPORTANT. Please read notes overleaf.

Dated this ____________ day of ______________ 2017

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

____
Signature(s) of Member(s)/Common Seal

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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the 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 shall be deemed to relate to all the shares held by you.*
2. *A member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.*
3. *Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.*
4. *A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).*

   **Relevant Intermediary* *is:*

   (a) *a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or*

   (b) *a person holding a capital markets services license to provide a custodial services for securities under the Securities Futures Act (Cap.89) and who holds shares in that capacity; or*

   (c) *the Central Provident Fund Board established by the Central Provident Fund (Cap.36), in respect of shares purchased on behalf of CPF investors.*
5. *A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.*
6. *The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.*
7. *Where an instrument appointing a proxy 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. *The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 83 Clemenceau Avenue, #10-03 UE Square, Singapore 239920, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.*
9. *An investor who buys shares using CPF monies (''CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.*

General:

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 members whose shares are deposited with The Central Depository (Pte) Limited, 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 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
STAMP

The Company Secretary
ISR CAPITAL LIMITED
83 Clemenceau Avenue
#10-03 UE Square
Singapore 239920

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ISR

ISR CAPITAL LIMITED | 威豪投资集团

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