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

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S HALF YEARLY RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

The Board of Directors (the "**Board**") of ISR Capital Limited (the "**Company**") wishes to provide the following additional information in response to the queries raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") in their email dated 26 August 2015 in relation to the Company's Half Yearly Results for the financial period ended 30 June 2015:

Query

1) We refer to the Company's announcement on 24 August 2015. In its response to question 1(i) about the increase of 219.6% in Other Receivables in its 1H2015 Results, it was disclosed that the "related parties are a fund and its subsidiaries, in which the Group, through a subsidiary of the Company, holds redeemable preference shares in the fund and a director of the Company is also a director of the fund and its subsidiaries".

Please disclose the names of each of the fund, the subsidiary and the director of the Company referred to here.

Company's Response:

The fund and its subsidiaries are considered related parties of the Group as the Chief Executive Officer of the Company is also a director of the fund and its subsidiaries. The Group, however, owes a duty of confidentiality to the fund and its subsidiaries and is not expressly authorised by the fund and its subsidiaries to make a public disclosure.

The Group, being an investor, has extended advances to the fund and its subsidiaries for the purpose of the fund and its subsidiaries to continue to remain as a going concern and more importantly, to operate and negotiate with the fund's various counterparties with outstanding obligations towards the fund, in order to optimise the residual asset values of the fund and its subsidiaries. These are highly confidential and price sensitive information and from a commercial standpoint, a public disclosure would be gravely detrimental to the fund and its subsidiaries, henceforth the Group and consequently, the Company's shareholders.

2) In the Company's response to question 1(ii), it was stated that the "fund and its subsidiaries are in negative equity positions as at 31 December 2014 and require financial support in order for them to remain as going concern entities to realise their residual values/assets".

a) Please quantify and disclose what is the:-

i) Amount of the negative equity position of each of the fund and its subsidiaries and what is the residual value attributable to the company from each of the fund and the subsidiary;

Company's Response:

The fund was in a consolidated negative equity position of approximately S$176,000 (unaudited) as at 31 December 2014 and its two subsidiaries were in negative equity positions of approximately S$79,000 (unaudited) and S$879,000 (unaudited) respectively as at 31 December 2014.

ii) If the fund and the subsidiary are in negative equity positions, please elaborate how it would be possible to realize residual values/assets; and

Company's Response:

Please refer to our responses for question 2(b) below.

iii) The total investments made to-date by Company into in the fund and its subsidiaries as well as amounts extended by the Company as loans/advances to each of the fund and the subsidiary.

Company's Response:

The total investments made by the Group to-date was S$900,000 (in the form of redeemable preference shares) and the total advances extended by the Group to the fund and its subsidiaries were approximately S$175,000 as at 30 June 2015.

b) Please disclose if there are any collectability issues for its receivables due from these entities. To provide the basis for the Company's views.

Company's Response:

These entities are in the process of negotiating agreements with existing counterparties with outstanding obligations and there are indications for a favourable outcome and this would enable the fund and its subsidiaries to repay the Group and possibly provide a partial return of capital to the Group.

BY ORDER OF THE BOARD

Quah Su-Yin
Chief Executive Officer and Executive Director
28 August 2015