

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | |
|---|-------------------------------|-------------------------------|---------------|
| | 12 Months ended 31/12/2016 | 12 Months ended 31/12/2015 | Inc/ (Dec) |
| | S\$ | S\$ | % |
| Continuing operations | | | |
| Revenue | 349,661 | 2,994,609 | (88.3) |
| Other losses, net | (131,060) | (534,143) | (75.5) |
| Other income | 290,733 | 532,718 | (45.4) |
| Employee benefits expense | (1,421,831) | (1,060,378) | 34.1 |
| Depreciation | (90,696) | (92,632) | (2.1) |
| Other operating expenses | (7,273,460) | (1,084,234) | 570.8 |
| Finance costs | (5,759) | (32,102) | (82.1) |
| (Loss)/Profit before tax | (8,282,412) | 723,838 | (1,244.2) |
| Income tax credit/(expense) | 5,535 | (4,326) | (227.9) |
| (Loss)/Profit from continuing operations, net of tax | (8,276,877) | 719,512 | (1,250.3) |
| Discontinued operations | | | |
| Loss from discontinued operations, net of tax | - | (52,655) | (100.0) |
| Net (loss)/profit for the year | (8,276,877) | 666,857 | (1,341.2) |
| Other comprehensive income, net of tax: | | | |
| Items that may be reclassified subsequently to profit or loss : | | | |
| Currency translation differences: | | | |
| Arising from consolidation | - | 226 | (100.0) |
| Other comprehensive income, net of tax | - | 226 | (100.0) |
| Total comprehensive income for the year | (8,276,877) | 667,083 | (1,340.8) |
| (Loss)/profit attributable to: | | | |
| Equity holders of the Company | (8,276,877) | 667,519 | (1,339.9) |
| Non-controlling interest | - | (662) | (100.0) |
| | (8,276,877) | 666,857 | (1,341.2) |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | (8,276,877) | 667,745 | (1,339.5) |
| Non-controlling interest | - | (662) | (100.0) |
| | (8,276,877) | 667,083 | (1,340.8) |

Notes to the Consolidated Statement of Comprehensive Income

(Loss)/profit, net of tax is arrived after (charging)/crediting the following items:

| | Group | | |
|--|---|---|-----------------------|
| | 12 months ended 31/12/2016 | 12 months ended 31/12/2015 | Inc/ (Dec) |
| | S\$ | S\$ | % |
| Interest income | | | |
| - Debt securities | 349,661 | 69,492 | 403.2 |
| - Default interest on unpaid amounts | - | 14,005 | (100.0) |
| - Bank deposits and trading account | 1,008 | 274 | 267.9 |
| | 350,669 | 83,771 | 318.6 |
| Management consultancy fee | - | 2,925,116 | (100.0) |
| Write-back of impairment loss on amount due from former subsidiary | 35,856 | - | N.M. |
| (Loss)/gain on disposal of financial assets, available-for-sale | (16,400) | 183,562 | (108.9) |
| Deferred tax credit/(expense): | | | |
| - Current year | 3,983 | (7,374) | (154.0) |
| - Overprovision of tax in respect of prior years | 1,552 | 3,048 | (49.1) |
| | 5,535 | (4,326) | (227.9) |
| Interest expense | (5,759) | (32,102) | (82.1) |
| Rental expense (operating leases) | (400,927) | (392,469) | 2.2 |
| Share award expense | (210,805) | - | N.M. |
| Impairment loss on financial assets, available-for-sale | (114,660) | (717,705) | (84.0) |
| Impairment loss on trade and other receivables | (2,380,980) | (96,472) | 2,368.1 |
| Impairment loss on debt securities | (3,665,790) | - | N.M. |
| Gain on disposal of subsidiary | - | 179,247 | (100.0) |

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | S\$ | S\$ | S\$ | S\$ |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 1,223,132 | 20,589 | 1,212,398 | 17,321 |
| Trade receivables | - | 2,890,656 | - | - |
| Other receivables | 185,686 | 306,921 | 185,686 | 306,082 |
| Debt securities | 3,467,535 | - | - | - |
| Amounts due from subsidiaries | - | - | 3,670,285 | 2,620,200 |
| Financial assets, available-for-sale | 30,327 | 1 | - | - |
| Other current assets | 38,823 | 16,878 | 36,030 | 14,792 |
| | <u>4,945,503</u> | <u>3,235,045</u> | <u>5,104,399</u> | <u>2,958,395</u> |
| Non-current assets | | | | |
| Investments in subsidiaries | - | - | 7 | 7 |
| Debt securities | - | 2,236,453 | - | - |
| Property, plant and equipment | 239,079 | 282,358 | 221,579 | 258,858 |
| | <u>239,079</u> | <u>2,518,811</u> | <u>221,586</u> | <u>258,865</u> |
| Total assets | <u>5,184,582</u> | <u>5,753,856</u> | <u>5,325,985</u> | <u>3,217,260</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Other payables | 441,351 | 581,128 | 409,705 | 531,665 |
| Finance lease liabilities | 41,408 | 42,164 | 26,825 | 25,497 |
| | <u>482,759</u> | <u>623,292</u> | <u>436,530</u> | <u>557,162</u> |
| Non-current liabilities | | | | |
| Finance lease liabilities | 9,255 | 50,664 | 9,255 | 36,080 |
| Convertible redeemable bonds | 47,168 | 2,053,672 | 47,168 | 2,053,672 |
| Deferred income tax liabilities | 13,912 | 19,447 | 2,954 | 8,305 |
| | <u>70,335</u> | <u>2,123,783</u> | <u>59,377</u> | <u>2,098,057</u> |
| Total liabilities | <u>553,094</u> | <u>2,747,075</u> | <u>495,907</u> | <u>2,655,219</u> |
| NET ASSETS | <u>4,631,488</u> | <u>3,006,781</u> | <u>4,830,078</u> | <u>562,041</u> |
| EQUITY | | | | |
| Share capital | 32,074,968 | 22,227,388 | 32,074,968 | 22,227,388 |
| Capital reserve | 188,135 | 134,131 | 188,135 | 134,131 |
| Currency translation reserve | 406 | 406 | - | - |
| Accumulated losses | (27,632,021) | (19,355,144) | (27,433,025) | (21,799,478) |
| Equity attributable to owners of the Company | <u>4,631,488</u> | <u>3,006,781</u> | <u>4,830,078</u> | <u>562,041</u> |
| TOTAL EQUITY | <u>4,631,488</u> | <u>3,006,781</u> | <u>4,830,078</u> | <u>562,041</u> |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group has finance lease liabilities and convertible redeemable bonds amounting to S\$50,663 (2015: S\$92,828) and S\$47,168 (2015: S\$2,053,672) respectively as at 31 December 2016.

| | Group | | Group | |
|--------------------------------------|----------------|------------------|----------------|------------------|
| | 31/12/2016 | | 31/12/2015 | |
| | Secured S\$ | Unsecured S\$ | Secured S\$ | Unsecured S\$ |
| Finance lease liabilities | | | | |
| Amount repayable in one year or less | 41,408 | - | 42,164 | - |
| Amount repayable after one year | 9,255 | - | 50,664 | - |
| | 50,663 | - | 92,828 | - |
| Convertible redeemable bonds | | | | |
| Amount repayable after one year | - | 47,168 | - | 2,053,672 |

Details of any collateral

The Group's finance lease liabilities are secured by the motor vehicle and photocopiers.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | |
|---|---------------------------------------|---------------------------------------|
| | 12 months ended 31/12/2016 | 12 months ended 31/12/2015 |
| | 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 | - | (52,655) |
| Net (loss)/profit for the year | (8,276,877) | 666,857 |
| Adjustments for: | | |
| Income tax (credit)/expense | (5,535) | 4,326 |
| Depreciation | 90,696 | 93,192 |
| Convertible redeemable bond interest | 1,624 | 26,644 |
| Hire purchase interest | 4,135 | 5,458 |
| Interest income | (350,669) | (69,767) |
| Impairment loss on trade and other receivables | 2,380,980 | 96,472 |
| Impairment loss on debt securities | 3,665,790 | - |
| Impairment loss on financial assets, available-for-sale | 114,660 | 717,705 |
| Impairment loss on amount due from related parties | 12,253 | - |
| Write back of allowance for impairment on amount due from former subsidiary | (35,856) | - |
| Employee share award expense | 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 asset, available-for-sale | 16,400 | (183,562) |
| Gain on disposal of subsidiary | - | (179,247) |
| Property, plant and equipment written off | 243 | - |
| Operating cash flows before changes in working capital | (2,141,551) | 1,313,078 |
| Changes in working capital: | | |
| Trade and other receivables, and other current assets | 413,845 | (2,913,692) |
| Other payables | (183,109) | (98,548) |
| Cash flows used in operating activities | (1,910,815) | (1,699,162) |
| Interest received | 130,264 | 274 |
| Net cash flows used in operating activities | (1,780,551) | (1,698,888) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (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 flows 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 | 1,900,000 | 2,850,000 |
| Interest paid on convertible redeemable bonds | (137) | - |
| Proceeds from issuance of new ordinary shares | 6,000,000 | - |
| Share issue expense | (216,109) | - |
| Repayment of finance lease liabilities | (42,164) | (41,602) |
| Net cash flows provided by financing activities | 7,637,455 | 2,802,940 |

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

| | Group | |
|---|-------------------------------|-------------------------------|
| | 12 months ended 31/12/2016 | 12 months ended 31/12/2015 |
| | S\$ | S\$ |
| Net increase/(decrease) in cash and cash equivalents | 1,202,543 | (85,386) |
| Cash and cash equivalents at beginning of financial year | 20,589 | 105,975 |
| Cash and cash equivalents at end of financial year | 1,223,132 | 20,589 |
| List of significant non-cash transactions: | 3,853,484 | 678,143 |
| Conversion of convertible redeemable bonds to ordinary shares | | |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | 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\$ | \$ |
| Balance at 1 January 2016 | 22,227,388 | 134,131 | 406 | (19,355,144) | 3,006,781 | - | 3,006,781 |
| Issuance of new ordinary shares | 10,064,289 | - | - | - | 10,064,289 | - | 10,064,289 |
| Share issue expense | (216,709) | - | - | - | (216,709) | - | (216,709) |
| Convertible redeemable bonds – equity component | - | 54,004 | - | - | 54,004 | - | 54,004 |
| Total comprehensive income | - | - | - | (8,276,877) | (8,276,877) | - | (8,276,877) |
| Balance at 31 December 2016 | 32,074,968 | 188,135 | 406 | (27,632,021) | 4,631,488 | - | 4,631,488 |
| Balance at 1 January 2015 | 21,549,245 | - | 180 | (20,022,663) | 1,526,762 | (39,860) | 1,486,902 |
| Issuance of new ordinary shares | 678,143 | - | - | - | 678,143 | - | 678,143 |
| Convertible redeemable bonds – equity component | - | 134,131 | - | - | 134,131 | - | 134,131 |
| Total comprehensive income | - | - | 226 | 667,519 | 667,745 | (662) | 667,083 |
| Disposal of non-controlling interest | - | - | - | - | - | 40,522 | 40,522 |
| Balance at 31 December 2015 | 22,227,388 | 134,131 | 406 | (19,355,144) | 3,006,781 | - | 3,006,781 |

Company

| | Share capital | Capital reserve | Accumulated losses | Total equity |
|---|-------------------|-----------------|---------------------|------------------|
| | S\$ | | S\$ | S\$ |
| Balance at 1 January 2016 | 22,227,388 | 134,131 | (21,799,478) | 562,041 |
| 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 |
| Total comprehensive income | - | - | (5,633,547) | (5,633,547) |
| Balance at 31 December 2016 | 32,074,968 | 188,135 | (27,433,025) | 4,830,078 |

| Company | Share capital | Capital reserve | Accumulated losses | Total equity |
|---|-------------------|-----------------|---------------------|----------------|
| | | | | |
| Balance at 1 January 2015 | 21,549,245 | - | (21,199,771) | 349,474 |
| Issuance of new ordinary shares | 678,143 | - | - | 678,143 |
| Convertible redeemable bonds – equity component | - | 134,131 | - | 134,131 |
| Total comprehensive income | - | - | (599,707) | (599,707) |
| Balance at 31 December 2015 | 22,227,388 | 134,131 | (21,799,478) | 562,041 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share capital has increased by S\$9,847,580 in FY2016 arising from:

- Conversion of convertible redeemable bonds of S\$3,853,484 (face value of S\$4,200,000) to 1,050,000,000 conversion shares;
- Awards totaling 42,161,000 new ordinary shares amounting to S\$210,805 granted under the ISR Performance Share Plan;
- Placement of 70,588,236 new ordinary shares amounting to S\$5,783,291 after deducting share issue expenses.

The number of shares that may be issued on conversion of the outstanding convertible redeemable bonds as at 31 December 2016 is 12,500,000 conversion shares (31 December 2015: 562,500,000)

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 December 2016 and 31 December 2015 were 1,564,249,336 and 401,500,100 ordinary shares respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements for the financial year ended 31 December 2015.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2016. The adoption of these new and revised FRS had no material effect on the Group's and Company's results for the current financial year.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | Group | |
|--|-------------------------------|--|
| | 12 months ended 31/12/2016 | 12 months ended 31/12/2015 (Re-stated) |
| (Loss)/earnings per ordinary share of the group after deducting any provision for preference dividends (Singapore cents per share) : | | |
| (a) Based on weighted average number of ordinary shares on issue; and | (0.74) cents | 0.27 cents |
| (b) On a fully diluted basis | (0.39) cents | 0.12 cents |
| Weighted average number of ordinary shares outstanding for basic loss per share | 1,148,340,474 | 250,609,689 |

7. **Net asset value (for the issuer and group) per ordinary share excluding treasury shares of the issuer at the end of the:**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Net asset value per ordinary share (Singapore cents) based on issued share capital at the end of: | 0.30 cents | 0.75 cents | 0.31 cents | 0.14 cents |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
 (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

I) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue decreased by approximately S\$2.64 million or 88.3% from S\$2.99 million for the year ended 31 December 2015 ("FY2015") to S\$350,000 for the year ended 31 December 2016 ("FY2016"). Revenue for FY2015 comprised management consultancy fees earned by a subsidiary, and there was no such revenue for FY2016.

Other losses – net

Other losses decreased by approximately S\$403,000 or 75.5% from S\$534,000 for FY2015 to S\$131,000 for FY2016. Other losses for FY2016 were due mainly to the impairment loss on financial assets, available-for-sale (“AFS”) of S\$115,000 and loss on disposal of AFS financial assets of S\$16,000. The impairment was incurred as a result of prolonged decline in the fair value of a quoted investment. Other losses for FY2015 were mainly due to impairment loss of S\$718,000 on AFS financial assets which was offset by a gain of \$184,000 on disposal of AFS financial assets.

Other income

Other income decreased by approximately S\$242,000 or 45.4% from S\$533,000 for FY2015 to S\$291,000 for FY2016. Other income for FY2015 pertains mainly to a gain arising from the disposal of a former subsidiary. There was no such income for FY2016. In addition, there were rental income and photocopier leasing income earned from the former subsidiary recorded for FY2015 but there was no such income for FY2016.

Employee benefits expense

Employee benefits expense increased by approximately S\$361,000 or 34.1% from S\$1.06 million for FY2015 to S\$1.42 million for FY2016. The increase was mainly due to the share award expense, salaries to the executive directors, compensation package to a former executive director as well as unutilised leave provided for FY2016. This was partially offset by the decrease in provision for bonus for FY2016.

Other operating expenses

Other operating expenses increased by approximately S\$6.19 million or 570.8% from S\$1.08 million for FY2015 to S\$7.27 million for FY2016. The increase was mainly due to the impairment loss on debt securities of S\$3.67 million and impairment loss on trade and other receivables of S\$2.38 million incurred for FY2016. Travel expenses and professional fee expenses have also increased in FY2016.

Finance costs

Finance costs decreased by approximately S\$26,000 or 82.1% from S\$32,000 for FY2015 to S\$5,800 for FY2016 mainly due to the decrease in convertible redeemable bond interest as most of the outstanding convertible redeemable bonds have been converted into ordinary shares as at 31 December 2016.

Income tax credit/(expense)

Income tax expense decreased by approximately S\$9,800 or 227.9% from tax expense of S\$4,300 for FY2015 to a tax credit position of S\$5,500 for FY2016. The tax credit for FY2016 arose from over-provision for prior year’s deferred tax liability and adjustment on the current year’s deferred tax movement.

(Loss)/Profit from continuing operations, before tax

Profit from continuing operations, before tax decreased by approximately S\$9.0 million or 1,244.2% from profit before tax of S\$724,000 for FY2015 to a loss before tax of S\$8.28 million for FY2016. This was mainly due to the impairment loss incurred on debt securities and trade and other receivables for FY2016.

Loss from discontinued operations, net of tax

Two months’ results were incorporated for FY2015 in relation to discontinued operations before the completion of disposal of the former subsidiary on 6 March 2015. There was no such loss for FY2016 as there was no such disposal during FY2016.

II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents

Cash and cash equivalents increased by approximately S\$1.2 million or 5,840.6% from S\$21,000 as at 31 December 2015 to S\$1.22 million as at 31 December 2016. The increase was mainly due to the net cash flows of S\$7.63 million generated by the financing activities, i.e. placement of shares and issuance of convertible redeemable bonds; and was partially offset by the net cash flows used in investing activities and operating activities of S\$4.65 million and S\$1.77 million, respectively.

Trade receivables

Trade receivables decreased by approximately S\$2.89 million or 100% from S\$2.89 million as at 31 December 2015 to NIL as at 31 December 2016. The decrease was due to the impairment loss made on trade receivables for FY2016 as a result of long outstanding management consultancy fees and interest income on debt securities.

Other receivables

Other receivables decreased by approximately S\$121,000 or 39.5% from S\$307,000 as at 31 December 2015 to S\$186,000 as at 31 December 2016. The decrease was mainly due to the collection of receivables of S\$197,000 from sub-tenant, partially offset by the increase of refundable deposits on new office and write-back of partial amount due from a former subsidiary.

Debt securities (current)

Debt securities increased by S\$3.47 million from Nil as at 31 December 2015 to S\$3.47 million as at 31 December 2016. The increase was due to an extension of new debt facility of S\$3.47 million by a subsidiary to a Mauritian company, 60% of which the Group is proposing to acquire, in relation to the rare earth project in Madagascar.

Financial assets, available-for-sale

Financial assets, available-for sale increased by S\$30,000 from S\$1 as at 31 December 2015 to S\$30,000 as at 31 December 2016, mainly due to receipt of a sub-tenant's ordinary shares as settlement of rent outstanding. Part of the shares received were subsequently disposed of in FY2016.

Other current assets

Other current assets increased by S\$22,000 or 130% from S\$17,000 as at 31 December 2015 to S\$39,000 as at 31 December 2016 due mainly to increase in prepayments of general insurance and advance rent.

Debt securities (non-current)

Debt securities decreased by S\$2.24 million or 100.0% from S\$2.24 million as at 31 December 2015 to Nil as at 31 December 2016. The decrease was due to full impairment of the existing debt facility as at 31 December 2016.

Property, plant and equipment

Property, plant and equipment ("PPE") decreased by approximately S\$43,000 or 15.3% from S\$282,000 as at 31 December 2015 to S\$239,000 as at 31 December 2016. This was due to the cost of PPE written off by approximately S\$170,000, which was partially offset by the additions of PPE amounting to S\$48,000 in FY2016. The decrease in accumulated depreciation by approximately S\$79,000 for FY2016 was mainly due to the write-off of certain PPE, which was partially offset by an increase in depreciation.

Other payables

Other payables decreased by approximately S\$140,000 or 24.1% from S\$581,000 as at 31 December 2015 to S\$441,000 as at 31 December 2016. This was mainly due to the forfeiture of rental deposits owed by a sub-tenant, payment of FY2015 bonus as well as payment of bond interest in FY2016. This was partially offset by increase of accrued operating expenses and provision for unutilized leave in FY2016.

Finance lease liabilities (current and non-current)

Finance lease liabilities as at 31 December 2016, arose due to the hire purchase of motor vehicle in FY2013 and photocopiers in FY2014. The hire purchase of motor vehicle and photocopiers will mature in April 2018 and November 2017 respectively.

Convertible redeemable bonds

Convertible redeemable bonds decreased by approximately S\$2.0 million or 97.7% from S\$2.05 million as at 31 December 2015 to S\$47,000 as at 31 December 2016 due to the conversion of bonds into conversion shares in FY2016. The Sub-Tranche 4 and Sub-Tranche 5 bonds of S\$1.0 million each were issued in FY2016 in addition to the Sub-Tranches 1 to 3 totalling S\$3 million that were issued in FY2015. S\$4.2 million face value of bonds have been converted into 1.05 billion conversion shares during FY2016.

The convertible redeemable bonds that remained outstanding as at 31 December 2016 were subjected to a 2% interest rate p.a., payable in arrears on 31 December 2016.

Deferred income tax liabilities

Deferred income tax liabilities decreased by approximately S\$5,500 or 28.5% from S\$19,000 as at 31 December 2015 to S\$14,000 as at 31 December 2016. The decrease was due to the over-provision for prior year's deferred tax liability as well as adjustment on the current year's deferred tax movement.

Share capital

Share capital increased by approximately S\$9.9 million or 44.3% from S\$22.2 million as at 31 December 2015 to S\$32.1 million as at 31 December 2016. This was mainly due to placement of shares amounting to S\$5.78 million, net of share issue expense for FY2016. In addition, there were conversion of bonds into ordinary shares during FY2016. The face value of bonds which amounted to S\$4.2 million, represents a present value of S\$3.85 million at an effective interest rate of 5.5% p.a. The bonds have since been converted to 1.05 billion ordinary shares in FY 2016. There were also share awards of approximately S\$211,000 granted under ISR Performance Share Plan in FY2016.

Capital reserve

Capital reserve represent the equity component of the convertible redeemable bonds which entitle bondholders to an option to convert the bonds into ordinary shares of the Company. Capital reserve increased by approximately S\$54,000 or 40.3% from S\$134,000 as at 31 December 2015 to S\$188,000 as at 31 December 2016. This was mainly due to the issuance of convertible redeemable bonds with a face value of S\$4.2 million in FY2016.

III) CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents increased by approximately S\$1.20 million or 5,840.6% from S\$21,000 as at 31 December 2015 to S\$1.22 million as at 31 December 2016. The increase was mainly due to the net cash flows of S\$7.63 million generated by the financing activities, i.e. placement of shares and issuance of convertible redeemable bonds; and was partially offset by the net cash flows used in investing activities and operating activities of S\$4.65 million and S\$1.78 million, respectively.

STATUS ON THE USE OF PROCEEDS RAISED FROM PLACEMENT OF SHARES OF S\$6,000,000 AS AT 31 DECEMBER 2016

Update on the use of net proceeds of approximately S\$5.78 million raised from the placement of shares as at 31 December 2016:

As at 31 December 2016, the Company allocated approximately S\$3.62 million or 62.7% of the net proceeds for working capital in relation to the Proposed Acquisition that was announced on 10 June 2016 and 1 July 2016 and approximately S\$962,000 or 16.6% for general working capital purposes. The breakdown of the working capital is as follows:

| | |
|---|--------------------------|
| Wages and salaries and other short-term employee benefits and employer's contributions to CPF | S\$495,000 |
| Office and warehouse rental | S\$181,000 |
| Professional fees (including legal, secretarial, investor relations) | S\$129,000 |
| Insurance premiums | S\$ 44,000 |
| Renovation and relocation expenses | S\$ 43,000 |
| Directors' fees | S\$ 24,000 |
| Travelling expenses | S\$ 15,000 |
| Repair and maintenance | S\$ 10,000 |
| Others | <u>S\$ 21,000</u> |
| TOTAL | <u>S\$962,000</u> |

The remaining net proceeds of approximately S\$1.2 million or 20.7% remain in cash and cash equivalents as at 31 December 2016.

STATUS ON THE USE OF PROCEEDS RAISED FROM ISSUANCE OF CONVERTIBLE REDEEMABLE BONDS OF S\$5,000,000 AS AT 31 DECEMBER 2016

Update on the use of 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 Company allocated approximately S\$3.31 million or 72.5% of the net proceeds for investment in debt securities and approximately S\$1.26 million or 27.5% for general working capital. The breakdown of the working capital is as follows:

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

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group did not make a specific forecast in its previous prospect statement; hence there is no variance to comment upon. The Group however did indicate that it has entered into sale and purchase agreements to acquire 60% stake in a rare earth project in Madagascar. Announcements on this proposed investment were made on 10 June and 1 July 2016.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Following the signing of the sale and purchase agreements to take a 60% stake in Tantalum Holding (Mauritius) Ltd ("THM") in mid-2016, the Group is currently awaiting regulatory and shareholder approvals for the acquisition. THM owns 100% of Tantalum Rare Earth Malagasy S.A.R.L., which holds an exploration licence for a concession that hosts critical rare earth oxides in Madagascar. These rare earth oxides are key ingredients for the production of permanent magnets used in many high-tech industries.

The Group believes in the critical and strategic value of rare earth oxides in the global marketplace and is of the view that the acquisition will enable it to participate in a high-growth business. Global demand for rare earth oxides is expected to rise to 195,000 tonnes by 2025 from 150,000 tonnes in 2015, according to Argus Media, which provides business intelligence and market data to energy and commodities markets worldwide.

The Group is in the process of commissioning a third independent valuation report for the concession. Shareholders will be informed once the report is completed. If the acquisition is successful, THM will be the Group's main operating entity. While it awaits regulatory approvals for the acquisition, the Group is evaluating various options to continue operating as a going concern.

- 11. Dividend**

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

- 12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared / recommended for the financial year ended 31 December 2016.

- 13. Interested Person Transactions**

The Group has no general mandate for interested person transactions under Rule 920(1) of the SGXST Listing Manual.

- 14. Negative Assurance Confirmation On Half Year Financial Results Pursuant To Rule 705(5) Of The Listing Manual**

Not applicable.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the SGX Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

| 31 December 2016 | Investment Management | Consultancy | Adjustments and eliminations | Group |
|---|------------------------------|--------------------|-------------------------------------|--------------|
| | S\$ | S\$ | S\$ | S\$ |
| Revenue | | | | |
| - External revenue | 349,661 | - | - | 349,661 |
| Results | | | | |
| Interest income | 349,664 | - | - | 349,664 |
| Unallocated interest income | - | - | - | 1,005 |
| Depreciation | (6,000) | - | - | (6,000) |
| Unallocated depreciation | - | - | - | (84,696) |
| Impairment on trade and other receivables | (99,865) | (2,281,115) | - | (2,380,980) |
| 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 | (6,389,341) | (2,241) | (1,885,295) | (8,276,877) |
| Assets | | | | |
| Segment assets | 3,528,877 | 1 | 1,655,704 | 5,184,582 |
| Segment liabilities | 37,508,925 | 749,614 | (37,705,445) | 553,094 |

| 31 December 2015 | Consultancy | Investment Management | Fund Management (discontinued) | Adjustments and eliminations | Group |
|--|--------------------|------------------------------|---------------------------------------|-------------------------------------|--------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| Revenue | | | | | |
| - External revenue | 2,925,116 | 69,493 | 18,459 | (18,459) | 2,994,609 |
| Results | | | | | |
| Interest income | - | 69,753 | - | - | 69,753 |
| Unallocated interest income | - | - | - | - | 14,019 |
| Depreciation | - | (6,000) | (560) | 560 | (6,000) |
| Unallocated depreciation | - | - | - | - | (86,632) |
| Unallocated impairment loss on trade and 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) | 719,512 |
| Assets | | | | | |
| Segment assets | 2,825,117 | 2,331,497 | 504,264 | 92,978 | 5,753,856 |
| Segment liabilities | 747,372 | 31,002,855 | 324,029 | (29,327,181) | 2,747,075 |

Geographical market of the clients

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

| | Group | |
|------------------------|---------------------------------------|---------------------------------------|
| | 12 months ended 31/12/2016 | 12 months ended 31/12/2015 |
| | S\$ | S\$ |
| Singapore | - | 846,216 |
| British Virgin Islands | - | 2,028,900 |
| Indonesia | 349,661 | 119,493 |
| Australia | - | - |
| | 349,661 | 2,994,609 |

With the exception of Indonesia, no other geographical segment contributed more than 10% of the Group's consolidated revenue for the financial year ended 31 December 2016.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8(I) on pages 8 to 9 for the review of performance.

18. A breakdown of sales.

| | Group | | |
|--|---|---|------------------|
| | 12 months ended 31/12/2016 | 12 months ended 31/12/2015 | Inc/(Dec) |
| | S\$ | S\$ | % |
| Sales reported for the first half year | - | - | - |
| Operating loss after tax before deducting non-controlling interests reported for the first half year | (1,081,346) | (499,051) | 116.7 |
| Sales reported for the second half year | - | 2,994,609 | (100.0) |
| Operating (loss)/gain after tax before deducting non-controlling interests reported for the second half year | (7,195,531) | 1,165,908 | (717.2) |

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | Total Annual Dividend | |
|-------------------|--|--|
| | Latest Full Year 31/12/2016 | Previous Full Year 31/12/2015 |
| Ordinary shares | - | - |
| Preference shares | - | - |
| Total | - | - |

20. Report Of Persons Occupying Managerial Positions Who Are Related To A Director, CEO Or Substantial Shareholder Pursuant to Rule 704 (13)

The Board confirms that, to the best of its knowledge, as of the date hereof, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

CHEN TONG
Executive Chairman and Executive Director

1 March 2017