ISR CAPITAL LIMITED

(Company Registration No. 200104762G)
(Incorporated in the Republic of Singapore)
(the "Company")

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LTD RELATING TO THE UNAUDITED FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors (the "**Board**") of ISR Capital Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to provide the following response to the queries raised by Singapore Exchange Securities Trading Limited ("SGX-ST") in their email dated 6 March 2015 in respect of the Company's Unaudited Full Year Financial Statements Announcement for the year ended 31 December 2014 released to SGX-ST on 28 February 2015.

Query 1:
Please provide details of the financial assets that resulted in the "Loss on disposal of financial assets, available-for-sale" of $1.02 million and "Impairment loss on financial assets, available-for-sale" of $5.2 million.

Company's response:
The "Loss on disposal of financial assets, available-for-sale" of S$1.02 million were derived from the disposal of securities quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The "impairment loss on financial assets, available-for-sale" of S$5.2 million comprised impairment loss of S$2.85 million on investments quoted on the SGX-ST and S$2.35 million on unquoted investments.

Query 2:
In the Balance Sheet, "Assets of disposal group classified as held-for-sale" amounted to $472,667. This is "due to the re-presentation assets of a subsidiary which disposal is pending completion as at 31 December 2014." The Company disclosed on 7 November 2014 that the sale consideration for the disposal of Infiniti Asset Management Pte Ltd ("IAMPL") is $400,000 taking into account its NTA of $404,900 as at 30 June 2014:

(a) The gain or loss on disposal of IAMPL that will affect the Company's results in the next reporting period.

Company's response:
The disposal of IAMPL, had it been completed on 31 December 2014, gave an estimated gain on disposal of approximately S$113,000. The Company has subsequently announced that the disposal of IAMPL was completed on 6 March 2015.

(b) Whether the sale of IAMPL to Infiniti Capital Partners Ltd ("ICPL") is an interested person transaction ("IPT"). Please provide details on the beneficial owners of ICPL to substantiate the Company's response.

Company's response:
The sale of IAMPL to ICPL is not an IPT. The beneficial owner of ICPL is an employee of IAMPL, who is neither a director nor a shareholder of IAMPL or ISR Capital Limited before the completion of the disposal of IAMPL.

(c) The payment terms for the $400,000 consideration, which were not disclosed in the Company's announcement on 7 November 2014.

Company's response:
The payment terms include a receipt by the Company of a 25% deposit upon entering the agreement and a receipt by the Company of the 75% balance of the consideration upon completion. The Company has announced on 6 March 2015 that the disposal of IAMPL was completed upon the Company's full receipt of the consideration.

Query 3:
An impairment loss on amount due from related parties of $264,802 was disclosed. Please provide details of the identity of the related parties, the nature of the transaction which resulted in the amount owing, reasons for the impairment and whether this is an IPT.

Company's response:
The related parties are the funds that are managed by IAMPL. IAMPL, in the ordinary course of its fund management business, would make advances on behalf of the funds it manages at inception, in the funds' formation and set up costs. These advances resulted in the amount owing by the funds to IAMPL. An impairment was made as these amounts have been identified and deemed not recoverable as some of the funds which IAMPL manages were in a net liability position as at 31 December 2014 and one of these funds is in the process of being voluntarily liquidated. This impairment is not an IPT.

Query 4:
In paragraph 10, the Company disclosed that it will refocus on proprietary investment holding in companies that are in need of financial resources and the Group will identify viable companies to incubate, finance and manage to create shareholder value for FY2015. Please provide details of how such strategy will be funded, noting that cash and cash equivalent of the group amounted to S$66,476 as at 31 December 2014, including the deposit for the disposal of IAMPL which had been received as at 31 December 2014.

Company's response:
As announced on 18 November 2014, the Company has on 18 November 2014 entered into a subscription agreement (the "Subscription Agreement") with Premier Equity Fund (the "Subscriber") and Value Capital Asset Management Private Limited ("VCAM") pursuant to which the Company proposes to issue to the Subscriber 2.0% convertible redeemable bonds due 2018 with an aggregate principal amount of up to S$35,000,000 comprising seven (7) tranches of a principal amount of S$5,000,000 each (the "Proposed Issue of Convertible Redeemable Bonds"). The Proposed Issue of Convertible Redeemable Bonds is currently pending SGX's review and clearance and approval from shareholders at an Extraordinary General Meeting. As also announced on 18 November 2014, the Company intends to utilise approximately up to 80% to 90% of the net proceeds from the Proposed Issue of Convertible Redeemable Bonds for investments and general corporate purposes, which would include carrying out the Company's strategy as described in paragraph 10.

Query 5:
In paragraph 9, the Company is required to disclose any variance between the prospects statement made in paragraph 10 of its 1H2014 Results and its actual FY2014. Please disclose accordingly.

Company's response:
The Group's net loss of S$8.66 million for FY2014 is not unanticipated and appears in line with the prospects statement mentioned in paragraph 10 of the Group's announcement of its 1H2014 results on 12 August 2014.

BY ORDER OF THE BOARD

Quah Su-Yin
Chief Executive Officer and Executive Director

9 March 2015