

UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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		Inc/ (Dec) %
	6 Months ended 30/06/2016 S\$	6 Months ended 30/06/2015 (re-stated) S\$	
Continuing operations:			
Revenue	182,222	-	n.m.
Other (losses)/gains, net	(131,060)	131,607	(199.6)
Other income	127,402	345,671	(63.1)
Employee benefits expense	(741,380)	(444,188)	66.9
Depreciation	(45,724)	(46,433)	(1.5)
Other operating expenses	(478,913)	(436,439)	9.7
Finance cost	(2,713)	(2,914)	(6.9)
Loss before tax	(1,090,166)	(452,696)	140.8
Income tax credit/(expense)	-	6,300	(100.0)
Loss from continuing operations, net of tax	(1,090,166)	(446,396)	144.2
Discontinued operations:			
Loss from discontinued operations, net of tax	-	(52,655)	(100.0)
Net loss for the year	(1,090,166)	(499,051)	118.4
Other comprehensive income, net of tax:			
Currency translation differences:			
Arising from consolidation	-	181	(100.0)
Other comprehensive income, net of tax	-	181	(100.0)
Total comprehensive income for the period	(1,090,166)	(498,870)	118.5
Loss attributable to:			
Owners of the Company	(1,090,166)	(498,388)	118.7
Non-controlling interest	-	(663)	(100.0)
	(1,090,166)	(499,051)	118.4
Total comprehensive income attributable to:			
Owners of the Company	(1,090,166)	(498,207)	118.8
Non-controlling interest	-	(663)	(100.0)
	(1,090,166)	(498,870)	118.5

n.m.: Not Meaningful

Notes to the Consolidated Income Statement

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

	Group		
	6 months ended 30/06/2016	6 months ended 30/06/2015	Inc/ (Dec)
	S\$	S\$	%
Interest income:			
- Debt securities and bank deposits	182,230	268	67,896.3
(Loss)/Gain on disposal of financial assets, available-for-sale	(16,400)	183,562	(108.9)
Rental and operating leases	(200,464)	(189,838)	5.6
Interest expense	(2,713)	(2,914)	(6.9)
Impairment loss on other receivables	(4,144)	-	100.0
Impairment loss on financial assets, available-for-sale	(114,660)	(119,454)	(4.01)
Write-back on impairment loss on financial assets, available for-sale	-	67,499	(100.0)
Net impairment loss on financial assets, available- for-sale	(114,660)	(51,955)	120.7

n.m.: Not Meaningful

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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	S\$	S\$	S\$	S\$
ASSETS				
Current assets				
Cash and fixed deposit	281,976	20,589	176,893	17,321
Trade receivables	2,381,842	2,890,656	-	-
Other receivables	184,625	306,921	175,399	306,082
Amounts due from subsidiaries	-	-	4,047,103	2,620,200
Financial assets, available-for-sale	30,328	1	-	-
Other current assets	7,269	16,878	6,260	14,792
	<u>2,886,040</u>	<u>3,235,045</u>	<u>4,405,655</u>	<u>2,958,395</u>
Non-current assets				
Investments in subsidiaries	-	-	7	7
Debt securities	3,497,489	2,236,453	-	-
Property, plant and equipment	236,636	282,358	216,136	258,858
	<u>3,734,125</u>	<u>2,518,811</u>	<u>216,143</u>	<u>258,865</u>
Total assets	<u>6,620,165</u>	<u>5,753,856</u>	<u>4,621,798</u>	<u>3,217,260</u>
LIABILITIES				
Current liabilities				
Other payables	447,373	581,128	388,230	531,665
Finance lease liabilities	42,822	42,164	26,155	25,497
	<u>490,195</u>	<u>623,292</u>	<u>414,385</u>	<u>557,162</u>
Non-current liabilities				
Finance lease liabilities	29,085	50,664	22,835	36,080
Convertible redeemable bonds	46,530	2,053,672	46,530	2,053,672
Deferred income tax liabilities	19,447	19,447	8,305	8,305
	<u>95,062</u>	<u>2,123,783</u>	<u>77,670</u>	<u>2,098,057</u>
Total liabilities	<u>585,257</u>	<u>2,747,075</u>	<u>492,055</u>	<u>2,655,219</u>
NET ASSETS	6,034,908	3,006,781	4,129,743	562,041
EQUITY				
Share capital	26,291,677	22,227,388	26,291,677	22,227,388
Capital reserves	188,135	134,131	188,135	134,131
Other reserves	406	406	-	-
Accumulated losses	(20,445,310)	(19,355,144)	(22,350,069)	(21,799,478)
Equity attributable to owners of the Company	<u>6,034,908</u>	<u>3,006,781</u>	<u>4,129,743</u>	<u>562,041</u>
TOTAL EQUITY	6,034,908	3,006,781	4,129,743	562,041

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\$71,907 and S\$46,530 respectively as at 30 June 2016.

	Group		Group	
	30/06/2016		31/12/2015	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Finance lease liabilities				
Amount repayable in one year or less	42,822	-	42,164	-
Amount repayable after one year	29,085	-	50,664	-
	71,907	-	92,828	-
Convertible redeemable bonds				
Amount repayable after one year	-	46,530	-	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	
	6 months ended 30/06/2016	6 months ended 30/06/2015 (re-stated)
	S\$	S\$
Cash flows from operating activities		
Loss from continuing operations, net of tax	(1,090,166)	(446,396)
Loss from discontinued operations, net of tax	-	(52,655)
Net loss for the period	(1,090,166)	(499,051)
Adjustments for:		
Income tax credit	-	(6,300)
Depreciation	45,724	46,993
Hire purchase interest expense	2,229	2,914
Convertible redeemable bond interest	484	-
Gain on disposal of subsidiary	-	(179,247)
Loss/(Gain) on disposal of financial assets, available-for-sale	16,400	(183,562)
Interest income	(182,230)	(268)
Impairment loss on other receivables	4,144	-
Impairment loss on financial assets, available-for-sale	114,660	51,955
Employee share award expense	210,805	-
Operating cash flows before working capital changes	(877,950)	(766,566)
Changes in working capital:		
Trade and other receivables and other current assets	417,970	(144,838)
Other payables	(133,893)	(161,875)
Cash used in operating activities	(593,873)	(1,073,279)
Hire purchase interest paid	(2,229)	(2,914)
Interest received	130,009	268
Net cash used in operating activities	(466,093)	(1,075,925)
Cash flows from investing activities		
Debt securities made to third party	(1,250,000)	-
Proceeds from disposal of financial assets, available-for-sale	98,401	823,894
Cash inflow on disposal of a subsidiary	-	219,168
Net cash (used in)/provided by investing activities	(1,151,599)	1,043,062
Cash flows from financing activities		
Proceeds from issuance of convertible redeemable bonds	1,900,000	-
Repayment of finance lease liabilities	(20,921)	(20,996)
Net cash flows provided by/(used in) financing activities	1,879,079	(20,996)
Net increase/(decrease) in cash and cash equivalents	261,387	(53,859)
Cash and cash equivalents at beginning of financial period	20,589	105,975
Cash and cash equivalents at end of financial period	281,976	52,116

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 and other reserves	Accumulated losses	Non-controlling interest	Total equity (re-stated)
	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2016	22,227,388	134,537	(19,355,144)	-	3,006,781
Issuance of new ordinary shares	4,064,289	-	-	-	4,064,289
Convertible redeemable bonds - equity component	-	54,004	-	-	54,004
Total comprehensive income	-	-	(1,090,166)	-	(1,090,166)
Balance at 30 June 2016	26,291,677	188,541	(20,445,310)	-	6,034,908
Balance at 1 January 2015	21,549,245	180	(20,022,663)	(39,860)	1,486,902
Total comprehensive income	-	181	(498,388)	(663)	(498,870)
Disposal of non-controlling interest	-	-	-	40,523	40,523
Balance at 30 June 2015	21,549,245	361	(20,521,051)	-	1,028,555

Company	Share capital	Capital reserve	(Accumulated losses)/ Retained earnings	Total equity
	S\$	S\$	S\$	S\$
Balance at 1 January 2016	22,227,388	134,131	(21,799,478)	562,041
Issuance of new ordinary shares	4,064,289	-	-	4,064,289
Convertible redeemable bonds - equity component	-	54,004	-	54,004
Total comprehensive income	-	-	(550,591)	(550,591)
Balance at 30 June 2016	26,291,677	188,135	(22,350,069)	4,129,743
Balance at 1 January 2015	21,549,245	(21,199,771)	(21,199,771)	349,474
Total comprehensive income	-	181,190	181,190	181,190
Balance at 30 June 2015	21,549,245	(21,018,581)	(21,018,581)	530,664

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\$4,064,289 in HY2016 arising from:

- conversion of convertible redeemable bonds 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.

The number of shares that may be issued on conversion of the outstanding convertible redeemable bonds as at 30 June 2016 is 12,500,000 conversion shares (30 June 2015: NIL).

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 30 June 2016 and 31 December 2015 are 1,493,661,100 and 401,500,100 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 not been audited or 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 the 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 has no material effect for the current financial period.

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	
	6 months ended 30/06/2016	6 months ended 30/06/2015 (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	(0.14)	(0.23)
(b) On a fully diluted basis	(0.14)	(0.23)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares 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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net asset value per ordinary share based on issued share capital at the end of:	0.40 cents	0.75 cents	0.28 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 increased by S\$182,000 from nil for the half year ended 30 June 2015 ("HY2015") to S\$182,000 for the half year ended 30 June 2016 ("HY2016"). The increase was contributed by interest income earned on debt securities in HY2016.

Other gains/(losses) – net

Other losses of S\$131,000 for HY2016 were due to loss on disposal of financial assets, available-for-sale of S\$16,000 and impairment loss of S\$115,000 on financial assets, available-for-sale. For HY2015, other gains of S\$132,000 were mainly due to the gain of S\$184,000 made on disposal of financial assets, available-for-sale and the write-back of impairment loss of S\$67,000 on financial assets, available-for-sale. This was partially offset by an impairment loss of S\$119,000 made in HY2015.

Other income

Other income decreased by S\$218,000 or 63.1% from S\$345,000 for HY2015 to S\$127,000 for HY2016. The decrease was mainly due to a gain arose from the disposal of a former subsidiary in HY2015 but there was no such income in HY2016. Moreover, there were rental income and accounting fee income earned from the former subsidiary in HY2015 but not for HY2016.

Employee benefits expense

Employee benefits expense increased by S\$297,000 or 66.9% from S\$444,000 for HY2015 to S\$741,000 for HY2016. The increase was mainly due to the share award expense incurred in HY2016.

Other operating expenses

Other operating expenses increased by S\$43,000 or 9.7% from S\$436,000 for HY2015 to S\$479,000 for HY2016. The increase was mainly due to the increase in listing expenses in relation to bond conversion, public relation expenses and project expenses. However, this was partially offset by a decrease in directors' fees in HY2016.

Loss from discontinued operations, net of tax

Loss from discontinued operations, net of tax decreased by S\$53,000 or 100% from S\$53,000 for HY2015 to nil for HY2016. The disposal of a former subsidiary was completed in HY2015.

II) CONSOLIDATED BALANCE SHEET

Cash and fixed deposit

Cash and fixed deposit increased by S\$261,000 or 1,269.5% from S\$21,000 as at 31 December 2015 to S\$282,000 as at 30 June 2016. The increase was mainly due to the proceeds of S\$1.90 million received from the issuance of convertible redeemable bonds in HY2016, and partially offset by further drawdown of existing debt facility of S\$1.25 million in HY2016 and net cash used in operating activities of S\$466,000 in HY2016.

Trade receivables

Trade receivables decreased by approximately S\$509,000 or 17.6% from S\$2.89 million as at 31 December 2015 to S\$2.38 million as at 30 June 2016. The decrease was due to the collection of receivables of S\$616,000 from trade debtors and it was partially offset by the interest income of S\$107,000 earned in HY2016.

Other receivables

Other receivables decreased by approximately S\$122,000 or 39.8% from S\$307,000 as at 31 December 2015 to S\$185,000 as at 30 June 2016. This was mainly due to the partial receipt of rental income from the sub-tenant.

Financial assets, available-for-sale (current)

Financial assets, available-for sale increased by S\$30,000 or 100% from NIL as at 31 December 2015 to S\$30,000 as at 30 June 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 HY2016.

Other current assets

Other current assets decreased by approximately S\$10,000 or 56.9% from S\$17,000 as at 31 December 2015 to S\$7,000 as at 30 June 2016. This was due to the reduction in prepayments over HY2016.

Debt securities

Debt securities increased by approximately S\$1.26 million or 56.4% from S\$2.2 million as at 31 December 2015 to S\$3.5 million as at 30 June 2016. This was due to further drawdown of existing facility in HY2016.

Property, plant and equipment

Property, plant and equipment decreased by approximately S\$46,000 or 16.2% from S\$282,000 as at 31 December 2015 to S\$237,000 as at 30 June 2016 due to the depreciation of \$46,000 charged during HY2016.

Other payables

Other payables decreased by S\$134,000 or 23.0% from S\$581,000 as at 31 December 2015 to S\$447,000 as at 30 June 2016. This was mainly due to payment of accrued operating expenses for FY2015.

Finance lease liabilities (current and non-current)

Finance lease liabilities as at 30 June 2016, relates to the hire purchase of a motor vehicle and two photocopier machines in FY2013 and FY2014 respectively.

Convertible Redeemable Bonds

Convertible redeemable bonds decreased by approximately S\$2 million or 97.7% from S\$2.05 million as at 31 December 2015 to S\$47,000 as at 30 June 2016 due to the conversion of bonds into conversion shares in HY2016. The Sub-Tranche 4 and Sub-Tranche 5 bonds of S\$1 million each were issued in HY2016. S\$4.2 million face value of bonds have been converted into 1.05 billion conversion shares during HY2016.

Share capital

Share capital increased by approximately S\$4.06 million or 18.3% from S\$22.2 million as at 31 December 2015 to S\$26.3 million as at 30 June 2016, mainly due to the conversion of bonds into ordinary shares. The face value of bonds amounted to S\$4.2 million, which represents a present value of S\$3.85 million at an effective interest rate of 5.5% p.a., have been converted

to 1.05 billion ordinary shares in HY 2016. In addition, there were share awards of S\$211,000 granted under the ISR Performance Share Plan in HY2016.

Capital reserves

Capital reserves represent the equity component of the convertible redeemable bonds in view that the bonds carry an equity element where the bond subscriber has an option to convert the bonds into ordinary shares of the Company. Capital reserves increased by approximately S\$54,000 or 40.3% from S\$134,000 as at 31 December 2015 to S\$188,000 as at 30 June 2016. This was due to the issuance of convertible redeemable bonds with a face value of S\$4.2 million in HY2016.

III) CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents increased by approximately S\$230,000 or 441.1% from S\$52,000 as at 30 June 2015 to S\$282,000 as at 30 June 2016. The increase was mainly due to the proceeds of S\$1.90 million received from the issuance of convertible redeemable bonds in HY2016, and partially offset by further drawdown of existing debt facility of S\$1.25 million in HY2016 and net cash used in operating activities of S\$466,000 in HY2016.

STATUS ON THE USE OF PROCEEDS RAISED FROM ISSUANCE OF CONVERTIBLE REDEEMABLE BONDS OF S\$5,000,000 AS AT 30 JUNE 2016

Update on the use of the net proceeds of approximately S\$4.57 million raised from the issuance of convertible redeemable bonds as at 30 June 2016 are as follows:

As at 30 June 2016, the Company allocated approximately S\$3.11 million for investments in debt securities and approximately S\$1.36 million for general working capital (such as payment of remuneration of directors and employees, office rental, insurance premium and professional fees). The above utilisation of the net proceeds were in accordance with the intended use of proceeds disclosed in the Company's announcement dated 18 November 2014 and in the Circular to shareholders dated 24 August 2015.

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 there were a bounty of sensibly priced new businesses to invest in, and in line with this, the Group has identified a rare earth project in Madagascar that appears reasonably priced and has made announcements on this proposed investment 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.

The year is shaping up pretty much as the Group anticipated, growth remained sub-par, and external shocks such as Brexit and in time to come, the US election, would not have much impact in the industry the Group is operating in, in the near term. The Group is poised on rebuilding its business for sustainable growth, and has entered into an agreement to acquire a majority stake in Tantalum Holding (Mauritius) Ltd, which owns the operating company with the license to explore and develop a concession hosting critical rare earth oxides in Madagascar. Rare earth oxides are critical components necessary in high technology products and innovations (e.g. electric/driverless car, precision equipment) which the Group sees as potential exponential trends. This acquisition would give the Group participative interest in an asset which is both critical and strategic, which is fundamental in generating strong future returns for the shareholders.

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/recommended, a statement to that effect.

No dividend has been declared / recommended for the half year ended 30 June 2016.

13. Interested Person Transactions

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

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

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results for the half year ended 30 June 2016 to be false or misleading in any material aspect. A confirmation signed by two directors on behalf of the Board of Directors is on record.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

DATUK MD WIRA DANI BIN ABDUL DAIM
Executive Chairman and Director

QUAH SU-YIN
Executive Director and Chief Executive Officer

5 August 2016