

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INFINIO GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Infinio Group Limited (the "Company") and its subsidiaries (the "Group") which comprise the statement of financial position of the Group and the Company as at 31 March 2014, the statement of comprehensive income and statement of changes in equity of the Group and the Company, and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualified Audit Opinion on the Consolidated Financial Statements for the Year Ended 31 March 2014

The consolidated financial statements for the year ended 31 March 2012 were audited by another auditor who expressed a qualified opinion on 2 July 2012 due to the inability to obtain sufficient and appropriate audit evidence on the current liabilities associated with discontinued operations amounting to S\$1,294,537.

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This qualified audit opinion for the previous financial year continues into the current financial year as discussed below.

Basis of Qualified Opinion

Included in the current liabilities presented in the statements of financial position is an amount of S\$1,294,537 recognised by the Group arising from the discontinued operations (Note 31). The discontinued operations, comprising of Broadband Network Systems Limited and its subsidiaries, are now currently under liquidation as they ceased operation in 2011. The financial statements of these discontinued operations were not audited since 2011 due to the resignations of all its directors and staff and their financial records were not available to be audited. We were unable to satisfy ourselves even through alternative audit procedures to obtain sufficient and appropriate audit evidence to determine whether the Group is required to recognise the total liabilities of the discontinued operations of S\$1,294,537, and if required, whether the recorded liabilities is fairly stated. As such, we are unable to determine the impact on the current financial year's consolidated statement of comprehensive income arising from any adjustments to these liabilities.

Qualified Audit Opinion

In our opinion, except for the significant effects of the matter described in Basis of Qualified Opinion above, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Group and the Company for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(b) to the financial statements. The Group incurred a net loss of S\$1,469,956 (2013: S\$1,629,805) for the financial year ended 31 March 2014. As at 31 March 2014, the Group's current liabilities exceeded its current assets by S\$3,949,172 (2013: S\$2,140,415).

The conditions described in the preceding paragraph indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to meet their obligations as and when they fall due and to operate as a going concern. The accompanying consolidated financial statements of the Group have been prepared on a going concern basis under the assumptions that continuous funds will be received from the issuance of the S\$10,000,000 equity linked redeemable structured convertible notes ("Convertible notes") to a third party (Note 18) so that the Group and the Company will be able to pay its debts as and when they fall due. As of the date of this report, a total of S\$4,800,000 funds were received and S\$4,600,000 were converted to shares, and available as working capital funds.

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In the event the issuance of the Convertible notes is not fully utilised and no additional funds are forthcoming, it may affect the Group and the Company to continue as a going concern for the foreseeable future. Adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statements of financial position. In addition, the Company and the Group may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to the statement of financial position of the Company and consolidated financial statements of the Group.

In forming our opinion, we have considered the adequacy of the disclosure of the above matter in the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ROBERT YAM & CO.

Public Accountants and
Chartered Accountants
Singapore

4 July 2014