

Extracted from Independent auditor's report to the Audited Financial Statements of Blumont Group Ltd. for the financial year ended 31 December 2014 (audited)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
BLUMONT GROUP LTD.
(Incorporated in Singapore)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

Report on the Financial Statements

We have audited the accompanying financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (collectively the "Group"), as set out on pages 62 to 171, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 the 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 unauthorised 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.

Auditors' 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 judgement, 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 controls 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 controls. 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of the financial position of the Company are properly drawn up in accordance with the provisions of the Act and 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 December 2014 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
BLUMONT GROUP LTD.
(Incorporated in Singapore)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

(cont'd)

Emphasis of Matter

We draw attention to Note 2(b) to the financial statements which states that for the financial year ended 31 December 2014, the Group incurred a net loss of approximately S\$66.2 million and a total comprehensive loss of approximately S\$68.8 million (2013: a net loss of approximately S\$71.4 million and a total comprehensive loss of approximately S\$70.8 million), and a net cash outflow from operating activities of approximately S\$10.5 million (2013: net cash inflow from operating activities of approximately S\$5.2 million). As at 31 December 2014, the Group's current liabilities exceeded its current assets by approximately S\$16.5 million (2013: current assets exceeded current liabilities by approximately S\$20.2 million) and the Company's current liabilities exceeded its current assets by approximately S\$32.9 million (2013: approximately S\$7.2 million).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 remains appropriate after taking into consideration the following factors:

- (i) Management is evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities. Management has prepared a cash flow forecast which shows that the Group will have sufficient cash resources to satisfy its day-to-day operations for the next twelve months from 31 December 2014. This includes fund raising activities listed in paragraph (ii) below.
- (ii) Subsequent to 31 December 2014;
 - The Group has completed the placement of shares in the capital of the Company, which raised net proceeds of approximately S\$1.7 million as disclosed in Note 38(d) to the financial statements.
 - The Group has successfully extended the maturity period of the Wintercrest Financing Loans for a further 12 months from 15 March 2015 to 15 March 2016 together with a repayment schedule and other conditions as disclosed in Note 38(e) to the financial statements.
 - The Group has proposed a renounceable non-underwritten rights cum warrants issue subject to the approval of the shareholders of the Company at an extraordinary general meeting to be convened by the Company as disclosed in Note 38(f) to the financial statements. If the rights cum warrants issue is fully subscribed, it will raise an estimated net proceeds of approximately S\$28.7 million.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
BLUMONT GTOUP LTD.
(Incorporated in Singapore)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

(cont'd)

Emphasis of Matter (cont'd)

If the Group is unable to generate significant cash flows as described in paragraph (i) above and the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company 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 these financial statements. Our opinion is not qualified in respect of this matter.

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 those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
8 April 2015

Extracted Note 2(b) to the Audited Financial Statements of Blumont Group Ltd. for the financial year ended 31 December 2014 (audited)

Going Concern Assumption

For the financial year ended 31 December 2014, the Group incurred a net loss of approximately S\$66.2 million and a total comprehensive loss of approximately S\$68.8 million (2013: a net loss of approximately S\$71.4 million and a total comprehensive loss of approximately S\$70.8 million), and a net cash outflow from operating activities of approximately S\$10.5 million (2013: net cash inflow from operating activities of approximately S\$5.2 million). As at 31 December 2014, the Group's current liabilities exceeded its current assets by approximately S\$16.5 million (2013: current assets exceeded current liabilities by approximately S\$20.2 million) and the Company's current liabilities exceeded its current assets by approximately S\$32.9 million (2013: approximately S\$7.2 million).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and to realise their assets and discharge their liabilities on the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 remains appropriate after taking into consideration the following factors:

- (i) Management is evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities. Management has prepared a cash flow forecast which shows that the Group will have sufficient cash resources to satisfy its day-to-day operations for the next twelve months from 31 December 2014. This includes fund raising activities listed in paragraph (ii) below.
- (ii) Subsequent to 31 December 2014;
 - The Group has completed the placement of shares in the capital of the Company, which raised net proceeds of approximately S\$1.7 million as disclosed in Note 38(d).
 - The Group has successfully extended the maturity period of the Wintercrest Financing Loans for a further 12 months from 15 March 2015 to 15 March 2016 together with a repayment schedule and other conditions as disclosed in Note 38(e).
 - The Group has proposed a renounceable non-underwritten rights cum warrants issue subject to the approval of the shareholders of the Company at an extraordinary general meeting to be convened by the Company as disclosed in Note 38(f). If the rights cum warrants issue is fully subscribed, it will raise an estimated net proceeds of approximately S\$28.7 million.

If the Group is unable to generate significant cash flows as described in paragraph (i) above and the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company 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 these financial statements.