

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 statements of financial position of the Group and the Company as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial 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, Cap. 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 financial statement 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 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.

Independent auditor's report to the members of Infinio Group Limited (Cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of Matter

We draw your attention to Note 2 to the financial statements. The Group incurred losses and total comprehensive loss for the year of \$4,014,000 and \$4,014,000 (2015 - \$3,394,000 and \$3,381,000) and reported net operating cash outflows of \$1,194,000 (2015 - \$976,000) for the financial year ended 31 March 2016; and as at that date, the Group's and the Company's current liabilities exceeded the Group's and the Company's current assets by \$3,078,000 and \$2,835,000 (2015 - \$2,657,000 and \$2,472,000) respectively.

As at 31 March 2016, the Group and the Company had cash and cash equivalents of \$4,000 and \$3,000 respectively, and the available cash balances are not sufficient to settle the outstanding current liabilities of the Group and the Company amounting to \$3.1 million and \$2.9 million respectively, comprising mainly (i) the remaining accrued consideration payable of \$0.95 million in connection with the acquisition of 100% interest in Summit Light Venture in FY 2014, (ii) unsecured shareholders' loan and related interest of \$0.9 million; (iii) amounts due to directors/ ex-directors of \$0.5 million and other creditors and accrued expenses. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The directors are of the view that the going concern assumption is appropriate for the preparation of these financial statements and that debts owing will be paid as and when they fall due as:-

- (a) On 1 September 2016, the Company entered into a Subscription Agreement with Advance Opportunities Fund I ("AOFI") and Advance Capital Partners Asset Management Private Limited pursuant to which the Company proposed to issue to AOFI a 1% equity-linked redeemable convertible notes due 2019 (the Notes) with an aggregate principal amount of up to \$20 million comprising 4 tranches of a principal amount of \$5 million, comprising of Tranche 1 Notes, Tranche 2 Notes, Tranche 3 Notes and Tranches 4 Notes. Each Tranche 1 and Tranche 2 Notes shall comprise 20 equal sub-tranches of \$250,000 while each Tranche 3 and Tranche 4 Notes shall comprise 10 equal tranches of \$500,000 respectively. AOFI shall be entitled to a 1% interest per annum, calculated based on the aggregate principal amount of the Notes held and be convertible into ordinary shares in the capital of the Company based on the terms and conditions as set out in the Subscription Agreement; and
- (b) On 6 September 2016, the Company has concluded the negotiation with certain non-trade creditors of the Company, which include certain ex-vendors of Summit Light Ventures Ltd, the current shareholders and current/ex directors of the Company, for conversion of amounts owed by the Company of approximately \$1.84 million into 1,536,795,833 new ordinary shares in the capital of the Company at a conversion price of \$0.0012 per share, with the intention to reduce the debt burden of the Company without adversely affecting its cash flows.

Independent auditor's report to the members of Infinio Group Limited (Cont'd)

Emphasis of Matter (Cont'd)

As at the date of this report, the proposed issue of the Notes and the debt conversion exercise have not been approved by the Company's shareholders in the general meeting to be convened at a later date. Furthermore, certain conditions precedent have to be satisfied before the Company receives the proceeds from the issuance of the first tranche of Tranche 1 Notes amounting to \$250,000 from AOFI.

If the Group and the Company were unable to continue in operational existence, 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 in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements. In forming our opinion, we have considered the adequacy of the disclosure of this matter in the 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.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 September 2016