

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
3CENERGY LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of 3Cenergy Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2015, and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 101.

*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 ( 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 statements 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 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.

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*Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

*Emphasis of Matter*

We draw attention to Note 1 to the financial statements which describes material uncertainties related to the use of the going concern assumption in the preparation of these financial statements.

The Group incurred a net loss of \$5,514,000 (2014: \$5,305,000) during the financial year ended December 31, 2015 and as at that date, the Group and the Company's current liabilities exceeded its current assets by S\$3,719,000 (2014: \$747,000) and \$4,536,000 (2014: \$874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's and Company's abilities to continue as going concerns.

As stated in Note 1, the Group's and Company's abilities to continue as going concerns are dependent on the successful implementation of the business plan, ability to drawdown on the shareholder's loan and the sufficiency of the loan to pay their debts as and when they fall due. Our opinion is not qualified in respect of this matter.

**Other Matter**

The financial statements of the Group and Company for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion with an emphasis of matter on the going concern assumption on those financial statements in their report dated April 2, 2015.

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**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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

April 6, 2016

*Extracted from Note 1 to the Audited Financial Statements of 3Cnergy Limited and its subsidiaries for the financial year ended 31 December 2015*

## **1. GENERAL**

The Company (Registration No. 197300314D) is a limited liability company which is incorporated and domiciled in the Republic of Singapore and is listed on Catalist under Singapore Exchange Securities Trading Limited (SGX-ST). The financial statements are expressed in Singapore dollar and rounded to the nearest thousand (\$'000) except as otherwise indicated.

The registered office and principal place of business of the Company is located at 3 Lorong 6 Toa Payoh #01-01 Singapore 319378.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

The Group incurred a net loss of \$5,514,000 (2014: \$5,305,000) during the financial year ended December 31, 2015 and as at that date, the Group and the Company's current liabilities exceeded its current assets by \$3,719,000 (2014 : \$747,000) and \$4,536,000 (2014: \$874,000) respectively. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's and Company's abilities to continue as going concerns.

Management has prepared cash flows forecasts of the Group and of the Company for the financial year ending December 31, 2016 ("Cash Flow Forecast") using interim financial information and prepared the business plans and Cash Flow Forecast based on (i) a planned acquisition of a property development company as further elaborated in Note 33, (ii) a proposed issue of new shares pursuant to Rules 723 of the Catalist Rules for the purpose of maintaining a float of 10% of the issued shares held by public ("Proposed Compliance Placement"), and (iii) continuing financial support from Phileo Capital, the holding company.

On March 29, 2016, Phileo Capital Limited has agreed to extend the committed loan of \$5 million for another 12 months from the date of the approval of the 2015 financial statements of the Group at the Annual General Meeting until such time when the Company is able to raise funds necessary for the Group to meet its financial obligation when they fall due so that the Group can continue to operate as a going concern. As at December 31, 2015, an amount of \$2,850,000 has been drawn down by the Group and a balance of \$2,150,000 is available to the Group.

As at the date of the approval of these financial statements, subject to the fulfilment of conditions as further elaborated in Note 33, the Directors are not aware of any circumstances or reasons which would likely affect the implementation of the business plans and on the basis of available financial support from the holding company. In light of the foregoing, the Directors opined that it is appropriate to prepare the financial statements on a going concern basis.

If 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 in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on April 6, 2016.