



ASX Release

5 June 2017

Company Announcements Office
Australian Securities Exchange Limited

Raffles Capital Limited (the “Company”) – Financial Condition Query

In relation to Raffles Capital Limited (“ASX Code: RAF” or “Company”) please find below a response to the ‘Financial Condition Query’ questions in your letter dated 30 May 2017:

1. Is the Company able to confirm that in the Directors’ opinion the Annual Report gives a true and fair view of the financial performance and financial position of the Company?

Answer

The Company is able to confirm that in the Directors’ opinion the Annual Report gives a true and fair view of the financial performance and financial position of the Company as at the balance date of the financial report.

2. Please provide further information to explain the basis of the Disclaimer.

Answer

The primary basis for the Disclaimer of Opinion was due to the Company being unable to provide a forecast cashflow reflecting sufficient forecast inflows to adequately offset forecast outflows over the 12-month period from the signing of the Directors’ Report and Auditor’s Report. The inability to provide the forecast cash flow (being appropriate audit evidence) led to the auditor having to provide a Disclaimer of Opinion.

If the forecast cashflow was able to have included items i and ii below the Disclaimer of Opinion would not have been necessary.

- i. On the 28th April 2017, the Company announced to the market that it had raised \$120,000 via the issue of 600,000 fully paid ordinary shares at an issue price of \$0.20 per share; and
- ii. On the 24th May 2017 the Company announced that it had entered into a term sheet to acquire two Singaporean based companies relating to the provision of energy.

Both announcements were made after the release of the Annual Report and therefore were unable to be used as audit evidence in forming any opinion.

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3. Given the Disclaimer relates to the Auditor's inability to obtain sufficient appropriate audit evidence to confirm that the Company is able to discharge its liabilities in the normal course of business and that the Company will be able to pay its debts as and when they fall due, what steps does the Company intend to take to address the going concern issues of the Company? The Company should specifically address how it intends to meet its liabilities and obligations as and when they fall due.

Answer

In addition to the answers provided in Question 2 above the Company also offers the following:

From time to time the Company has the ability to raise additional equity and quasi-equity (such as convertible notes) to supplement its working capital requirement. At this point in time there is no matter requiring disclosure to the ASX in relation to the capital management of the Company. The Directors have no reason to believe that the Company is not able to raise further equity to fund its ongoing operation or obligations.

4. Does the Company consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX in accordance with the requirements of listing rule 12.1? In answering this question, please explain the basis for this conclusion.

Answer

Currently the company is suspended from quotation on the ASX. Over the past 24 months the Company has been reviewing potential targets to complete an RTO. As mentioned above the Company has entered into a term sheet as announced to the market on the 24th May 2017. The Directors are of the view currently, that the transaction will complete to provide a level of operations sufficient to warrant continued quotation of its securities.

5. Does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2? In answering this question, please explain the basis for this conclusion.

Answer

Please refer to Answer 4 above.

6. If the answer to questions 4 or 5 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rules 12.1 and 12.2.

Answer

No answer is required.

7. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1 and 12.2.

Answer

Confirmed.

For further information please contact:

Richard Holstein

Non-Executive Director

Raffles Capital Limited

Telephone: +61 (0) 414 507 226



30 May 2017

Mr Henry Kinstlinger
Company Secretary
Raffles Capital Limited
Level 2, 131 Macquarie Street
Sydney NSW 2000

By email: hkinstlinger@rafflescapital.com.au

Dear Mr Kinstlinger,

Raffles Capital Limited (the "Company") – Financial Condition Query

ASX Limited ("ASX") refers to the following:

1. The Company's annual report for the year ended 31 December 2016, lodged with ASX on 30 March 2017 (the "Annual Report").
2. The Independent Auditor's Report set out on pages 59 to 61 of the Annual Report to shareholders ("Auditor's Report") which contains a Disclaimer of Opinion (the "Disclaimer"), stating the following:

Disclaimer of Opinion

We have audited the financial report of Raffles Capital Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the group. Because of the significance of the matter described in the Basis of Disclaimer of Opinion section in our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion in this financial report.

Basis for Disclaimer of Opinion

We refer to Note 2(a) 'Going Concern' and draw your attention to management's assertion that the company is able to discharge its liabilities in the normal course of business and the company will be able to pay its debts as and when they fall due.

We have not been able to obtain sufficient appropriate audit evidence that supports this view and therefore are not in a position to express an opinion.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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



Relevant Listing Rules and Guidance

- Listing Rule 12.1 – *The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.*
- Listing Rule 12.2 – *An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*

Questions for Response

In light of the Auditor's Report, the information contained in the Annual Report, and the application of the listing rules stated above, please respond to each of the following questions:

1. Is the Company able to confirm that in the Directors' opinion the Annual Report gives a true and fair view of the financial performance and financial position of the Company?
2. Please provide further information to explain the basis of the Disclaimer.
3. Given the Disclaimer relates to the Auditor's inability to obtain sufficient appropriate audit evidence to confirm that the Company is able to discharge its liabilities in the normal course of business and that the Company will be able to pay its debts as and when they fall due, what steps does the Company intend to take to address the going concern issues of the Company? The Company should specifically address how it intends to meet its liabilities and obligations as and when they fall due.
4. Does the Company consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX in accordance with the requirements of listing rule 12.1? In answering this question, please explain the basis for this conclusion.
5. Does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2? In answering this question, please explain the basis for this conclusion.
6. If the answer to questions 4 or 5 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rules 12.1 and 12.2.
7. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1 and 12.2.



Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly, the Company's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event by **9:30AM AEST, Monday 5 June 2017**.

Any response should be sent to me by return email at stephanie.so@asx.com.au. It should not be sent to the ASX Market Announcements Office.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[Sent electronically without signature]

Stephanie So
Senior Adviser, Listings Compliance