



M M P RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Registration No: 200613299H)

ANNOUNCEMENT IN RELATION TO RULE 704(5) OF THE LISTING MANUAL – DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

In compliance with Rule 704(5) of the SGX-ST Listing Manual of The Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors of MMP Resources Limited (the “**Company**” or the “**Group**”) wishes to announce the following in respect to Moore Stephens LLP (“**MS**”), the Company's external auditors, Independent Auditors’ Report for the financial year ended 31 December 2015:

Basis for Disclaimer of Opinion

4. In our auditors’ report dated 8 April 2015, we expressed a disclaimer of opinion in respect of the financial statements for the previous financial year ended 31 December 2014 due to the following matters:
 - (a) As disclosed in Note 13(c)(i) to the financial statements, the Group acquired a 60% interest in Elite Bay Sdn Bhd (“Elite Bay”), during the financial year ended 31 December 2014.
 - i. We were unable to obtain sufficient information about whether the Company had substantive rights to direct the relevant activities of Elite Bay during the financial year. Accordingly, we were unable to ascertain whether Elite Bay met the requirements to be consolidated under FRS 110 Consolidated Financial Statements.
 - ii. We were unable to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the financial statements of Elite Bay, included in the consolidated financial statements of the Group, are appropriately and properly consolidated. There were no other practicable audit procedures that we could perform to satisfy ourselves that the financial statements of Elite Bay have been properly reflected in the consolidated financial statements of the Group.
 - (b) As disclosed in Note 12 to the financial statements, the Group and the Company have unquoted equity investments amounting to S\$35,380,000 and S\$23,380,000, respectively, held at cost less impairment loss as at 31 December 2014. We were unable to obtain sufficient appropriate audit evidence concerning the carrying amount of these investments as at 31 December 2014, nor were we able to perform alternative audit procedures to ascertain the appropriateness of the carrying amount of these investments. Consequently, we were unable to determine whether any impairment charges should be recognised against the investments as at 31 December 2014.
 - (c) As disclosed in Note 13(c)(ii) to the financial statements, the carrying amount of the investments in subsidiaries by the Company as at 31 December 2014 included an investment amounting to S\$12,000,000 in Sunny Cove Investments Ltd. We were unable to obtain sufficient appropriate audit evidence concerning the carrying amount of this investment as at 31 December 2014, nor were we able to perform alternative audit procedures to ascertain the appropriateness of the carrying amount of this investment. Consequently, we were unable to determine whether any impairment charge should be recognised against the investments as at 31 December 2014.

5. The matters referred to in paragraph 4 above remain unresolved in the current year. In view of this, we were unable to perform the necessary audit procedures to obtain sufficient audit evidence to ascertain the appropriateness of the carrying amount of the opening balances relating to these investments in the financial statements for the financial year ended 31 December 2015. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.
6. As disclosed in Note 10(b) to the financial statements, included in loss from discontinued operations of S\$231,000 for the financial year ended 31 December 2015 is a loss of S\$515,000 arising from the results of Elite Bay prior to its disposal, and a gain of S\$284,000 arising from the disposal of Elite Bay. Due to the matters highlighted in paragraph 4(a) above, we were unable to obtain sufficient appropriate audit evidence that the current year results of Elite Bay, prior to its disposal, have been appropriately included in the consolidated financial statements of the Group. We were also unable to assess the appropriateness of the gain on disposal of Elite Bay. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.
7. As disclosed in Note 12 to the financial statements, the Group and the Company have recognised impairment charges amounting to \$35,380,000 and \$23,380,000 respectively in respect of the unquoted equity investments during the current financial year. Due to the matter highlighted in paragraph 4(b) above, we were unable to obtain sufficient appropriate audit evidence on the appropriateness of the impairment charges recognised during the year. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.
8. As disclosed in Note 13 to the financial statements, the Company has recognised an impairment charge of S\$12,000,000 in respect of its investment in a subsidiary during the current financial year. Due to the matter highlighted in paragraph 4(c) above, we were unable to obtain sufficient appropriate audit evidence on the appropriateness of the impairment charge recognised during the year. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary.
9. As disclosed in Note 4 to the financial statements, the Group incurred a net loss of S\$43,743,000 and a total comprehensive loss of S\$43,741,000 for the financial year ended 31 December 2015 (2014: net loss of S\$2,694,000 and a total comprehensive loss of S\$1,604,000). As at 31 December 2015, the Group's current liabilities exceeded its current assets by S\$6,748,000 (2014: current liabilities exceeded its current assets by S\$33,005,000), while the Company's current liabilities exceeded its current assets by S\$6,707,000 (2014: current liabilities exceeded its current assets by S\$31,928,000). As disclosed in Note 31(c), the Group has also received a formal letter of demand on 21 August 2015 for full and immediate repayment of a loan amounting to S\$4,700,000. These conditions indicate the existence of an uncertainty that may cast significant doubt as to the ability of the Group and the Company to continue as going concerns.
10. The financial statements are prepared on a going concern basis for the reasons disclosed in Note 4(b).
11. In view of the material uncertainties as discussed above, we were unable to obtain sufficient audit evidence to satisfy ourselves as to the ability of the Group and the Company to continue as going concerns. In the event that the Group and the Company are unable to continue as going concerns, it could have an impact on the Group's and the Company's ability to realise assets at their recognised amounts and to extinguish liabilities in the normal course of business at the amounts stated in the balance sheets of the Group and the Company. The Group and the Company may also have to provide for further liabilities which arise, and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

Disclaimer of Opinion

12. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 11, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

13. In our opinion, except for the effects of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 8, 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.

Copies of the aforesaid Independent Auditors' Report together with extracts of the relevant notes to the Financial Statements are annexed to this announcement.

BY ORDER OF THE BOARD

Drew Ethan Madacsi
Executive Director
26 April 2016