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 Nexia TS Public Accounting Corporation ("Nexia"), the Company's external auditors, Independent Auditors' Report for the financial year ended 31 December 2018:

Bases for Disclaimer of Opinion

1. Going concern

As disclosed in Note 2.1 to the financial statements, the following circumstances give rise to material uncertainties as to the appropriateness of the use of the going concern assumption in the preparation of the accompanying consolidated financial statements of the Group and the balance sheet of the Company for the current financial year:

(i) As at 31 December 2018, the Group and the Company are in a net current liabilities position of S$6,918,000 and S$4,823,000 (2017: S$4,605,000 and S$3,316,000) and a net liabilities position of S$6,125,000 and S$4,819,000 (2017: S$3,859,000 and S$3,305,000) respectively.

(ii) For the financial year ended 31 December 2018, the Group and the Company incurred a net loss of S$2,232,000 and S$1,514,000 (2017: S$3,317,000 and S$2,534,000) and incurred net operating cash outflows of S$1,141,000 and S$927,000 (2017: S$2,852,000 and S$2,590,000) respectively.

(iii) As disclosed in Note 23(a), the Group is currently engaged in a legal dispute for the full and immediate repayment of S$5,200,000 alleged loan given to the Group.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Notwithstanding the above, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2018 is appropriate after taking into consideration the following measures and assumptions:

(a) The major shareholder will continue to provide financial support to enable the Group and the Company to continue in operation and to meet its obligations as and when they fall due for at least the next twelve months.

(b) The Company is currently in the process of negotiating with third parties on the acquisition of certain viable businesses and assets in the liquefied natural gas industry and believes that the incoming assets and businesses will increase the prospects and viability of the Group.

(c) Based on discussions with the lawyers, the Board of Directors believes that the outcome of legal litigation as disclosed in Note 23(a) would be favourable to the Group.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the successful outcome of the measures and assumptions undertaken as disclosed above which cannot be determined at present. At the date of this report, we are unable to obtain sufficient audit evidence regarding the likely outcome of these measures and assumptions including the financial capability of the major shareholder that will provide continuing financial support to the Group and the Company. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

In the event that 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 its 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 balance sheet. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets. The financial statements do not include any adjustment which may arise from these uncertainties.

2. Impairment of property, plant and equipment ("PPE")

The net carrying amount of the Group's PPE amounted to S$793,000 (2017: S$746,000) as at 31 December 2018. The performance of the Group during the financial year indicates that the PPE may be impaired. Hence, management has estimated the recoverable amount of the Group's PPE based on value-in-use. However, we were unable to obtain sufficient and appropriate audit evidence to substantiate the recoverable amount for the Group's PPE. Therefore, we were unable to determine whether any adjustment to the carrying amount of PPE were necessary.

3. Recoverability of the Company's other receivables from subsidiary corporation

As disclosed in Note 13 to the financial statements, as at 31 December 2018, the Company has other receivables from subsidiary corporations amounted to S$1,197,000 (2017: S$931,000), of which, S$969,000 (2017: S$703,000) is receivable from a subsidiary corporation with significant increase in credit risk as at 31 December 2018. The directors are of the view that this amount is recoverable and there has not been a significant change in credit quality. We were unable to obtain sufficient appropriate audit evidence with respect to the recoverability of this amount and therefore unable to determine whether any impairment loss was necessary. Any impairment loss which might have been necessary as at 31 December 2018 would have increased the total comprehensive loss for the financial year and the net liabilities as at that date by the same amount.

4. Opening balances

Our independent auditor's report on the consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2017 dated 9 April 2018 included a disclaimer of opinion on the appropriateness of going concern assumptions of the Group and of the Company as there were existence of material uncertainties which may cast significant doubt about the ability of the Group and of the Company to continue as going concerns, and the inability to obtain sufficient appropriate audit evidence on the impairment of property, plant and equipment and the appropriateness and impairment of the carrying amount of the trade and other receivables from related parties and subsidiary corporations. As the matters mentioned above have not been resolved in the financial year ended 31 December 2018, we have considered the impact as below.

In view of the significance of the matters described in the bases for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 December 2017, we were unable to determine:

(a) Whether the opening balances of the Group and of the Company as at 1 January 2018 were fairly presented; and

(b) The impact on the current financial year's financial position of the Company and of the Group and the financial performance, changes in equity and cash flows of the Group.

Our opinion on the current financial year's consolidated financial statements of the Group and the balance sheet of the Company is a disclaimer of opinion because of the significance of these matters on the comparability of the current financial year's figures and the corresponding figures.

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
Non-Executive Chairman
5 April 2019