

FOR IMMEDIATE RELEASE

AsiaPhos achieves 220% growth year-on year in profit before tax to S\$1.2 million in 2Q2017

- Revenue rose 67% year-on-year to S\$16.1 million in 2Q2017, driven by growth in downstream segment
- Cash generated from operations was \$1.1 million

Summary of Financial Results for the period ended 30 June:

S\$'000	2Q2017	2Q2016	+ / (-) %	1H2017	1H2016	+ / (-) %
Revenue	16,079	9,606	67	28,201	11,588	143
- Upstream Segment	2,494	3,572	(30)	4,595	5,280	(130)
- Downstream Segment	13,585	6,034	125	23,606	6,308	274
Gross Profit	3,237	1,895	71	4,909	2,388	106
Profit before taxation	1,170	366	220	1,292	(549)	n.m.

n.m. – not meaningful

SINGAPORE – 4 August 2017 – AsiaPhos Limited (“AsiaPhos” and together with its subsidiaries, the “Group”), a Singapore-headquartered mineral resources company focused on exploring and mining phosphate with a vertically-integrated business model, continued to report improved performance for the second quarter ended 30 June 2017 (“2Q2017”).

After achieving a turnaround in the first quarter ended 31 March 2017 (“1Q2017”), the Group continued to improve its profitability with a 220% growth year-on-year (“y-o-y”) in profit before taxation to S\$1.2 million in 2Q2017. This was achieved on the back of a 67% growth y-o-y in revenue to S\$16.1 million.

Growth was driven primarily by the downstream segment, which grew 125% in revenue to S\$13.6 million, from S\$6.0 million in the corresponding period last year (“2Q2016”), on higher

quantity sold and higher average selling prices of P₄. Reflecting the shift in business strategy undertaken since early 2017 when the Group was able to secure a consistent supply of quality phosphate rocks from an external supplier to continue with its production of P₄ in 1Q2017, the Group had higher inventories of P₄ available for sale in 2Q2017. Consequently, 5,000 tonnes of P₄ was sold in 2Q2017, compared to 2,300 tonnes sold in 2Q2016. In previous years, P₄ production started only in May when mining operations resumed after the end of the winter season.

Commenting on the results, Dr. Ong Hian Eng (王显荣博士), the Chief Executive Officer and Executive Director of AsiaPhos Limited said,

“For the first time since we started commercial production of P₄, we were able to carry out uninterrupted production of P₄ in the first quarter of the year, through to the second quarter, thus boosting our overall performance. Due to disruptions in P₄ production in the second half of 2016, we could only produce P₄ for about five months and sold 9,800 tonnes of P₄ in the whole year. In the first six months of this year, we have already sold 8,700 tonnes of P₄.

With production returning to full capacity with our two P₄ furnaces operating on three shifts to meet the continued demand, we are upbeat about this business and we expect positive contribution from our downstream segment for the rest of the current financial year ending 31 December 2017 (“**FY2017**”).”

Revenue from the upstream segment decreased by 30% y-o-y to S\$2.5 million in 2Q2017, due to a decrease in both the quantity and average selling prices of phosphate rocks sold. It sold 45,300 tonnes of phosphate rocks in 2Q2017, against 57,600 tonnes in 2Q2016.

Gross profit for the Group increased 71% y-o-y to S\$3.2 million in 2Q2017, and overall gross profit margin remained at 20%. This was partly due to the People’s Republic of China’s government ending mining surcharges since July 2016, raising upstream gross profit margin to

29% in 2Q2017, from 25% in 2Q2016, as well as increased average selling prices of P₄ which raised downstream gross profit margin to 19% in 2Q2017 compared to 17% in 2Q2016.

The Group's operating cash flow improved significantly to a net cash inflow of S\$0.7 million in 2Q2017, from a net cash outflow of S\$1.3 million in 2Q2016. The Group's negative working capital position improved to S\$0.5 million as at 30 June 2017, from S\$1.4 million as at 31 March 2017.

On a half year basis, the Group turned around with a profit before taxation of S\$1.3 million in the six months ended 30 June 2017 ("**1H2017**"), against a loss before taxation of S\$0.5 million in the corresponding period the year before ("**1H2016**"). Overall revenue increased 143% to S\$28.2 million in 1H2017, from S\$11.6 million in 1H2016.

Outlook

Upstream Segment

The Group enjoyed a good mining season from Mine 1 and Mine 2 in 1H2017 and had mined in excess of 181,000 tonnes of rocks. As at 30 June 2017, inventory of phosphate rocks stood at approximately 137,000 tonnes, which are available for sale or use for P₄ production.

The Group is also able to purchase phosphate rocks from external suppliers for the production of P₄ for the rest of FY2017 should the need arises.

Downstream Segment

The Group resumed full production of P₄ in 2Q2017, and its two P₄ furnaces have since been operating round the clock to fulfil orders from customers. Due to continued efforts in marketing to existing customers, as well as new customers secured, the Group is enjoying both recurring and new orders for P₄.

The Group has also diversified its sourcing of certain raw materials by buying from various third parties to procure quality materials at competitive prices.

With the production of P₄ in full swing, the production costs are expected to decrease due to operational efficiencies. Coupled with projected firmer P₄ prices for the rest of the year, the Group expects the P₄ business to continue to contribute positively to the Group's bottomline and cash flows for the rest of FY2017.

The Group will continue to build up the P₄ business and monitor production efficiencies to improve the Group's bottomline.

Forging ahead for Growth

In line with the Group's strategy to grow in a sustainable and responsible manner, it has invested carefully to build and grow its businesses. In this connection, the Group has announced plans to split its upstream and downstream segments into two separate entities, as set out in its announcement on 19 June 2017, so that it can adopt a more focused approach in growing the downstream business.

Upon completion of the internal restructuring, the Group's downstream segment will be held indirectly by its Hong Kong-incorporated subsidiary. The Group will also embark on Phase 2 of its rebuilding programme to construct a sodium hexametaphosphate plant to expand the Group's product offering and create additional revenue and cash flows.

The Group will also continue exploring with strategic partners to build complementary businesses, both horizontally and vertically, to further enhance shareholders' value.

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About AsiaPhos Limited

AsiaPhos Limited was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 7 October 2013, and is the first mineral resources company listed on the SGX-ST which is solely focused on exploring and mining phosphate in the PRC with the ability to manufacture and produce phosphate-based chemical products. To make full use of phosphate, which is a valuable and non-renewable natural resource, AsiaPhos is adopting a vertically-integrated strategy which will comprise the mining of phosphate rocks from its existing mines and the production of phosphate-based chemical products. Led by an experienced management team, the Group currently owns two mining rights and three exploration rights, and owns a downstream processing facility in the Gongxing Industrial Park (Sichuan).

**Issued for and on behalf of AsiaPhos Limited by
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This press release should be read in conjunction with the Company's announcement dated 4 August 2017 in relation to the Group's unaudited financial statements for the second quarter ended 30 June 2017.

*This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST.*

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