

## Financial Statements and Related Announcement::Half Yearly Results


## Issuer &amp; Securities

<b>Issuer/ Manager</b>	ASIAPHOS LIMITED
<b>Securities</b>	ASIAPHOS LIMITED - SG2G24997246 - 5WV ASIAPHOS LIMITED W200323 - SG5DS5000008 - 1C9W
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	03-Aug-2018 17:38:37
<b>Status</b>	New
<b>Announcement Sub Title</b>	Half Yearly Results
<b>Announcement Reference</b>	SG180803OTHRXZUF
<b>Submitted By (Co./ Ind. Name)</b>	Kenneth Leong
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to the attached.

## Additional Details

<b>For Financial Period Ended</b>	30/06/2018
<b>Attachments</b>	 <a href="#">AsiaPhos_2Q2018_final.pdf</a> Total size =445K



## ASIAPHOS LIMITED

Company Registration Number: 201200335G

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### UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR SECOND QUARTER ENDED 30 JUNE 2018

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#### Background

AsiaPhos Limited (the “**Company**”), and together with its subsidiaries, (the “**Group**”) was listed on the Catalist Board (the “**Catalist**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 7 October 2013.

As disclosed in the Group’s announcements dated 24 November 2017, 30 November 2017, 4 December 2017, 9 February 2018 and 10 April 2018, the Group is currently in discussion with the Sichuan Provincial Government on the Mianzhu City Government’s request for the Group to provide a letter of undertaking to *inter alia*, vacate and rehabilitate its mining site in respect of Mine 2 and the Fengtai mine and the non-renewal of the Mine 1 mining license.

Accordingly, the assets and directly associated liability of the mining assets were presented as assets of disposal group and liability directly associated with disposal group on the Group’s consolidated balance sheet. Arising thereon, the results of the Group’s upstream segment have been reclassified as discontinued operation on the Group’s consolidated statement of comprehensive income statement. Comparatives were re-presented to conform with 2018’s presentation.



**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2018**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group					
	Second Quarter Ended 30 June			6 Months Ended 30 June		
	2018 \$'000	2017 \$'000	Change %	2018 \$'000	2017 \$'000	Change %
<b>Continuing operations</b>						
Revenue	11,497	13,585	(15)	21,017	23,606	(11)
Cost of sales	(11,446)	(11,121)	3	(20,356)	(20,192)	1
Gross profit	51	2,464	(98)	661	3,414	(81)
Other income	47	80	(41)	132	178	(26)
Selling and distribution costs	(240)	(442)	(46)	(493)	(729)	(32)
General and administrative costs	(1,952)	(1,614)	21	(3,236)	(2,510)	29
Finance costs	(168)	(89)	89	(290)	(291)	(0)
Other expense	(1,459)	-	100	(1,459)	-	100
<b>Profit/(loss) before tax, from continuing operations</b>	<b>(3,721)</b>	<b>399</b>	<b>N.M.</b>	<b>(4,685)</b>	<b>62</b>	<b>N.M.</b>
Taxation	(26)	(289)	(91)	9	(160)	N.M.
<b>Profit/(loss) from continuing operations, net of tax</b>	<b>(3,747)</b>	<b>110</b>	<b>N.M.</b>	<b>(4,676)</b>	<b>(98)</b>	<b>4671</b>
<b>Discontinued operation</b>						
<b>Profit/(loss) from discontinued operation, net of tax</b>	<b>(1,122)</b>	<b>680</b>	<b>N.M.</b>	<b>(926)</b>	<b>1,010</b>	<b>N.M.</b>
<b>Profit/(loss) for the period</b>	<b>(4,869)</b>	<b>790</b>	<b>N.M.</b>	<b>(5,602)</b>	<b>912</b>	<b>N.M.</b>
<b>Other comprehensive income</b>						
<b>Items that may be recycled to profit or loss</b>						
Foreign currency translation gain/(loss)	(358)	211	N.M.	433	(1,041)	N.M.
<b>Total comprehensive income for the period</b>	<b>(5,227)</b>	<b>1,001</b>	<b>(622)</b>	<b>(5,169)</b>	<b>(129)</b>	<b>3907</b>
<b>Net profit/(loss) for the period attributable to:</b>						
<b>Owners of the Company</b>						
Profit/(loss) from continuing operations, net of tax	(3,747)	110	N.M.	(4,676)	(98)	4671
Profit/(loss) from discontinued operation, net of tax	(1,122)	680	N.M.	(926)	1,010	N.M.
	(4,869)	790	N.M.	(5,602)	912	N.M.
<b>Non-controlling interest</b>						
Profit/(loss) from continuing operations, net of tax	-	-	-	-	-	-
Profit/(loss) from discontinued operation, net of tax	-	-	-	-	-	-
	-	-	-	-	-	-
Profit/(loss) for the period	(4,869)	790	N.M.	(5,602)	912	N.M.
<b>Total comprehensive income for the period attributable to:</b>						
<b>Owners of the Company</b>						
	(5,227)	1,001	N.M.	(5,169)	(129)	3907
<b>Non-controlling interest</b>						
	-	-	-	-	-	-
	(5,227)	1,001	N.M.	(5,169)	(129)	3907
<b>Attributable to owners of the Company</b>						
Total comprehensive income for the period from continuing operations	(4,105)	321	N.M.	(4,243)	(1,139)	273
Total comprehensive income for the period from discontinued operation	(1,122)	680	N.M.	(926)	1,010	N.M.
	(5,227)	1,001	N.M.	(5,169)	(129)	3907

"N.M." denotes not meaningful.

Profit/(loss) from continuing operations, net of tax for second quarter ended 30 June 2018 ("2Q2018") includes loss after tax from downstream segment of \$2.2 million, as compared to profit after tax of \$1.6 million in second quarter ended 30 June 2017 ("2Q2017") and loss from corporate and other unallocated expenses amounting to \$1.5 million (2Q2017: \$1.5 million), respectively.



Foreign currency translation gain/(loss) represents exchange differences arising from translation of the financial statements of the PRC subsidiaries whose functional currency (Renminbi, “RMB”) is different from that of the Group’s presentation currency (Singapore Dollar, “SGD”, “\$”). The Group’s net investment in PRC is not hedged as currency positions in RMB are considered to be long-term in nature. Such translation gains/(losses) are of unrealised nature and do not impact current year profit/(loss) unless the underlying assets or liabilities of the PRC subsidiaries are disposed of.

In 2Q2018, the Group recorded translation loss of \$0.4 million due to the strengthening of SGD against RMB.

**1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

The Group’s net profit/(loss) for the period was arrived at after (charging)/crediting the following:

	Group					
	Second Quarter Ended 30 June			6 Months Ended 30 June		
	2018	2017	Change	2018	2017	Change
\$'000	\$'000	%	\$'000	\$'000	%	
Interest income	3	13	(77)	6	18	(67)
Gains on financial asset held for trading	-	-	-	2	-	100
Interest expenses						
- continuing operations	(143)	(86)	66	(237)	(283)	(16)
- discontinued operation	(16)	(16)	-	(32)	(32)	-
Amortisation and depreciation						
- continuing operations #	(91)	(119)	(24)	(197)	(239)	(18)
- discontinued operation	-	-	-	-	(57)	(100)
Provision for doubtful debts (made)/written back	(1,173)	-	100	(1,165)	-	100
Write-down of inventories to net realisable value *	(640)	-	100	(640)	-	100
Provision for impairment on property, plant and equipment	(1,459)	-	100	(1,459)	-	100
(Loss)/gain on disposal of property, plant and equipment *	(96)	-	100	(96)	-	100
Foreign exchange gain/(loss) *	43	(67)	N.M.	(42)	134	N.M.
Overprovision of prior years' taxation	8	80	(90)	8	80	(90)

“N.M.” denotes not meaningful.

\* Included in general and administrative costs

# Included in selling and distribution costs and general and administrative costs



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Land use rights	4,355	4,362	-	-
Property, plant and equipment	23,181	25,162	-	-
Prepayments	702	695	-	-
Other receivables	34	34	-	-
Investment in subsidiaries	-	-	78,036	78,036
	28,272	30,253	78,036	78,036
<b>Current assets</b>				
Stocks	1,807	12,135	-	-
Trade receivables	3,177	985	-	-
Other receivables	355	379	120	55
Prepayments	1,440	2,174	619	282
Financial asset held for trading	-	389	-	-
Cash and bank balances	2,170	2,203	1,126	1,130
Assets of disposal group	90,226	90,110	-	-
Amounts due from subsidiaries	-	-	6,511	6,803
	99,175	108,375	8,376	8,270
Total assets	127,447	138,628	86,412	86,306
<b>Current liabilities</b>				
Trade payables	354	4,439	-	-
Other payables	3,531	5,121	302	241
Advance payments from customers	818	492	-	-
Interest-bearing bank loans	7,028	6,963	-	-
Provision for taxation	-	713	-	-
Liability of disposal group	822	815	-	-
Amounts due to subsidiaries	-	-	3,820	2,983
	12,553	18,543	4,122	3,224
Net current assets/(liabilities)	86,622	89,832	4,254	5,046
<b>Non-current liabilities</b>				
Deferred tax liabilities	17,394	17,385	-	-
Deferred income	2,012	2,034	-	-
	19,406	19,419	-	-
Total liabilities	31,959	37,962	4,122	3,224
<b>Net assets</b>	<b>95,488</b>	<b>100,666</b>	<b>82,290</b>	<b>83,082</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	78,283	78,283	78,283	78,283
Reserves	7,742	12,920	4,007	4,799
	86,025	91,203	82,290	83,082
Non-controlling interest	9,463	9,463	-	-
<b>Total equity</b>	<b>95,488</b>	<b>100,666</b>	<b>82,290</b>	<b>83,082</b>

(1)(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group			
	30 June 2018		31 December 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable				
In one year or less, or on demand	7,028	-	6,963	-
After one year	-	-	-	-
	<u>7,028</u>	<u>-</u>	<u>6,963</u>	<u>-</u>

#### Details of collaterals

As at 30 June 2018, the Group pledged land use rights and certain property, plant and equipment of the Group, with net book value of RMB21.1 million (approximately \$4.4 million) and RMB69.9 million (approximately \$14.5 million) respectively, as collaterals. The Company has also provided a corporate guarantee for a bank loan of RMB24.0 million (approximately \$5.0 million).

As at 31 December 2017, the Group pledged land use rights and certain property, plant and equipment of the Group, with net book value of RMB21.3 million (approximately \$4.4 million) and RMB71.2 million (approximately \$14.6 million) respectively, as collaterals. The Company has also provided a corporate guarantee for a bank loan of RMB24.0 million (approximately \$4.9 million).

An amount of approximately \$1.0 million of the Company's fixed deposits was also pledged as collateral for bank overdraft facility as at 30 June 2018 and 31 December 2017.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	Second Quarter Ended 30 June		6 Months Ended 30 June	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities :</b>				
Profit/(loss) before taxation				
- continuing operations	(3,721)	399	(4,685)	62
- discontinued operation	(1,202)	771	(926)	1,230
Profit/(loss) before taxation, total	(4,923)	1,170	(5,611)	1,292
Adjustments for :				
Depreciation expenses	301	1,598	639	2,205
Loss/(gain) on disposal of property, plant and equipment	96	-	96	-
Amortisation expenses	24	78	48	161
Interest expense	159	108	269	315
Provision for stocks obsolescence	640	-	640	-
Provision for doubtful debts	1,173	-	1,165	-
Provision for impairment on property, plant and equipment	1,459	-	1,459	-
Interest income	(3)	(13)	(6)	(18)
Gains on financial asset held for trading	-	-	(2)	-
Unrealised exchange loss/(gain)	(45)	38	(9)	(192)
Government grant	-	-	(31)	-
Amortisation of deferred income	(19)	(51)	(41)	(81)
Operating profit/(loss) before working capital changes	(1,138)	2,928	(1,384)	3,682
(Increase)/decrease in stocks	6,350	(4,019)	9,918	(1,824)
(Increase)/decrease in receivables	(610)	(6,695)	(2,696)	(5,185)
Increase/(decrease) in payables	(3,433)	8,951	(5,368)	7,027
Cash generated from/(used in) operations	1,169	1,165	470	3,700
Interest received	3	13	6	18
Interest paid	(159)	(108)	(269)	(504)
Tax paid	(718)	(378)	(718)	(378)
Net cash flows generated from/(used in) operating activities	295	692	(511)	2,836
<b>Cash flows from investing activities :</b>				
Payments for property, plant and equipment	-	(247)	(1)	(821)
Receipt of government grant	-	-	31	-
Proceeds from sale of financial asset held for trading	-	-	398	-
Proceeds from disposal of property, plant and equipment	46	-	46	-
Net cash flows used in investing activities	46	(247)	474	(821)
<b>Cash flows from financing activities :</b>				
Repayment of bank loan	-	(3,051)	(2,084)	(3,051)
Proceeds from bank loan	-	-	2,084	-
Increase in pledged deposits	(2)	(2)	(4)	(3)
Net proceeds from rights cum warrants issue	-	-	-	4,158
Proceeds from exercise of warrants	-	401	-	401
Payments of share issuance expense	-	(169)	-	(284)
Redemption of redeemable preference shares	-	-	-	(1,403)
Repayment of loan due to a director	-	-	-	(467)
Net cash flows generated from/(used in) financing activities	(2)	(2,821)	(4)	(649)
Net increase/(decrease) in cash and cash equivalents	339	(2,376)	(41)	1,366
Cash and cash equivalents at beginning of period	814	4,700	1,182	1,012
Effects of exchange rate changes on cash and cash equivalents	(8)	23	4	(31)
Cash and cash equivalents at end of period	1,145	2,347	1,145	2,347

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	As at 30 June	
	2018	2017
	\$'000	\$'000
Cash and bank balances	2,170	3,622
Less: bank overdraft (secured)	-	(88)
Less : pledged deposits	(1,025)	(1,187)
Cash and cash equivalents at end of period	1,145	2,347



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital \$'000	Merger reserve \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Safety fund surplus reserve \$'000	Total reserves \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>2018</b>								
Balance at 1 January 2018	78,283	850	9,569	1,483	1,018	12,920	9,463	100,666
Impact on adoption of SFRS(I) 9	-	-	(9)	-	-	(9)	-	(9)
Balance at 1 January 2018, restated	78,283	850	9,560	1,483	1,018	12,911	9,463	100,657
Total comprehensive income for the period	-	-	(733)	791	-	58	-	58
Transfer to safety fund surplus reserve	-	-	(234)	-	234	-	-	-
Utilisation of safety fund surplus reserve	-	-	7	-	(7)	-	-	-
Balance at 31 March 2018	78,283	850	8,600	2,274	1,245	12,969	9,463	100,715
Total comprehensive income for the period	-	-	(4,869)	(358)	-	(5,227)	-	(5,227)
Transfer to safety fund surplus reserve	-	-	(234)	-	234	-	-	-
Utilisation of safety fund surplus reserve	-	-	9	-	(9)	-	-	-
Balance at 30 June 2018	78,283	850	3,506	1,916	1,470	7,742	9,463	95,488
<b>2017</b>								
Balance at 1 January 2017	68,151	850	9,517	2,234	856	13,457	9,463	91,071
Issue of new ordinary shares	9,013	-	-	-	-	-	-	9,013
Share issuance expenses	(142)	-	-	-	-	-	-	(142)
Total comprehensive income for the period	-	-	122	(1,252)	-	(1,130)	-	(1,130)
Transfer to safety fund surplus reserve	-	-	(14)	-	14	-	-	-
Utilisation of safety fund surplus reserve	-	-	24	-	(24)	-	-	-
Balance at 31 March 2017	77,022	850	9,649	982	846	12,327	9,463	98,812
Issue of new ordinary shares	401	-	-	-	-	-	-	401
Share issuance expenses	(142)	-	-	-	-	-	-	(142)
Total comprehensive income for the period	-	-	790	211	-	1,001	-	1,001
Transfer to safety fund surplus reserve	-	-	(272)	-	272	-	-	-
Utilisation of safety fund surplus reserve	-	-	74	-	(74)	-	-	-
Balance at 30 June 2017	77,281	850	10,241	1,193	1,044	13,328	9,463	100,072

Company	Share capital \$'000	Retained earnings \$'000	Total reserves \$'000	Total equity \$'000
<b>2018</b>				
Balance at 1 January 2018	78,283	4,799	4,799	83,082
Total comprehensive income for the period	-	(343)	(343)	(343)
Balance at 31 March 2018	78,283	4,456	4,456	82,739
Total comprehensive income for the period	-	(449)	(449)	(449)
Balance at 30 June 2018	78,283	4,007	4,007	82,290
<b>2017</b>				
Balance at 1 January 2017	68,151	6,544	6,544	74,695
Issue of new ordinary shares	9,013	-	-	9,013
Share issuance expenses	(142)	-	-	(142)
Total comprehensive income for the period	-	(395)	(395)	(395)
Balance at 31 March 2017	77,022	6,149	6,149	83,171
Issue of new ordinary shares	401	-	-	401
Share issuance expenses	(142)	-	-	(142)
Total comprehensive income for the period	-	(678)	(678)	(678)
Balance at 30 June 2017	77,281	5,471	5,471	82,752





**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 31 March 2018 and 30 June 2018, the number of issued ordinary shares of the Company ("Shares") (excluding treasury shares) was 1,031,524,685.

As at 30 June 2018, the Company had 95,124,065 outstanding warrants, exercisable into 95,124,065 new Shares, representing approximately 9.22% of the total number of Shares (excluding treasury shares). As at 30 June 2017, the Company had 107,652,375 outstanding warrants, exercisable into 107,652,375 new Shares, representing approximately 10.56% of the total number of Shares (excluding treasury shares).

As at 30 June 2018 and 30 June 2017, the Company did not hold any treasury shares and there were no subsidiary holdings.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at	
	30 June 2018	31 December 2017
Total number of issued shares (excluding treasury shares)	1,031,524,685	1,031,524,685

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.



**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable. The figures have not been audited nor reviewed by the auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Paragraph 5, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards. The Group and the Company adopted SFRS(I) on 1 January 2018.

Other than those discussed below, the adoption of SFRS(I) does not have material impact on the financial statements in the year ending 31 December 2018.

SFRS(I) 1 First-Time Adoption of Singapore Financial Reporting Standards (International)

The adoption of SFRS(I) 1 will have no material impact on the financial statements in the year of initial application, other than the election of optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition of 1 January 2017. The Group has elected not to apply the optional exemption to reset its cumulative translation differences for all foreign operations to nil as at 1 January 2017.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 *Financial Instruments* introduces new requirements for classification and measurement, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model, either on a 12-month or lifetime basis, and replace FRS 39 incurred cost model. The Group applies the simplified approach and record lifetime expected losses on all trade receivables.

The Group and the Company adopted the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous



carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Accordingly, the Group recognised provision for doubtful debts on trade receivables of approximately \$9,000 in retained earnings as at 1 January 2018 with the adoption of SFRS(I) 9.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

- (a) based on the weighted average number of ordinary shares on issue; and  
(b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	Group			
	Second Quarter Ended 30 June		6 Months Ended 30 June	
	2018	2017	2018	2017
Earnings/(loss) attributable to owners of the Company used in the computation of basic earnings per share (\$'000)				
- from continuing operations	(3,747)	110	(4,676)	(98)
- from discontinued operation	(1,122)	680	(926)	1,010
	<u>(4,869)</u>	<u>790</u>	<u>(5,602)</u>	<u>912</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	1,031,525	1,015,940	1,031,525	963,303
Basic earnings/(loss) per share (cents)				
- from continuing operations	(0.36)	0.01	(0.45)	(0.01)
- from discontinued operation	(0.11)	0.07	(0.09)	0.10
	<u>(0.47)</u>	<u>0.08</u>	<u>(0.54)</u>	<u>0.09</u>
Earnings/(loss) attributable to owners of the Company used in the computation of diluted earnings per share (\$'000)				
- from continuing operations	(3,747)	110	(4,676)	(98)
- from discontinued operation	(1,122)	680	(926)	1,010
	<u>(4,869)</u>	<u>790</u>	<u>(5,602)</u>	<u>912</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	1,031,525	1,015,940	1,031,525	963,303
Effects of dilution				
- Exercise of warrants ('000)	-	14,373	-	7,792
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,031,525	1,030,313	1,031,525	971,095
Diluted earnings/(loss) per share (cents)				
- from continuing operations	(0.36)	0.01	(0.45)	(0.01)
- from discontinued operation	(0.11)	0.07	(0.09)	0.10
	<u>(0.47)</u>	<u>0.08</u>	<u>(0.54)</u>	<u>0.09</u>

The dilutive instruments were anti-dilutive in 2Q2018 and in the first half ended 30 June 2018 (“1H2018”) as the warrants were not in the money.



**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Net asset value (\$'000)	95,488	100,666	82,290	83,082
Number of ordinary shares ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Net asset value per ordinary share (cents)	9.26	9.76	7.98	8.05



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The figures in this section where applicable, have been rounded to the nearest one (1) decimal place.

The Group is organised into product units as follows:

- (a) upstream segment relates to the business of exploration, mining and sale of phosphate rocks (the “**Upstream Segment**”). As discussions are in progress with the Sichuan Provincial Government, the Upstream Segment had been presented as discontinued operation; and
- (b) downstream segment relates to the business of manufacturing, sale and trading of phosphate-based chemicals products such as P<sub>4</sub>, sodium tripolyphosphate (“**STPP**”) and sodium hexametaphosphate (“**SHMP**”); and the sale of P<sub>4</sub> by-products, such as slag, sludge and ferrophosphate (the “**Downstream Segment**”).

**Profit or loss**

Revenue, cost of goods sold and gross profit

Revenue from continuing operations, mainly contributed by revenue from sale of P<sub>4</sub>, decreased by \$2.1 million, from \$13.6 million in 2Q2017 to \$11.5 million in 2Q2018, due to lower quantity of P<sub>4</sub> sold in 2Q2018. The Group sold 4,090 tonnes of P<sub>4</sub> in 2Q2018, as compared to 5,000 tonnes in 2Q2017. Lower sales volume was due to customers being affected by pollution controls. The price of P<sub>4</sub> has been also impacted by a new round of environmental inspections resulting in shutdowns of some of the Group's P<sub>4</sub> customers in 2Q2018.

Cost of goods sold for continuing operations increased by \$0.3 million, from \$11.1 million in 2Q2017 to \$11.4 million in 2Q2018. Higher cost of goods sold was mainly due to the higher production costs in 2Q2018 contributed by higher materials costs. The Group started to purchase rocks after depleting its inventory of phosphate rocks previously extracted from the Group's mines. In 2Q2018, the Group also had to pay higher electricity prices for its P<sub>4</sub> production as the PRC government removed subsidies and incentives for energy intensive industries.

Due to reasons stated above, gross profit from continuing operations decreased by \$2.4 million, from \$2.5 million in 2Q2017 to \$0.1 million in 2Q2018.

Other income

Other income remained relatively unchanged at approximately \$0.1 million in 2Q2018 and 2Q2017.



### Selling and distribution costs

Selling and distribution costs decreased by \$0.2 million, from \$0.4 million in 2Q2017 to \$0.2 million in 2Q2018 due to lower sales volume of P<sub>4</sub> in 2Q2018.

### General and administrative costs

General and administrative costs increased by \$0.4 million, from \$1.6 million in 2Q2017 to \$2.0 million in 2Q2018, mainly due to i) an allowance of \$0.6 million made to adjust the carrying value of P<sub>4</sub> to the lower of cost and net realisable value as required by SFRS(I) 1-2 *Inventories*; and ii) loss on disposal of plant and equipment of \$0.1 million in 2Q2018. There were no such expenses in 2Q2017.

The above increases were offset by general reduction in expenses as the Group downsized its operations and exchange gain of \$0.04 million in 2Q2018, as compared to exchange loss of \$0.1 million in 2Q2017.

### Finance costs

Finance costs increased by \$0.1 million, from \$0.1 million in 2Q2017 to \$0.2 million in 2Q2018 due to increase in interest expense on discounting of note receivables.

### Other expense

Other expense of \$1.5 million was allowance for impairment made for P<sub>4</sub> plant. In view of the weakening selling prices of P<sub>4</sub> and the high cost of materials, the Group assessed its property, plant and equipment as required by SFRS(I) 1-16 *Property, Plant and Equipment*.

### Discontinued operation

Loss from discontinued operation for 2Q2018 was mainly due to

- i) no sales of phosphate rocks in 2Q2018 as the Group used its inventory of phosphate rocks for P<sub>4</sub> production; and
- ii) increase in general and administrative expenses by \$1.2 million in 2Q2018 due to allowance of \$1.2 million made for doubtful debt as required by SFRS(I) 9 *Financial Instruments*. The customer was affected by the PRC Government's stoppage orders with respect to its mining operations in Mianzhu Province, Sichuan.

## **Balance sheet**

### Non-current assets

Non-current assets decreased by \$2.0 million, from \$30.3 million as at 31 December 2017 to \$28.3 million as at 30 June 2018 mainly due to depreciation and disposal of property, plant and equipment in 1H2018 and allowance made for impairment on P<sub>4</sub> plant.



### Current assets

Current assets decreased by \$9.2 million, from \$108.4 million as at 31 December 2017 to \$99.2 million as at 30 June 2018 mainly due to decreases in stocks, prepayments and disposal of financial asset held for trading. The Group depleted its inventory of phosphate rocks previously extracted from the Group's mines and realised most of its P<sub>4</sub> inventory as at 30 June 2018. Less prepayments were made to suppliers as at 30 June 2018 as the P<sub>4</sub> plant was undergoing maintenance as at 30 June 2018.

The decrease was partially offset by increase in assets of disposal group due to weakening of SGD against RMB, and increase in trade receivables. The trade receivables are backed by promissory notes issued by financial institutions in the PRC. These notes will be redeemed upon their maturity, or when the need arises.

### Current liabilities

Current liabilities decreased by \$5.9 million, from \$18.5 million as at 31 December 2017 to \$12.6 million as at 30 June 2018, mainly due to decreases in trade and other payables due to repayments and payments of corporate tax in 1H2018. The decrease was partially offset by increase in advance payments from customers.

### Non-current liabilities

Non-current liabilities remained relatively unchanged at approximately \$19.4 million as at 30 June 2018 and 31 December 2017.

### Cash flow statement

Operating loss before working capital changes was \$1.1 million in 2Q2018. Cash in flow due to changes in working capital was \$2.3 million mainly due to decrease in stocks, partially offset by increase in receivables and decrease in payables. Payments for interest expense and corporate tax in 2Q2018 amounted to \$0.9 million. The above contributed to net cash flows generated from operating activities of \$0.3 million in 2Q2018.

Net cash flows generated from investing activities was \$0.04 million due to proceeds from disposal of plant and equipment.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.



10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**Upstream Segment**

In 2Q2018, the Group recognised an allowance of RMB 5.6 million (approximates to S\$1.2 million) for doubtful receivable due from a customer in accordance with the requirements of SFRS(I) 9. The customer, a subsidiary of a major Chinese State-Owned Enterprise and partly owned by the Deyang Government, was affected by the directive to cease its mining operations. It has however acknowledged the debt due and has promised to repay the amount due to the Group if it is able to resume mining operations after the end of the rainy season. Any recovery of the amount will be recognised in the income statement when it is received.

The Company will make an announcement as and when there are any material developments.

**Downstream Segment**

The Group stopped its P<sub>4</sub> production at the end of 2Q2018 to carry out maintenance works. Management will continue to monitor the market situation for P<sub>4</sub>, and the cost of raw materials and production. It will also continue to assess its property plant and equipment for potential impairment to comply with SFRS(I) 1-36.

Management will continue to develop the export market for other downstream chemicals and explore other opportunities to generate income. The depreciation of the Renminbi has created opportunities in the export market as the Group's chemicals will be cheaper for customers outside China. Management will also monitor the ongoing trade negotiation between the United States and China and take steps to mitigate the impact of additional tariffs.

**Going forward**

Management will concurrently review its current operational requirements and take steps to dispose of its surplus factory land and to reduce overheads. This should generate cash to enable the Group to pay off its bank loans. The Group is in discussions with the local government and Bohai Bank to extend the bank loan of RMB24 million which was due on 31 July 2018.

11. **Dividend**

- (a) **Current Financial Period Reported On:** Any dividend declared for the current financial period reported on?

Nil.

- (b) **Corresponding Period of the Immediately Preceding Financial Year:** Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.





- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **Date payable**

Not applicable.

- (e) **Books closure date.**

Not applicable.

12. **If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the second quarter ended 30 June 2018.

13. **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained from shareholders of the Company.

On 21 June 2013, Chief Executive Officer and Executive Director of the Company, Dr. Ong Hian Eng (“**Dr. Ong**”), Mr Ong Kwee Eng (an associate of Dr. Ong), and key executives Mr Wang Xuebo and Mr Chia Chin Hau (collectively, the “**Indemnitors**”) signed a deed of indemnity, under which they have jointly and severally undertaken, *inter alia*, to indemnify and hold harmless the Group against losses in connection with certain land use rights and certain licences, permits and approvals for the Group’s PRC operations (the “**Indemnity**”). No fees were paid or benefits given to the above-mentioned individuals in connection with the deed of indemnity. Please refer to the Company’s offer document dated 25 September 2013 (“**Offer Document**”) under the section entitled “Interested Person Transactions – Present and Ongoing Interested Period Transactions” (Page 191) for further details. Such indemnity against losses in connection with the abovementioned land use rights had expired on 7 April 2015. On 20 February 2017, the Company and the Indemnitors entered into a supplemental deed, pursuant to which it was agreed that the Indemnity shall terminate upon the occurrence of (i) any transaction or series of transaction resulting the Indemnitors and their associates (as defined in the Catalist Rules) collectively holding less than 51.0% of the total issued and paid-up share capital of the Company; and (ii) Dr. Ong, Mr Ong Eng Hock Simon, Mr Ong Eng Siew Raymond and Ms Ong Bee Pheng, and any relative (including by marriage) of Dr. Ong from time to time, no longer collectively constituting a majority representation on the Board.

14. **Negative confirmation pursuant to Rule 705(5) of the Catalist Listing Manual**

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the second quarter ended 30 June 2018 to be false or misleading in any material aspects.



**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual**

The Company hereby confirms that it has procured signed undertakings from all its Directors and the relevant executive officers in the format as set out in Appendix 7H of the Catalist Listing Manual in accordance with Rule 720(1) of the Catalist Listing Manual.

On behalf of the Board,

Ong Eng Hock Simon  
Executive Director  
3 August 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

*This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Liao H.K..  
Telephone number: 6221 0271*

