

**FOR IMMEDIATE RELEASE**

## AsiaPhos continues to improve financial performance in 1Q2015

### Summary of Financial Results for the 3 months ended 31 March:

S\$'000	1Q2015	1Q2014	+ / (-) %
Revenue	6,278	2,416	160
- Upstream	3,782	2,045	85
- Downstream	2,496	371	573
Gross Profit	1,576	636	148
Other income	562	34	1553
Profit/(loss) before tax	(59)	(415)	N.M.
Net attributable Profit/(Loss)	(121)	(415)	N.M.

*"N.M." denotes not meaningful.*

**SINGAPORE – 29 April 2015 – 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, reported an improved financial performance for the quarter ended 31 March 2015 (“1Q2015”).

Revenue grew 160% year-on-year (“y-o-y”) to S\$6.3 million, while net attributable loss was reduced to S\$121,000, from S\$415,000 in the same period last year (“1Q2014”).

Contributions from both the upstream and downstream business segments drove the revenue increase.

Upstream revenue rose 85% y-o-y to S\$3.8 million, from S\$2.0 million in 1Q2014, on the back of higher quantity of phosphate rocks sold and increased average selling price of phosphate rocks. The Group sold 47,000 tonnes of rocks in 1Q2015, compared to 27,700 tonnes in 1Q2014, while the average selling price of rocks was RMB372 per tonne in 1Q2015 compared to RMB356 in 1Q2014.

Downstream revenue grew 573% y-o-y to S\$2.5 million, against \$0.4 million, due mainly to the sale of P<sub>4</sub> and its by-products which accounted for 87% of downstream revenue, or S\$2.2 million. The Group sold 780 tonnes of P<sub>4</sub> in 1Q2015. P<sub>4</sub> sold in 1Q2014 was produced under trial production, which meant the revenue and related costs were not included in the Group's profit and loss statement in 1Q2014 but were adjusted against the carrying value of the plant and equipment.

On the back of higher revenue, the Group's gross profit also increased 148% to S\$1.6 million in 1Q2015, from \$0.6 million in 1Q2014.

Notwithstanding the higher general and administrative costs, which were partially offset by the increase in interest income, the Group managed to reduce its loss before tax for the quarter to S\$59,000, compared to a loss of S\$415,000.

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

“The growth momentum, which was established since 4Q2014, has continued into 1Q2015 which saw higher output and revenue. This is a strong start to the year and we will continue to build on this growth momentum to achieve better performance for the Group.”

## **Business Review**

### Upstream

The Group mined approximately 25,900 tonnes of phosphate rocks in 1Q2015, which is 42% higher than the 17,600 tonnes mined in 1Q2014. The Group intends to invest S\$1.5 million in mining and exploration activities, and mining-related infrastructure, in the second quarter of 2015.

The Group is still awaiting the approval for the renewal of the exploration licence for Mine 2 of 1.28 km<sup>2</sup> and will provide further updates as and when they become available. Meanwhile, the Group holds the mining licence for Mine 2 of 2.0237 km<sup>2</sup> in which it continues to operate.

### Downstream

The Group has engaged independent experts to review the P<sub>4</sub> production process and has implemented changes and improvements. Production of P<sub>4</sub> will resume in May 2015 because of the lower electricity tariff then, and the management will continue to monitor the situation and will take steps to ensure that P<sub>4</sub> are produced economically.

Looking ahead, the price outlook for P<sub>4</sub> is expected to remain challenging. The strength of the RMB continues to pose a challenge to the Group's effort to develop the export market for its downstream chemicals. However, changes to export tax rebates at the beginning of the year have mitigated the effects of the strong RMB and enabled the Group to attract certain export customers.

### **Business Outlook and Prospects**

To complete the acquisition of LY Resources Pte Ltd ("LYR"), the Group is currently seeking regulatory approvals for the listing of shares to be issued. The LYR acquisition will allow it to gain access to an exploration area that is approximately 4.8 times the size of its existing mining area, as well as acquire the entire economic benefits of the existing Dashan profit sharing arrangement, presently accruing to Dashan, its co-operation partner.

Upon completion of the acquisition, in accordance with the requirements of *FRS103 Business Combinations*, the Group is expected to recognise approximately RMB10.9 million (approximately S\$ 2.4 million) as an accounting charge to its profit and loss account, as a portion of the purchase consideration relating to the Dashan profit sharing arrangement is deemed to be an effective settlement of the pre-existing relationship. However, this expected accounting charge should also be viewed in conjunction with the \$20.2 million fair value gain reported in the 2014 fourth quarter results announced on 16 February 2015.

## **Elaborating on the LYR acquisition, Dr Ong added,**

“Completing the LYR acquisition presents both immediate and long term gains for our shareholders, bringing about an immediate impact on our cashflows and the additional increase in a new exploration area holds tremendous growth potential for the future.”

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## **About AsiaPhos Limited**

*AsiaPhos Limited was listed on the Catalist Board of 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 a management team with more than 12 years of relevant experience in their respective fields, the Group currently owns exploration and mining rights to two mines and has started downstream processing activities in its new Gongxing site.*

## **Issued for and on behalf of AsiaPhos Limited by**

### **August Consulting**

Tel: +65 6733 8873

Karen Ting, [karenting@august.com.sg](mailto:karenting@august.com.sg)

Jeremy Sing, [jeremysing@august.com.sg](mailto:jeremysing@august.com.sg)

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***This Press Release should be read in conjunction with the unaudited financial statements announcement of AsiaPhos Limited for the first quarter ended 31 March 2015.***

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*The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Corporate Finance and Mr Low Han Keat, Senior Director, Corporate Finance, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.*