

**FOR IMMEDIATE RELEASE**

## AsiaPhos turns around with net profit of S\$0.5 million in 2Q2015 as revenue triples to S\$12 million

**Summary of Financial Results For the Period Ended 30 June:**

S\$'000	2Q2015	2Q2014	+ / (-) %
Revenue	12,008	3,933	205
- Upstream	6,548	2,745	139
- Downstream	5,460	1,188	360
Gross Profit	2,009	446	350
Profit/(loss) before tax	618	(417)	N.M.
Profit/(loss) after tax	481	(417)	N.M.

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

**SINGAPORE – 4 August 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 a strong financial performance for the quarter ended 30 June 2015 ("**2Q2015**").

The Group achieved net attributable profit of S\$0.5 million in 2Q2015 from a net loss of S\$0.4 million in the same period last year ("**2Q2014**"), as revenue rose 205% to S\$12.0 million year-on-year ("**y-o-y**").

The robust growth in revenue was contributed by both the Upstream and Downstream business segments. Upstream revenue for 2Q2015 increased by 139% y-o-y to S\$6.5 million, driven by an increase in the quantity of phosphate rocks sold as well as higher average selling price. The Group sold 89,100 tonnes of rocks in 2Q2015, more than double the quantity of 43,000 tonnes sold in 2Q2014.

Downstream revenue in the period under review increased 360% y-o-y to S\$5.5 million due mainly to revenue from the sale of P<sub>4</sub> and its by-products, which accounts for 93% of total downstream revenue. The Group sold 1,900 tonnes of P<sub>4</sub> in 2Q2015, against 265 tonnes in 2Q2014.

The Group's gross profit rose 350% to S\$2.0 million, from \$0.5 million previously, as gross profit margin improved to 17% in 2Q2015, from 11% in 2Q2014. This was driven mainly by the increased gross profit margin of its Upstream business segment which benefitted from higher average selling price of rocks and lower cost of sales per tonne. As a result of the reduction in mining levy from RMB30 per tonne to RMB8 per tonne, the Group received a one-off refund of mining surcharge from the PRC government in respect of mining levy paid in prior years. The refund reduced the carrying cost of the phosphate rocks, leading to higher gross profit margins in 2Q2015 for the Upstream segment.

General and administrative costs increased to S\$1.5 million in 2Q2015, from S\$0.9 million in 2Q2014, due to higher costs of maintenance, depreciation and manpower, as the Group ramped up production and increased its business activities.

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

“We are very encouraged by this turnaround which is driven primarily by higher output and revenue.”

On a half-year basis, AsiaPhos posted revenue of S\$18.3 million for the six months ended 30 June 2015 (“HY2015”), a y-o-y increase of 188% from S\$6.3 million in HY2014. Its HY2015 net attributable profit was S\$0.4 million, compared to a net loss of S\$0.8 million in HY2014.

## **Business Outlook**

### Upstream

The Group has commenced work to convert the exploration license to mining license for Mine 1, which, when successful, will increase the approved production scale.

The Group's 2Q2015 mining output of phosphate rocks increased 79.5% to approximately 140,000 tonnes from 78,000 tonnes achieved in 2Q2014. The Group expects output to further improve in the second half of the year, if there are no disruptions caused by adverse weather conditions. With the expected higher output and subsequent sales, and a reduction in mining levy from RMB30 per tonne to RMB8 per tonne, the Group's operating cash flows is expected to improve. However, the price outlook for rocks is expected to remain flat for the rest of the year.

The Group has received the official approval for the renewal of the exploration license for the area of 1.28 km<sup>2</sup> in the vicinity of Mine 2.

Due to the rise in production and sale of rocks, the Group will make further investment to increase handling capacity. In this connection, the Group will be acquiring a second weighbridge to ease the bottleneck at the factory's weighing station.

### Downstream

The Group had recently successfully brought down the production cost of P<sub>4</sub> and if the market prices of P<sub>4</sub> remain at current level, given the lower average production costs, the Group is expected to reverse the negative gross margin from the production/sale of P<sub>4</sub>.

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 for STPP and SHMP at the beginning of the year have mitigated the effects of the strong RMB and enabled the Group to retain certain export customers.

## LYR Acquisition

The Group has announced on 6 July 2015 that it has exercised the call option on 29 June 2015 to acquire the existing shares and to subscribe for new shares in LY Resources Pte Ltd (“LYR”). The Group received the Listing and Quotation Notice from the SGX-ST on 24 July 2015 and thereafter issued the 101,319,000 consideration shares on 27 July 2015. The consideration shares are targeted for listing and quotation on 4 August 2015 and are subject to moratorium period of 12 months from the date of issue.

With the completion of the acquisition, in accordance with the requirements of FRS 103 *Business Combinations*, the Group is expected to recognise approximately RMB10.9 million as an accounting charge to its profit or loss statement. This amount reflects the portion of the purchase consideration relating to the Dashan profit sharing arrangement which is deemed to be a settlement of the pre-existing relationship.

The Group will benefit from the improved cash flows as it no longer needs to pay Dashan its share of profit. The acquisition will also allow the Group to benefit from ownership and/ or control over Fengtai (and correspondingly, the Fengtai License) as it will be able to capitalise on the Fengtai License to expand the effective land area where the Group has mining and exploration rights. This will allow the Group to benefit from greater economies of scale and operational synergies, which has the potential to improve the Group’s operational and financial performance over time.

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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 14 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**

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***This Press Release should be read in conjunction with the unaudited financial statements announcement of AsiaPhos Limited for the second quarter ended 30 June 2015.***

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