

## ASIAPHOS LIMITED

Company Registration Number: 201200335G

### UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

---

#### Background

AsiaPhos Limited (the “Company”) was listed on the Catalist Board (the “Catalist”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 7 October 2013. The initial public offering (the “IPO”) of the Company was sponsored by United Overseas Bank Limited (the “Sponsor”). The Company, incorporated in Singapore under the Singapore Companies Act on 3 January 2012, is the first Singapore-headquartered mineral resources company listed in 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.

Based on independent technical report<sup>(1)</sup>, as at 31 December 2013, the Group has 23.1 million tonnes of measured and indicated phosphorite resources and 18.8 million tonnes of inferred phosphorite resources. The Group undertook a restructuring exercise whereby the Company acquired the entire shareholding interest in Norwest Chemicals Pte. Ltd. (“Norwest Chemicals”) from Eastcomm Pte. Ltd. (“Eastcomm”) and became the holding company of the Group (“Restructuring Exercise”). Please refer to the Company’s offer document dated 25 September 2013 (the “Offer Document”) for further details on the Restructuring Exercise.

Prior to the completion of the Restructuring Exercise, the Group’s financial statements have been presented as if the Group had been in existence for all periods presented and the assets and liabilities are brought into the consolidated financial statements at the existing carrying amounts. The share capital of the Group represented the issued and paid up share capital of the Company and Norwest Chemicals. Subsequent to the completion of the Restructuring Exercise on 16 September 2013, the issued share capital of the Group represented the post-IPO share capital of the Company.

(1) Technical report issued by Watts, Griffis and McOuat Limited dated 28 March 2014 prepared in accordance with NI 43-101 relating to the mineral resources (“Independent Technical Report”). The report is available on the Company’s website. Please refer to para 15(d) for further updates.



**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014**

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					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2014	2013	Change	2014	2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	6,348	3,604	76	12,697	5,758	121
Cost of sales	(5,331)	(2,290)	133	(10,598)	(3,942)	169
<b>Gross profit</b>	<b>1,017</b>	<b>1,314</b>		<b>2,099</b>	<b>1,816</b>	
Other income	471	80	489	947	219	332
Selling and distribution costs	(139)	(81)	72	(509)	(217)	135
General and administrative costs	(1,464)	(1,170)	25	(3,162)	(4,252)	(26)
Finance costs	(316)	(25)	1164	(638)	(53)	1104
<b>Profit/(loss) before tax</b>	<b>(431)</b>	<b>118</b>		<b>(1,263)</b>	<b>(2,487)</b>	
Taxation	-	-	-	-	-	-
<b>Profit/(loss) for the period attributable to owners of the Company</b>	<b>(431)</b>	<b>118</b>		<b>(1,263)</b>	<b>(2,487)</b>	
<b>Other comprehensive income/(loss)</b>						
Foreign currency translation gain/(loss)	1,004	(50)	N.M.	(373)	1,044	N.M.
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>	<b>573</b>	<b>68</b>		<b>(1,636)</b>	<b>(1,443)</b>	

N.M. denotes not meaningful.

Foreign currency translation gain/(loss) represents exchange differences arising from translation of the financial statements of our People's Republic of China ("PRC") subsidiary 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 subsidiary are disposed.

In 3Q2014, the Group recorded translation gain of \$1.0 million due to strengthening of RMB against SGD.



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 profit/(loss) before tax was arrived at after (charging)/crediting the following:

	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2014	2013	Change	2014	2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other income :						
- interest income	471	1	N.M.	818	4	N.M.
- subsidy income <sup>(1)</sup>	-	86	N.M.	6	86	(93)
- gain on relocation	-	-	-	-	40	N.M.
Interest on interest-bearing bank loan	(90)	(25)	260	(270)	(53)	409
Interest expenses - others	(219)	-	N.M.	(365)	-	N.M.
Amortisation and depreciation	(435)	(139)	213	(871)	(392)	122
Allowance for doubtful debts	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-
Write-off for stock obsolescence	-	-	-	-	-	-
Write down of stocks to net realisable value	-	-	-	(112)	-	N.M.
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange gain/(loss) *	(188)	(45)	318	259	338	(23)
Over/(under) provision of tax in respect of prior periods	-	-	-	-	-	-
Gain/(loss) on disposal of property plant and equipment	-	-	-	-	(4)	N.M.
Listing expenses *	-	(163)	N.M.	-	(1,986)	N.M.

N.M. denotes not meaningful.

\* included in general and administrative costs

Note:

(1) There are no unfulfilled conditions or contingencies attached to the subsidy recognised.



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 September 2014 \$'000	31 December 2013 \$'000	30 September 2014 \$'000	31 December 2013 \$'000
<b><u>Non-current assets</u></b>				
Mine properties	456	571	-	-
Land use rights	1,691	1,721	-	-
Property, plant and equipment	33,565	32,033	-	-
Loan receivable	15,000	-	-	-
Prepayments	4,259	4,267	-	-
Other receivables	411	148	-	-
Intangible asset	122	162	-	-
Investment in subsidiary	-	-	33,545	33,545
	<b>55,504</b>	<b>38,902</b>	<b>33,545</b>	<b>33,545</b>
<b><u>Current assets</u></b>				
Stocks	8,880	5,375	-	-
Trade receivables	2,561	398	52	-
Other receivables	1,828	9,591	8	*
Prepayments	1,470	808	181	181
Amounts due from subsidiary	-	-	15,234	3,239
Cash and bank balances	5,551	18,602	2,502	15,966
	<b>20,290</b>	<b>34,774</b>	<b>17,977</b>	<b>19,386</b>
Total assets	<b>75,794</b>	<b>73,676</b>	<b>51,522</b>	<b>52,931</b>
<b><u>Current liabilities</u></b>				
Trade payables	3,679	4,409	-	-
Other payables	4,370	6,967	172	931
Advances from customers	1,135	1,075	-	-
Interest-bearing bank loan	5,692	5,704	-	-
Provision for taxation	414	-	-	-
	<b>15,290</b>	<b>18,155</b>	<b>172</b>	<b>931</b>
Net current assets	<b>5,000</b>	<b>16,619</b>	<b>17,805</b>	<b>18,455</b>
<b><u>Non-current liabilities</u></b>				
Other payables	73	-	-	-
Redeemable preference shares	7,000	-	-	-
Deferred tax liabilities	1,380	1,797	-	-
Deferred income	2,351	2,387	-	-
Provision for rehabilitation	168	169	-	-
	<b>10,972</b>	<b>4,353</b>	<b>-</b>	<b>-</b>
Total liabilities	<b>26,262</b>	<b>22,508</b>	<b>172</b>	<b>931</b>
<b>Net assets</b>	<b>49,532</b>	<b>51,168</b>	<b>51,350</b>	<b>52,000</b>
<b><u>Equity attributable to owners of the Company</u></b>				
Share capital	56,541	56,541	56,541	56,541
Reserves	(7,009)	(5,373)	(5,191)	(4,541)
<b>Total equity</b>	<b>49,532</b>	<b>51,168</b>	<b>51,350</b>	<b>52,000</b>

\* denotes amounts less than \$1,000.



(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 September 2014		31 December 2013	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable				
In one year or less, or on demand	5,692	-	5,704	-
After one year	-	-	-	-
	<u>5,692</u>	<u>-</u>	<u>5,704</u>	<u>-</u>

#### Details of collaterals

Borrowings of the Group as at 30 September 2014 and 31 December 2013 consisted of a short term bank loan of RMB27.5 million (approximately \$5.7 million). The bank loan was secured by land use rights with net book value of approximately RMB8.2 million (approximately \$1.7 million) and certain property, plant and equipment with net book value of approximately RMB116.1 million (approximately \$24.0 million) as at 30 September 2014. As at 31 December 2013 net book value of the land use rights and property, plant and equipment were RMB8.3 million (approximately \$1.7 million) and RMB122.8 million (approximately \$25.5 million) respectively.

An amount of \$1.0 million of the Company's fixed deposits is also pledged as collateral for bank overdraft facility. As at 30 September 2014 and 31 December 2013, the bank overdraft facility was not utilised.



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		Group	
	Third Quarter Ended		Nine Months Ended	
	30 September		30 September	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities :</b>				
Profit/(Loss) before taxation	(431)	118	(1,263)	(2,487)
Adjustments for :				
Depreciation of property, plant and equipment	376	92	693	256
(Gain)/loss on disposal of property, plant and equipment	-	-	-	4
Amortisation of mine properties, land use rights and intangible asset	59	47	178	136
Gain on relocation	-	-	-	(40)
Interest expense	309	25	635	53
Interest income	(471)	(1)	(818)	(4)
Listing expenses	-	163	-	1,986
Unrealised exchange gain	652	-	(265)	-
Amortisation of deferred income	(32)	-	(32)	-
Operating profit/(loss) before working capital changes	462	444	(872)	(96)
(Increase)/decrease in stocks	(1,390)	2,329	(3,474)	(1,910)
(Increase)/decrease in receivables	1,305	1,122	(832)	(382)
Increase/(decrease) in payables	448	1,220	784	6,080
Cash (used in)/generated from operations	825	5,115	(4,394)	3,692
Interest received	3	1	37	4
Interest paid	(90)	(25)	(270)	(53)
Net cash flows (used in)/generated from operating activities	738	5,091	(4,627)	3,643
<b>Cash flows from investing activities :</b>				
Purchase of property, plant and equipment	(1,037)	(4,452)	(6,018)	(8,368)
Purchase of investment	-	-	(15,000)	-
Proceeds from sale of trial products	-	-	6,532	538
Payments made in advance for property, plant and equipment	(282)	-	(282)	-
Compensation proceeds from government for relocation of factory	-	-	-	40
Payment of deposit	-	(104)	(107)	(104)
Net cash flows used in investing activities	(1,319)	(4,556)	(14,875)	(7,894)
<b>Cash flows from financing activities :</b>				
Repayment of bank loan	-	(101)	-	(101)
Proceeds from bank loan	-	-	-	984
Proceeds from issue of redeemable preference shares	-	-	7,000	-
Increase in pledged deposits	(1)	-	(1)	-
Proceeds from issue of new shares	-	-	-	1,200
Payments incurred in relation to the initial public offering	(75)	(454)	(550)	(1,174)
Net cash flows (used in)/generated from financing activities	(76)	(555)	6,449	909
Net decrease in cash and cash equivalents	(657)	(20)	(13,053)	(3,342)
Cash and cash equivalents at beginning of period	5,320	925	17,431	4,613
Effects of exchange rate changes on cash and cash equivalents	(283)	(16)	2	(382)
Cash and cash equivalents at end of period	4,380	889	4,380	889
Cash and bank balances	5,551	1,393	5,551	1,393
Less: bank overdraft	-	(337)	-	(337)
Less : pledged deposits	(1,171)	(167)	(1,171)	(167)
Cash and cash equivalents at end of period	4,380	889	4,380	889



**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.**

<b>Group</b>	<b>Share capital \$'000</b>	<b>Merger reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Safety fund surplus reserve \$'000</b>	<b>Total reserves \$'000</b>	<b>Total equity \$'000</b>
<b>2014</b>							
Balance at 1 January 2014	56,541	850	(8,699)	2,476	-	(5,373)	51,168
Total comprehensive income/(loss) for the period	-	-	(415)	(1,264)	-	(1,679)	(1,679)
Transfer to safety fund surplus reserve	-	-	(15)	-	15	-	-
Utilisation of safety fund surplus reserve	-	-	15	-	(15)	-	-
Balance at 31 March 2014	56,541	850	(9,114)	1,212	-	(7,052)	49,489
Total comprehensive income/(loss) for the period	-	-	(417)	(113)	-	(530)	(530)
Transfer to safety fund surplus reserve	-	-	(63)	-	63	-	-
Utilisation of safety fund surplus reserve	-	-	63	-	(63)	-	-
Balance at 30 June 2014	56,541	850	(9,531)	1,099	-	(7,582)	48,959
Total comprehensive income/(loss) for the period	-	-	(431)	1,004	-	573	573
Transfer to safety fund surplus reserve	-	-	(7)	-	7	-	-
Utilisation of safety fund surplus reserve	-	-	7	-	(7)	-	-
Balance at 30 September 2014	56,541	850	(9,962)	2,103	-	(7,009)	49,532
<b>2013</b>							
Balance at 1 January 2013	32,548	-	(5,032)	1,093	-	(3,939)	28,609
Total comprehensive income/(loss) for the period	-	-	(749)	365	-	(384)	(384)
Issue of new shares	1,846	-	-	-	-	-	1,846
Transfer to safety fund surplus reserve	-	-	(13)	-	13	-	-
Utilisation of safety fund surplus reserve	-	-	13	-	(13)	-	-
Balance at 31 March 2013	34,394	-	(5,781)	1,458	-	(4,323)	30,071
Total comprehensive income/(loss) for the period	-	-	(1,856)	729	-	(1,127)	(1,127)
Transfer to safety fund surplus reserve	-	-	(61)	-	61	-	-
Utilisation of safety fund surplus reserve	-	-	15	-	(15)	-	-
Balance at 30 June 2013	34,394	-	(7,683)	2,187	46	(5,450)	28,944
Total comprehensive income/(loss) for the period	-	-	118	(50)	-	68	68
Issue of new shares	33,545	-	-	-	-	-	33,545
Adjustment arising from Restructuring Exercise	(34,394)	850	-	-	-	850	(33,544)
Transfer to safety fund surplus reserve	-	-	(1)	-	1	-	-
Utilisation of safety fund surplus reserve	-	-	17	-	(17)	-	-
Balance at 30 September 2013	33,545	850	(7,549)	2,137	30	(4,532)	29,013



Company	Share capital \$'000	Accumulated losses \$'000	Total reserve \$'000	Total equity \$'000
<b>2014</b>				
Balance at 1 January 2014	56,541	(4,541)	(4,541)	52,000
Total comprehensive income/(loss) for the period	-	(229)	(229)	(229)
Balance at 31 March 2014	56,541	(4,770)	(4,770)	51,771
Total comprehensive income/(loss) for the period	-	41	41	41
Balance at 30 June 2014	56,541	(4,729)	(4,729)	51,812
Total comprehensive income/(loss) for the period	-	(462)	(462)	(462)
Balance at 30 September 2014	56,541	(5,191)	(5,191)	51,350
<b>2013</b>				
Balance at 1 January 2013	*	(1,738)	(1,738)	(1,738)
Total comprehensive income/(loss) for the period	-	(1)	(1)	(1)
Balance at 31 March 2013	*	(1,739)	(1,739)	(1,739)
Total comprehensive income/(loss) for the period	-	41	41	41
Balance at 30 June 2013	*	(1,698)	(1,698)	(1,698)
Total comprehensive income/(loss) for the period	-	(1,926)	(1,926)	(1,926)
Issue of new shares	33,545	-	-	33,545
Balance at 30 September 2013	33,545	(3,624)	(3,624)	29,921

\* denotes amounts less than \$1,000.





**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

	Company	
	Number of shares issued	Paid-up capital (\$)
As at 1 July 2013 before share split	16,000,002	16,000,002
Total issued shares after share split	64,000,008	16,000,002
Final issue of shares pursuant to restructuring exercise	638,399,992	17,544,782
As at 30 September 2013	702,400,000	33,544,784

As at 1 July and 30 September 2014, number of shares issued and paid-up capital of the Company were 800,000,000 and \$56,540,997 respectively.

Further to our announcements dated 22 April 2014 and 30 April 2014, following the exercise of the call and put options in relation to the subscription of convertible loan notes and redeemable preference shares, the Company may issue up to a maximum of 144 million shares in the Company. Note in our announcement dated 1 August 2014, we had stated that a maximum amount of 242.2 million shares in the Company may be issued.

As at the date of this announcement, the aforementioned transaction has not been completed and no shares have been issued.

**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.**

	Company	
	30 September 2014	31 December 2013
Total number of issued shares (excluding treasury shares)	800,000,000	800,000,000

**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.



- 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 2013.

- 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.**

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the financial period beginning on 1 January 2014. The adoption of these new/revised FRS, INT FRS and amendments to FRS has no material impact on the financial performance or position of the Group and the Company.



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			
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2014	2013	2014	2013
Profit/(loss) for the period attributable to owners of the Company (\$'000)	(431)	118	(1,263)	(2,487)
Number of ordinary shares ('000) <sup>(1)</sup>	702,400	702,400	702,400	702,400
Basic earnings/(loss) per share (cents) <sup>(3)</sup>	(0.06)	0.02	(0.18)	(0.35)
Number of ordinary shares ('000) <sup>(2)</sup>	800,000	800,000	800,000	800,000
Basic earnings/(loss) per share (cents) <sup>(3)</sup>	(0.05)	0.01	(0.16)	(0.31)
Weighted average number of shares ('000)	800,000	138,870	800,000	46,799
Basic earnings/(loss) per share (cents)	(0.05)	0.08	(0.16)	(5.31)

Notes:

(1) Earnings/loss per share ("EPS") of the Group for third quarter and nine months ended 30 September 2014 and 2013 have been computed based on pre-IPO share capital of 702,400,000 ordinary shares.

(2) EPS of the Group for third quarter and nine months ended 30 September 2014 and 2013 have been computed based on post-IPO share capital of 800,000,000 ordinary shares.

(3) Computations of EPS based on pre-IPO and post-IPO number of shares have been provided for the purpose of comparability.

As the Group was in a loss making position for the third quarter and the nine months ended 30 September 2014, diluted EPS was not disclosed. There were no potentially dilutive instruments, as such, the basic and diluted EPS were the same in third quarter and nine months ended 30 September 2013.

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.

	Group		Company	
	As at		As at	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Net asset value (\$'000)	49,532	51,168	51,350	52,000
Number of ordinary shares ('000)	800,000	800,000	800,000	800,000
Net asset value per ordinary share (cents)	6.19	6.40	6.42	6.50



The net asset value of the Group did not take into account the fair market value of the mining and exploration rights as these were recorded on the historical cost basis. Note - as at 31 March 2013, the independent valuation of the mines and P4 plant was RMB1.3 billion.

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 are approximate figures and where applicable, have been rounded to the nearest one decimal place.

Our Group is organised into business units based on their products and services as follows:

a) upstream segment relates to our business of exploration, mining and sale of phosphate rocks (the "Upstream segment"); and

(b) downstream segment relates to our 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 by-products, such as slag, sludge and ferrophosphate, produced as a result of such manufacturing process (the "Downstream segment").

### **Profit or loss**

#### **Revenue**

	Group		
	3Q2014	3Q2013	Change
	\$'000	\$'000	%
Upstream segment	1,945	3,177	-39%
Downstream segment	4,403	427	931%
<b>Total</b>	<b>6,348</b>	<b>3,604</b>	<b>76%</b>

Revenue for the Group increased by \$2.7 million or 76%, from \$3.6 million for the third quarter ended 30 September 2013 ("3Q2013") to \$6.3 million for third quarter ended 30 September 2014 ("3Q2014").

	3Q2014			3Q2013		
	Quantity	Average selling price		Quantity	Average selling price	
	Tonnes	RMB	S\$ <sup>(1)</sup>	Tonnes	RMB	S\$ <sup>(2)</sup>
<b><u>Upstream segment</u></b>						
Phosphate rocks	27,700	352	72	45,200	347	70
<b><u>Downstream segment</u></b>						
P <sub>4</sub>	1,452	12,062	2,465	-	-	-
P <sub>4</sub> - slag	32,304	35	7	7,276	40	8
STPP	209	8,121	1,660	190	7,982	1,605
SHMP	52	8,931	1,825	31	8,890	1,788

Notes:

(1) based on exchange rate of RMB4.8924: S\$1.00

(2) based on exchange rate of RMB4.9727: S\$1.00



The increase in revenue was mainly due to increase in revenue from the sale of P<sub>4</sub> and its by-products in 3Q2014. There was no sales of P<sub>4</sub> in 3Q2013 and the quantity of slag (P<sub>4</sub> by-product) sold was higher in 3Q2014 than that in 3Q2013. Revenue from STPP and SHMP also increased due to higher quantities sold and higher average selling prices in 3Q2014.

The increase in revenue from downstream segment was partially offset by reduction in revenue from upstream segment as the Group used phosphate rocks for its P<sub>4</sub> production and earlier stoppage of the mining operations in 2Q2014 due to early arrival of the rainy season led to reduction in quantity of phosphate rocks available for sale. Average selling price of phosphate rocks were marginally higher than in 3Q2013.

#### Gross profit

	Group		
	3Q2014	3Q2013	Change
	\$'000	\$'000	%
Upstream segment	633	1,022	-38%
Downstream segment	384	292	32%
Total	1,017	1,314	-23%

Gross profit in 3Q2014 was lower than that in 3Q2013 mainly due to the change in sales mix. With a lower proportion of revenue contributed by the upstream segment which generally has higher margins, the Group's gross profit reduced from \$1.3 million in 3Q2013 to \$1.0 million in 3Q2014.

#### Other income

Other income increased by \$0.4 million or 489%, from \$0.1 million in 3Q2013 to \$0.5 million in 3Q2014, mainly due to increase in interest income arising from convertible loan notes which the Group subscribed for in 2Q2014.

#### Selling and distribution costs

Selling and distribution costs increased by \$0.06 million or 72%, from \$0.08 million in 3Q2013 to \$0.1 million in 3Q2014, mainly due to transportation and selling costs related to sale of downstream products, as well as costs incurred by the Group's Shanghai sales office.

#### General and administrative costs

General and administrative costs increased by \$0.3 million or 25%, from \$1.2 million in 3Q2013 to \$1.5 million in 3Q2014, mainly due to increases in salaries and related expenses arising from additional headcount and salary adjustments; corporate and office expenses such as continuing sponsorship fees and directors' fees which the Group incurred as a result of being a listed entity; and higher foreign exchange loss.

The above increases were partially offset by the absence of professional fees (incurred in connection with the Group's initial public offering in 2013) in 3Q2014.

#### Finance costs

Finance costs increased by \$0.3 million or 1,164%, from \$0.03 million in 3Q2013 to \$0.3 million in 3Q2014, mainly due to interest expense incurred on the redeemable preference shares issued in 2Q2014 and on the interest-bearing bank loan. There were no redeemable preferable shares and interest-bearing bank loan in 3Q2013.



## Taxation

In 3Q2014 and 3Q2013, the Group had no taxable income and did not make provision for income tax.

## **Balance sheet**

### Non-current assets

Non-current assets increased by \$16.6 million from \$38.9 million as at 31 December 2013 to \$55.5 million as at 30 September 2014. This was mainly due to increases in

- property, plant and equipment of \$1.5 million due to additions in plant and equipment and construction-in-progress;
- convertible loan notes with principal amount of \$15 million which the Group subscribed for in 2Q2014; and
- other receivables of \$0.3 million due to the deferred portion of interest income receivable of \$0.2 million arising from convertible loan notes and increase in deposits of \$0.1 million arising from payment to local PRC government in respect of the Group's rehabilitation obligations for closure of its mines in future.

The above increase was partially offset by decreases in land use rights and mine properties because of amortisation charges.

### Current assets

Current assets decreased by \$14.5 million from \$34.8 million as at 31 December 2013 to \$20.3 million as at 30 September 2014 mainly due to decreases in:

- other receivables by \$7.8 million mainly due to receipt of proceeds from sale of P<sub>4</sub> produced during the trial production amounting to \$6.5 million in the six months ended 30 June 2014 and receipt of environment grant of \$1.7 million in 1Q2014. The reduction in other receivables was partially offset by increase in interest income receivable of \$0.6 million arising from the convertible loan notes; and
- cash and bank balances by \$13.1 million utilised for working capital, and subscription of convertible loan notes and partially offset by proceeds from redeemable preference shares.

The above decreases were partially offset by increases in:

- stocks by \$3.5 million due to increase in P<sub>4</sub> stocks and related raw materials;
- trade receivables by \$2.2 million; and
- prepayments by \$0.7 million due to prepayments made for electricity in connection with the commencement of P<sub>4</sub> production.

### Current liabilities

Current liabilities decreased by \$2.9 million from \$18.2 million as at 31 December 2013 to \$15.3 million as at 30 September 2014 due to decreases in:

- trade payables by \$0.7 million mainly due to payments made to our suppliers and contractors; and
- other payables by \$2.6 million mainly due to payments made for our property, plant and equipment. The decrease in other payables was partially offset by increase in accrued interest expense arising from redeemable preference shares.



The above decreases were partially offset by increase in provision for taxation by \$0.4 million. In FY2013, the Group recognised deferred tax liability for tax exposure arising from an environmental grant. As the grant was received in 1Q2014 and subject to tax in FY2014, deferred tax liability related to the grant was transferred to provision for taxation.

#### Non-current liabilities

Non-current liabilities increased by \$6.6 million from \$4.4 million as at 31 December 2013 to \$11.0 million as at 30 September 2014, mainly due to the issuance of redeemable preference shares and accrual of the deferred portion of interest expense on redeemable preference shares. The above increases were partially offset by reduction in deferred tax liabilities.

#### Cash flow statement

Net cash flows generated from operating activities was \$0.7 million for 3Q2014. This was mainly due to the operating profit before working capital changes in 3Q2014; and changes in working capital arising from increase in stocks, decrease in receivables and increase in payables by \$1.4 million, \$1.3 million and \$0.5 million respectively.

Net cash flows used in investing activities of \$1.3 million for 3Q2014 was due to payments made for plant and equipment.

Net cash flows used in financing activities of \$0.1 million for 3Q2014 was due to progressive payments of accrued professional fees in relation to the initial public offering.

**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.**

In 3Q2014, the Group managed to overcome the technical issues encountered in the start-up of commercial production for P<sub>4</sub> and reduced its production costs to approximately RMB11,200 per tonne. However, the Group faced further softening of P<sub>4</sub> prices in Sichuan. The average price of P<sub>4</sub> sold in 3Q2014 was RMB12,056 per tonne compared to the average price achieved in 2Q2014 when the Group sold P<sub>4</sub> at an average of RMB12,750 per tonne. Management believes that the price of P<sub>4</sub> may have bottomed out at RMB11,880 per tonne. P<sub>4</sub> price is currently around RMB 12,100 per tonne.

The Group obtained approval for the expansion of the exploration area and renewal of the exploration license for Mine 1 in August 2014. This is significant as the expanded exploration area should lead to increase in the mineral resources that the Group will be able to mine. The Group's geologists are working to update the resource estimate and the Group will provide an update as soon as the updated technical report is made available. In 2Q2014, approximately 78,000 tonnes of phosphate rocks were mined before mining was stopped in early June 2014 because of the early start to the rainy season. Mining resumed in late September and we expect to build on the momentum to increase mining output before the onset of winter.

As at 30 September 2014, the Group held approximately 9,300 tonnes of phosphate rocks and approximately 2,300 tonnes of P<sub>4</sub>. Management is closely monitoring the prices of phosphate



rocks and P<sub>4</sub>, and may sell the phosphate rocks mined in 4Q2014 and hold a minimal quantity that is required for P<sub>4</sub> production in FY2015.

The sale of STPP recorded a small increase in 3Q2014 compared to 3Q2013 and management is expecting the STPP business to see only a minimal increase in FY2015.

Save for the office building, the Group has not embarked on the other plant and equipment in phase 2 of the rebuilding programme as it has yet to receive the land use certificate for the phase 2 land.

#### **Update on status of renewal of exploration licenses**

The Group has still has not received official approval on the renewal of the exploration licenses for Mine 2 and will provide updates as and when these become available.

#### **Update on the proposed acquisition of LY Resources Pte Ltd (“LYR”)**

The valuation of LYR is currently underway. Once the independent valuers confirm that the valuation threshold of RMB250 million of LYR has been met, the Board intends to complete the transaction by exercising its call option to acquire the LYR shares. The Board expects the independent valuation to be ready before the end of the financial year. The Board will provide updates when there are material developments on this transaction. The Board is of the view that it is not prudent to recognise any valuation adjustments on the call and put option agreement with LYR as at the date of this announcement.

#### **11. If a decision regarding dividend has been made:**

##### **(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

##### **(b)(i) Amount per share**

Not applicable.

##### **(b)(ii) Previous corresponding period**

None.

##### **(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) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared or recommended for third quarter ended 30 September 2014.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions 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.

On 21 June 2013, Dr Ong Hian Eng (our Chief Executive Officer and Executive Director), Mr Ong Kwee Eng (an associate of Dr Ong Hian Eng), and our key executives Mr Wang Xuebo and Mr Chia Chin Hau 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. No fees were paid or benefits given to the above-mentioned individuals in connection with the deed of indemnity. Please refer to the Group's Offer Document under the section "Interested Person Transactions – Present and Ongoing Interested Period Transactions" (Page 191) for details.

Other than the above interested person transaction which has been deemed approved by our Shareholders, there were no other interested person transactions during the financial period under review.



#### 14. Use of IPO proceeds.

As of the date of this announcement, the utilisation of the Group's IPO net proceeds is set out below:

Description	Amount allocated (as disclosed in the Offer Document)	Amount utilised as at the date of this announcement	Balance of net proceeds as at date of this announcement
	\$'000	\$'000	\$'000
Development and financing of our Mining Operations	8,500	(1,489)	7,011
Financing the balance of Phase 1 and Phase 2 of the Rebuilding Programme	11,499	(5,516)	5,983
Working capital	1,553	(11,083)	(9,530)
Net proceeds	21,552	(18,088)	3,464

Out of the \$11.08 million utilised as working capital at the date of this announcement, an amount of \$0.2 million was in relation to the listing expenses incurred in addition to the estimated expenses of \$2.8 million as disclosed in the offer document.

Pending the deployment of proceeds for the allocated amount for Mining Operations and Phase 2 of the Rebuilding Programme, the Group has utilised \$11.08 million from the IPO proceeds for working capital to fund (i) the purchases of materials and supplies; (ii) the production of rocks and P<sub>4</sub>; (iii) repayment of bank borrowings and (iv) credit extended to customers for sale of rocks and P<sub>4</sub>. As the Group has not received the land use certificate for the Phase 2 land, only the office building was completed. Upon receipt of the land use certificate and receipt of all relevant approvals, barring unforeseen circumstances, we intend to commence work on the remaining plant and machinery in Phase 2 of the Rebuilding Programme.

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed.

#### 15. Additional disclosure required for Mineral, Oil and Gas companies

##### 15(a) Rule 705(6)(a) of the Catalist Listing Manual

##### i. Use of funds/cash for the quarter:

	Actual \$'000
Further mining and exploration activities	-
Expenditure on mining related infrastructure and purchase of equipment	394
	394



ii. **Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:**

	Projected	
	RMB'000	\$'000*
Further mining and exploration activities	1,042	213
Expenditure on mining related infrastructure and purchase of equipment	100	20
	<u>1,142</u>	<u>233</u>

\* based on exchange rate of RMB4.892 : S\$1.00

**15(b) Rule 705(6)(b) of the Catalist Listing Manual**

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

**15(c) Rule 705(7) of the Catalist Listing Manual**

**Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Group and a summary of the expenditure incurred on those activities including explanations for any material variances with previous projections, for the period under review. If there has been no exploration development and/or production activity respectively, that fact must be stated.**

	Projected		Actual	Variance
	RMB'000	\$'000*	\$'000	\$'000
Further mining and exploration activities	-	-	-	-
Expenditure on mining related infrastructure and purchase of equipment	-	-	394	(394)
	<u>-</u>	<u>-</u>	<u>394</u>	<u>(394)</u>

\* based on exchange rate of RMB4.892 : S\$1.00

There were no exploration activities in 3Q2014. The payments made in 3Q2014 were payments to suppliers for expenditure incurred in 2Q2014.

**15(d) Rule 705(7)(b) of the Catalist Listing Manual**

**Update on its reserve and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.**

Save for the information provided in our announcements dated 10 April 2014, 17 June 2014 and 13 August 2014, the Group has no material updates on our phosphate resources as set out in the Independent Technical Report. The Group will provide an update when the independent geologist finalises its updated technical report.



**16. Negative confirmation pursuant to Rule 705(5).**

The Board of Directors of the Company, do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for third quarter ended 30 September 2014 to be false or misleading in any material aspects.

On behalf of the Board of Directors,

Ong Eng Hock Simon  
Executive Director  
10 November 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of SGX-ST. The Sponsor has not independently verified the contents of this announcement and has not drawn on any specific technical expertise in its review of this announcement.*

*The announcement has not been examined or approved by SGX-ST. The Sponsor and SGX-ST assume 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 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 6539 1177.*

