ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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. The Company, incorporated in Singapore under the Singapore Companies Act on 3 January 2012, is the first Singapore-headquartered mineral resources company listed on the SGX-ST which is solely focused on exploring and mining phosphate in the People's Republic of China (the "**PRC**") with the ability to manufacture and produce phosphate-based chemical products.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF RESULTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017

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		
	2017	2016	Change	2017	2016	Change
	$'000	$'000	%	$'000	$'000	%
Revenue	11,819	9,240	28	40,020	20,828	92
Cost of sales	(9,549)	(7,957)	20	(32,841)	(17,157)	91
Gross profit	2,270	1,283	77	7,179	3,671	96
Other income	68	102	(33)	246	269	(9)
Selling and distribution costs	(329)	(111)	196	(1,091)	(276)	295
General and adminstrative costs	(1,591)	(1,605)	(1)	(4,301)	(4,163)	3
Finance costs	(192)	(222)	(14)	(515)	(603)	(15)
Profit/(loss) before tax	226	(553)		1,518	(1,102)	
Taxation	(102)	-	N.M.	(482)	-	N.M.
Profit/(loss) for the period	124	(553)		1,036	(1,102)	
Other comprehensive income						
Items that may be recycled to profit or loss						
Foreign currency translation gain/(loss)	199	312	(36)	(842)	(2,842)	(70)
Total comprehensive income for the period	323	(241)		194	(3,944)	
Profit/(loss) for the period attributable to:						
Owners of the Company	124	(553)		1,036	(1,102)	
Non-controlling interest	-	-		-	-	
	124	(553)		1,036	(1,102)	
Total comprehensive income for the period attributable to:						
Owners of the Company	323	(241)		194	(3,944)	
Non-controlling interest	-	-		-	-	
	323	(241)		194	(3,944)	

"N.M." denotes not meaningful.

Foreign currency translation gain/(loss) represents exchange differences arising from translation of the financial statements of our 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 the third quarter ended 30 September 2017 ("**3Q2017**"), the Group recorded translation gain of $0.2 million due to the weakening 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 profit/(loss) before tax was arrived at after (charging)/crediting the following:

	Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2017	2016	Change	2017	2016	Change
	$'000	$'000	%	$'000	$'000	%
Interest income	5	3	67	23	9	156
Interest expenses	(98)	(220)	(55)	(413)	(593)	(30)
Amortisation and depreciation #	(326)	(324)	1	(622)	(794)	(22)
Gain on disposal of property, plant and equipment	-	-	N.M.	-	1	N.M.
Foreign exchange gain/(loss) *	16	(83)	N.M.	150	275	(45)
Overprovision of prior years' taxation	-	-	N.M.	80	-	N.M.

"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 September 2017	31 December 2016	30 September 2017	31 December 2016
	$'000	$'000	$'000	$'000
Non-current assets				
Mine properties	64,915	65,133	-	-
Land use rights	4,377	4,535	-	-
Property, plant and equipment	37,174	38,619	-	-
Prepayments	526	691	-	-
Other receivables	280	285	-	-
Goodwill	12,249	12,249	-	-
Deferred tax asset	527	64	-	-
Investment in subsidiaries	-	-	78,036	72,311
	120,048	121,576	78,036	72,311
Current assets				
Stocks	8,172	7,941	-	-
Trade receivables	2,008	3,975	-	-
Other receivables	1,026	601	118	57
Prepayments	4,073	1,108	392	38
Cash and bank balances	5,810	2,588	1,446	1,027
Amounts due from subsidiaries	-	-	6,754	4,038
	21,089	16,213	8,710	5,160
Total assets	141,137	137,789	86,746	77,471
Current liabilities				
Bank overdraft (secured)	-	392	-	392
Trade payables	5,768	6,022	-	-
Other payables	4,375	5,569	248	145
Advance payments from customers	2,061	455	-	-
Interest-bearing bank loans	6,950	7,086	-	-
Loan due to a director	-	1,000	-	1,000
Deferred income	9	35	-	-
Provision for taxation	652	556	-	-
Amounts due to subsidiaries	-	-	2,955	1,239
	19,815	21,115	3,203	2,776
Net current assets/(liabilities)	1,274	(4,902)	5,507	2,384
Non-current liabilities				
Redeemable preference shares	-	5,725	-	-
Deferred tax liabilities	17,688	17,506	-	-
Deferred income	2,071	2,202	-	-
Provision for rehabilitation	166	170	-	-
	19,925	25,603	-	-
Total liabilities	39,740	46,718	3,203	2,776
Net assets	**101,397**	**91,071**	**83,543**	**74,695**
Equity attributable to owners of the Company				
Share capital	78,283	68,151	78,283	68,151
Reserves	13,651	13,457	5,260	6,544
	91,934	81,608	83,543	74,695
Non-controlling interest	9,463	9,463	-	-
Total equity	**101,397**	**91,071**	**83,543**	**74,695**

(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 2017		31 December 2016	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable				
In one year or less, or on demand	6,950	-	7,478	1,000
After one year	-	-	-	5,725
	6,950	-	7,478	6,725

Details of collaterals

As at 30 September 2017, the Group pledged land use rights and certain property, plant and equipment of the Group, with net book value of RMB21.4 million (approximately $4.4 million) and RMB72.5 million (approximately $14.8 million) respectively, as collaterals. The Company has also provided a corporate guarantee for a bank loan of RMB24.0 million (approximately $4.9 million).

As at 31 December 2016, the Group pledged land use rights and certain property, plant and equipment of the Group, with net book value of RMB21.8 million (approximately $4.5 million) and RMB74.9 million (approximately $15.6 million) respectively, as collaterals. The Company has also provided a corporate guarantee for a bank loan of RMB24.0 million (approximately $5.0 million).

An amount of $1.0 million of the Company’s fixed deposits was also pledged as collateral for bank overdraft facility as at 30 September 2017 and 31 December 2016.

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			
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash flows from operating activities :				
Profit/(Loss) before taxation	226	(553)	1,518	(1,102)
Adjustments for :				
Depreciation expenses	540	501	2,745	2,185
Gain on disposal of property, plant and equipment	-	-	-	(1)
Amortisation expenses	124	61	285	489
Interest expense	98	220	413	593
Interest income	(5)	(3)	(23)	(9)
Unrealised exchange loss/(gain)	35	69	(157)	(267)
Government grant	(1)	-	(1)	-
Amortisation of deferred income	(34)	(37)	(115)	(79)
Operating profit/(loss) before working capital changes	983	258	4,665	1,809
(Increase)/decrease in stocks	1,448	3,529	(376)	(1,935)
(Increase)/decrease in receivables	3,789	2,578	(1,396)	40
Increase/(decrease) in payables	(6,673)	(5,468)	354	(547)
Cash generated from/(used in) operations	(453)	897	3,247	(633)
Interest received	5	3	23	9
Interest paid	(98)	(342)	(602)	(1,241)
Tax paid	(260)	-	(638)	(703)
Net cash flows generated from/(used in) operating activities	(806)	558	2,030	(2,568)
Cash flows from investing activities :				
Payments for property, plant and equipment	(985)	(496)	(1,806)	(2,730)
Receipt of government grant	1	-	1	58
Proceeds from disposal of property, plant and equipment	-	-	-	1
Net cash flows used in investing activities	(984)	(496)	(1,805)	(2,671)
Cash flows from financing activities :				
Repayment of bank loan	(2,894)	-	(5,945)	-
Proceeds from bank loan	5,945	1,652	5,945	7,082
Net proceeds from rights cum warrants issue	-	-	4,158	-
Proceeds from exercise of warrants	1,002	-	1,403	-
Payments of share issuance expense	-	-	(284)	(32)
Proceeds from issue of redeemable preference shares	-	-	-	4,000
Redemption of redeemable preference shares	-	-	(1,403)	(6,325)
Increase in pledged deposits	(2)	(2)	(5)	(7)
Repayment of loan due to a director	-	-	(467)	-
Dividends paid	-	-	-	(901)
Net cash flows generated from/(used in) financing activities	4,051	1,650	3,402	3,817
Net increase/(decrease) in cash and cash equivalents	2,261	1,712	3,627	(1,422)
Cash and cash equivalents at beginning of period	2,347	(101)	1,012	3,098
Effects of exchange rate changes on cash and cash equivalents	15	(84)	(16)	(149)
Cash and cash equivalents at end of period	4,623	1,527	4,623	1,527

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 September	
	2017	2016
	$'000	$'000
Cash and bank balances	5,810	3,695
Less: bank overdraft (secured)	-	(984)
Less : pledged deposits	(1,187)	(1,184)
Cash and cash equivalents at end of period	4,623	1,527

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	Merger reserve	Retained earnings	Foreign currency translation reserve	Safety fund surplus reserve	Total reserves	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017								
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
Issue of new ordinary shares	1,002	-	-	-	-	-	-	1,002
Total comprehensive income for the period	-	-	124	199	-	323	-	323
Transfer to safety fund surplus reserve	-	-	(149)	-	149	-	-	-
Utilisation of safety fund surplus reserve	-	-	176	-	(176)	-	-	-
Balance at 30 September 2017	78,283	850	10,392	1,392	1,017	13,651	9,463	101,397
2016								
Balance at 1 January 2016	68,151	850	12,627	4,249	381	18,107	10,289	96,547
Total comprehensive income for the period	-	-	(915)	(1,915)	-	(2,830)	-	(2,830)
Transfer to safety fund surplus reserve	-	-	(48)	-	48	-	-	-
Balance at 31 March 2016	68,151	850	11,664	2,334	429	15,277	10,289	93,717
Total comprehensive income for the period	-	-	366	(1,239)	-	(873)	-	(873)
Dividends paid	-	-	(901)	-	-	(901)	-	(901)
Adjustment to fair value of net identifiable assets acquired	-	-	-	-	-	-	(826)	(826)
Transfer to safety fund surplus reserve	-	-	(250)	-	250	-	-	-
Utilisation of safety fund surplus reserve	-	-	155	-	(155)	-	-	-
Balance at 30 June 2016	68,151	850	11,034	1,095	524	13,503	9,463	91,117
Total comprehensive income for the period	-	-	(553)	312	-	(241)	-	(241)
Transfer to safety fund surplus reserve	-	-	(127)	-	127	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(32)	(32)	-	(32)
Balance at 30 September 2016	68,151	850	10,354	1,407	619	13,230	9,463	90,844

Company	Share capital $'000	Retained earnings $'000	Total reserves $'000	Total equity $'000
2017				
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
Issue of new ordinary shares	1,002	-	-	1,002
Total comprehensive income for the period	-	(211)	(211)	(211)
Balance at 30 September 2017	78,283	5,260	5,260	83,543
2016				
Balance at 1 January 2016	68,151	8,862	8,862	77,013
Total comprehensive income for the period	-	(67)	(67)	(67)
Balance at 31 March 2016	68,151	8,795	8,795	76,946
Total comprehensive income for the period	-	(104)	(104)	(104)
Dividends paid	-	(901)	(901)	(901)
Balance at 30 June 2016	68,151	7,790	7,790	75,941
Total comprehensive income for the period	-	(842)	(842)	(842)
Balance at 30 September 2016	68,151	6,948	6,948	75,099

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 30 June 2017, the number of issued ordinary shares of the Company ("**Shares**") (excluding treasury shares) was 1,018,996,375.

During 3Q2017, the Company issued 12,528,310 new Shares pursuant to the exercise of 12,528,310 warrants. As such, as at 30 September 2017, the number of issued Shares (excluding treasury shares) was 1,031,524,685.

As at 30 September 2017, 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 September 2016, the Company had no outstanding convertible instruments.

As at 30 September 2016 and 30 September 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 September 2017	**31 December 2016**
Total number of issued shares (excluding treasury shares)	1,031,524,685	901,319,000

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.

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 2016.

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 2017. 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	
	2017	2016 ^	2017	2016 ^
Earnings/(loss) attributable to owners of the Company used in the computation of basic earnings per share ($'000)	124	(553)	1,036	(1,102)
Weighted average number of ordinary shares for basic earnings per share ('000)	1,027,757	901,319	985,024	901,319
Basic earnings/(loss) per share (cents)	0.01	(0.06)	0.11	(0.12)
Earnings/(loss) attributable to owners of the Company used in the computation of diluted earnings per share ($'000)	124	(553)	1,036	(1,102)
Weighted average number of ordinary shares for basic earnings per share ('000)	1,027,757	901,319	985,024	901,319
Effects of dilution				
- Exercise of warrants ('000)	11,067	-	8,182	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,038,824	901,319	993,206	901,319
Diluted earnings/(loss) per share (cents)	0.01	(0.06)	0.10	(0.12)

^ As at 30 September 2016, there were no dilutive instruments. The fully diluted earnings/(loss) per share was therefore the same as the basic earnings/(loss) per share for the nine months ended 30 September 2016 ("**9M2016**") and third quarter ended 30 September 2016 ("**3Q2016**").

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 2017	31 December 2016	30 September 2017	31 December 2016
Net asset value ($'000)	101,397	91,071	83,543	74,695
Number of ordinary shares ('000)	1,031,525	901,319	1,031,525	901,319
Net asset value per ordinary share (cents)	9.83	10.10	8.10	8.29

The net asset value of the Group did not take into account the fair market value of the mining and exploration rights of Mine 1 and Mine 2 and the elemental phosphorous ("**P_4**") plant as these were recorded on historical cost basis.

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**"); and

(b) downstream segment relates to the business of manufacturing, sale and trading of phosphate-based chemicals products such as P_4, sodium tripolyphosphate ("**STPP**") and sodium hexametaphosphate ("**SHMP**"); and the sale of P_4 by-products, such as slag, sludge and ferrophosphate (the "**Downstream Segment**").

Profit or loss

Revenue, cost of goods sold and gross profit

	Group		
	3Q2017	3Q2016	Change
	$'000	$'000	%
Revenue			
Upstream segment	2,163	1,232	76
Downstream segment	9,656	8,008	21
Total	11,819	9,240	28
Cost of goods sold			
Upstream segment	1,764	929	90
Downstream segment	7,785	7,028	11
Total	9,549	7,957	20
Gross profit margin			
Upstream segment	18%	25%	
Downstream segment	19%	12%	
Overall	19%	14%	

Revenue increased by $2.6 million, from $9.2 million in the 3Q2016 to $11.8 million in 3Q2017.

Revenue from the Upstream Segment increased by $1.0 million, from $1.2 million in 3Q2016 to $2.2 million in 3Q2017 due to increase in quantity of phosphate rocks sold in 3Q2017, offset by a reduction in average selling prices in 3Q2017. In 3Q2017, the Group sold 42,300 tonnes of phosphate rocks as compared to 23,000 tonnes in 3Q2016. The reduction in average selling price in 3Q2017 was mainly due to differences in quality of phosphate rocks sold and change in customer mix as compared to 3Q2016.

Revenue from the Downstream Segment increased by $1.7 million, from $8.0 million in 3Q2016 to $9.7 million in 3Q2017, due to higher average selling prices in 3Q2017. The Group sold 3,480 tonnes of P4 in 3Q2017, as compared to 3,670 tonnes in 3Q2016. The lower quantity of P4 sold in 3Q2017 was due to the environmental inspection in Sichuan Province, PRC in August 2017 which affected the Group and its customers. The impact from the lower sales volume was mitigated by higher average selling prices.

Cost of goods sold for the Upstream Segment increased by $0.9 million, from $0.9 million in 3Q2016 to $1.8 million in 3Q2017. Gross profit margin for the Upstream Segment decreased from 25% in 3Q2016 to 18% in 3Q2017.

Cost of goods sold for the Downstream Segment increased by $0.8 million, from $7.0 million in 3Q2016 to $7.8 million in 3Q2017, in line with the increase in revenue from the Downstream Segment. The increase in gross profit margin for the Downstream Segment from 12% in 3Q2016 to 19% in 3Q2017 was mainly due to increase in average selling prices of P_4 in 3Q2017.

Consequently, gross profit increased by $1.0 million, from $1.3 million in 3Q2016 to $2.3 million in 3Q2017. Overall gross profit margin increased from 14% in 3Q2016 to 19% in 3Q2017.

Other income

Other income remained relatively unchanged at $0.1 million in 3Q2017 and 3Q2016.

Selling and distribution costs

Selling and distribution costs increased by $0.2 million, from $0.1 million in 3Q2016 to $0.3 million in 3Q2017 mainly due to transportation costs incurred on the P_4 sales made in 3Q2017.

General and administrative costs

General and administrative costs relatively unchanged at $1.6 million in 3Q2017 and 3Q2016.

Finance costs

Finance costs relatively unchanged at $0.2 million in 3Q2017 and 3Q2016.

Taxation

Increase in taxation by $0.1 million in 3Q2017 due to increase in taxable profits of the Group's PRC subsidiary in 3Q2017. The effective tax rate is higher than the statutory tax rate of 17% applied to the Group's profit before tax because losses incurred by the Group's Singapore subsidiaries could not be used to set off against the profits earned by the Group's profit making PRC subsidiary.

Balance sheet

Non-current assets

Non-current assets decreased by $1.6 million, from $121.6 million as at 31 December 2016 to $120.0 million as at 30 September 2017, mainly due to the decrease in property, plant and equipment which arose from currency translation differences and depreciation expenses for 9 months ended 30 September 2017 ("**9M2017**"). The reduction was partially offset by increase in deferred tax asset as a result of recognising the benefits of unutilised tax losses for a Singapore subsidiary.

Current assets

Current assets increased by $4.9 million, from $16.2 million as at 31 December 2016 to $21.1 million as at 30 September 2017 mainly due to increaseas in stocks, other receivables, prepayments and cash and bank balances. Increase in prepayments was mainly due to prepayments made to certain suppliers. The increase was partially offset by decrease in trade receivables due to collections received during 9M2017.

Current liabilities

Current liabilities decreased by $1.3 million, from $21.1 million as at 31 December 2016 to $19.8 million as at 30 September 2017, mainly due to decreases in trade and other payables, bank overdraft (secured) and loan due to a director due to payments made during 9M2017. The decrease was partially offset by increase in advance payments received from customers.

Non-current liabilities

Non-current liabilities decreased by $5.7 million, from $25.6 million as at 31 December 2016 to $19.9 million as at 30 September 2017, mainly due to the redemption of the redeemable preference shares in March 2017.

Cash flow statement

Operating profit before working capital changes was $1.0 million in 3Q2017. Cash out flow due to changes in working capital was $1.4 million mainly due to decrease in payables, partially offset by decrease in stocks and receivables. Payments for interest and tax expense in 3Q2017 amounted to $0.4 million. The above contributed to net cash flows used in operating activities of $0.8 million in 3Q2017.

Net cash flows used in investing activities was $1.0 million due to payments for property, plant and equipment.

Net cash flows generated from financing activities of $4.1 million was due to proceeds from the exercise of warrants and drawing down the interest-bearing bank loan, partially offset by repayment of interest-bearing bank loan.

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.

The Group recorded a 92% increase in revenue from \$20.8 million in 9M2016 to \$40.0 million for 9M2017. This was largely driven by a surge in revenue from the Downstream Segment, particularly from the sale of P_4. The Group sold 12,180 tonnes of P_4 in 9M2017, an increase of 104% from 5,970 tonnes sold in 9M2016.

Gross profit rose by 96% from \$3.7 million in 9M2016 to \$7.2 million in 9M2017, mainly due to the increase in both the quantity and average selling price of P_4 sold. Consequently, the Group recorded net profit after tax of \$1.0 million for 9M2017, as compared to a net loss of \$1.1 million for 9M2016.

With the net cash generated from operations in 9M2017 and proceeds from exercise of warrants, the Group's working capital improved from net current liabilities of \$4.9 million as at 31 December 2016, to net current assets of \$1.3 million as at 30 September 2017.

Upstream Segment

In 3Q2017, the Group sold 42,300 tonnes of phosphate rocks, as compared to 23,000 tonnes in 3Q2016. This is in line with the Group's strategy to increase the sale of phosphate rocks to unlock the value of its mine reserves and rocks inventory. The average selling price for phosphate rocks in 3Q2017 was lower than that in 3Q2016 due to a change in customer mix, and differences in quality of phosphate rocks sold.

As disclosed in the Group's announcement dated 28 June 2017, the Group's wholly-owned subsidiary Sichuan Mianzhu Norwest Phosphate Chemicals Co. Ltd ("**Mianzhu Norwest**") and its 55%-owned subsidiary Deyang Fengtai Mining Co. Ltd, received notices from the Mianzhu Water Authority and the Mianzhu City Environmental Protection Bureau (the "**Water and Environmental Notices**"), to halt mining operations at Mine 2 and the Feng Tai mine with effect from the date of the said notices, and to submit their respective plans on water and soil conservation for approval. The Group can only resume mining operations at Mine 2 and the Feng Tai mine upon receipt of approvals from the Mianzhu City Environmental Protection Bureau. The Group has been working closely with the local authorities and is in discussions with the Mianzhu City Environmental Protection Bureau to resume mining operations.

With respect to the Feng Tai mine, the Group has yet to commence mining operations as at the date hereof.

In addition, Mianzhu Norwest also received a notice from the Mianzhu Forestry Bureau requiring it to vacate a portion of the land within Mine 2 which is located in the Fa Mu Chang Forest Area (the "**Forestry Bureau Notice**"). The Group is in discussions with Mianzhu Forestry Bureau and is still currently assessing its impact.

The Group will be able to purchase phosphate rocks from external suppliers for the production of P_4 for the rest of the current financial year ending 31 December 2017 ("**FY2017**") should the need arises. This will mitigate any impact on the financial performance of the Group for

FY2017 due to the delay in resuming mining at the Mines in the fourth quarter ending 31 December 2017, pending approvals from the local authorities.

The Group will provide updates as and when there are material developments on complying with the notices, and also on the resumption of mining.

Downstream

In 3Q2017, the Group sold 3,480 tonnes of P_4, as compared to 3,670 tonnes in 3Q2016. The production and sale of P_4 in 3Q2017 was affected by environmental inspections conducted by the PRC's Ministry of Environmental Protection ("**MEP**") which conducted their inspections in the Sichuan Province, PRC. The local authorities imposed production restrictions on several companies while MEP inspections were ongoing. As the Group's customers were affected by the production restrictions, the Group and certain other factories in the vicinity elected to stop production temporarily on a voluntary basis. The Group brought forward its P_4 maintenance programme previously scheduled for December 2017, to August 2017. P_4 production has since resumed in September 2017.

In 3Q2017, the increased average selling prices of P_4 led to an improvement in gross profit margin in Downstream Segment from 12% to 19%, offsetting the effect of higher cost of raw materials. The Group will continue to monitor the production costs and step up the marketing efforts in order to build on the improvements seen in P_4 margins.

With effect from 1 January 2018, a new system of environmental tax will be implemented, and the Group is currently assessing the impact.

The PRC government's commitment to clean up the environment will reduce excess capacity in many industries, leading to higher prices and improved profitability for companies in commodities that are able to adapt to the more stringent environmental regulations. To prepare for these new challenges, the Group will continue to improve efficiency and minimise wastage. In September 2017, independent chemical experts from Europe visited the Group's factory to, *inter alia*, review the P_4 operations and recommend measures to improve production costs and safety. The Group will study the costs and benefits of the recommendations.

Going forward

In line with the Group's strategy to grow in a sustainable and responsible manner, and as part of an ongoing internal restructuring, management has planned to construct a SHMP plant that will utilise the waste gas from the P_4 production. When completed, this will expand the Group's product offering and create additional revenue and cash flow. Management has also embarked on discussions with customers and strategic partners to explore cooperation that will enhance shareholders' value.

The Group will provide further updates on the status of its internal restructuring exercise, and these strategic discussions, as and when there are material developments.

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 third quarter ended 30 September 2017.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transcation 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. Use of proceeds from the IPO and the Rights cum Warrants Issue.

As announced on 4 August 2017, the IPO proceeds have been fully utilised.

As of the date of this announcement, the utilisation of the net proceeds raised from the rights cum warrants issue is set out below:

Description	Amount allocated	Amount utilised as at the date of this announcement	Balance of net proceeds as at date of this announcement
	$'000	$'000	$'000
Redemption of the RPS	5,725	(5,725)	-
Repayment of the Dr. Ong Loan	1,000	(1,000)	-
Working capital	1,987	(1,987)	-
Net proceeds	8,712	(8,712)	-

The above utilisation of the net proceeds from the rights cum warrants issue is consistent with the intended uses as disclosed in the Company's offer information statement dated 1 March 2017 in relation to the rights cum warrants issue. All proceeds have been fully utilised.

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	955
Expenditure on mining related infrastructure and purchase of equipment	-
	955

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	2,027	413
Expenditure on mining related infrastructure and purchase of equipment	-	-
	2,027	413

* based on exchange rate of RMB4.912 : S$1.00

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

The board of directors (the "**Board**") of the Company hereby confirms that to the best of its knowledge, nothing has come to its 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	-	-	955	(955)
Expenditure on mining related infrastructure and purchase of equipment	-	-	-	-
	-	-	955	(955)

* Based on an assumed exchange rate of RMB4.912 : S$1.00

Certain expenditure incurred in the 2Q2017 were paid in 3Q2017 upon verification of work done.

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 the announcement dated 20 March 2017, the Group has no material updates on its phosphate reserves and resources as set out in the qualified person report issued by Watts, Griffis and McOuat Limited dated 17 March 2017.

The Group will provide updates should there be any material change to the estimates.

16. 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 third quarter ended 30 September 2017 to be false or misleading in any material aspects.

17. 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
2 November 2017

*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. Liau H.K..
Telephone number: 6221 0271