

**FOR IMMEDIATE RELEASE**

## AsiaPhos achieves revenue growth and profit in 3Q2017

Summary of Financial Results for the period ended 30 September:

S\$'000	3Q2017	3Q2016	+ / (-) %	9M2017	9M2016	+ / (-) %
Revenue	11,819	9,240	28	40,020	20,828	92
- Upstream Segment	2,163	1,232	76	6,758	6,512	4
- Downstream Segment	9,656	8,008	21	33,262	14,316	132
Gross Profit	2,270	1,283	77	7,179	3,671	96
Profit before taxation	226	(553)	n.m.	1,518	(1,102)	n.m.
Net attributable profit/(loss)	124	(553)	n.m.	1,036	(1,102)	n.m.

*n.m. – not meaningful*

**SINGAPORE – 2 November 2017 – 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 strong performance in revenue and net profit for the third consecutive quarter.

In the three months ended 30 September 2017 (“3Q2017”), revenue increased 28% year-on-year (“y-o-y”) to S\$11.8 million, driven by growth from both the upstream and downstream segments.

Revenue from the upstream segment increased 76% y-o-y to S\$2.2 million with more phosphate rocks sold, offset by a reduction in average selling prices in 3Q2017. The Group sold 42,300 tonnes of phosphate rocks in 3Q2017, compared to 23,000 tonnes in the same period last year (“3Q2016”), which is in line with the Group’s strategy to sell more rocks to unlock the value of its mine reserves and rocks inventory. The higher sales volume more than offset a

reduction in average selling prices due to differences in the quality of phosphate rocks sold and change in customer mix.

On the other hand, the Group enjoyed higher average selling prices of P<sub>4</sub> in 3Q2017, which boosted downstream revenue by 21% to S\$9.7 million. This is despite lower quantity of P<sub>4</sub> sold - 3,480 tonnes in 3Q2017 compared to 3,670 tonnes in 3Q2016 - due to environmental inspections conducted by the PRC's Ministry of Environmental Protection ("MEP") 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<sub>4</sub> maintenance programme originally scheduled for December 2017, to August 2017. Production has since resumed in September 2017.

Gross profit for 3Q2017 rose 77% y-o-y to S\$2.3 million with a key driver being the improvement in gross profit margin for the downstream segment. The increased average selling prices of P<sub>4</sub> led to an improvement in downstream gross profit margin from 12% to 19%, offsetting the effect of higher cost of raw materials.

Net attributable profit for 3Q2017 was S\$0.1 million compared to a loss of S\$0.6 million in 3Q2016.

For the nine months ended 30 September 2017 ("9M2017"), the Group recorded a 92% y-o-y increase in revenue to \$40.0 million, from \$20.8 million in the same period last year ("9M2016"), driven largely by the sale of P<sub>4</sub>. The Group sold 12,180 tonnes of P<sub>4</sub> in 9M2017, an increase of 104% from 5,970 tonnes sold in 9M2016.

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 the 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.

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

"It was timely for us to bring forward the P<sub>4</sub> plant maintenance programme during the environmental inspections, which means we can continue production in December which will allow us to ride on the current firm prices of P<sub>4</sub>. We will continue to monitor the production costs and step up our marketing efforts in order to build on the improvements seen in P<sub>4</sub> margins during the quarter."

**Going Forward**

The PRC government's commitment to clean up the environment by cutting excess capacity in many industries is expected to lead to higher commodity prices and improved profitability for companies that are able to meet the stringent environmental requirements. As such, the Group will be implementing new sustainability-driven initiatives that will improve efficiency and minimise wastage.

One of these initiatives, which is also part of an ongoing internal restructuring programme, is the planned construction of a sodium hexametaphosphate (SHMP) plant that will utilise the waste gas from the production of P<sub>4</sub>. When completed, this will also expand the Group's product offering and create additional revenue streams and cash flows.

The Group is also in discussions with customers and strategic partners to explore other areas of cooperation that will enhance shareholders' value.

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## **About AsiaPhos Limited**

*AsiaPhos Limited was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (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 an experienced management team, the Group currently owns two mining rights and three exploration rights, and owns a downstream processing facility in the Gongxing Industrial Park (Sichuan).*

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

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*This press release should be read in conjunction with the Company’s announcement dated 2 November 2017 in relation to the Group’s unaudited financial statements for the third quarter ended 30 September 2017.*

*This press release 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 SGX-ST. The Company’s Sponsor has not independently verified the contents of this press release, including the correctness of any of the figures used, statements or opinions made.*

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