



ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

As disclosed in the Group’s announcements dated 24 November 2017, 30 November 2017, 4 December 2017, 9 February 2018, 10 April 2018, 22 June 2018, 29 August 2018, 31 August 2018, 15 November 2018 and 20 December 2018, the Group is currently in discussion with the Chinese Government on the Mianzhu City Government’s request for the Group to provide a letter of undertaking to *inter alia*, vacate and rehabilitate its mining site in respect of Mine 2 and the Fengtai mine and the non-renewal of the Mine 1 mining and exploration licenses.

Accordingly, the assets and directly associated liability of the mining assets were presented as assets of disposal group and liability directly associated with disposal group on the Group’s consolidated balance sheet. Arising thereon, the results of the Group’s upstream segment have been reclassified as discontinued operation on the Group’s consolidated statement of comprehensive income statement.



PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF RESULTS FOR FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

	Fourth Quarter Ended 31 December			Financial Year Ended 31 December		
	2018 \$'000	2017 \$'000	Change %	2018 \$'000	2017 \$'000	Change %
Continuing operations						
Revenue	272	10,823	(97)	21,528	44,085	(51)
Cost of sales	(144)	(9,135)	(98)	(20,653)	(37,275)	(45)
Gross profit	128	1,688	(92)	875	6,810	(87)
Other income/(loss)	(65)	93	N.M.	167	339	(51)
Selling and distribution costs	(75)	(273)	(73)	(698)	(1,331)	(48)
General and administrative costs	(1,029)	(1,502)	(31)	(6,051)	(5,270)	15
Finance costs	(119)	(116)	3	(524)	(582)	(10)
Other expense	(6,321)	-	100	(7,759)	-	100
Profit/(loss) before tax, from continuing operations	(7,481)	(110)	6701	(13,990)	(34)	41047
Taxation	75	(275)	N.M.	84	(506)	N.M.
Profit/(loss) from continuing operations, net of tax	(7,406)	(385)	1824	(13,906)	(540)	2475
Discontinued operation						
Profit/(loss) from discontinued operation, net of tax	(146)	(437)	(67)	(809)	754	N.M.
Profit/(loss) for the period	(7,552)	(822)	819	(14,715)	214	N.M.
Other comprehensive income						
<u>Items that may be recycled to profit or loss</u>						
Foreign currency translation gain/(loss)	210	91	131	(864)	(751)	15
Total comprehensive income for the period	(7,342)	(731)	904	(15,579)	(537)	2801
Net profit/(loss) for the period attributable to:						
<u>Owners of the Company</u>						
Profit/(loss) from continuing operations, net of tax	(7,406)	(385)	1824	(13,906)	(540)	2475
Profit/(loss) from discontinued operation, net of tax	(146)	(437)	(67)	(809)	754	N.M.
	(7,552)	(822)	819	(14,715)	214	N.M.
<u>Non-controlling interest</u>						
Profit/(loss) from continuing operations, net of tax	-	-	-	-	-	-
Profit/(loss) from discontinued operation, net of tax	-	-	-	-	-	-
	-	-	-	-	-	-
Profit/(loss) for the period	(7,552)	(822)	819	(14,715)	214	N.M.
Total comprehensive income for the period attributable to:						
Owners of the Company	(7,342)	(731)	904	(15,579)	(537)	2801
Non-controlling interest	-	-	-	-	-	-
	(7,342)	(731)	904	(15,579)	(537)	2801
Attributable to owners of the Company						
Total comprehensive income for the period from continuing operations	(7,196)	(294)	2348	(14,770)	(1,291)	1044
Total comprehensive income for the period from discontinued operation	(146)	(437)	(67)	(809)	754	N.M.
	(7,342)	(731)	904	(15,579)	(537)	2801

"N.M." denotes not meaningful.



Foreign currency translation gain/(loss) represents exchange differences arising from translation of the financial statements of the 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 fourth quarter ended 31 December 2018 (“4Q2018”), 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 net profit/(loss) for the period was arrived at after (charging)/crediting the following:

	Group					
	Fourth Quarter Ended 31 December			Financial Year Ended 31 December		
	2018	2017	Change	2018	2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	-	2	(100)	8	12	(33)
Gains on financial asset held for trading	-	20	(100)	2	34	(94)
Interest expenses						
- continuing operations	(113)	(91)	24	(458)	(456)	-
- discontinued operation	(16)	(11)	45	(64)	(59)	8
Amortisation and depreciation						
- continuing operations #	(188)	(120)	57	(575)	(515)	12
- discontinued operation	-	(119)	(100)	-	(347)	(100)
Provision for doubtful debts (made)/written back						
- continuing operations *	(6)	-	100	(22)	-	100
- discontinued operation	-	-	100	(1,173)	-	100
Adjustment to inventories to net realisable value *	(17)	-	100	(648)	-	100
Inventories written off †	-	-	100	(716)	-	100
Stock take gain						
- continuing operations *	(15)	-	100	(15)	-	100
- discontinued operation	69	-	100	677	-	100
Provision (made)/reversed for impairment on property, plant and equipment	(6,220)	-	100	(7,658)	-	100
Staff termination costs						
- continuing operations *	(436)	-	100	(551)	-	100
- discontinued operation	-	(101)	(100)	(21)	(101)	(79)
(Loss)/gain on disposal of property, plant and equipment	-	(14)	(100)	(94)	(14)	571
Foreign exchange gain/(loss) *	40	(105)	N.M.	170	45	278
Overprovision of prior years' taxation	-	15	(100)	8	95	(92)

“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	
	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Non-current assets				
Land use rights	4,163	4,362	-	-
Property, plant and equipment	16,007	25,162	-	-
Prepayments	679	695	-	-
Other receivables	34	34	-	-
Investment in subsidiaries	-	-	78,036	78,036
	20,883	30,253	78,036	78,036
Current assets				
Stocks	441	12,135	-	-
Trade receivables	99	985	-	-
Other receivables	232	379	5	55
Prepayments	517	2,174	107	282
Financial asset held for trading	-	389	-	-
Cash and bank balances	2,455	2,203	413	1,130
Assets of disposal group	89,795	90,110	-	-
Amounts due from subsidiaries	-	-	5,667	6,803
	93,539	108,375	6,192	8,270
Total assets	114,422	138,628	84,228	86,306
Current liabilities				
Trade payables	73	4,439	-	-
Other payables	2,800	5,121	361	241
Advance payments from customers	93	492	-	-
Interest-bearing bank loans	6,306	6,963	-	-
Provision for taxation	-	713	-	-
Liability of disposal group	795	815	-	-
Amounts due to subsidiaries	-	-	2,232	2,983
	10,067	18,543	2,593	3,224
Net current assets/(liabilities)	83,472	89,832	3,599	5,046
Non-current liabilities				
Deferred tax liabilities	17,287	17,385	-	-
Deferred income	1,945	2,034	-	-
Provision for reinstatement cost	45	-	-	-
	19,277	19,419	-	-
Total liabilities	29,344	37,962	2,593	3,224
Net assets	85,078	100,666	81,635	83,082
Equity attributable to owners of the Company				
Share capital	78,283	78,283	78,283	78,283
Reserves	(2,668)	12,920	3,352	4,799
	75,615	91,203	81,635	83,082
Non-controlling interest	9,463	9,463	-	-
Total equity	85,078	100,666	81,635	83,082

(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			
	31 December 2018		31 December 2017	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable				
In one year or less, or on demand	6,306	-	6,963	-
After one year	-	-	-	-
	<u>6,306</u>	<u>-</u>	<u>6,963</u>	<u>-</u>

Details of collaterals

As at 31 December 2018, the Group pledged land use rights and certain property, plant and equipment of the Group, with net book value of RMB20.8 million (approximately \$4.2 million) and RMB52.6 million (approximately \$10.5 million) respectively, as collaterals. The Company has also provided a corporate guarantee for a bank loan of RMB21.6 million (approximately \$4.4 million).

As at 31 December 2017, the Group pledged land use rights and certain property, plant and equipment of the Group, with net book value of RMB21.3 million (approximately \$4.4 million) and RMB71.2 million (approximately \$14.6 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 2017, an amount of approximately \$1.0 million of the Company's fixed deposits was also pledged as collateral for bank overdraft facility. In September 2018, the collateral was released.

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			
	Fourth Quarter		Financial Year	
	Ended 31	December	Ended 31	December
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities :				
Profit/(loss) before taxation				
- continuing operations	(7,481)	(110)	(13,990)	(34)
- discontinued operation	(146)	(431)	(809)	1,010
Profit/(loss) before taxation, total	(7,627)	(541)	(14,799)	976
Adjustments for :				
Depreciation expenses	161	592	959	3,337
Loss/(gain) on disposal of property, plant and equipment	-	14	94	14
Amortisation expenses	23	23	94	308
Interest expense	129	102	522	515
Adjustment to inventories to net realisable value	17	-	648	-
Inventories written off	-	-	716	-
Provision for doubtful debts	6	-	1,195	-
Provision made/(reversed) for impairment on property, plant and equipment	6,220	-	7,658	-
Interest income	-	(2)	(8)	(12)
Gains on financial asset held for trading	-	(20)	(2)	(34)
Unrealised exchange loss/(gain)	(65)	150	(251)	(7)
Government grant	-	-	(31)	(1)
Amortisation of deferred income	-	(49)	(40)	(164)
Operating profit/(loss) before working capital changes	(1,136)	269	(3,245)	4,932
(Increase)/decrease in stocks	184	(3,931)	10,256	(4,306)
(Increase)/decrease in receivables	1,903	3,307	1,507	1,911
Increase/(decrease) in payables	(731)	(2,191)	(6,979)	(1,837)
Cash generated from/(used in) operations	220	(2,546)	1,539	700
Interest received	-	2	8	12
Interest paid	(129)	(102)	(522)	(704)
Tax paid	-	-	(718)	(638)
Net cash flows generated from/(used in) operating activities	91	(2,646)	307	(630)
Cash flows from investing activities :				
Payments for property, plant and equipment	-	(570)	(5)	(2,376)
Receipt of government grant	-	-	32	1
Purchase of financial asset held for trading	-	(367)	-	(367)
Proceeds from sale of financial asset held for trading	-	-	398	-
Gains on financial asset held for trading	-	-	-	14
Proceeds from disposal of property, plant and equipment	-	-	46	-
Payments made in advance for property, plant and equipment	-	(16)	-	(16)
Net cash flows generated by/(used in) investing activities	-	(953)	471	(2,744)
Cash flows from financing activities :				
Repayment of bank loan	(4,791)	(980)	(6,929)	(6,925)
Proceeds from bank loan	4,348	980	6,432	6,925
Increase/(decrease) in pledged deposits	-	168	1,021	163
Net proceeds from rights cum warrants issue	-	-	-	4,158
Proceeds from exercise of warrants	-	-	-	1,403
Payments of share issuance expense	-	-	-	(284)
Redemption of redeemable preference shares	-	-	-	(1,403)
Repayment of loan due to a director	-	-	-	(467)
Net cash flows generated from/(used in) financing activities	(443)	168	524	3,570
Net increase/(decrease) in cash and cash equivalents	(352)	(3,431)	1,302	196
Cash and cash equivalents at beginning of period	2,772	4,623	1,182	1,012
Effects of exchange rate changes on cash and cash equivalents	35	(10)	(29)	(26)
Cash and cash equivalents at end of period	2,455	1,182	2,455	1,182

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 31 December	
	2018	2017
	\$'000	\$'000
Cash and bank balances	2,455	2,203
Less : pledged deposits	-	(1,021)
Cash and cash equivalents at end of period	2,455	1,182

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 \$'000	Merger reserve \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Safety fund surplus reserve \$'000	Total reserves \$'000	Non-controlling interest \$'000	Total equity \$'000
2018								
Balance at 1 January 2018	78,283	850	9,569	1,483	1,018	12,920	9,463	100,666
Impact on adoption of SFRS(I) 9	-	-	(9)	-	-	(9)	-	(9)
Balance at 1 January 2018, restated	78,283	850	9,560	1,483	1,018	12,911	9,463	100,657
Total comprehensive income for the period	-	-	(733)	791	-	58	-	58
Transfer to safety fund surplus reserve	-	-	(234)	-	234	-	-	-
Utilisation of safety fund surplus reserve	-	-	7	-	(7)	-	-	-
Balance at 31 March 2018	78,283	850	8,600	2,274	1,245	12,969	9,463	100,715
Total comprehensive income for the period	-	-	(4,869)	(358)	-	(5,227)	-	(5,227)
Transfer to safety fund surplus reserve	-	-	(234)	-	234	-	-	-
Utilisation of safety fund surplus reserve	-	-	9	-	(9)	-	-	-
Balance at 30 June 2018	78,283	850	3,506	1,916	1,470	7,742	9,463	95,488
Total comprehensive income for the period	-	-	(1,561)	(1,507)	-	(3,068)	-	(3,068)
Transfer to safety fund surplus reserve	-	-	(38)	-	38	-	-	-
Utilisation of safety fund surplus reserve	-	-	1	-	(1)	-	-	-
Balance at 30 September 2018	78,283	850	1,908	409	1,507	4,674	9,463	92,420
Total comprehensive income for the period	-	-	(7,552)	210	-	(7,342)	-	(7,342)
Transfer to safety fund surplus reserve	-	-	(45)	-	45	-	-	-
Utilisation of safety fund surplus reserve	-	-	2	-	(2)	-	-	-
Balance at 31 December 2018	78,283	850	(5,687)	619	1,550	(2,668)	9,463	85,078
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
Total comprehensive income for the period	-	-	(822)	91	-	(731)	-	(731)
Transfer to safety fund surplus reserve	-	-	(165)	-	165	-	-	-
Utilisation of safety fund surplus reserve	-	-	164	-	(164)	-	-	-
Balance at 31 December 2017	78,283	850	9,569	1,483	1,018	12,920	9,463	100,666

Company	Share capital \$'000	Retained earnings \$'000	Total reserves \$'000	Total equity \$'000
2018				
Balance at 1 January 2018	78,283	4,799	4,799	83,082
Total comprehensive income for the period	-	(343)	(343)	(343)
Balance at 31 March 2018	78,283	4,456	4,456	82,739
Total comprehensive income for the period	-	(449)	(449)	(449)
Balance at 30 June 2018	78,283	4,007	4,007	82,290
Total comprehensive income for the period	-	(37)	(37)	(37)
Balance at 30 September 2018	78,283	3,970	3,970	82,253
Total comprehensive income for the period	-	(618)	(618)	(618)
Balance at 31 December 2018	78,283	3,352	3,352	81,635
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
Total comprehensive income for the period	-	(461)	(461)	(461)
Balance at 31 December 2017	78,283	4,799	4,799	83,082

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 September 2018 and 31 December 2018, the number of issued ordinary shares of the Company (“Shares”) (excluding treasury shares) was 1,031,524,685.

As at 31 December 2017 and 31 December 2018, 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 31 December 2017 and 31 December 2018, 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	
	31 December 2018	31 December 2017
Total number of issued shares (excluding treasury shares)	1,031,524,685	1,031,524,685

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 2017.

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.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards. The Group and the Company adopted SFRS(I) on 1 January 2018.

Other than those discussed below, the adoption of SFRS(I) does not have material impact on the financial statements in the year ended 31 December 2018.

SFRS(I) 1 First-Time Adoption of Singapore Financial Reporting Standards (International)

The adoption of SFRS(I) 1 will have no material impact on the financial statements in the year of initial application, other than the election of optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition of 1 January 2017. The Group has elected not to apply the optional exemption to reset its cumulative translation differences for all foreign operations to nil as at 1 January 2017.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 *Financial Instruments* introduces new requirements for classification and measurement, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model, either on a 12-month or lifetime basis, and replace FRS 39 incurred cost model. The Group applies the simplified approach and record lifetime expected losses on all trade receivables.

The Group and the Company adopted the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous



carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Accordingly, the Group recognised provision for doubtful debts on trade receivables of approximately \$9,000 in retained earnings as at 1 January 2018 with the adoption of SFRS(I) 9.

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			
	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2018	2017	2018	2017
Earnings/(loss) attributable to owners of the Company used in the computation of basic earnings per share (\$'000)				
- from continuing operations	(7,406)	(385)	(13,906)	(540)
- from discontinued operation	(146)	(437)	(809)	754
	<u>(7,552)</u>	<u>(822)</u>	<u>(14,715)</u>	<u>214</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	1,031,525	1,031,525	1,031,525	996,745
Basic earnings/(loss) per share (cents)				
- from continuing operations	(0.72)	(0.04)	(1.35)	(0.05)
- from discontinued operation	(0.01)	(0.04)	(0.08)	0.08
	<u>(0.73)</u>	<u>(0.08)</u>	<u>(1.43)</u>	<u>0.02</u>
Earnings/(loss) attributable to owners of the Company used in the computation of diluted earnings per share (\$'000)				
- from continuing operations	(7,406)	(385)	(13,906)	(540)
- from discontinued operation	(146)	(437)	(809)	754
	<u>(7,552)</u>	<u>(822)</u>	<u>(14,715)</u>	<u>214</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	1,031,525	1,031,525	1,031,525	996,745
Effects of dilution				
- Exercise of warrants ('000)	-	-	-	7,788
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,031,525	1,031,525	1,031,525	1,004,533
Diluted earnings/(loss) per share (cents)				
- from continuing operations	(0.72)	(0.04)	(1.35)	(0.05)
- from discontinued operation	(0.01)	(0.04)	(0.08)	0.08
	<u>(0.73)</u>	<u>(0.08)</u>	<u>(1.43)</u>	<u>0.02</u>

The dilutive instruments were anti-dilutive in fourth quarter ended 31 December 2017 (“4Q2017”), 4Q2018 and in the financial year ended 31 December 2018 (“FY2018”) as the Group were in loss making positions and the warrants were not in the money.



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	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Net asset value (\$'000)	85,078	100,666	81,635	83,082
Number of ordinary shares ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Net asset value per ordinary share (cents)	8.25	9.76	7.91	8.05

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**”). As discussions are in progress with the Chinese Government, the Upstream Segment had been presented as discontinued operation; and
- (b) downstream segment relates to the business of manufacturing, sale and trading of phosphate-based chemicals products such as elemental phosphorus (“**P₄**”), sodium tripolyphosphate (“**STPP**”) and sodium hexametaphosphate (“**SHMP**”); and the sale of P₄ by-products, such as slag, sludge and ferrophosphate (the “**Downstream Segment**”).

Profit or loss

Revenue, cost of goods sold and gross profit

Revenue from continuing operations decreased by \$10.5 million, from \$10.8 million in 4Q2017 to \$0.3 million in 4Q2018, due to lower quantity of P₄ sold in 4Q2018, from 3,270 tonnes in 4Q2017 to 5 tonnes in 4Q2018. The Group shut down the furnaces in June 2018 for maintenance and did not resume production due to the lack of phosphate rocks, as a result of the Chinese government’s actions which deprive the Group of access to its phosphate rocks which is a key raw material for cost efficient production of P₄.

Revenue from continuing operations also include other phosphate chemicals, in particular, STPP. In 4Q2018, the Group sold 280 tonnes of STPP, as compared to 200 tonnes in 4Q2017.



Cost of goods sold for continuing operations decreased by \$9.0 million, from \$9.1 million in 4Q2017 to \$0.1 million in 4Q2018.

Due to reasons stated above, gross profit from continuing operations decreased by \$1.6 million, from \$1.7 million in 4Q2017 to \$0.1 million in 4Q2018.

Other income/(loss)

Other income decreased by \$0.2 million mainly due to absence of recognition of deferred income and fair value gains in 4Q2018. The Group sold excess raw materials in 4Q2018 and recorded net loss of \$0.07 million as compared to a gain of \$0.03 million in 4Q2017. The market prices of the said raw materials in 4Q2018 had been lower than the carrying costs of the materials.

Selling and distribution costs

Selling and distribution costs decreased by \$0.2 million, from \$0.3 million in 4Q2017 to \$0.1 million in 4Q2018 due to lower sales commission and transportation related costs in 4Q2018.

General and administrative costs

General and administrative costs decreased by \$0.5 million, from \$1.5 million in 4Q2017 to \$1.0 million in 4Q2018, mainly due to reduction in

- i) staff related costs as the headcount reduced from 196 as at 31 December 2017 to 49 as at 31 December 2018;
- ii) professional fees such as consultant fees in relation to P₄ operations; and
- iii) general operation expenses as the Group downsized its operations.

The above decreases were offset by increase in depreciation in 4Q2018. The depreciation of the P₄ plant was recognised in general and administrative costs as it was not operational in 4Q2018.

Finance costs

Finance costs remained relatively unchanged at \$0.1 million in 4Q2018 and 4Q2017.

Other expense

Other expense of \$6.3 million in 4Q2018 was mainly related to allowance for impairment made for property, plant and equipment. In accordance with SFRS(I) 36, the Group assessed the carrying value of its property, plant and equipment. Additional provision for impairment loss was made for the P₄ plant in 4Q2018 in view of the uncertainty over the resumption of its production. The value of plant and equipment was written down based on values estimated by independent valuers engaged by Bohai bank.

Provision for impairment loss was made for the STPP plant and corporate assets in 4Q2018 due to the Group's intention to dispose the land that is surplus to the Group's requirements, on which the plant and buildings are located.



Tax expense

In 4Q2018, the Group recognised a tax credit of \$0.1 million due to reversal of temporary timing differences arising from depreciation.

Discontinued operation

Loss from discontinued operation for 4Q2018 was mainly due to

- i) reduction in contribution from sales of phosphate rocks in 4Q2018. The Group sold 1,900 tonnes of phosphate rocks in 4Q2018. In 4Q2017, the Group sold 4,400 tonnes of phosphate rocks; and
- ii) recognition of professional fees such as legal fees and consultancy fees incurred in the ongoing discussions with the Chinese government on the mining assets.

The above were partially offset by absence of staff termination costs in 4Q2018.

Balance sheet

Non-current assets

Non-current assets decreased by \$9.4 million, from \$30.3 million as at 31 December 2017 to \$20.9 million as at 31 December 2018 mainly due to depreciation, disposal of property, plant and equipment and allowance for impairment made on P₄, STPP plant and corporate assets during the year. The carrying value of P₄ plant was written down based on values estimated by independent valuers engaged by Bohai bank. Due to the Group's intention to dispose the land that is surplus to the Group's requirements, the carrying value of the STPP plant and corporate assets, which are located on the land, had to be substantially written down to its estimated recoverable value less cost to dispose.

Current assets

Current assets decreased by \$14.9 million, from \$108.4 million as at 31 December 2017 to \$93.5 million as at 31 December 2018 mainly due to decreases in stocks, trade and other receivables, prepayments, assets of disposal group and disposal of financial asset held for trading. The Group depleted its inventory of phosphate rocks previously extracted from the Group's mines and realised most of its P₄ inventory as at 31 December 2018. Reduction in trade and other receivables mainly due to collections and redemptions of bill receivables. Less prepayments were made to suppliers as at 31 December 2018 as the P₄ plant had not resumed operation as at 31 December 2018. The decrease in value of assets of disposal group due to strengthening of SGD against RMB.

Current liabilities

Current liabilities decreased by \$8.4 million, from \$18.5 million as at 31 December 2017 to \$10.1 million as at 31 December 2018, mainly due to decreases in i) trade and other payables, bank loans and provision for tax due to payments made during the year; and ii) decrease in advances payments from customers.



Non-current liabilities

Non-current liabilities decreased by \$0.1 million, from \$19.4 million as at 31 December 2017 to \$19.3 million as at 31 December 2018, mainly due to decrease in deferred tax liabilities.

Cash flow statement

Operating loss before working capital changes was \$1.1 million in 4Q2018. Cash inflow due to changes in working capital was \$1.4 million mainly due to decrease in stocks and receivables, partially offset by decrease in payables. Payments for interest expense in 4Q2018 amounted to \$0.1 million. The above contributed to net cash flows generated from operating activities of \$0.1 million in 4Q2018.

Cash flows used in financing activities of \$0.4 million in 4Q2018 was due to repayment of bank loans of \$4.8 million, partially mitigated by proceeds from bank loan of \$4.4 million.

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.

Upstream Segment

As announced on 15 November 2018, the negotiations on compensation for cessation of mining activities at Mines 1 and 2 have been escalated to the Chinese Government via Ministry of Commerce (“MOFCOM”). Management and the Group’s lawyers are currently engaged in negotiations with MOFCOM and the Sichuan Provincial Government on, *inter alia*, the selection of an independent valuer and the terms of reference of such engagement.

No adjustments have been made to the carrying value of the assets and liabilities of the disposal group as the recoverable amount will be dependent on the finalisation of compensation when either negotiation or arbitration is concluded.

The Company will make an announcement as and when there are material developments on this matter.

Downstream Segment

Management will continue to monitor the market situation for P₄, the cost of raw materials and production overheads. The Group is also exploring the feasibility of the relocation of the P₄ plant outside China with potential strategic partners.

Management will continue to develop the export market for downstream phosphate chemicals and explore other opportunities to create income. The depreciation of the RMB against US Dollar has created opportunities in the export market as the Group’s chemicals will be cheaper for customers outside China. Management will also monitor the ongoing trade



negotiation between the United States of America and China and take steps to mitigate the impact of potential additional tariffs.

Management is currently in discussions with several parties for the potential sale, lease or processing arrangements involving the downstream production facilities. These discussions are currently in the preliminary stage. The Group is also exploring potential cooperation with strategic partners in businesses other than phosphate chemicals, by utilising land that is surplus to the Group's requirements.

The Company will make an announcement as and when there are material developments on these matters.

Going concern assumption

The financial statements for year ended 31 December 2018 were prepared using the going concern assumption. The directors considered the following factors:

- a) based on existing business plans for year ending 31 December 2019, the Management expects
 - i) the Group to be able to continue to generate cash flows from downstream chemical products like STPP, SHMP as well as other polyphosphate chemicals; and
 - ii) significant reduction in cash outlays and overheads due to downsized operations and lower headcount;
- b) expected recovery of outstanding receivables. As announced on 30 November 2018, the Group has entered into a settlement agreement with a particular customer, which is a subsidiary of a State-Owned Enterprise and also partly owned by the Deyang Government. Unfortunately, the Group has not received the expected first and second installments which were due on 31 January 2019 and 28 February 2019 respectively, as the said customer has not resumed its operations, nevertheless the Group expects the customer to settle the outstanding;
- c) the Group is exploring sale of land that is surplus to our requirements; and
- d) as announced on 7 December 2018 and 22 January 2019, the Group has managed to refinanced its bank borrowings with the banks. Based on discussions with the banks and as the Group has in the past not defaulted on any of the loans extended to it, barring unforeseen circumstances, the Directors expect that the Group will be able to renew the bank loans when they are due in December 2019 and January 2020.

Based on the above, the directors are of the view that, barring unforeseen circumstances, the use of the going concern assumption in preparing the financial statements for year ended 31 December 2018 is appropriate.

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 and the reason(s) for the decision.**

No dividend has been declared or recommended for the fourth quarter ended 31 December 2018 as the Company is not in the financial position to declare dividends.

13. **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction 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. 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 Catalyst 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 Catalyst Listing Manual in accordance with Rule 720(1) of the Catalyst Listing Manual.

Part II Additional Information Required for Full Year Announcement

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

For management purposes, the Group is organised into product units and has two reportable segments as follows:

- upstream segment relates to our business of exploration, mining and sale of phosphate rocks (the “**Upstream Segment**”). As discussions are in progress with the Chinese Government, the Upstream Segment had been presented as discontinued operation; and
- downstream segment relates to our business of manufacturing, sale and trading of phosphate-based chemicals products such as P₄, STPP and SHMP; and the sale of by-products, such as slag, sludge and ferrophosphate, produced as a result of such manufacturing process (the “**Downstream Segment**”).

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the financial statements. The Chief Operating Decision Maker does not monitor assets and liabilities by segments. The assets and liabilities are managed on a group basis. However, the information on additions to mine properties, land use rights and property, plant and equipment by operating segments is regularly provided to the Chief Operating Decision Maker.

	Upstream (discontinued)		Downstream		Adjustments and eliminations		Note	Total	
	FY2018 \$'000	FY2017 \$'000	FY2018 \$'000	FY2017 \$'000	FY2018 \$'000	FY2017 \$'000		FY2018 \$'000	FY2017 \$'000
Profit or loss									
Revenue - external	2,064	6,990	21,528	44,085	(2,064)	(6,990)	A, B	21,528	44,085
Loss on disposal of property, plant and equipment	-	-	(94)	-	-	(14)	C	(94)	(14)
Depreciation and amortisation expenses	-	(1,637)	(823)	(1,670)	(230)	1,299	C	(1,053)	(2,008)
Interest income	-	-	-	-	8	12	C	8	12
Interest expense	(64)	(59)	-	-	(394)	(397)	B, C	(458)	(456)
Gains on financial asset held for trading	-	-	-	-	2	34	C	2	34
Termination of services of employees	(21)	(101)	(462)	-	(68)	101	B, C	(551)	-
Provision made for impairment on property, plant and equipment	-	-	(6,087)	-	(1,571)	-	C	(7,658)	-
Provision for doubtful debts made	(1,173)	-	8	-	1,143	-	B, C	(22)	-
Segment profit/(loss) before tax	(809)	1,010	(8,449)	5,285	(4,732)	(6,329)	D	(13,990)	(34)
Assets									
Additions to non-current assets	-	2,864	-	374	50	9	E	50	3,247



Note Additional information and nature of adjustments and eliminations to arrive at amounts reported

- A There were no inter-segment revenue.
- B The amounts relating to upstream segment has been excluded to arrive at the amounts shown in the profit or loss as they are presented separately in the statement of comprehensive income within one line item, “profit from discontinued operation, net of tax”.
- C Adjustments relate to unallocated corporate income and expenses.
- D The following items were added to segment profit/(loss) to arrive at “profit/(loss) before tax before continuing operations” presented in this announcement:

	Group	
	FY2018	FY2017
	\$'000	\$'000
Segment results of discontinued operation	809	(1,010)
Loss on disposal of property, plant and equipment	-	(14)
Interest income	8	12
Government grant and subsidy income	51	37
Gains on financial asset held for trading	2	34
Exchange gain	170	45
Termination of services of employees	(89)	-
Provision made for impairment on property, plant and equipment	(1,571)	-
Interest expense	(458)	(456)
Other corporate expenses	(3,654)	(4,977)
	<u>(4,732)</u>	<u>(6,329)</u>

- E Additions to non-current assets comprised of additions to property, plant and equipment.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group			
	FY2018		FY2017	
	Revenue	Non-current assets	Revenue	Non-current assets
	\$'000	\$'000	\$'000	\$'000
People's Republic of China	22,610	20,769	49,661	30,128
Singapore	-	114	-	125
Others	982	-	1,414	-
	23,592	20,883	51,075	30,253
Less discontinued operation	(2,064)	-	(6,990)	-
	<u>21,528</u>	<u>20,883</u>	<u>44,085</u>	<u>30,253</u>

Non-current assets information presented above consist of property, plant and equipment, land use rights, prepayments and other receivables as presented in the consolidated balance sheets.

Information about major customers

There was no single customer whose sales represent more than 10% of the total Group's revenue in FY2018 and FY2017.

Information about products

Revenue information based on products are as follows:

	Group	
	FY2018	FY2017
	\$'000	\$'000
P ₄ and its by-products	19,912	42,234
STPP	1,187	1,083
SHMP	104	504
Others *	325	264
Revenue from continuing operations	21,528	44,085
Revenue from discontinued operation	2,064	6,990
	<u>23,592</u>	<u>51,075</u>

* Others represents trading revenue from other phosphate chemicals.

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

See paragraph 8.



17. A breakdown of sales as follows:

	Group		Increase/ (decrease) %
	FY2018 \$'000	FY2017 \$'000	
a) Revenue			
i) from continuing operations			
- first half year	21,017	23,606	(11)
- second half year	511	20,479	(98)
	21,528	44,085	(51)
ii) from discontinued operation			
- first half year	916	4,595	(80)
- second half year	1,148	2,395	(52)
	2,064	6,990	(70)
Total	23,592	51,075	(54)
(b) Operating (loss)/profit after tax before deducting minority interests			
i) from continuing operations			
- first half year	(4,676)	(95)	4822
- second half year	(9,230)	(445)	1974
	(13,906)	(540)	2475
ii) from discontinued operation			
- first half year	(926)	1,010	N.M.
- second half year	117	(256)	N.M.
	(809)	754	N.M.
Total	(14,715)	214	N.M.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—

Not applicable – no dividend was declared in FY2018 and FY2017.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ong Hian Eng	71	(i) Uncle of Simon Ong, executive director; Raymond Ong, a non-executive director and Melissa Ong, Human Resource and Administration Manager. (ii) Father of Ong Bee Pheng, a non-executive director.	(i) Current Position: Chief Executive Officer and Executive Director. (ii) Duties: Responsible for overseeing the overall development of Group's corporate direction, policies and operations. (iii) Appointed since 3 January 2012.	Nil

		(iii) Father-in-law of Jaime Chiew Chi Loong, Chief Risk Officer.		
Ong Eng Hock Simon ("Simon Ong")	54	(i) Brother of Raymond Ong, a non-executive director and Melissa Ong, Human Resource and Administration Manager. (ii) Nephew of Ong Hian Eng, CEO and executive director. (iii) Cousin of Ong Bee Pheng, a non-executive director.	(i) Current Position: Executive Director. (ii) Duties: human resource and general administration functions of the Group. (iii) Appointed since 1 October 2012.	Nil
Ong Eng Siew Raymond ("Raymond Ong")	52	(i) Brother of Simon Ong, an executive director and Melissa Ong, Human Resource and Administration Manager. (ii) Nephew of Ong Hian Eng, CEO and executive director. (iii) Cousin of Ong Bee Pheng, a non-executive director.	(i) Current Position: Non-Executive Director. (ii) Duties: Non-executive. (iii) Appointed since 1 October 2012.	Nil
Ong Bee Pheng	43	(i) Cousin of Raymond Ong, a non-executive director; and Simon Ong, an executive director and Melissa Ong, Human Resource and Administration Manager. (ii) Daughter of Ong Hian Eng, CEO and executive director. (iii) Spouse of Jaime Chiew Chi Loong, Chief Risk Officer	(i) Current Position: Non-Executive Director. (ii) Duties: Non-executive. (iii) Appointed since: 1 October 2012.	Nil
Jaime Chiew Chi Loong	42	(i) Spouse of Ong Bee Pheng, a non-executive director.	(i) Current Position: Chief Risk Officer.	Nil

		(ii) Son-in-law of Ong Hian Eng, CEO and executive director.	(ii) Duties: primarily be responsible for overseeing the Group's risk management activities, budgeting process and monitoring of key performance indicators. (iii) Appointed since 2 September 2014.	
Melissa Ong Bee Kuan	43	(i) Sister of Simon Ong, an executive director and Raymond Ong, a non-executive director. (ii) Niece of Ong Hian Eng, CEO and executive director. (iii) Cousin of Ong Bee Pheng, a non-executive director.	(i) Current Position: Human Resource and Administration Manager. (ii) Duties: human resource and general administration functions of the Group. (iii) Appointed since 4 March 2016.	Nil

On behalf of the Board,

Ong Eng Hock Simon
Executive Director
1 March 2019

*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.

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