ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 and 31 August 2018, the Group is currently in discussion with the Sichuan Provincial 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 license.

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. Comparatives were re-presented to conform with 2018's presentation.

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

	Group					
	Third Quarter Ended 30 September			9 Months Ended 30 September		
	2018	2017	Change	2018	2017	Change
	$'000	$'000	%	$'000	$'000	%
Continuing operations						
Revenue	239	9,656	(98)	21,256	33,262	(36)
Cost of sales	(153)	(7,948)	(98)	(20,509)	(28,140)	(27)
Gross profit	86	1,708	(95)	747	5,122	(85)
Other income	100	68	47	232	246	(6)
Selling and distribution costs	(130)	(329)	(60)	(623)	(1,057)	(41)
General and adminstrative costs	(1,786)	(1,257)	42	(5,022)	(3,769)	33
Finance costs	(115)	(175)	(34)	(405)	(466)	(13)
Other expense (Note (a))	21	-	100	(1,438)	-	100
Profit/(loss) before tax, from continuing operations	(1,824)	15	N.M.	(6,509)	76	N.M.
Taxation	-	(71)	(100)	9	(231)	N.M.
Profit/(loss) from continuing operations, net of tax	**(1,824)**	**(56)**	3157	**(6,500)**	**(155)**	4094
Discontinued operation						
Profit/(loss) from discontinued operation, net of tax	**263**	**180**	46	**(663)**	**1,191**	N.M.
Profit/(loss) for the period	**(1,561)**	**124**	N.M.	**(7,163)**	**1,036**	N.M.
Other comprehensive income						
Items that may be recycled to profit or loss						
Foreign currency translation gain/(loss)	(1,507)	199	N.M.	(1,074)	(842)	28
Total comprehensive income for the period	(3,068)	323	N.M.	(8,237)	194	N.M.
Net profit/(loss) for the period attributable to:						
Owners of the Company						
Profit/(loss) from continuing operations, net of tax	(1,824)	(56)	3157	(6,500)	(155)	4094
Profit/(loss) from discontinued operation, net of tax	263	180	46	(663)	1,191	N.M.
	(1,561)	124	N.M.	(7,163)	1,036	N.M.
Non-controlling interest						
Profit/(loss) from continuing operations, net of tax	-	-	-	-	-	-
Profit/(loss) from discontinued operation, net of tax	-	-	-	-	-	-
	-	-	-	-	-	-
Profit/(loss) for the period	(1,561)	124	N.M.	(7,163)	1,036	N.M.
Total comprehensive income for the period attributable to:						
Owners of the Company	(3,068)	323	N.M.	(8,237)	194	N.M.
Non-controlling interest	-	-	-	-	-	-
	(3,068)	323	N.M.	(8,237)	194	N.M.
Attributable to owners of the Company						
Total comprehensive income for the period from continuing operations	(3,331)	143	N.M.	(7,574)	(997)	660
Total comprehensive income for the period from discontinued operation	263	180	46	(663)	1,191	N.M.
	(3,068)	323	N.M.	(8,237)	194	N.M.

"N.M." denotes not meaningful.
Note (a) : Other expense in 3Q2018 arose due to translation of impairment made for plant and equipment in second quarter ended 30 June 2018 ("**2Q2018**"). There were no reversal nor additional impairment of plant and equipment made in 3Q2018.

Profit/(loss) from continuing operations, net of tax for third quarter ended 30 September 2018 ("**3Q2018**") includes loss after tax from downstream segment of $1.1 million, as compared to profit after tax of $0.8 million in third quarter ended 30 September 2017 ("**3Q2017**") and loss from corporate and other unallocated expenses amounting to $0.7 million (3Q2017: $0.9 million), respectively.

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 3Q2018, the Group recorded translation loss of $1.5 million due to the strengthening 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					
	Third Quarter Ended 30 September			9 Months Ended 30 September		
	2018	2017	Change	2018	2017	Change
	$'000	$'000	%	$'000	$'000	%
Interest income	2	3	(33)	8	10	(20)
Gains on financial asset held for trading	-	2	(100)	2	13	(85)
Interest expenses						
- continuing operations	(108)	(87)	24	(345)	(370)	(7)
- discontinued operation	(16)	(11)	45	(48)	(43)	12
Amortisation and depreciation						
- continuing operations #	(190)	(34)	459	(387)	(273)	42
- discontinued operation	-	(292)	(100)	-	(349)	(100)
Provision for doubtful debts (made)/written back	(7)	-	100	(1,172)	-	100
Adjustment to inventories to net realisable value * (Note (a))	9	-	100	(631)	-	100
Inventories written off #	(716)	-	100	(716)	-	100
Stock take gain	608	-	100	608	-	100
Provision (made)/reversed for impairment on property, plant and equipment (Note (a))	21	-	100	(1,438)	-	100
Staff termination costs #	(85)	-	100	(136)	-	100
(Loss)/gain on disposal of property, plant and equipment *	-	-	-	(96)	-	100
Foreign exchange gain/(loss) *	172	16	975	130	150	(13)
Overprovision of prior years' taxation	-	-	-	8	80	(90)

"N.M." denotes not meaningful.

* Included in general and administrative costs

Included in selling and distribution costs and general and administrative costs

Note (a) : Amounts in 3Q2018 arose due to translation of adjustment to inventories to net realisable value and impairment made for plant and equipment in 2Q2018. There were no reversal nor additional adjustment to realisable value of inventories and plant and equipment in 3Q2018.

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 2018	31 December 2017	30 September 2018	31 December 2017
	$'000	$'000	$'000	$'000
Non-current assets				
Land use rights	4,163	4,362	-	-
Property, plant and equipment	22,102	25,162	-	-
Prepayments	675	695	-	-
Other receivables	34	34	-	-
Investment in subsidiaries	-	-	78,036	78,036
	26,974	30,253	78,036	78,036
Current assets				
Stocks	727	12,135	-	-
Trade receivables	1,403	985	-	-
Other receivables	322	379	85	55
Prepayments	805	2,174	170	282
Financial asset held for trading	-	389	-	-
Cash and bank balances	2,772	2,203	621	1,130
Assets of disposal group	89,735	90,110	-	-
Amounts due from subsidiaries	-	-	6,036	6,803
	95,764	108,375	6,912	8,270
Total assets	122,738	138,628	84,948	86,306
Current liabilities				
Trade payables	101	4,439	-	-
Other payables	3,075	5,121	329	241
Advance payments from customers	359	492	-	-
Interest-bearing bank loans	6,702	6,963	-	-
Provision for taxation	-	713	-	-
Liability of disposal group	791	815	-	-
Amounts due to subsidiaries	-	-	2,366	2,983
	11,028	18,543	2,695	3,224
Net current assets/(liabilities)	84,736	89,832	4,217	5,046
Non-current liabilities				
Deferred tax liabilities	17,356	17,385	-	-
Deferred income	1,934	2,034	-	-
	19,290	19,419	-	-
Total liabilities	30,318	37,962	2,695	3,224
Net assets	**92,420**	**100,666**	**82,253**	**83,082**
Equity attributable to owners of the Company				
Share capital	78,283	78,283	78,283	78,283
Reserves	4,674	12,920	3,970	4,799
	82,957	91,203	82,253	83,082
Non-controlling interest	9,463	9,463	-	-
Total equity	**92,420**	**100,666**	**82,253**	**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			
	30 September 2018		31 December 2017	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable				
In one year or less, or on demand	6,702	-	6,963	-
After one year	-	-	-	-
	6,702	-	6,963	-

Details of collaterals

As at 30 September 2018, the Group pledged land use rights and certain property, plant and equipment of the Group, with net book value of RMB21.0 million (approximately $4.2 million) and RMB69.9 million (approximately $13.9 million) respectively, as collaterals. The Company has also provided a corporate guarantee for a bank loan of RMB24.0 million (approximately $4.8 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			
	Third Quarter Ended 30 September		9 Months Ended 30 September	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash flows from operating activities :				
Profit/(loss) before taxation				
- continuing operations	(1,824)	15	(6,509)	76
- discontinued operation	263	211	(663)	1,442
Profit/(loss) before taxation, total	(1,561)	226	(7,172)	1,518
Adjustments for :				
Depreciation expenses	159	540	798	2,745
Loss/(gain) on disposal of property, plant and equipment	-	-	96	-
Amortisation expenses	23	124	71	285
Interest expense	124	98	393	413
Adjustment to inventories to net realisable value (Note (a))	(9)	-	631	-
Inventories written off	716	-	716	-
Provision for doubtful debts	7	-	1,172	-
Provision made/(reversed) for impairment on property, plant and equipment (Note (a))	(21)	-	1,438	-
Interest income	(2)	(3)	(8)	(10)
Gains on financial asset held for trading	-	(2)	(2)	(13)
Unrealised exchange loss/(gain)	(160)	35	(169)	(157)
Government grant	-	(1)	(31)	(1)
Amortisation of deferred income	-	(34)	(41)	(115)
Operating profit/(loss) before working capital changes	(724)	983	(2,108)	4,665
(Increase)/decrease in stocks	154	1,448	10,072	(376)
(Increase)/decrease in receivables	2,300	3,791	(396)	(1,383)
Increase/(decrease) in payables	(880)	(6,673)	(6,248)	354
Cash generated from/(used in) operations	850	(451)	1,320	3,260
Interest received	2	3	8	10
Interest paid	(124)	(98)	(393)	(602)
Tax paid	-	(260)	(718)	(638)
Net cash flows generated from/(used in) operating activities	728	(806)	217	2,030
Cash flows from investing activities :				
Payments for property, plant and equipment	(4)	(985)	(5)	(1,806)
Receipt of government grant	1	1	32	1
Proceeds from sale of financial asset held for trading	-	-	398	-
Proceeds from disposal of property, plant and equipment	-	-	46	-
Net cash flows generated by/(used in) investing activities	(3)	(984)	471	(1,805)
Cash flows from financing activities :				
Repayment of bank loan	(54)	(2,894)	(2,138)	(5,945)
Proceeds from bank loan	-	5,945	2,084	5,945
Increase/(decrease) in pledged deposits	1,025	(2)	1,021	(5)
Net proceeds from rights cum warrants issue	-	-	-	4,158
Proceeds from exercise of warrants	-	1,002	-	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	971	4,051	967	3,402
Net increase/(decrease) in cash and cash equivalents	1,696	2,261	1,655	3,627
Cash and cash equivalents at beginning of period	1,145	2,347	1,182	1,012
Effects of exchange rate changes on cash and cash equivalents	(69)	15	(65)	(16)
Cash and cash equivalents at end of period	2,772	4,623	2,772	4,623

Note (a) : Amounts in 3Q2018 arose due to translation of adjustment to inventories to net realisable value and impairment made for plant and equipment in 2Q2018. There were no reversal nor additional adjustment to realisable value of inventories and plant and equipment in 3Q2018.

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	
	2018	2017
	$'000	$'000
Cash and bank balances	2,772	5,810
Less : pledged deposits	-	(1,187)
Cash and cash equivalents at end of period	2,772	4,623

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
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

Company	Share capital	Retained earnings	Total reserves	Total equity
	$'000	$'000	$'000	$'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
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

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 2018 and 30 September 2018, the number of issued ordinary shares of the Company ("**Shares**") (excluding treasury shares) was 1,031,524,685.

As at 30 September 2017 and 30 September 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 30 September 2017 and 30 September 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	
	30 September 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 ending 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			
	Third Quarter Ended 30 September		9 Months Ended 30 September	
	2018	2017	2018	2017
Earnings/(loss) attributable to owners of the Company used in the computation of basic earnings per share ($'000)				
- from continuing operations	(1,824)	(56)	(6,500)	(155)
- from discontinued operation	263	180	(663)	1,191
	(1,561)	124	(7,163)	1,036
Weighted average number of ordinary shares for basic earnings per share ('000)	1,031,525	1,027,757	1,031,525	985,024
Basic earnings/(loss) per share (cents)				
- from continuing operations	(0.18)	(0.01)	(0.63)	(0.02)
- from discontinued operation	0.03	0.02	(0.06)	0.12
	(0.15)	0.01	(0.69)	0.11
Earnings/(loss) attributable to owners of the Company used in the computation of diluted earnings per share ($'000)				
- from continuing operations	(1,824)	(56)	(6,500)	(155)
- from discontinued operation	263	180	(663)	1,191
	(1,561)	124	(7,163)	1,036
Weighted average number of ordinary shares for basic earnings per share ('000)	1,031,525	1,027,757	1,031,525	985,024
Effects of dilution				
- Exercise of warrants ('000)	-	11,067	-	8,182
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,031,525	1,038,824	1,031,525	993,206
Diluted earnings/(loss) per share (cents)				
- from continuing operations	(0.18)	(0.01)	(0.63)	(0.02)
- from discontinued operation	0.03	0.02	(0.06)	0.12
	(0.15)	0.01	(0.69)	0.10

The dilutive instruments were anti-dilutive in 3Q2018 and in the period ended 30 September 2018 (“**9M2018**”) as 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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Net asset value ($'000)	92,420	100,666	82,253	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)	8.96	9.76	7.97	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**"). Following the withdrawal of the mining licenses, 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 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
Revenue from continuing operations decreased by $9.5 million, from $9.7 million in 3Q2017 to $0.2 million in 3Q2018, due to lower quantity of P_4 sold in 3Q2018. Cost of goods sold for continuing operations decreased by $7.7 million, from $7.9 million in 3Q2017 to $0.2 million in 3Q2018. The Group sold 70 tonnes of P_4 in 3Q2018, as compared to 3,480 tonnes in 3Q2017. The Group had sold most of its inventory of P_4 produced in first half of 2018.

Revenue from continuing operations also include other phosphate chemicals, in particular, STPP. In 3Q2018, the Group sold 210 tonnes of STPP, as compared to 103 tonnes in 3Q2017.

Due to reasons stated above, gross profit from continuing operations decreased by $1.6 million, from $1.7 million in 3Q2017 to $0.1 million in 3Q2018. Due to the change in sales mix, the gross margin increased from 18% in 3Q2017 to 36% in 3Q2018.

Other income

Other income remained relatively unchanged at approximately $0.1 million in 3Q2018 and 3Q2017.

Selling and distribution costs

Selling and distribution costs decreased by $0.2 million, from $0.3 million in 3Q2017 to $0.1 million in 3Q2018 due to lower sales of P_4 in 3Q2018.

General and administrative costs

General and administrative costs increased by $0.5 million, from $1.3 million in 3Q2017 to $1.8 million in 3Q2018, mainly due to i) increase in depreciation in 3Q2018. The depreciation of the P_4 plant was recognised in general and administrative costs as it was not operational in 3Q2018. In 3Q2017, the depreciation of P_4 plant was recognised in production costs; ii) remaining inventories of P_4 written off in 3Q2018. There were no such adjustments in 3Q2017; and iii) staff termination costs for dismissal of non essential staff. There were no such expense in 3Q2017.

The above increases were offset by general reduction in operating expenses as the Group downsized its operations and exchange gain of $0.2 million in 3Q2018.

Finance costs

Finance costs decreased by $0.1 million, from $0.2 million in 3Q2017 to $0.1 million in 3Q2018 due to decrease in bank charges. In 3Q2017, the Group recognised bank charges which mainly arose due to the renewal of bank loans.

Discontinued operation

Profit from discontinued operation for 3Q2018 was mainly due to

i) sale of phosphate rocks in 3Q2018. The Group sold 15,600 tonnes of powder phosphate rocks in 3Q2018. In 3Q2017, the Group sold 42,300 tonnes of powder phosphate rocks. Due to the limited supply of phosphate rocks in the Group's vicinity, the average selling prices in 3Q2018 were higher than that in 3Q2017. In addition the Group recognised a stock take gain on phosphate rocks in 3Q2018. The above resulted in higher gross margins in 3Q2018;

ii) the absence of staff costs and depreciation in 3Q2018, as the Group had terminated the services of its mining department in fourth quarter ended 31 December 2017; and

iii) partially offset by the recognition of professional fees such like legal fees and consultancy fees incurred in the ongoing discussions with the Chinese government on the mining assets.

Balance sheet

Non-current assets

Non-current assets decreased by $3.3 million, from $30.3 million as at 31 December 2017 to $27.0 million as at 30 September 2018 mainly due to depreciation and disposal of property, plant and equipment in 9M2018 and allowance made for impairment on P_4 plant made in 2Q2018.

Current assets

Current assets decreased by $12.6 million, from $108.4 million as at 31 December 2017 to $95.8 million as at 30 September 2018 mainly due to decreases in stocks, 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 sold most of its P_4 inventory as at 30 September 2018. Less prepayments were made to suppliers as at 30 September 2018 as the P_4 plant had not resumed operation as at 30 September 2018. The decrease in assets of disposal group was due to strengthening of SGD against RMB.

The above decreases were partially mitigated by increase in trade receivables and cash and bank balances. The trade receivables are backed by promissory notes issued by financial institutions in the PRC. These notes will be redeemed upon their maturity, or when the need arises.

Current liabilities

Current liabilities decreased by $7.5 million, from $18.5 million as at 31 December 2017 to $11.0 million as at 30 September 2018, mainly due to decreases in trade and other payables and interest-bearing bank loans due to repayments and payments of corporate tax in 9M2018.

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 30 September 2018, mainly due to strengthening of SGD against RMB.

Cash flow statement

Operating loss before working capital changes was $0.7 million in 3Q2018. Cash in flow due to changes in working capital was $1.6 million mainly due to decrease in stocks and receivables, partially offset by decrease in payables. Payments for interest expense and corporate tax in 3Q2018 amounted to $0.1 million. The above contributed to net cash flows generated from operating activities of $0.7 million in 3Q2018.

Net cash flows generated from financing activities was $1.0 million due to the release of fixed deposits as collaterals.

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 31 August 2018, the Company's lawyers have formally notified the Chinese Government that it is in breach of its obligations under the China-Singapore Bilateral Investment Treaty ("BIT") and the ASEAN-China Investment Agreement. Should the Chinese Government fail to respond by 28 February 2019, the Company may submit the dispute to International Arbitration under Article 13 of the China-Singapore BIT and Article 14 of the ASEAN-China Investment Agreement. The Company's lawyers have not received a formal reply from the Chinese Government but the Company has been advised informally that the Chinese Government has received the lawyer's letter and that the Company can expect an official acknowledgement and response. The Company's lawyers have sent a follow up letter to the Chinese Government on 10 October 2018.

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

The maintenance of the P_4 facilities has been completed but the Group has not resumed production because there were no available phosphate rocks in the Group's vicinity for cost efficient P_4 production. However, in September 2018 and October 2018, two of the Group's neighbouring mines had been given approval by the local authorities to resume mining. Management will continue to monitor the market situation for P_4, the cost of raw materials and production overheads.

Management will continue to develop the export market for downstream chemicals and explore other opportunities to create income. The depreciation of the Renminbi 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 and China and take steps to mitigate the impact of additional tariffs.

Management is currently reviewing opportunities for the sale or lease or processing arrangement involving its downstream production facilities. The Company will make an announcement as and when there are material developments on this matter.

As disclosed in our announcement on 30 October 2018, Mianzhu Fund was expected to pay the outstanding amount of bank loan to Bohai Bank by 31 October 2018. As at the date of this announcement, Mianzhu Fund has not paid the amount to Bohai Bank as both parties are still in discussions.

Going Forward

Management will concurrently review its current operational requirements and take steps to dispose of its surplus factory land and to reduce overheads. This should generate cash to enable the Group to pay off its bank loans. The Group is in discussions with the local government and Bohai Bank to renew the bank loan up to RMB24 million which was due on 31 July 2018.

Barring unforeseen circumstances the directors are of the view that the presentation of the accounts on the going concern basis is appropriate, based on (*inter alia)* on-going negotiation with the Mianzhu Fund and Bohai Bank, existing cash resources, discussons with existing customers and plans for management of cost and recovery of outstanding receivables.

Notwithstanding the above, the resumption of downstream operation for the next quarter is dependant on the availability of phosphate rocks locally, which is expected to be challenging.

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

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 2018.

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. 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 2018 to be false or misleading in any material aspects.

15. 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

1 November 2018

*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..
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