

ASIAPHOS

ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

Background

AsiaPhos Limited (the “Company”) was listed on the Catalist Board (the “Catalist”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 7 October 2013. The initial public offering (the “IPO”) of the Company was sponsored by United Overseas Bank Limited (the “Sponsor”). The Company, incorporated in Singapore under the Singapore Companies Act on 3 January 2012, is the first Singapore-headquartered mineral resources company listed in SGX-ST which is solely focused on exploring and mining phosphate in the Peoples’ Republic of China (“PRC”) with the ability to manufacture and produce phosphate-based chemical products.



PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF RESULTS FOR FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

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					
	Fourth Quarter Ended 31 December			Financial Year Ended 31 December		
	2015 \$'000	2014 \$'000	Change %	2015 \$'000	2014 \$'000	Change %
Revenue	16,839	11,125	51	44,505	23,822	87
Cost of sales	(13,649)	(8,540)	60	(36,018)	(19,138)	88
Gross profit	3,190	2,585	23	8,487	4,684	81
Other income	4,863	20,834	(77)	6,378	21,781	(71)
Selling and distribution costs	(109)	(115)	(5)	(496)	(624)	(21)
General and administrative costs	(2,847)	(2,186)	30	(7,684)	(5,348)	44
Finance costs	(337)	(279)	21	(1,229)	(917)	34
Other expense	-	(92)	N.M.	(2,429)	(92)	2540
Profit/(loss) before tax	4,760	20,747		3,027	19,484	
Taxation	(451)	14	N.M.	(818)	14	N.M.
Profit/(loss) for the period	4,309	20,761		2,209	19,498	
Other comprehensive income						
Foreign currency translation gain/(loss)	(1,034)	1,699	N.M.	447	1,326	(66)
Total comprehensive income for the period	3,275	22,460		2,656	20,824	
Profit/(loss) for the period attributable to:						
Owners of the Company	4,309	20,761		2,209	19,498	
Non-controlling interest	-	-		-	-	
	4,309	20,761		2,209	19,498	
Total comprehensive income for the period attributable to:						
Owners of the Company	3,275	22,460		2,656	20,824	
Non-controlling interest	-	-		-	-	
	3,275	22,460		2,656	20,824	

N.M. denotes not meaningful.

Foreign currency translation gain/(loss) represents exchange differences arising from translation of the financial statements of our PRC subsidiaries whose functional currency (Renminbi, “RMB”) is different from that of the Group’s presentation currency (Singapore Dollar, “SGD”). The Group’s net investment in PRC is not hedged as currency positions in RMB are considered to be long-term in nature. Such translation gains/(losses) are of unrealised nature and do not impact current year profit/loss unless the underlying assets or liabilities of the PRC subsidiaries are disposed.

In 4Q2015, the Group recorded translation loss of \$1.0 million due to 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 profit/(loss) before tax was arrived at after (charging)/crediting the following:

	Group					
	Fourth Quarter Ended 31 December			Financial Year Ended 31 December		
	2015	2014	Change	2015	2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	5	474	(99)	1,093	1,292	(15)
Net fair value gain ⁽¹⁾	4,700	20,203	(77)	4,850	20,203	(76)
Interest expenses	(334)	(264)	27	(1,218)	(899)	35
Amortisation and depreciation	(1,523)	(715)	113	(3,569)	(1,586)	125
Write down of stocks to net realisable value	-	(269)	N.M.	-	(381)	N.M.
Write down of property, plant and equipment	-	(92)	N.M.	-	(92)	N.M.
Foreign exchange gain/(loss) *	(102)	(51)	100	6	208	(97)
Termination of pre-existing contract ⁽¹⁾	-	-	-	(2,429)	-	N.M.
Over/(under) provision of tax in						
respect of prior periods	-	422	N.M.	-	422	N.M.
Gain/(loss) on disposal of property, plant and equipment	26	105	(75)	26	105	(75)

N.M. denotes not meaningful.

* included in general and administrative costs

Note:

(1) Excluding these non-recurring items, the Group's net profit before taxation for 4Q2015 and FY2015 was \$0.1 million and \$0.6 million (4Q2014: net profit before tax of \$0.5 million and FY2014: loss of \$0.7 million).



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 2015 \$'000	31 December 2014 \$'000	31 December 2015 \$'000	31 December 2014 \$'000
Non-current assets				
Mine properties	72,329	436	-	-
Land use rights	4,845	1,751	-	-
Property, plant and equipment	39,856	36,183	-	-
Convertible loan note	-	23,077	-	-
Derivative asset	-	13,326	-	13,326
Prepayments	587	5,744	-	-
Other receivables	297	515	-	-
Intangible asset	57	113	-	-
Provisional goodwill	8,271	-	-	-
Investment in subsidiaries	-	-	59,022	33,545
	126,242	81,145	59,022	46,871
Current assets				
Stocks	2,728	8,842	-	-
Trade receivables	4,422	2,498	-	-
Other receivables	481	1,878	40	58
Prepayments	1,063	747	143	136
Amounts due from subsidiaries	-	-	17,183	16,452
Cash and bank balances	4,301	4,838	1,018	2,121
	12,995	18,803	18,384	18,767
Total assets	139,237	99,948	77,406	65,638
Current liabilities				
Bank overdraft (secured)	16	447	16	447
Trade payables	4,377	4,403	-	-
Other payables	6,848	6,321	377	170
Advance payments from customers	247	340	-	-
Interest-bearing bank loan	-	3,664	-	-
Redeemable preference shares	8,050	-	-	-
Provision for taxation	1,062	604	-	-
	20,600	15,779	393	617
Net current assets/(liabilities)	(7,605)	3,024	17,991	18,150
Non-current liabilities				
Other payables	-	117	-	-
Redeemable preference shares	-	8,200	-	-
Deferred tax liabilities	19,506	1,247	-	-
Deferred income	2,407	2,438	-	-
Provision for rehabilitation	177	175	-	-
	22,090	12,177	-	-
Total liabilities	42,690	27,956	393	617
Net assets	96,547	71,992	77,013	65,021
Equity attributable to owners of the Company				
Share capital	68,151	56,541	68,151	56,541
Reserves	18,107	15,451	8,862	8,480
	86,258	71,992	77,013	65,021
Non-controlling interest	10,289	-	-	-
Total equity	96,547	71,992	77,013	65,021



(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 2015		31 December 2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable				
In one year or less, or on demand	16	8,050	4,111	-
After one year	-	-	-	8,200
	16	8,050	4,111	8,200

Details of collaterals

As at 31 December 2014, borrowings of the Group included a short term bank loan of RMB17 million (approximately \$3.7 million). The bank loan was secured by the Group's land use rights and property, plant and equipment with net book value of RMB8.1 million (approximately \$1.8 million) and RMB102.5 million (approximately \$22.1 million) respectively.

As at 31 December 2015, the Group's land use rights with net book value of approximately RMB8.0 million (approximately \$1.8 million) and certain property, plant and equipment with net book value of approximately RMB101.1 million (approximately \$22.0 million) was pledged as collateral. As at 31 December 2015, the Group did not have any interest-bearing bank loan.

An amount of \$1.0 million of the Company's fixed deposits is also pledged as collateral for bank overdraft facility as at 31 December 2014 and 31 December 2015.



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 Ended 31 December		Financial Year Ended 31 December	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash flows from operating activities :				
Profit/(Loss) before taxation	4,760	20,747	3,027	19,484
Adjustments for :				
Depreciation expenses	1,458	653	3,265	1,346
(Gain)/loss on disposal of property, plant and equipment	(26)	(105)	(26)	(105)
Amortisation expenses	65	62	304	240
Interest expense	270	264	1,101	899
Interest income	(5)	(474)	(1,093)	(1,292)
Fair value gain	(4,700)	(20,203)	(4,850)	(20,203)
Unrealised exchange loss/(gain)	(235)	136	41	(129)
Amortisation of deferred income	(26)	(8)	(77)	(40)
Write down of property, plant and equipment	-	92	-	92
Termination of pre-existing contract	-	-	2,429	-
Operating profit/(loss) before working capital changes	1,561	1,164	4,121	292
(Increase)/decrease in stocks	4,260	360	6,283	(3,114)
(Increase)/decrease in receivables	(1,243)	1,182	(1,876)	350
Increase/(decrease) in payables	(1,019)	(596)	539	188
Cash (used in)/generated from operations	3,559	2,110	9,067	(2,284)
Interest received	1,865	5	1,874	42
Interest paid	(51)	(45)	(962)	(315)
Tax paid	(177)	-	(436)	-
Net cash flows (used in)/generated from operating activities	5,196	2,070	9,543	(2,557)
Cash flows from investing activities :				
Payments for property, plant and equipment	(1,412)	(121)	(5,961)	(6,214)
Receipt of government grant	-	-	20	-
Payment for land use rights	-	-	(123)	-
Purchase of convertible loan note	-	-	-	(15,000)
Proceeds from sale of trial products	-	-	-	6,532
Payments made in advance for land use rights	-	(1,236)	-	(1,236)
Payments made in advance for property, plant and equipment	-	-	-	(207)
Proceeds from disposal of property, plant and equipment	101	205	101	205
Payment of deposit	-	-	-	(107)
Net cash inflow on acquisition of subsidiary	-	-	52	-
Net cash flows (used in)/generated by investing activities	(1,311)	(1,152)	(5,911)	(16,027)
Cash flows from financing activities :				
Repayment of bank loan	(6,058)	(5,665)	(6,058)	(5,665)
Proceeds from bank loan	-	3,502	2,308	3,502
Proceeds from issue of redeemable preference shares	-	-	-	7,000
Increase in pledged deposits	(5)	(2)	(5)	(3)
Payments incurred in relation to the initial public offering	-	(79)	-	(629)
Payments of share issuance expense	-	-	(11)	-
Net cash flows (used in)/generated from financing activities	(6,063)	(2,244)	(3,766)	4,205
Net increase/(decrease) in cash and cash equivalents	(2,178)	(1,326)	(134)	(14,379)
Cash and cash equivalents at beginning of period	5,019	4,380	3,211	17,431
Effects of exchange rate changes on cash and cash equivalents	257	157	21	159
Cash and cash equivalents at end of period	3,098	3,211	3,098	3,211



	Group		Group	
	Fourth Quarter Ended		Financial Year Ended	
	31 December		31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	4,301	4,838	4,301	4,838
Less: bank overdraft (secured)	(16)	(447)	(16)	(447)
Less : pledged deposits	(1,187)	(1,180)	(1,187)	(1,180)
Cash and cash equivalents at end of period	3,098	3,211	3,098	3,211
Effect of acquisition of subsidiary on statement of consolidated cash flow				
Total consideration for 100% equity interest acquired	-	-	52,944	-
Less non-cash consideration	-	-	(38,223)	-
Consideration settled in cash	-	-	14,721	-
Less cash and cash equivalents of subsidiary acquired	-	-	(52)	-
Less amount paid in prior periods	-	-	(17,150)	-
Add termination of pre-existing contract	-	-	2,429	-
Net cash inflow on acquisition of subsidiary	-	-	52	-



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 interests \$'000	Total equity \$'000
2015								
Balance at 1 January 2015	56,541	850	10,799	3,802	-	15,451	-	71,992
Total comprehensive income for the period	-	-	(121)	1,605	-	1,484	-	1,484
Transfer to safety fund surplus reserve	-	-	(23)	-	23	-	-	-
Utilisation of safety fund surplus reserve	-	-	15	-	(15)	-	-	-
Balance at 31 March 2015	56,541	850	10,670	5,407	8	16,935	-	73,476
Total comprehensive income for the period	-	-	481	(858)	-	(377)	-	(377)
Transfer to safety fund surplus reserve	-	-	(123)	-	123	-	-	-
Utilisation of safety fund surplus reserve	-	-	14	-	(14)	-	-	-
Balance at 30 June 2015	56,541	850	11,042	4,549	117	16,558	-	73,099
Shares issued for acquisition of subsidiary	11,652	-	-	-	-	-	-	11,652
Share issuance expense	(11)	-	-	-	-	-	-	(11)
Total comprehensive income for the period	-	-	(2,460)	734	-	(1,726)	-	(1,726)
Acquisition of subsidiary	-	-	-	-	-	-	21,234	21,234
Transfer to safety fund surplus reserve	-	-	(12)	-	12	-	-	-
Utilisation of safety fund surplus reserve	-	-	44	-	(44)	-	-	-
Balance at 30 September 2015	68,182	850	8,614	5,283	85	14,832	21,234	104,248
Share issuance expense	(31)	-	-	-	-	-	-	(31)
Total comprehensive income for the period	-	-	4,309	(1,034)	-	3,275	-	3,275
Adjustment to fair value of net identifiable assets acquired	-	-	-	-	-	-	(10,945)	(10,945)
Transfer to safety fund surplus reserve	-	-	(316)	-	316	-	-	-
Utilisation of safety fund surplus reserve	-	-	20	-	(20)	-	-	-
Balance at 31 December 2015	68,151	850	12,627	4,249	381	18,107	10,289	96,547
2014								
Balance at 1 January 2014	56,541	850	(8,699)	2,476	-	(5,373)	-	51,168
Total comprehensive income for the period	-	-	(415)	(1,264)	-	(1,679)	-	(1,679)
Transfer to safety fund surplus reserve	-	-	(15)	-	15	-	-	-
Utilisation of safety fund surplus reserve	-	-	15	-	(15)	-	-	-
Balance at 31 March 2014	56,541	850	(9,114)	1,212	-	(7,052)	-	49,489
Total comprehensive income for the period	-	-	(417)	(113)	-	(530)	-	(530)
Transfer to safety fund surplus reserve	-	-	(63)	-	63	-	-	-
Utilisation of safety fund surplus reserve	-	-	63	-	(63)	-	-	-
Balance at 30 June 2014	56,541	850	(9,531)	1,099	-	(7,582)	-	48,959
Total comprehensive income for the period	-	-	(431)	1,004	-	573	-	573
Transfer to safety fund surplus reserve	-	-	(7)	-	7	-	-	-
Utilisation of safety fund surplus reserve	-	-	7	-	(7)	-	-	-
Balance at 30 September 2014	56,541	850	(9,962)	2,103	-	(7,009)	-	49,532
Total comprehensive income for the period	-	-	20,761	1,699	-	22,460	-	22,460
Transfer to safety fund surplus reserve	-	-	(102)	-	102	-	-	-
Utilisation of safety fund surplus reserve	-	-	102	-	(102)	-	-	-
Balance at 31 December 2014	56,541	850	10,799	3,802	-	15,451	-	71,992



Company	Share capital \$'000	Retained earnings \$'000	Total reserve \$'000	Total equity \$'000
2015				
Balance at 1 January 2015	56,541	8,480	8,480	65,021
Total comprehensive income for the period	-	72	72	72
Balance at 31 March 2015	56,541	8,552	8,552	65,093
Total comprehensive income for the period	-	6	6	6
Balance at 30 June 2015	56,541	8,558	8,558	65,099
Shares issued for acquisition of subsidiary	11,652	-	-	11,652
Share issuance expense	(11)	-	-	(11)
Total comprehensive income for the period	-	21	21	21
Balance at 30 September 2015	68,182	8,579	8,579	76,761
Share issuance expense	(31)	-	-	(31)
Total comprehensive income for the period	-	283	283	283
Balance at 31 December 2015	68,151	8,862	8,862	77,013
2014				
Balance at 1 January 2014	56,541	(4,541)	(4,541)	52,000
Total comprehensive income for the period	-	(229)	(229)	(229)
Balance at 31 March 2014	56,541	(4,770)	(4,770)	51,771
Total comprehensive income for the period	-	(296)	(296)	(296)
Balance at 30 June 2014	56,541	(5,066)	(5,066)	51,475
Total comprehensive income for the period	-	(125)	(125)	(125)
Balance at 30 September 2014	56,541	(5,191)	(5,191)	51,350
Total comprehensive income for the period	-	13,671	13,671	13,671
Balance at 31 December 2014	56,541	8,480	8,480	65,021



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in the Company's issued ordinary share capital since 31 December 2014 are as follows:

	Number of shares
As at 31 December 2014	800,000,000
Shares issued for acquisition of subsidiary	101,319,000
As at 31 December 2015	<u>901,319,000</u>

As at 31 December 2014, in the event that the call and put options in relation to the subscription of convertible loan note and issuance of redeemable preference shares is exercised, the Company may issue up to a maximum of 144 million shares in the Company.

As at 31 December 2015, there were no outstanding convertibles that may be converted into shares. No shares will be issued for the redeemable preference shares.

The Company did not hold any treasury shares as at 31 December 2014 and 31 December 2015.

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 2015	31 December 2014
Total number of issued shares (excluding treasury shares)	<u>901,319,000</u>	<u>800,000,000</u>

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.



3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable. The figures have not been audited nor reviewed by the auditors.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Paragraph 5, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2014.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the financial period beginning on 1 January 2015. The adoption of these new/revised FRS, INT FRS and amendments to FRS had no material impact on the financial performance or position of the Group and the Company.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**
(a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group			
	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2015	2014	2015	2014
Profit/(loss) attributable to owners of the Company used in the computation of basic earnings per share (\$'000)	4,309	20,761	2,209	19,498
Weighted average number of ordinary shares for basic earnings per share ('000)	901,319	800,000	843,859	800,000
Basic earnings/(loss) per share (cents)	0.48	2.60	0.26	2.44

The basic and fully diluted earnings per share were the same in the fourth quarter and financial year ended 31 December 2015 as there were no potentially dilutive instruments.

The basic and fully diluted earnings per share were the same in the fourth quarter and financial year ended 31 December 2014 as there were no potentially dilutive instruments and also the conditions for the completion of the acquisition were not yet met as at 31 December 2014.



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 As at		Company As at	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net asset value (\$'000)	96,547	71,992	77,013	65,021
Number of ordinary shares ('000)	901,319	800,000	901,319	800,000
Net asset value per ordinary share (cents)	10.71	9.00	8.54	8.13

The net asset value of the Group did not take into account the fair market value of the mining and exploration rights of Mine 1 and Mine 2 and elemental phosphorous (“P₄”) plant as these were recorded on the historical cost basis. Note - as at 31 March 2013, the independent valuation of the mining and exploration rights of Mine 1 and Mine 2 and P₄ plant was RMB1.3 billion (approximately S\$283 million at the current exchange rate of \$1: RMB4.59).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

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

The Group is organised into product units as follows:

- (a) upstream segment relates to the business of exploration, mining and sale of phosphate rocks (the “Upstream segment”); and

- (b) downstream segment relates to the business of manufacturing, sale and trading of phosphate-based chemicals products such as P₄, sodium tripolyphosphate (“STPP”) and sodium hexametaphosphate (“SHMP”); and the sale of P₄ by-products, such as slag, sludge and ferrophosphate, produced as a result of such manufacturing process (the “Downstream segment”).



Profit or loss

Revenue, cost of goods sold and gross profit

	Group		Change %
	4Q2015 \$'000	4Q2014 \$'000	
<u>Revenue</u>			
Upstream segment	5,837	5,996	(3)
Downstream segment	11,002	5,129	115
Total	16,839	11,125	51
<u>Cost of goods sold</u>			
Upstream segment	4,188	3,820	10
Downstream segment	9,461	4,720	100
Total	13,649	8,540	60
<u>Gross profit margin</u>			
Upstream segment	28%	36%	
Downstream segment	14%	8%	
Overall	19%	23%	

Revenue increased by \$5.7 million, from \$11.1 million for fourth quarter ended 31 December 2014 (“4Q2014”) to \$16.8 million for the same period in 2015 (“4Q2015”) due to increase in revenue contribution from Downstream segment.

Revenue from Upstream segment decreased by \$0.2 million, from \$6.0 million in 4Q2014 to \$5.8 million in 4Q2015 due to sale of lower grade rocks which fetched lower selling prices. The higher grade rocks were used in the production of P₄. The reduction is partially offset by increase in quantity of phosphate rocks sold of 88,600 tonnes in 4Q2015 as compared to 78,700 tonnes sold in 4Q2014. Revenue from Downstream segment increased by \$5.9 million, from \$5.1 million in 4Q2014 to \$11.0 million in 4Q2015. In 4Q2015, revenue from P₄ and by-products amounted to \$10.8 million, representing 99% of revenue from Downstream segment as compared to \$4.7 million in 4Q2014, representing 91% of revenue from Downstream segment in 4Q2014. In 4Q2015, the Group sold 4,600 tonnes of P₄ compared to 1,800 tonnes in 4Q2014.

Cost of goods sold for Upstream segment increased by \$0.4 million, from \$3.8 million in 4Q2014 to \$4.2 million in 4Q2015, leading to reduction in gross profit margin from 36% in 4Q2014 to 28% in 4Q2015. Although the cost of production per tonne was lower in 4Q2015, the lower average selling prices in 4Q2015 led to the reduction in gross profit margin.

Cost of goods sold for Downstream segment increased by \$4.8 million, from \$4.7 million in 4Q2014 to \$9.5 million in 4Q2015. The gross profit margin for Downstream segment improved from 8% in 4Q2014 to 14% in 4Q2015 mainly due to lower production costs for P₄.

Gross profit increased by \$0.6 million, from \$2.6 million in 4Q2014 to \$3.2 million in 4Q2015. Gross profit margin reduced from 23% in 4Q2014 to 19% in 4Q2015 due to reasons stated above.



Other income

Other income decreased by \$15.9 million, from \$20.8 million in 4Q2014 to \$4.9 million in 4Q2015, mainly due to i) decrease in interest income related to convertible loan note by \$0.5 million as the convertible loan note was converted into the equity of LY Resources Pte. Ltd. ("LYR") in July 2015; and ii) decrease in net fair value gain by \$15.5 million. In 4Q2014, the Group recognised net fair value gain of \$20.2 million arising from valuation of convertible loan note and redeemable preference shares. In 4Q2015, the fair value gain of \$4.7 million was due to the reassessment of purchase consideration of LYR, leading to fair value gains from convertible loan note and derivative asset. Convertible loan note and derivative asset form part of purchase consideration for LYR.

General and administrative expenses

General and administrative expenses increased by \$0.6 million, from \$2.2 million in 4Q2014 to \$2.8 million in 4Q2015 mainly due to professional fees, including those incurred for the redemption and issuance of redeemable preference shares, fixed electricity costs incurred on the P₄ plant and foreign exchange losses.

Finance costs

Increase in finance costs by \$0.06 million, from \$0.28 million in 4Q2014 to \$0.34 million in 4Q2015 mainly due to increase in interest expense incurred on the discounting of note receivables.

Taxation

The effective tax rate for 4Q2015 was lower than the statutory tax rate as certain income were not subject to tax.



Balance sheet

Non-current assets

Non-current assets increased by \$45.1 million, from \$81.1 million as at 31 December 2014 to \$126.2 million as at 31 December 2015, mainly due to increases in mine properties, land use rights, property, plant and equipment and provisional goodwill.

The increase in the mine properties from \$0.4 million as at 31 December 2014 to \$72.3 million as at 31 December 2015 was due to the consolidation of LYR, which became a wholly-owned subsidiary in July 2015. The independent valuation of the mine properties in LYR group was RMB322 million at the date of acquisition (27 July 2015). The Group's share of LYR group's mine properties was RMB261 million. Increase in property, plant and equipment was mainly due to additions made during the year, favourable translation differences and consolidation of LYR. Provisional goodwill of \$8.3 million represents the excess of purchase consideration over the fair value of the net identifiable assets of LYR acquired. Under FRS 103 *Business Combinations*, the Group has up to 1 year (from date of acquisition - 27 July 2015) to adjust the provisional amounts recognised for the acquisition of LYR.

The above increases were partially offset by reduction in derivative asset, convertible loan note and prepayments. Derivative asset and convertible loan note and a portion of prepayment (\$2.2 million) were included in the purchase consideration of LYR. Reduction in prepayments was also due to the transfer of prepayment to land use rights in 1Q2015. The Group received the approval for its Phase 2 land in 1Q2015.

Current assets

Current assets decreased by \$5.8 million, from \$18.8 million as at 31 December 2014 to \$13.0 million as at 31 December 2015, mainly due to decrease in stocks, other receivables and cash and bank balances. Reduction in other receivables was mainly due to the reduction in cash and deferred interest receivable from convertible loan note. Deferred interest receivable was included in the purchase consideration of LYR. Cash interest from convertible loan note was received during the year.

The above decreases were partially offset by increase in trade receivables. Included in trade receivables as at 31 December 2015 were note receivables of \$2.9 million (\$2.1 million as at 31 December 2014). Note receivables are promissory notes issued by financial institutions in PRC that we received from our customers. These notes can either be discounted to obtain cash or held to maturity when it is redeemed for cash. The notes can be used to settle balances with our suppliers. Increase in prepayments was mainly due to increase in prepayments made for electricity, raw materials and mining related services.



Current liabilities

Current liabilities increased by \$4.8 million, from \$15.8 million as at 31 December 2014 to \$20.6 million as at 31 December 2015, mainly due to increase in other payables, redeemable preference shares and provision for tax.

Increase in other payables was mainly due to interest payable on the redeemable preference shares and accruals for professional fees.

With the completion of acquisition of LYR, the redeemable preference shares have to be redeemed within six months from the acquisition date (27 July 2015). Accordingly, the redeemable preference shares have been reclassified to current liabilities. Redeemable preference shares, which were valued at \$8.2 million in December 2014, were redeemed in January 2016 at \$8.05 million.

The above increases were partially offset by reduction in bank loans and bank overdraft. As at 31 December 2015, the bank loan was fully repaid.

As at 31 December 2015, the Group recorded negative working capital of \$7.6 million mainly due to the reclassification of redeemable preference shares leading to increase in current liabilities.

Non-current liabilities

Non-current liabilities increased by \$9.9 million, from \$12.2 million as at 31 December 2014 to \$22.1 million as at 31 December 2015, mainly due to increase in deferred tax liabilities as a result of consolidation of LYR, offset by reduction in other payables and redeemable preference shares which were classified as current liabilities as at 31 December 2015.

Equity attributable to owners of the Company

Increase in share capital by \$11.7 million, from \$56.5 million as at 31 December 2014 to \$68.2 million as at 31 December 2015 due to issuance of 101,319,000 shares at an issue price of \$0.115 each as part of the purchase consideration for acquisition of LYR.

Non-controlling interest represents the 45% equity interest in Fengtai which is not owned by the Group.

Cash flow statement

Operating profit before working capital changes was \$1.6 million for 4Q2015. Changes in working capital was \$2.0 million. Payments for interest expense and corporate tax in 4Q2015 amounted to \$0.2 million while the receipt of interest from convertible loan note was \$1.9 million in 4Q2015. The above contributed to net cash flow generated from operating activities of \$5.2 million for 4Q2015.



Net cash flows used in investing activities was \$1.3 million due to payments for property, plant and equipment, partially mitigated by proceeds from disposal of property, plant and equipment.

Net cash flows used in financing activities of \$6.1 million mainly due to repayment of bank loan in 4Q2015.

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

Production for the financial year ended 31 December 2015 was 274,100 tonnes.

The Group has received the renewed Mine 1 mining right in January 2016 and intends to convert the Mine 1 exploration right and work on increasing its approved annual production scale from the current 50,000 tonnes to potentially 400,000 tonnes for Mine 1. Phosphate rock prices are expected to remain stable in FY2016. The Group intends to increase its rock production and this is expected to contribute positively to the Group's cash flows and profits.

Downstream Segment

The Group has successfully managed to bring down the production cost of P₄ in FY2015. However, the price outlook for P₄ in FY2016 is expected to remain challenging and the management will continue to monitor the situation and take steps to ensure the economic production and profitability of P₄.

Management will continue to explore the export market for the other downstream phosphate chemical products.

Debt management

As part of debt restructuring, on 26 January 2016, the Group redeemed the existing redeemable preference shares of \$7.0 million and issued new redeemable preference shares amounting to \$5.7 million. The new redeemable preference shares will mature in January 2021 and has a dividend rate of 8% per annum as compared to the 12.5% per annum of the existing redeemable preference shares. With the completion of debt restructuring, the Group is expected to benefit from lower borrowing costs in FY2016.



11. Dividend

- (a) Current Financial Period Reported On:** Any dividend declared for the current financial period reported on?

Name of Dividend	Proposed Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.001 per ordinary share
Tax rate	Exempt (1-tier)

- (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).**

The proposed final dividend of S\$0.001 per ordinary share is tax exempt (1-tier).

- (d) Date payable**

The Directors have proposed a final dividend of S\$0.001 per ordinary share, tax exempt (1-tier) for approval by shareholders at the forthcoming annual general meeting to be convened. Details on payment of dividend will be announced in due course.

- (e) Books closure date.**

Details on closure of books will be announced in due course.

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

Not applicable.

- 13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained from shareholders.

On 21 June 2013, Dr Ong Hian Eng (Chief Executive Officer and Executive Director), Mr Ong Kwee Eng (an associate of Dr Ong Hian Eng), and key executives Mr Wang Xuebo and Mr Chia Chin Hau signed a deed of indemnity, under which they have jointly and severally undertaken, inter alia, to indemnify and hold harmless the Group against losses in connection with certain land use rights and certain licences, permits and approvals for the Group's PRC operations. No fees were paid or benefits given to the above-mentioned individuals in connection with the



deed of indemnity. Please refer to the Group's offer document dated 25 September 2013 under the section Interested Person Transactions – Present and Ongoing Interested Period Transactions" (Page 191) for details.

The indemnity given in connection with certain land use rights which may be required in connection with Mianzhu Norwest's Mining Operations has expired on 7 April 2015.

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



14. Use of IPO proceeds.

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

Description	Amount allocated (as disclosed in the Offer Document)	Amount utilised as at the date of this announcement	Balance of net proceeds as at date of this announcement
	\$'000	\$'000	\$'000
Development and financing of our Mining Operations	8,500	(2,969)	5,531
Financing the balance of Phase 1 and Phase 2 of the Rebuilding Programme	11,499	(8,274)	3,225
Working capital	1,553	(8,623)	(7,070)
Net proceeds	21,552	(19,866)	1,686

Out of the \$8.6 million utilised as working capital, an amount of \$0.2 million was in relation to the listing expenses incurred in addition to the estimated expenses of \$2.8 million as disclosed in the offer document.

Pending the deployment of proceeds for the allocated amount for Mining Operations and Phase 2 of the Rebuilding Programme, the Group has utilised \$8.4 million from the IPO proceeds for working capital to fund (i) the purchases of materials and supplies; (ii) the production of rocks and P₄; (iii) repayment of bank borrowings and (iv) credit extended to customers for sale of rocks and P₄. The Group has received the land use certificate for Phase 2 land and is relooking at the resumption of the Phase 2 Rebuilding Programme.

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

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:

- a. upstream segment relates to our business of exploration, mining and sale of phosphate rocks (the "Upstream segment"); and
- b. downstream segment relates to our business of manufacturing, sale and trading of phosphate-based chemicals products such as 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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. 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		Downstream		Adjustments and eliminations		Note	Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014		FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Profit or loss									
Revenue - external	17,957	12,731	26,548	11,091	-	-	A	44,505	23,822
(Loss)/gain on disposal of property, plant and equipment	-	-	-	-	26	105		26	105
Amortisation expenses	(144)	(152)	(160)	(88)	-	-		(304)	(240)
Depreciation expenses	(2,014)	(655)	(846)	(672)	(405)	(19)	B	(3,265)	(1,346)
Interest income	-	-	-	-	1,093	1,292		1,093	1,292
Fair value gains	-	-	-	-	4,850	20,203		4,850	20,203
Termination of pre-existing contract	(2,429)	-	-	-	-	-		(2,429)	-
Segment profit/(loss) before tax	2,637	2,582	882	(1,114)	(492)	18,016	C	3,027	19,484
Assets									
Additions to non-current assets	76,246	39,478	3,586	822	402	411	D	80,234	40,711

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

A There were no inter-segment revenue.

B Adjustments relate to unallocated corporate income and expenses.

C The following items were added to segment profit/(loss) to arrive at “(loss)/profit before tax” presented in this announcement:

	Group	
	FY2015	FY2014
	\$'000	\$'000
(Loss)/gain on disposal of property, plant and equipment	26	105
Interest income	1,093	1,292
Fair value gain	4,850	20,203
Exchange gain	6	208
Interest expense	(1,218)	(899)
Other corporate expenses	(5,249)	(2,893)
	(492)	18,016

Increase in other corporate expenses mainly due to increase in general and administrative expenses as mentioned in paragraph 8 above.

D Additions to non-current assets comprised of additions to property, plant and equipment, deposits, convertible loan note, derivative asset and intangible asset.



Geographical information

Revenue information based on the geographical location of customers is as follows:

	Group			
	FY2015		FY2014	
	\$'000	%	\$'000	%
People's Republic of China	43,217	97	22,779	96
Others	1,288	3	1,043	4
	44,505	100	23,822	100

Non-current assets information based on the geographical location of assets is as follows:

	Group	
	FY2015	FY2014
	\$'000	\$'000
People's Republic of China	125,841	42,139
Singapore	401	39,006
	126,242	81,145

Non-current assets information presented above consist of property, plant and equipment, mine properties, land use rights, convertible loan note, derivative asset, prepayments, other receivables intangible asset and goodwill as presented in the consolidated balance sheets.

Information about major customers

	Group			
	FY2015		FY2014	
	\$'000	% of revenue	\$'000	% of revenue
<u>Revenue</u>				
Customer A ⁽¹⁾	13,291	30	11,202	47
Customer B ⁽²⁾	4,987	11	1,124	4

- (1) Upstream segment
(2) Downstream segment

Information about products

Revenue information based on products are as follows:



	Group	
	FY2015	FY2014
	\$'000	\$'000
Phosphate rocks	17,957	12,731
P ₄ and its by-products	25,260	9,277
SHMP	292	297
STPP	942	1,480
Others *	54	37
	44,505	23,822

* 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:**

	FY2015	FY2014	Increase/ (decrease)
Group	\$'000	\$'000	%
a) Revenue			
- first half year	18,286	6,349	188
- second half year	26,219	17,473	50
	44,505	23,822	87
(b) Operating (loss)/profit after tax before deducting minority interests			
- first half year	360	(832)	N.M.
- second half year	1,849	20,330	(91)
	2,209	19,498	(89)

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:—**

	Group	
	FY2015	FY2014
	\$'000	\$'000
Ordinary	901	-
Preference	-	-
Total	901	-



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	68	(i) Uncle of Simon Ong, executive director and Raymond Ong, a non-executive director. (ii) Father of Ong Bee Pheng, a non-executive director. (iii) Father-in-law of Jaime Chiew Chi Loong, Chief Risk Officer.	(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
Ong Eng Hock Simon ("Simon Ong")	51	(i) Brother of Raymond Ong, a non-executive director. (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")	49	(i) Brother of Simon Ong, an executive director. (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	40	(i) Cousin of Raymond Ong, a non-executive director; and Simon Ong, an executive director. (ii) Daughter of Ong Hian Eng, CEO and executive director.	(i) Current Position: Non-Executive Director. (ii) Duties: Non-executive. (iii) Appointed since: 1 October 2012.	Nil



		(iii) Spouse of Jaime Chiew Chi Loong, Chief Risk Officer		
Jaime Chiew Chi Loong	39	(i) Spouse of Ong Bee Pheng, a non-executive director; (ii) Son-in-law of Ong Hian Eng, CEO and executive director	(i) Current Position: Chief Risk Officer. (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.	Nil

20. Additional disclosure required for Mineral, Oil and Gas companies

20 (a) Rule 705(6)(a) of the Catalist Listing Manual

i. Use of funds/cash for the quarter:

	Actual
	\$'000
Further mining and exploration activities	720
Expenditure on mining related infrastructure and purchase of equipment	-
	<u>720</u>

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

	Projected	
	RMB'000	\$'000
Further mining and exploration activities	-	-
Expenditure on mining related infrastructure and purchase of equipment	-	-
	<u>-</u>	<u>-</u>

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

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



20 (c) Rule 705(7) of the Catalist Listing Manual

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

	Projected		Actual	Variance
	RMB'000	\$'000*	\$'000	\$'000
Further mining and exploration activities	4,604	1,014	720	294
Expenditure on mining related infrastructure and purchase of equipment	52	11	-	11
	4,656	1,025	720	305

* based on exchange rate of RMB4.539 : S\$1.00

Certain expenditure incurred in 4Q2015 will be paid in 1Q2016 upon the verification of work done.

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

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

Save for the information provided in the announcements dated 24 November 2014 and 24 December 2014, the Group has no material updates on the phosphate resources as set out in the Independent Technical Report.

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

On behalf of the Board of Directors,
Ong Eng Hock Simon
Executive Director
15 February 2016

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

The announcement has not been examined or approved by SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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