

**SAPPHIRE CORPORATION LIMITED**  
**REGISTRATION NUMBER: 198502465W**



**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**PART 1**

Information required for announcements of quarterly (Q1, Q2, Q3), Half Year and Full Year Announcements

1(a)(i) An income statement and statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Group		
	2Q2015 \$'000	2Q2014 \$'000	Change %	1H2015 \$'000	1H2014 \$'000	Change %
Revenue	14,142	12,095	16.9	29,561	27,889	6.0
Cost of sales	(11,979)	(9,155)	30.8	(24,524)	(21,061)	16.4
<b>Gross profit</b>	<b>2,163</b>	<b>2,940</b>	<b>(26.4)</b>	<b>5,037</b>	<b>6,828</b>	<b>(26.2)</b>
Other income	1,143	320	257.2	2,496	466	435.6
Administrative expenses	(2,582)	(2,542)	1.6	(5,496)	(5,436)	1.1
Other expenses	(154)	(115)	33.9	(294)	(196)	50.0
<b>Profit from operations</b>	<b>570</b>	<b>603</b>	<b>(5.5)</b>	<b>1,743</b>	<b>1,662</b>	<b>4.9</b>
Finance costs	(278)	(392)	(29.1)	(575)	(787)	(26.9)
Share of results of associates	-	94	NM	-	28	NM
<b>Profit before income tax</b>	<b>292</b>	<b>305</b>	<b>(4.3)</b>	<b>1,168</b>	<b>903</b>	<b>29.3</b>
Income tax credit/(expense)	137	(294)	NM	(271)	(698)	(61.2)
<b>Profit from Continuing Operations</b>	<b>429</b>	<b>11</b>	<b>NM</b>	<b>897</b>	<b>205</b>	<b>337.6</b>
<b>Results of Discontinued Operations*</b>						
<b>Discontinued Operations#</b>						
Loss from Discontinued Operations (net of tax)	-	(5,154)	NM	-	(7,266)	NM
<b>Profit/(loss) for the period</b>	<b>429</b>	<b>(5,143)</b>	<b>NM</b>	<b>897</b>	<b>(7,061)</b>	<b>NM</b>

**Note:**

NM – Not Meaningful.

\* See details on Page 2

# The sale of Steel Business (Discontinued Operations) was completed on 29 December 2014.

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

	Group			Group		
	2Q2015 \$'000	2Q2014 \$'000	Change %	1H2015 \$'000	1H2014 \$'000	Change %
<b>Results of Discontinued Operations</b>						
Revenue	-	28,745	NM	-	56,919	NM
Cost of sales	-	(31,295)	NM	-	(58,788)	NM
<b>Gross loss</b>	-	<b>(2,550)</b>	<b>NM</b>	-	<b>(1,869)</b>	<b>NM</b>
Other income	-	916	NM	-	1,963	NM
Distribution costs	-	(319)	NM	-	(550)	NM
Administrative expenses	-	(1,810)	NM	-	(3,402)	NM
Other expenses	-	(90)	NM	-	(1,268)	NM
<b>Loss from operations</b>	-	<b>(3,853)</b>	<b>NM</b>	-	<b>(5,126)</b>	<b>NM</b>
Finance costs	-	(1,122)	NM	-	(1,971)	NM
<b>Loss before income tax</b>	-	<b>(4,975)</b>	<b>NM</b>	-	<b>(7,097)</b>	<b>NM</b>
Income tax expense	-	(179)	NM	-	(169)	NM
<b>Loss from Discontinued Operations</b>	-	<b>(5,154)</b>	<b>NM</b>	-	<b>(7,266)</b>	<b>NM</b>

**Consolidated Statement of Comprehensive Income**

	Group			Group		
	2Q2015 \$'000	2Q2014 \$'000	Change %	1H2015 \$'000	1H2014 \$'000	Change %
<b>Profit/(loss) for the period</b>	429	(5,143)	NM	897	(7,061)	NM
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of foreign subsidiaries	(415)	(1,150)	(63.9)	(186)	(3,347)	(94.4)
<b>Other comprehensive income for the period, net of tax</b>	(415)	(1,150)	(63.9)	(186)	(3,347)	(94.4)
<b>Total comprehensive income for the Period</b>	14	(6,293)	NM	711	(10,408)	NM

**Note:** NM – Not Meaningful.

**Notes to other comprehensive income:**

1. Translation differences relating to financial statements of foreign subsidiaries

The translation loss for 2Q2015 was mainly due to strengthening of Australian Dollar against Vietnamese Dong from Mancala Australia's Vietnam operations.

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

1(a)(ii) Items, which if significant must be included in the income statement.

**Notes to Income Statement**

	Group Continuing Operations			Group Continuing Operations		
	2Q2015 \$'000	2Q2014 \$'000	Change %	1H2015 \$'000	1H2014 \$'000	Change %
<b>Revenue includes the following:</b>						
Mining services	14,142	12,095	16.9	29,561	27,889	6.0
<b>Other income includes the following:</b>						
Exchange gain, net	1,101	(34)	NM	2,405	22	NM
Interest income – banks	-	2	NM	7	8	(12.5)
Gain on disposal of plant and equipment	27	275	(90.2)	40	275	(85.5)
<b>Other expenses include the following:</b>						
Amortisation of intangible assets	(40)	-	NM	(80)	-	NM
<b>Finance costs include the following:</b>						
Interest expense – bank loans	(97)	(70)	38.6	(202)	(234)	(13.7)
Interest expense – finance lease	(181)	(322)	(43.8)	(373)	(553)	(32.5)
<b>Profit before income tax is arrived after deducting:</b>						
Depreciation of property, plant and equipment	(907)	(903)	0.4	(1,827)	(1,871)	(2.4)

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**Notes to Income Statement**

	Group Discontinued Operations			Group Discontinued Operations		
	2Q2015 \$'000	2Q2014 \$'000	Change %	1H2015 \$'000	1H2014 \$'000	Change %
<b>Revenue includes the following:</b>						
Sale of manufactured vanadium products	-	16,525	NM	-	35,842	NM
Processing fees from rebars and hot rolled coil	-	-	NM	-	-	NM
Sale of manufactured steel products	-	12,019	NM	-	20,471	NM
Commission from trading of steel products	-	158	NM	-	247	NM
Others	-	43	NM	-	359	NM
<b>Other income includes the following:</b>						
Interest income – banks	-	11	NM	-	145	NM
Rental income	-	687	NM	-	1,484	NM
<b>Other expenses include the following:</b>						
Exchange loss, net	-	(51)	NM	-	(1,168)	NM
<b>Finance costs include the following:</b>						
Interest expense – long term payable to affiliated party	-	(825)	NM	-	(1,562)	NM
Interest expense – banks loans	-	-	NM	-	(112)	NM
Receivable factoring fee	-	(297)	NM	-	(297)	NM
<b>Profit before income tax is arrived after deducting:</b>						
Net realisable value adjustment on inventories	-	(2,891)	NM	-	(2,891)	NM

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

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	
	30.06.2015 \$'000	31.12.2014 \$'000	30.06.2015 \$'000	31.12.2014 \$'000
<b>Assets</b>				
Property, plant and equipment	32,769	35,571	122	110
Intangible assets	1,663	1,768	-	-
Interests in subsidiaries	-	-	13,036	13,036
Other investments	86	90	1	1
Other receivables	-	-	5,458	5,414
<b>Total non-current assets</b>	<b>34,518</b>	<b>37,429</b>	<b>18,617</b>	<b>18,561</b>
Inventories	2,514	1,923	-	-
Trade and other receivables	76,570	69,015	66,066	56,579
Cash and cash equivalents	4,051	12,247	756	10,509
Non-current assets held for sale	1,677	1,781	-	-
<b>Total current assets</b>	<b>84,812</b>	<b>84,966</b>	<b>66,822</b>	<b>67,088</b>
<b>Total assets</b>	<b>119,330</b>	<b>122,395</b>	<b>85,439</b>	<b>85,649</b>
<b>Equity</b>				
Share capital	260,567	260,489	260,567	260,489
Reserves	(187,178)	(187,889)	(188,949)	(189,452)
<b>Total equity</b>	<b>73,389</b>	<b>72,600</b>	<b>71,618</b>	<b>71,037</b>
<b>Liabilities</b>				
Other payables	7,133	7,780	6,297	7,000
Financial liabilities	4,541	5,649	20	-
Deferred tax liabilities	450	463	-	-
<b>Total non-current liabilities</b>	<b>12,124</b>	<b>13,892</b>	<b>6,317</b>	<b>7,000</b>
Trade and other payables	26,701	27,568	7,499	7,612
Financial liabilities	5,751	7,170	5	-
Current tax liabilities	1,365	1,165	-	-
<b>Total current liabilities</b>	<b>33,817</b>	<b>35,903</b>	<b>7,504</b>	<b>7,612</b>
<b>Total liabilities</b>	<b>45,941</b>	<b>49,795</b>	<b>13,821</b>	<b>14,612</b>
<b>Total equity and liabilities</b>	<b>119,330</b>	<b>122,395</b>	<b>85,439</b>	<b>85,649</b>

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**

	30.06.2015		31.12.2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	5,751	-	7,170	-
Amount repayable after one year	4,541	-	5,649	-
Relating to:				
<b>Mancala Australia</b>				
- Bank Overdraft	1,730	-	1,736	-
- Short-term bank borrowings	1,654	-	2,416	-
- Current portion of finance lease	2,367	-	3,018	-
- Non-current portion of finance lease	4,541	-	5,649	-
<b>Total</b>	<b>10,292</b>	<b>-</b>	<b>12,819</b>	<b>-</b>

**Details of any collateral as at 30 June 2015**

- (i) The bank overdraft and short term bank loans are secured by personal guarantees granted by the vendors of Mancala Australia and subordinated loans of A\$5 million from Sapphire to Mancala Australia.
- (ii) The carrying value of fixed assets under finance lease as at 30 June 2015 approximates \$12.7 million.

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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		Group	
	2Q2015	2Q2014	1H2015	1H2014
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax from continuing Operations	292	305	1,168	903
Adjustments for:				
Depreciation of property, plant and equipment	907	903	1,827	1,871
Amortisation of intangible assets	40	-	80	-
Gain on disposal of property, plant and equipment	(27)	(275)	(40)	(275)
Interest income	-	(2)	(7)	(8)
Interest expense	278	392	575	787
Reversal of provision for rectification costs	-	(47)	-	(47)
Share of results of associates	-	(94)	-	(28)
<b>Operating profit before working capital changes</b>	<b>1,490</b>	<b>1,182</b>	<b>3,603</b>	<b>3,203</b>
Changes in working capital:				
Inventories	(874)	(178)	(591)	(22)
Trade and other payables	166	(2,673)	(725)	(5,111)
Trade and other receivables	3,209	(567)	1,137	(75)
<b>Cash flows generated from/(used in) operating activities</b>	<b>3,991</b>	<b>(2,236)</b>	<b>3,424</b>	<b>(2,005)</b>
<b>Net cash generated from/(used in) operating activities from discontinued operations</b>	<b>-</b>	<b>565</b>	<b>-</b>	<b>(1,403)</b>
	<b>3,991</b>	<b>(1,671)</b>	<b>3,424</b>	<b>(3,408)</b>
<b>Investing activities</b>				
Net cash outflow from acquisition of subsidiary	-	-	-	(824)
Deposit received for sale of steel business	-	2,000	-	2,000
Interest received	-	2	7	8
Interest free loan to third party*	-	-	(17,507)	-
Payment for purchase of property, plant and Equipment	(210)	(89)	(380)	(89)
Proceed from disposal of property, plant and equipment	26	1,097	53	1,243
Proceed from disposal of subsidiaries	-	-	8,544	-
<b>Cash flows generated from/(used in) investing activities</b>	<b>(184)</b>	<b>3,010</b>	<b>(9,283)</b>	<b>2,338</b>
<b>Net cash generated from investing activities from discontinued operations</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>145</b>
	<b>(184)</b>	<b>3,021</b>	<b>(9,283)</b>	<b>2,483</b>

\* Interest free loan granted to Ranken Infrastructure Limited ("Ranken") in accordance with the Sale & Purchase Agreement dated 22 November 2014 relating to the proposed acquisition of Ranken.

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

	Group		Group	
	2Q2015	2Q2014	1H2015	1H2014
	\$'000	\$'000	\$'000	\$'000
<b>Financing activities</b>				
Interest paid	(278)	(392)	(575)	(787)
Payment of short term bank borrowings	(342)	(1,296)	(716)	(1,429)
Payment of finance lease liabilities	(549)	(1,077)	(1,397)	(2,714)
<b>Cash flows used in financing activities</b>	(1,169)	(2,765)	(2,688)	(4,930)
<b>Net cash used in financing activities from discontinued operations</b>	-	-	-	(112)
	(1,169)	(2,765)	(2,688)	(5,042)
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,638	(1,415)	(8,547)	(5,967)
Cash and cash equivalents at beginning of the period (inclusive of discontinued operations)	(393)	5,015	10,511	9,854
Effect of exchange rate changes on the balances held in foreign currencies	76	(568)	357	(855)
Cash and cash equivalents classified as held for sale	-	(1,634)	-	(1,634)
<b>Cash and cash equivalents at end of the period</b>	<b>2,321</b>	<b>1,398</b>	<b>2,321</b>	<b>1,398</b>
<b>Cash and cash equivalents for continuing operations consist of the following:</b>				
Fixed deposits	-	1,871	-	1,871
Cash and bank balances	4,051	796	4,051	796
Cash and cash equivalents	4,051	2,667	4,051	2,667
Bank overdraft (included in financial liabilities)	(1,730)	(1,269)	(1,730)	(1,269)
	<b>2,321</b>	<b>1,398</b>	<b>2,321</b>	<b>1,398</b>



HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

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

(Bi) Consolidated Statement of Changes in Equity

	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Other reserves \$'000	Statutory reserve \$'000	Currency translation reserve \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
<b>1Q2014</b>								
<b>Group</b>								
At 1 January 2014	260,489	1,235	418	(1,353)	4,954	333	(192,591)	73,485
Loss for the period	-	-	-	-	-	-	(1,918)	(1,918)
<b>Other comprehensive income</b>								
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(2,197)	-	(2,197)
Total other comprehensive income	-	-	-	-	-	(2,197)	-	(2,197)
<b>Total comprehensive income</b>	-	-	-	-	-	(2,197)	(1,918)	(4,115)
Transfer to statutory reserve	-	-	-	-	(3)	-	3	-
At 31 March 2014	260,489	1,235	418	(1,353)	4,951	(1,864)	(194,506)	69,370

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

(Bi) Consolidated Statement of Changes in Equity

	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Other reserves \$'000	Statutory reserve \$'000	Currency translation reserve \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
<b>2Q2014 Group</b>								
Loss for the period	-	-	-	-	-	-	(5,143)	(5,143)
<b>Other comprehensive income</b>								
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(1,150)	-	(1,150)
Total other comprehensive income	-	-	-	-	-	(1,150)	-	(1,150)
<b>Total comprehensive income</b>	-	-	-	-	-	(1,150)	(5,143)	(6,293)
Transfer to statutory reserve	-	-	-	-	-	-	-	-
At 30 June 2014	260,489	1,235	418	(1,353)	4,951	(3,014)	(199,649)	63,077

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

(Bi) Consolidated Statement of Changes in Equity

	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Other reserves \$'000	Currency translation reserve \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
<b>1Q2015 Group</b>							
At 1 January 2015	260,489	1,235	418	(1,353)	(690)	(187,499)	72,600
Profit for the period	-	-	-	-	-	468	468
<b>Other comprehensive income</b>							
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	229	-	229
Total other comprehensive income	-	-	-	-	229	-	229
<b>Total comprehensive income</b>	-	-	-	-	229	468	697
At 31 March 2015	260,489	1,235	418	(1,353)	(461)	(187,031)	73,297

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

(Bi) Consolidated Statement of Changes in Equity

	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Other reserves \$'000	Currency translation reserve \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
<b>2Q2015 Group</b>							
Profit for the period	-	-	-	-	-	429	429
<b>Other comprehensive income</b>							
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	(415)	-	(415)
Total other comprehensive income	-	-	-	-	(415)	-	(415)
<b>Total comprehensive income</b>	-	-	-	-	(415)	429	14
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions To owners</b>							
Issue of shares	78*	-	-	-	-	-	78
<b>Total contributions by and distributions to owners</b>	78	-	-	-	-	-	78
At 30 June 2015	260,567	1,235	418	(1,353)	(876)	(186,602)	73,389

\* Directors' fees paid in the form of share awards under the Sapphire Shares Award Scheme.

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**(Bii) Statement of Changes in Equity**

	Share capital \$'000	Capital reserve \$'000	Other reserves \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>1Q2014</b>						
<b>Company</b>						
At 1 January 2014	260,489	1,084	(1,353)	1,497	(188,517)	73,200
Loss for the period	-	-	-	-	(517)	(517)
<b>Total comprehensive income</b>	-	-	-	-	(517)	(517)
At 31 March 2014	260,489	1,084	(1,353)	1,497	(189,034)	72,683
<b>2Q2014</b>						
<b>Company</b>						
Loss for the period	-	-	-	-	(464)	(464)
<b>Total comprehensive income</b>	-	-	-	-	(464)	(464)
At 30 June 2014	260,489	1,084	(1,353)	1,497	(189,498)	72,219

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**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**(Bii) Statement of Changes in Equity**

	Share capital \$'000	Capital reserve \$'000	Other reserves \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
<b>1Q2015</b>					
<b>Company</b>					
At 1 January 2015	260,489	1,084	(1,353)	(189,183)	71,037
Profit for the period	-	-	-	86	86
<b>Total comprehensive Income</b>	-	-	-	86	86
At 31 March 2015	260,489	1,084	(1,353)	(189,097)	71,123
<b>2Q2015</b>					
<b>Company</b>					
Profit for the period	-	-	-	417	417
<b>Total comprehensive income</b>	-	-	-	417	417
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Issue of shares	78*	-	-	-	78
<b>Total contributions by and distributions to owners</b>	78	-	-	-	78
At 30 June 2015	260,567	1,084	(1,353)	(188,680)	71,618

\* Directors' fees paid in the form of share awards under the Sapphire Shares Award Scheme.

**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

- 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 end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Capital

Following the approval of Shareholders from the Annual General Meeting held on 29 April 2015, the Company has on 18 May 2015 granted to the Directors an aggregate of 895,919 share awards under the Sapphire Shares Award Scheme as partial payment of Directors' fees for the year ended 31 December 2014.

Convertible Securities

The Company has no outstanding convertible securities as at end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

- 1d(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at end of the immediately preceding year**

	<b>30.06.2015</b>	<b>31.12.2014</b>
Total number of issued shares excluding treasury shares	811,845,247	810,949,328

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

There were no treasury shares as at end of the current financial period.

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

The figures have not been audited or reviewed by our auditors.

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

Not applicable.

**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**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 below, the Group has applied the same accounting policies and methods of computation in the financial statements for current reporting year compared with the audited financial statements for the 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 reasons for, and the effect of, the change**

The Group adopted the new/revised FRS and INT FRS applicable for the financial period beginning 1 January 2015. The adoption of the new/revised FRSs did not result in any substantial change to the Group accounting policies or has any significant impact on the interim financial statements.

**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**

	Continuing operations		Discontinued operations		Total	
	2Q2015	2Q2014	2Q2015	2Q2014	2Q2015	2Q2014
Basic earnings per share (cents)	0.05	-	-	(0.64)	0.05	(0.64)
Diluted earnings per share (cents)	0.05	-	-	(0.64)	0.05	(0.64)

	Continuing operations		Discontinued operations		Total	
	1H2015	1H2014	1H2015	1H2014	1H2015	1H2014
Basic earnings per share (cents)	0.11	0.03	-	(0.90)	0.11	(0.87)
Diluted earnings per share (cents)	0.11	0.03	-	(0.90)	0.11	(0.87)

The calculation of the above basic earnings per share was based on weighted average number of shares outstanding of 811,157,221 (2014: 810,949,328).



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- 7 **Net asset value (for the issuer and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and the immediately preceding financial year**

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Net asset value per ordinary share (cents)	9.04	8.95	8.82	8.76
Number of shares in issue	811,845,247	810,949,328	811,845,247	810,949,328

- 8 **A review of the performance of the Group to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cashflow, working capital, assets or liabilities of the Group during the current financial period reported on.**

**Review of Group Performance**

Note: The Group completed disposal of the Steel Business on 29 December 2014, following which (i) financial results reported here relate to the mining services business of Mancala Australia and (ii) no financial results were reported under Discontinued Operations for 2Q2015.

**Review of Financial Performance (2Q2015 vs 2Q2014)**

Revenue rose by \$2.0 million to \$14.1 million in 2Q2015 due mainly to completion of more raise boring works and exceeding targets for both development and production at the nickel mine project in Vietnam.

Gross profit fell by \$0.8 million to \$2.2 million due to lower gross profit margin from Mancala Australia, which was affected by machine downtime and cost overrun at a raise bore project in Queensland, Australia, despite improved operational efficiency for its nickel mine project in Vietnam. As a result, gross margin fell by 9.0 percentage points to 15.3%. For 2Q2015, fixed operating expenses remained relatively unchanged due to cost control.

Other income rose by \$0.8 million to \$1.1 million due mainly to exchange gain arising from the strengthening of RMB against the S\$.

Other expenses rose by \$0.04 million to \$0.15 million due mainly to amortisation of intangible assets arising from acquisition of Mancala Australia.

Finance costs fell by \$0.1 million to \$0.3 million due to lower loan obligations on the back of continual repayment of bank borrowings and finance lease obligations by Mancala Australia.

Income tax credit of \$0.1 million related to reversal of over-provision for income tax on taxable profits for Vietnam operations of Mancala Australia made in prior year.

Completion of the disposal of the Steel Business in FY2014 saved the Group from incurring operating losses during this quarter. As a result, there were no operating losses reported under

**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

Discontinued Operations in 2Q2015, as compared to a net loss of \$5.2 million for Discontinued Operations in 2Q2014.

Given the above, Net Profit for Continuing Operations for the Group rose to \$0.4 million from a small profit of \$0.01 million in 2Q2014, reversing from Net Loss for the Group of \$5.1 million in 2Q2014.

**Review of Financial Position (30 June 2015 vs 31 December 2014)**

Inventories

Inventories, comprising drill rods, hydraulic and mechanical parts, hardware and other work-in-progress for the mining services business, rose by \$0.6 million to \$2.5 million due mainly to ramped-up production at Mancala Australia's Vietnam operations.

Trade and other receivables

Trade and other receivables rose by \$7.6 million to \$76.6 million. Significant changes during the period under review were as follows:

- (i) \$17.5 million (or RMB 82 million) interest free loan to Ranken Infrastructure Limited ("Ranken"). This interest-free loan was advanced in accordance with the pertinent terms as stated in the Sale & Purchase Agreement dated 22 November 2014 ("S&P") in relation to the proposed acquisition of Ranken; and

Partially offset by:

- (ii) \$8.5 million (or RMB 40 million) proceeds received from the disposal of Steel Business.

Cash and cash equivalents

Cash and cash equivalents fell by \$8.2 million to \$4.1 million as at 30 June 2015 due mainly to the disbursement of interest free loan to Ranken in accordance with the S&P. As previously announced, we funded the loan via internal resources from the partial proceeds received from the disposal of Steel Business.

Other payables (Non-current)

Other payables fell by \$0.7 million to \$7.1 million due mainly to unrealised exchange gain arising from the weakening A\$ against the S\$ on the contingent consideration payable of A\$6.1 million for the acquisition of Mancala Australia (which is subject to final review and adjustments at the time of payment).

Financial liabilities

Financial liabilities fell by \$2.5 million to \$10.3 million as Mancala Australia continued to pay down its working capital borrowings and finance lease obligations.

Current tax liabilities

Current tax liabilities increased by \$0.2 million to \$1.4 million which relates to provision for income tax on taxable profits of Mancala Australia's operations in Vietnam.

**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

Total equity

Following the approval of Shareholders from the Annual General Meeting held on 29 April 2015, the Company has on 18 May 2015 granted to the Directors an aggregate of 895,919 share awards under the Sapphire Shares Award Scheme as partial satisfaction of Directors' fees for the year ended 31 December 2014. The 895,919 ordinary shares, issued at \$0.087 per share, resulted in an increase of share capital by \$0.08 million to \$260.6 million.

Total equity rose by \$0.8 million to \$73.4 million as at 30 June 2015 due mainly to 1H2015 earnings.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

In 1Q2015 results announcement, the board has stated that the financial performance for FY2015 will remain profitable, barring unforeseen circumstances.

In 2Q2015, the Group reported a net profit of \$0.4 million as compared to a net loss of \$5.1 million in 2Q2014 (including results for Discontinued Operations). In 1H2015, the Group reported a net profit of \$0.9 million as compared to a net loss of \$7.1 million in 1H2014 (including results for Discontinued Operations)

**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**

Commodity prices remain volatile and it is thus extremely important for mining service operators to continually emphasise cost management and improve operational efficiencies in order to further reduce unit cost of production. We expect the overall market sentiment for mining industry to remain volatile over the next 12 months. The Group will continue to step up efforts to further streamline operational efficiencies as well as exercise prudence in corporate spending.

As at 30 June 2015, the existing order book of Mancala Australia stood at A\$36.1 million.

On 25 November 2014, the Group announced the proposed acquisition of the entire share capital of Hong Kong-incorporated Ranken Infrastructure Limited ("Ranken"), a profitable China-based Engineering, Procurement and Construction business – specialising in design, construction and project consultation in China's rail transit sector– for RMB 360 million (\$75.9 million), as part of the Group's strategic shift into the infrastructure sector.

On 27 July 2015, the Group announced the receipt of Approval In-Principle from SGX in relation to the proposed Acquisition of Ranken (which is not to be taken as an indication of the merits by SGX). The proposed Acquisition of Ranken is subject to shareholders' approval at an extraordinary general meeting to be convened.

Upon completion of the proposed acquisition, Ranken is expected to be the Group's biggest revenue contributor. Leveraging on Ranken's capabilities and track record, the Group intends to accelerate growth through two strategies:

- a) Increase its order book of metro, urban rail transit and other major land transport infrastructure projects in China and South East Asia; and

**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

- b) Enter into strategic partnerships or joint-ventures with State-Owned Enterprises (SOEs) or provincial governments, through which Ranken can participate in major long-term infrastructure projects on a Public-Private-Partnership (PPP), Build-Operate-Transfer (“BOT”) and possibly Build-Lease-Transfer (“BLT”) basis.

Given the above factors, the Board believes that the Group's financial performance for FY2015 will remain profitable, barring unforeseen circumstances.

**11 Dividend**

- (a) Current Financial Period Reported on – any dividend declared for the current financial period reported on?**

No.

- (b) Corresponding Period of the Immediately Preceding Financial Year – any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

- (c) Date payable**

Not applicable.

- (d) Books closure date**

Not applicable.

**12 If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded in the current period reported on.

**13 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 30 June 2015**

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Listing Rule 920. There was no such interested person transaction in the current period reported on.

**SAPPHIRE CORPORATION LIMITED**  
**REGISTRATION NUMBER: 198502465W**



**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**14 Confirmations by Directors**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim consolidated financial statements for the period ended 30 June 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Teh Wing Kwan**  
**Group Chief Executive Officer and Managing Director**

**12 August 2015**