



Sapphire Corp Reports S\$0.9 Million Net Profit for 1H2015, Reversing S\$7.1 Million Loss in 1H2014

S\$ '000	2Q2015	2Q2014	1H2015	1H2014
Revenue	14,142	12,095	29,561	27,889
Gross Profit	2,163	2,940	5,037	6,828
Net Profit/(Loss)	429	(5,143)	897	(7,061)

Singapore, 12 August 2015 – SGX Mainboard-listed **Sapphire Corporation Limited** (“Sapphire” or the “Group”) announced today a net profit of S\$0.9 million for the six months ended 30 June 2015 (“1H2015”) – reversing a loss of S\$7.1 million for the same period last year (“1H2014”) – in the second quarter of financial reporting since it completed the disposal of its non-performing legacy China-based steel business in December 2014.

The Group’s revenue for 1H2015 increased 6% to S\$29.6 million, up from S\$27.9 million in 1H2014. Revenue for the three months ended 30 June 2015 (“2Q2015”) also rose 16.9% to S\$14.1 million from S\$12.1 million a year earlier (“2Q2014”) as the Group’s wholly owned Mancala Australia, a specialist mining services firm, completed more raise-boring work and exceeded development and production targets at its nickel mine in Vietnam’s Son La Province, the largest in the country.

Net profit for 2Q2015 was S\$0.4 million compared to a net loss of S\$5.1 million in 2Q2014.

Gross profit for 2Q2015 fell 26.4% to S\$2.2 million due to machine downtime and cost overrun at one of Mancala Australia’s raise-bore projects in Queensland. Gross margin for 2Q2015 declined 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 due mainly to exchange gain as the Chinese renminbi strengthened against the Singapore dollar during the quarter under review.

Earnings per share (“EPS”) for 1H2015 on a fully diluted basis rose to 0.11 Singapore cent. Net asset value per share improved to 9.04 cents as at 30 June 2015 from 8.95 cents as at 31 December 2014.

Cash and cash equivalents fell S\$8.2 million to S\$4.1 million as at 30 June 2015 due to the disbursement of an internally funded, interest-free loan for the proposed acquisition of China-based Ranken Infrastructure Limited (“Ranken”), an engineering, procurement and construction specialist.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said, “The overall market sentiment for the mining industry remains highly volatile. Towards this end, we will continue to step up efforts to further streamline costs and improve operational efficiencies. Most importantly, with a view to enhance the Group’s long-term earnings potential, we are making inroads into the infrastructure sector.”

As part of its strategic shift into the infrastructure sector, Sapphire announced on 27 July 2015 its proposed acquisition of Ranken for RMB 360 million (S\$75.9 million).

On 27 July 2015 the Group received Approval In-Principle (which is not to be taken as an indication of the merits by the SGX) from the SGX for the acquisition of Ranken. Shareholders will vote to approve the transaction at an Extraordinary General Meeting to be convened.

Ranken, which has an order book of RMB2.1 billion (S\$442.1 million), has taken on highly complex and large-scale municipal land transport infrastructure projects in China, India, Bangladesh and Saudi Arabia. Its fully integrated Triple-A qualifications and licenses enable it to handle various projects in China's rail transit sector. Following the acquisition, Ranken is expected to be the Group's biggest revenue contributor.

"The acquisition of Ranken will enable us to take advantage of the many infrastructure investment opportunities in China and other emerging markets. It will also allow us to enter into strategic partnerships with state-owned enterprises or provincial governments to participate in major long-term infrastructure projects on a Public-Private-Partnership (PPP) basis which, upon successful execution, will boost our assets base significantly," said Mr. Teh.

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

****End of Press Release****

Issued on behalf of the Company by WeR1 Consultants Pte Ltd:

Media & Investor Contact Information

WeR1 Consultants Pte Ltd
38A Circular Road, Singapore 049394
Tel: (65) 6737 4844 | Fax: (65) 6737 4944
Sheryl Sim – sheryl@wer1.net;
Grace Yew – graceyew@wer1.net

About Sapphire Corporation Limited

Following the divestment of its steel business, Sapphire, backed by a Board of Directors with strong corporate finance and investment records, has been actively looking out for investment propositions and merger & acquisition opportunities.

Listed on the Singapore Exchange since 1999, Sapphire currently owns 100% in the capital of Mancala Holdings Pty Ltd ("Mancala Australia"), a specialist mining services company based in Australia that provides raise-bore, shaft excavation, engineering services and other mining services. Mancala Australia, which has a strong record of more than 100 completed projects in Australia and internationally, is currently operating a nickel mine in Son La Province, Vietnam, the largest in the country.