

SAPPHIRE CORPORATION LIMITED
REGISTRATION NUMBER: 198502465W



QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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

Note: The following income statement relates to financial performance of Mancala Australia and Corporate Function only (excluding that of Ranken Infrastructure Ltd, the acquisition of which was completed after 30 September 2015)

	Group			Group		
	3Q2015 \$'000	3Q2014 \$'000	Change %	9M2015 \$'000	9M2014 \$'000	Change %
Revenue	13,185	15,507	(15.0)	42,746	43,396	(1.5)
Cost of sales	(9,744)	(11,608)	(16.1)	(34,268)	(32,669)	4.9
Gross profit	3,441	3,899	(11.7)	8,478	10,727	(21.0)
Other income	1,348	82	NM	3,844	548	NM
Administrative expenses	(2,997)	(2,737)	9.5	(8,493)	(8,173)	3.9
Other expenses	(105)	(543)	(80.7)	(399)	(739)	(46.0)
Profit from operations	1,687	701	140.7	3,430	2,363	45.2
Finance costs	(167)	(406)	(58.9)	(742)	(1,193)	(37.8)
Share of results of associates	-	(42)	NM	-	(14)	NM
Profit before income tax	1,520	253	NM	2,688	1,156	132.5
Income tax expense	31	(180)	NM	(240)	(878)	(72.7)
Profit from Continuing Operations	1,551	73	NM	2,448	278	NM
Results of Discontinued Operations*						
Discontinued Operations[#]						
Loss from Discontinued Operations (net of tax)	-	(1,291)	NM	-	(8,557)	NM
Profit/(loss) for the period	1,551	(1,218)	NM	2,448	(8,279)	NM

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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	Group			Group		
	3Q2015 \$'000	3Q2014 \$'000	Change %	9M2015 \$'000	9M2014 \$'000	Change %
Results of Discontinued Operations						
Revenue	-	23,432	NM	-	80,351	NM
Cost of sales	-	(23,586)	NM	-	(82,374)	NM
Gross loss	-	(154)	NM	-	(2,023)	NM
	-			-		
Other income	-	476	NM	-	2,439	NM
Distribution costs	-	(101)	NM	-	(651)	NM
Administrative expenses	-	(1,197)	NM	-	(4,599)	NM
Other expenses	-	476	NM	-	(792)	NM
Loss from operations	-	(500)	NM	-	(5,626)	NM
	-			-		
Finance costs	-	(839)	NM	-	(2,810)	NM
Loss before income tax	-	(1,339)	NM	-	(8,436)	NM
	-			-		
Income tax credit/(expense)	-	48	NM	-	(121)	NM
Loss from Discontinued Operations	-	(1,291)	NM	-	(8,557)	NM

Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q2015 \$'000	3Q2014 \$'000	Change %	9M2015 \$'000	9M2014 \$'000	Change %
Profit/(loss) for the period	1,551	(1,218)	NM	2,448	(8,279)	NM
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	498	2,611	(80.9)	312	(736)	NM
Other comprehensive income for the period, net of tax	498	2,611	(80.9)	312	(736)	NM
Total comprehensive income for the Period	2,049	1,393	47.1	2,760	(9,015)	NM

Note:

NM – Not Meaningful.

Notes to other comprehensive income:

1. Translation differences relating to financial statements of foreign subsidiaries

The translation gain for 3Q2015 was due mainly to strengthening of Vietnamese Dong against the Australian Dollar which meant higher revenues in A\$ term from Mancala Australia's Vietnam operations.

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

Notes to Income Statement

	Group			Group		
	Continued Operations			Continued Operations		
	3Q2015	3Q2014	Change	9M2015	9M2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%

Revenue includes the following:

Mining services	13,185	15,507	(15.0)	42,746	43,396	(1.5)
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Other income include the following:

Exchange gain, net	77	(22)	NM	2,481	-	NM
Interest income – banks	13	3	333.3	20	11	81.8
Interest income – bond	1,238	-	NM	1,238	-	NM
Gain on disposal of property, plant and equipment	12	-	NM	52	275	(81.1)

Other expenses include the following:

Amortisation of intangible assets	(39)	-	NM	(119)	-	NM
Exchange loss, net	-	(329)	NM	-	(329)	NM
Loss on disposal of property, plant and equipment	-	(120)	NM	-	(120)	NM

Finance costs include the following:

Interest expense - bank loans	(31)	(150)	(79.3)	(233)	(384)	(39.3)
Interest expense - finance lease	(136)	(256)	(46.9)	(509)	(809)	(37.1)

Profit before income tax is arrived after deducting:

Depreciation of property, plant and equipment	(892)	(881)	1.2	(2,719)	(2,752)	(1.2)
Reversal of impairment losses on doubtful receivables	-	11	NM	-	11	NM

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Notes to Income Statement

	Group Discontinued Operations			Group Discontinued Operations		
	3Q2015 \$'000	3Q2014 \$'000	Change %	9M2015 \$'000	9M2014 \$'000	Change %
Revenue include the following:						
Sale of manufactured vanadium products	-	16,260	NM	-	52,102	NM
Sale of manufactured steel products	-	7,158	NM	-	27,629	NM
Commission from trading of steel products	-	-	NM	-	247	NM
Others	-	14	NM	-	373	NM
Other income include the following:						
Interest income – banks	-	84	NM	-	229	NM
Rental income	-	637	NM	-	2,121	NM
Other expenses include the following:						
Exchange gain/(loss), net	-	501	NM	-	(667)	NM
Finance costs include the following:						
Interest expense – long term payable to affiliated party	-	(839)	NM	-	(2,401)	NM
Interest expense – banks loans	-	-	NM	-	(112)	NM
Receivable factoring fee	-	-	NM	-	(297)	NM
Profit before income tax is arrived after deducting:						
Net realisable value adjustment on inventories	-	(656)	NM	-	(3,547)	NM

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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

Note: The statement of financial position relates to financial position of Mancala Australia and Corporate Function only (excluding that of Ranken Infrastructure Ltd, the acquisition of which was completed after 30 September 2015)

	Group		Company	
	30.09.2015 \$'000	31.12.2014 \$'000	30.09.2015 \$'000	31.12.2014 \$'000
Assets				
Property, plant and equipment	31,470	35,571	116	110
Intangible assets	1,610	1,768	-	-
Interests in subsidiaries	-	-	13,036	13,036
Other investments	83	90	1	1
Other receivables	-	-	5,324	5,414
Total non-current assets	33,163	37,429	18,477	18,561
Inventories	2,112	1,923	-	-
Trade, other receivables and deposits	66,001	69,015	52,488	56,579
Cash and cash equivalents	17,277	12,247	15,991	10,509
Non-current assets held for sale	1,620	1,781	-	-
Total current assets	87,010	84,966	68,479	67,088
Total assets	120,173	122,395	86,956	85,649
Equity				
Share capital	260,567	260,489	260,567	260,489
Reserves	(185,129)	(187,889)	(188,588)	(189,452)
Total equity	75,438	72,600	71,979	71,037
Liabilities				
Other payables	7,964	7,780	6,878	7,000
Financial liabilities	3,938	5,649	20	-
Deferred tax liabilities	439	463	-	-
Total non-current liabilities	12,341	13,892	6,898	7,000
Trade and other payables	27,072	27,568	8,077	7,612
Financial liabilities	4,045	7,170	2	-
Current tax liabilities	1,277	1,165	-	-
Total current liabilities	32,394	35,903	8,079	7,612
Total liabilities	44,735	49,795	14,977	14,612
Total equity and liabilities	120,173	122,395	86,956	85,649

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

	30.09.2015		31.12.2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	4,045	-	7,170	-
Amount repayable after one year	3,938	-	5,649	-
Relating to:				
Mancala Australia				
- Bank Overdraft	752	-	1,736	-
- Short-term bank borrowings	1,304	-	2,416	-
- Current portion of finance lease	1,989	-	3,018	-
- Non-current portion of finance lease	3,938	-	5,649	-
Total	7,983	-	12,819	-

Details of any collateral as at 30 September 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 September 2015 approximates \$10.6 million.

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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

Note: The statement of cash flows relates to cash flows position of Mancala Australia and Corporate Function only (excluding that of Ranken Infrastructure Ltd, the acquisition of which was completed after 30 September 2015)

	Group		Group	
	3Q2015	3Q2014	9M2015	9M2014
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax from continuing operations	1,520	253	2,688	1,156
Adjustments for:				
Depreciation of property, plant and equipment	892	881	2,719	2,752
Amortisation of intangible assets	39	-	119	-
(Gain)/loss on disposal of property, plant and equipment	(12)	120	(52)	(155)
Interest income	(1,251)	(3)	(1,258)	(11)
Interest expense	167	406	742	1,193
Reversal of provision for rectification costs	-	(80)	-	(127)
Share of results of associates	-	42	-	14
Operating profit before working capital changes	1,355	1,619	4,958	4,822
Changes in working capital:				
Inventories	402	335	(189)	313
Trade and other payables	1,416	1,429	691	(3,729)
Trade, other receivables and deposits	(4,500)	(1,213)	(3,363)	(1,241)
Cash flows (used in)/generated from operating activities	(1,327)	2,170	2,097	165
Net cash used in operating activities from discontinued operations	-	(5,977)	-	(7,380)
	(1,327)	(3,807)	2,097	(7,215)
Investing activities				
Net cash outflow from acquisition of subsidiary	-	-	-	(824)
Deposit received for sale of Steel Business	-	-	-	2,000
Interest received	13	3	20	11
Interest free loan to third party ^{#1}	-	-	(17,507)	-
Payment for purchase of property, plant and equipment	(220)	(137)	(600)	(226)
Proceed from disposal of property, plant and equipment	-	141	53	1,384
Proceed from disposal of subsidiaries	15,719	-	24,263	-
Cash flows generated from investing activities	15,512	7	6,229	2,345
Net cash generated from investing activities from discontinued operations	-	84	-	229
	15,512	91	6,229	2,574

^{#1} 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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	Group		Group	
	3Q2015	3Q2014	9M2015	9M2014
	\$'000	\$'000	\$'000	\$'000
Financing activities				
Interest paid	(167)	(406)	(742)	(1,193)
Payment of short term bank borrowings	(250)	(519)	(975)	(1,948)
Payment of finance lease liabilities	(752)	(746)	(2,149)	(3,460)
Cash flows used in financing activities	(1,169)	(1,671)	(3,866)	(6,601)
Net cash generated from financing activities from discontinued operations	-	5,228	-	5,116
	(1,169)	3,557	(3,866)	(1,485)
Net increase/(decrease) in cash and cash equivalents	13,016	(159)	4,460	(6,126)
Cash and cash equivalents at beginning of the period (inclusive of discontinued operations)	2,321	3,032	10,511	9,854
Effect of exchange rate changes on the balances held in foreign currencies	1,188	(158)	1,554	(1,013)
Cash and cash equivalents classified as held for sale	-	(1,064)	-	(1,064)
Cash and cash equivalents at end of the period	16,525	1,651	16,525	1,651
Cash and cash equivalents for continuing operations consist of the following:				
Fixed deposits	15,719	1,559	15,719	1,559
Cash and bank balances	1,558	223	1,558	223
Cash and cash equivalents	17,277	1,782	17,277	1,782
Bank overdraft (included in financial liabilities)	(752)	(131)	(752)	(131)
	16,525	1,651	16,525	1,651

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QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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	Fair value reserve \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
6M2014 Group									
At 1 January 2014	260,489	1,235	418	(1,353)	4,954	333	-	(192,591)	73,485
Loss for the period	-	-	-	-	-	-	-	(7,061)	(7,061)
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(3,347)	-	-	(3,347)
Total other comprehensive income	-	-	-	-	-	(3,347)	-	-	(3,347)
Total comprehensive income	-	-	-	-	-	(3,347)	-	(7,061)	(10,408)
Transfer to statutory reserve	-	-	-	-	(3)	-	-	3	-
At 30 June 2014	260,489	1,235	418	(1,353)	4,951	(3,014)	-	(199,649)	63,077

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(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	Fair value reserve \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
3Q2014 Group									
Loss for the period	-	-	-	-	-	-	-	(1,218)	(1,218)
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	2,611	-	-	2,611
Total other comprehensive income	-	-	-	-	-	2,611	-	-	2,611
Total comprehensive income	-	-	-	-	-	2,611	-	(1,218)	1,393
At 30 September 2014	260,489	1,235	418	(1,353)	4,951	(403)	-	(200,867)	64,470

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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
6M2015 Group							
At 1 January 2015	260,489	1,235	418	(1,353)	(690)	(187,499)	72,600
Profit for the period	-	-	-	-	-	897	897
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	(186)	-	(186)
Total other comprehensive income	-	-	-	-	(186)	-	(186)
Total comprehensive income	-	-	-	-	(186)	897	711
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares	78*	-	-	-	-	-	78
Total contributions by and distributions to owners	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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(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
3Q2015 Group							
Profit for the period	-	-	-	-	-	1,551	1,551
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	498	-	498
Total other comprehensive income	-	-	-	-	498	-	498
Total comprehensive income	-	-	-	-	498	1,551	2,049
At 30 September 2015	260,567	1,235	418	(1,353)	(378)	(185,051)	75,438

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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
6M2014						
Company						
At 1 January 2014	260,489	1,084	(1,353)	1,497	(188,517)	73,200
Loss for the period	–	–	–	–	(981)	(981)
Total comprehensive income	–	–	–	–	(981)	(981)
At 30 June 2014	260,489	1,084	(1,353)	1,497	(189,498)	72,219
3Q2014						
Company						
Loss for the period	–	–	–	–	(985)	(985)
Total comprehensive income	–	–	–	–	(985)	(985)
At 30 September 2014	260,489	1,084	(1,353)	1,497	(190,483)	71,234

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(Bii) Statement of Changes in Equity

	Share capital \$'000	Capital reserve \$'000	Other reserves \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
6M2015					
Company					
At 1 January 2015	260,489	1,084	(1,353)	(189,183)	71,037
Profit for the period	-	-	-	503	503
Total comprehensive income	-	-	-	503	503
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	78*	-	-	-	78
Total contributions by and distributions to owners	78	-	-	-	78
At 30 June 2015	260,567	1,084	(1,353)	(188,680)	71,618
3Q2015					
Company					
Profit for the period	-	-	-	361	361
Total comprehensive income	-	-	-	361	361
At 30 September 2015	260,567	1,084	(1,353)	(188,319)	71,979

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

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 reported on 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**

	30.09.2015	31.12.2014
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.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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	
	3Q2015	3Q2014	3Q2015	3Q2014	3Q2015	3Q2014
Basic earnings per share (cents)	0.19	-	-	(0.16)	0.19	(0.16)
Diluted earnings per share (cents)	0.19	-	-	(0.16)	0.19	(0.16)

	Continuing operations		Discontinued operations		Total	
	9M2015	9M2014	9M2015	9M2014	9M2015	9M2014
Basic earnings per share (cents)	0.30	0.03	-	(1.05)	0.30	(1.02)
Diluted earnings per share (cents)	0.30	0.03	-	(1.05)	0.30	(1.02)

The calculation of the above basic earnings per share was based on weighted average number of shares outstanding as below:

	3Q2015	3Q2014	9M2015	9M2014
Weighted average number of shares *	811,845,247	810,949,328	811,389,083	810,949,328

* Weighted average number of shares is calculated by taking the number of outstanding shares and multiplying the portion of the reporting period those shares covered and, finally, summing the total.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

- 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	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Net asset value per ordinary share (cents)	9.29	8.95	8.87	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 its legacy 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 3Q2015.

Review of Financial Performance (3Q2015 vs 3Q2014)

Revenue in Australian dollars (A\$) fell marginally by A\$0.3 million to A\$13.2 million in 3Q2015. As the Australian dollar weakened during the quarter against the Singapore dollar – the Group's reporting currency – Group revenue declined \$2.3 million to \$13.2 million in 3Q2015.

Gross profit fell by \$0.45 million to \$3.4 million due to the lower revenue. Gross margin improved by 1 percentage point to 26.1% from 25.1% in 3Q2014 due to costs controls.

Other income rose to \$1.3 million due mainly to \$1.2 million in interest income from Propitious Holdings Company Limited ("PHCL") following redemption of the bond from disposal of the Steel Business.

Administrative expenses rose by \$0.3 million to \$3.0 million due mainly to one-off professional fees incurred for the proposed acquisition of Ranken Infrastructure Limited ("Ranken").

Other expenses fell by S\$0.4 million to \$0.1 million in the absence of net foreign exchange loss and loss on disposal of property, plant and equipment incurred year-on-year.

Finance costs halved to S\$0.2 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 S\$0.03 million was related to a reversal of over-provision for income tax on taxable profits for Mancala Australia's Vietnam operations.

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The completion of the disposal of the Steel Business in FY2014 saved the Group from incurring operating losses during this quarter. As a result, no operating losses were reported under Discontinued Operations in 3Q2015, compared to a net loss of \$1.3 million in 3Q2014.

Given the above,

- The Group reported a Net Profit of \$1.6 million for 3Q2015, reversing a \$1.2 million Net Loss for the Group in 3Q2014; and
- The Group reported a Net Profit of \$2.4 million in 9M2015, reversing an \$8.3 million Net Loss in 9M2014 (including results for Discontinued Operations).

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

Total current assets increased by S\$2.0 million. Significant changes during the period under review were:

- a. Trade, other receivables and deposits fell by \$3.0 million to \$66.0 million due mainly to:
 - \$17.5 million (or RMB 82 million) interest-free loan granted to 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
 - \$24.3 million (or RMB 111.0 million) proceeds received from the disposal of Steel Business. During the period, Propitious Holdings Company Limited (“PHCL”) required the Company to release fixed charge on the Company’s Collateral Rights on property, plant and equipment; and land use right of the Steel Business (as set out in the Shareholders’ Circular dated 15 July 2014) prior to full bond redemption. The Company agreed but required PHCL to escrow cash deposits of RMB 157.6 million in favour of the Company while giving instruction to the PRC Council to release the fixed charge of all of these assets. PHCL has since fulfilled its obligations to redeem the Bond and the Company is completing the legal process of releasing its Collateral Rights on of the assets.
- b. Cash and cash equivalents rose by \$5.0 million to \$17.3 million as at 30 September 2015 due mainly to proceeds of \$24.3 million (or RMB 111.0 million) received from the disposal of the Steel Business. This was offset by the disbursement of an interest-free loan of \$17.5 million to Ranken in accordance with the S&P.

Financial liabilities

Financial liabilities fell by \$4.8 million to \$8.0 million as Mancala Australia continued to pay off its working capital borrowings and financial lease obligations.

Current tax liabilities

Current tax liabilities increased by \$0.1 million to \$1.3 million due mainly to provision for income tax on taxable profits of Mancala Australia’s operations in Vietnam.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Total equity

Following the approval of Shareholders from the Annual General Meeting held on 29 April 2015, the Company had 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 \$2.8 million to \$75.4 million as at 30 September 2015, due mainly to 9M2015 earnings.

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

In the Group's 2Q2015 results announcement, the board stated that the Group will be profitable in FY2015 barring unforeseen circumstances.

In 3Q2015, the Group reported a net profit of \$1.6 million compared to a net loss of \$1.2 million in 3Q2014 (including results for Discontinued Operations). In 9M2015, the Group reported a net profit of \$2.4 million compared to a net loss of \$8.3 million in 9M2014 (including results for Discontinued Operations)

The 3Q2015 financial results are in line with the comments made under paragraph 10 of 2Q2015.

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 soft amidst concerns over weak global economic outlook, the Group expects overall market sentiment in the mining industry to remain guarded over the next 12 months.

Against this backdrop, Mancala Australia will continue to streamline cost management and improve operational efficiencies in order to further reduce its unit cost of production. As at 30 September 2015, the existing order book of Mancala Australia stood at A\$27.1 million. The Group is also exploring strategic alliances opportunity with other junior miners that will drive sustainable growth for Mancala Australia.

At an extraordinary general meeting convened on 2 September 2015, shareholders of the Group approved the proposed acquisition of the entire share capital of Ranken Infrastructure Limited ("Ranken"). Ranken is a profitable Engineering, Procurement and Construction ("EPC") business specialising in design, construction and project consultation in China's rail transit sector. The Group completed the subscription and acquisition of shares in Ranken on 1 October 2015. Revenue recognition is expected to commence in Q4'2015, and Ranken is expected to be the Group's biggest revenue contributor by then.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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 Southeast Asia; and
- 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 will be profitable in FY2015, 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 September 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.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2015 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Teh Wing Kwan
Group Chief Executive Officer and Managing Director

9 November 2015