

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

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		
	1Q2016 \$'000	1Q2015 \$'000	Change %
Revenue	53,676	15,419	248.1
Cost of sales	(45,938)	(12,545)	266.2
Gross profit	7,738	2,874	169.2
Other income			
- Project related	183	-	NM
- Other operating income	1,069	1,353	(21.0)
Distribution costs	(159)	-	NM
Administrative expenses	(4,653)	(2,914)	59.7
Other expenses	(447)	(140)	219.3
Profit from operations	3,731	1,173	218.1
Finance costs	(818)	(297)	175.4
Profit before income tax	2,913	876	232.5
Income tax expense	(907)	(408)	122.3
Profit for the period	2,006	468	328.6
Profit attributable to:			
Owners of the Company #	1,960	468	318.8
Non-controlling interest	46	-	NM
Profit for the period	2,006	468	328.6

Profit attributable to Owners of the Company includes net profits from the following business segments:

- Infrastructure	1,921
- Mancala Australia	229

Note:

NM – Not Meaningful.

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Consolidated Statement of Comprehensive Income

	Group		
	1Q2016	1Q2015	Change
	\$'000	\$'000	%
Profit for the period	2,006	468	328.6
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries ⁽¹⁾	(3,862)	229	NM
Other comprehensive income for the period, net of tax	(3,862)	229	NM
Total comprehensive income for the period	(1,856)	697	NM
Total comprehensive income attributable to:			
Owners of the Company	(1,836)	697	NM
Non-controlling interest	(20)	-	NM
Total comprehensive income for the year	(1,856)	697	NM

Note: NM – Not Meaningful.

Notes to other comprehensive income:

1. Translation differences relating to accounting translation of financial statements of our foreign subsidiaries to S\$ term. The translation loss for 1Q2016 was mainly due to weakening of RMB against the S\$ and weakening of Vietnam Dong against A\$.

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

Notes to Income Statement

	Group		
	1Q2016 \$'000	1Q2015 \$'000	Change %
Revenue includes the following:			
Mining services	9,641	15,419	(37.5)
Infrastructure	44,035	–	NM

Other income includes the following:

Project related:			
Unwinding of discount on retention monies	183	–	NM
Other operating income:			
Exchange gain, net	660	1,304	(49.4)
Gain on disposal of property, plant and equipment	–	13	(100.0)
Interest income – banks	80	7	NM
Rental income	282	–	NM

Other expenses include the following:

Amortisation of intangible assets	(85)	(40)	112.5
Loss on disposal of property, plant and equipment	(29)	–	NM

Finance costs include the following:

Interest expense – bank loans	(396)	(105)	277.1
Interest expense – corporate bonds	(209)	–	NM
Interest expense – finance lease	(213)	(192)	10.9

Profit before income tax is arrived after deducting:

Depreciation of property, plant and equipment	(4,569)	(920)	396.6
Depreciation of investment properties	(123)	–	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

	Group		Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	\$'000	\$'000	\$'000	\$'000
Assets				
Property, plant and equipment	43,536	46,334	100	111
Intangible assets	16,085	16,435	–	–
Investment properties	12,774	13,457	–	–
Interests in subsidiaries	–	–	89,847	89,847
Other investments	86	86	1	1
Other receivables	–	–	5,156	5,164
Deferred tax assets	2,154	2,226	–	–
Total non-current assets	74,635	78,538	95,104	95,123
Inventories	3,101	3,442	–	–
Construction work in progress	48,618	54,858	–	–
Trade receivables (Note 1)	118,307	124,616	–	–
Other receivables	31,834	29,544	4,128	1,105
Non-current assets held for sale	8,134	8,148	–	–
Cash and cash equivalents	25,935	35,079	1,718	5,791
Total current assets	235,929	255,687	5,846	6,896
Total assets	310,564	334,225	100,950	102,019
Equity				
Share capital	277,067	277,067	277,067	277,067
Reserves	(188,341)	(186,505)	(190,051)	(189,759)
Equity attributable to owners of the Company	88,726	90,562	87,016	87,308
Non-controlling interests	1,524	1,544	–	–
Total equity	90,250	92,106	87,016	87,308
Liabilities				
Other payables	7,661	8,653	–	–
Financial liabilities	4,157	5,928	11	11
Deferred tax liabilities	1,735	1,816	–	–
Total non-current liabilities	13,553	16,397	11	11
Trade payables	68,355	74,361	–	–
Other payables	60,083	71,204	13,916	14,690
Progress billings in excess of construction work in progress	8,964	8,416	–	–
Financial liabilities	64,438	66,852	7	10
Current tax liabilities	4,921	4,889	–	–
Total current liabilities	206,761	225,722	13,923	14,700
Total liabilities	220,314	242,119	13,934	14,711
Total equity and liabilities	310,564	334,225	100,950	102,019

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

Note 1: Details of trade Receivables as at 31 March 2016 were as follows:

	Trade receivables \$'000	Revenue (3 months) \$'000	Turnover (days)
Infrastructure Business	110,714	44,035	229
Mining Services Business	7,593	9,641	72

Not past due	96%
Due less than 1 year	3%
Due more than 1 year	1%
	100%

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

	31.03.2016		31.12.2015	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	64,438	–	66,852	–
Amount repayable after one year	4,157	–	5,928	–
Mancala Australia				
- Bank overdraft	485	–	911	–
- Short-term bank borrowings	742	–	1,047	–
- Current portion of finance lease	2,331	–	2,577	–
- Non-current portion of finance lease	2,720	–	2,963	–
Ranken				
- Short-term bank borrowings	48,187	–	49,200	–
- Short term bond	7,184	–	7,444	–
- Current portion of finance lease	5,502	–	5,663	–
- Non-current portion of finance lease	1,426	–	2,954	–
Corporate function				
- Current portion of finance lease	7	–	10	–
- Non-current portion of finance lease	11	–	11	–
Total	68,595	–	72,780	–

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

Details of any collateral as at 31 March 2016

Mancala Australia

- (i) The bank overdraft and short term bank loans for Mancala Australia 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 31 March 2016 approximates \$10.4 million.

Ranken

- (i) The short-term and long-term bank loans for Ranken are secured by personal guarantees by the vendors of Ranken and land and building with total carrying amounts of \$16.3 million and deposits pledged of \$2.2 million.
- (ii) The carrying value of fixed assets under finance lease as at 31 March 2016 approximates \$9.5 million.
- (iii) As at 31 March 2016, the vendors have granted personal guarantees for the purpose of securing total banking facilities of \$79.4 million (RMB 373.3 million) for Ranken's working capital.

Corporate function

- (i) The carrying value of fixed assets under finance lease as at 31 March 2016 approximates \$0.024 million.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

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	
	1Q2016	1Q2015
	\$'000	\$'000
Operating activities		
Profit before income tax	2,913	876
Adjustments for:		
Depreciation of property, plant and equipment	4,569	920
Depreciation of investment properties	123	–
Amortisation of intangible assets	85	40
Loss/(gain) on disposal of property, plant and equipment, net	29	(13)
Interest income	(80)	(7)
Interest expense	818	297
Unwinding of discount on retention monies	(183)	–
Operating profit before working capital changes	8,274	2,113
Changes in working capital:		
Inventories	281	289
Construction work in progress, net	4,951	–
Trade and other payables	(12,259)	624
Trade and other receivables	(1,784)	(2,072)
Released of fixed deposit pledged	1,491	–
Cash flows from operations	954	954
Income tax paid	(758)	(1,183)
Cash flows from/(used in) operating activities	196	(229)
Investing activities		
Interest received	80	7
Interest free loan to third party*	–	(17,507)
Payment for purchase of property, plant and equipment	(3,442)	(170)
Proceeds from disposal of property, plant and equipment	7	27
Proceeds from sale of subsidiary	–	8,544
Cash flows used in investing activities	(3,355)	(9,099)
Financing activities		
Repayment to previous shareholder of Ranken's subsidiary	(639)	–
Interest paid	(818)	(297)
Proceeds from bank loans	2,608	–
Payment of bank loans	(2,259)	(374)
Payment of finance lease liabilities	(1,937)	(848)
Cash flows used in financing activities	(3,045)	(1,519)
Net decrease in cash and cash equivalents	(6,204)	(10,847)
Cash and cash equivalents at beginning of the period	30,337	10,511
Effect of exchange rate changes on the balances held in foreign currencies	(894)	(57)
Cash and cash equivalents at end of the period	23,239	(393)

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	Group	
	1Q2016 \$'000	1Q2015 \$'000
Cash and cash equivalents consist of the following:		
Fixed deposits	2,211	–
Cash and bank balances	23,724	1,263
Cash and cash equivalents	25,935	1,263
Bank overdraft (included in financial liabilities)	(485)	(1,656)
Fixed deposits pledged	(2,211)	–
	<u>23,239</u>	<u>(393)</u>

** 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.*

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

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

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

(Bi) Consolidated Statement of Changes in Equity

	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Other reserves \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
1Q2016 Group									
At 1 January 2016	277,067	(1,735)	418	(1,353)	(2,805)	(181,030)	90,562	1,544	92,106
Profit for the period	–	–	–	–	–	1,960	1,960	46	2,006
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	(3,796)	–	(3,796)	(66)	(3,862)
Total other comprehensive income	–	–	–	–	(3,796)	–	(3,796)	(66)	(3,862)
Total comprehensive Income	–	–	–	–	(3,796)	1,960	(1,836)	(20)	(1,856)
At 31 March 2016	277,067	(1,735)	418	(1,353)	(6,601)	(179,270)	88,726	1,524	90,250

Note: See page 12 on details the Company's Capital Reduction exercise

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

(Bii) Statement of Changes in Equity

	Share capital \$'000	Capital reserve \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
1Q2015					
Company					
At 1 January 2015	260,489	1,084	(1,353)	(189,183)	71,037
Profit for the period	–	–	–	86	86
Total comprehensive income	–	–	–	86	86
At 31 March 2015	260,489	1,084	(1,353)	(189,097)	71,123
1Q2016					
Company					
At 1 January 2016	277,067	(1,886)	(1,353)	(186,520)	87,308
Loss for the period	–	–	–	(292)	(292)
Total comprehensive income	–	–	–	(292)	(292)
At 31 March 2016	277,067	(1,886)	(1,353)	(186,812)	87,016

Note: See page 12 on details the Company's Capital Reduction exercise

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

- 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

There was no change in the Company's issued capital since the previous period reported on.

As announced on 7 March 2016 and approved by the shareholders at an Extraordinary General Meeting held on 27 April 2016, the Company has convened the process of the Capital Reduction to write off the Accumulated Losses through the cancellation of the Company's share capital to the extent of \$189,183,000. The share capital of the Company will be reduced from \$277,067,000 to \$87,884,000 via the cancellation of the Company's share capital that has been lost or is unrepresented by available assets. The Company will make further announcement on the effective date of the Capital Reduction in due course.

There will be no change in the total number of issued ordinary shares in the Company held by the shareholders of the Company immediately after the Capital Reduction, nor will the Capital Reduction involve the payment to any Shareholders of any paid-up share capital of the Company.

The Capital Reduction will not have any impact on the net tangible assets, earnings per share and gearing of the Company or the Group

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.

- 1(d)(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**

	31.03.2016	31.12.2015
Total number of issued shares excluding treasury shares	325,611,757 #	976,845,247

On 9 March 2016, the Company completed the Share Consolidation of three (3) ordinary shares into one (1) consolidated ordinary share and the issued share capital of the Company was revised from 976,845,247 to 325,611,757 ordinary shares.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

1(d)(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.

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 period compared with the audited financial statements for the year ended 31 December 2015.

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 2016. 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

	1Q2016	1Q2015
Basic earnings per share (cents)	0.60	0.17
Diluted earnings per share (cents)	0.60	0.17

The calculation of the above basic earnings per share and diluted earnings per share was computed based on profit attributable to owners of the Company divided by the weighted average number of shares of 325,611,757 (2015: 270,316,442).

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

The weighted average number of shares during the period is the number of shares outstanding at the beginning of the period, adjusted by the number of shares issued during the year multiplied by a time-weighting factor.

On 9 March 2016, the Company completed the Share Consolidation of three (3) ordinary shares into one (1) consolidated ordinary share and the issued share capital of the Company was revised from 976,845,247 to 325,611,757 ordinary shares. The earnings per share for the current and prior periods have been presented after adjusting the number of weighted average number of shares in issue for the effect of the share consolidation.

In 1Q2015 and 1Q2016, the diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive capital instruments.

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	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Net asset value per ordinary share (cents)	27.25	9.27 #	26.72	8.94 #
Number of shares in issue	325,611,757	976,845,247 #	325,611,757	976,845,247 #

Before share consolidation completed on 9 March 2016.

For illustration purpose, had the Share Consolidation of three (3) ordinary shares into one (1) consolidated ordinary share of the Company been completed on 31 December 2015, the comparative figure for net asset value per ordinary share as at 31 December 2015, would have been as follows:

	Group		Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Net asset value per ordinary share (cents)	27.25	27.81	26.72	26.81
Number of shares in issue	325,611,757	325,611,757	325,611,757	325,611,757

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

- 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

Overview for 1Q2016

On 1 October 2015, the Group completed the acquisition of the entire equity of Ranken Infrastructure Limited ("Ranken"), an Engineering, Procurement and Construction ("EPC") business specialising in design, construction and project consultation in China's rail transit sector ("Infrastructure Business"). As such, the Group's financial performance for 1Q2016 includes that of Ranken whereas the comparative for 1Q2015 did not.

Review of Financial Performance (1Q2016 vs 1Q2015)

Note: Significant changes in revenues, cost of sales and operating expenses during the financial year under review were mainly attributed to consolidation of three-month Ranken's financial performance in 1Q2016.

Total revenue rose by \$38.3 million to \$53.7 million in 1Q2016, boosted by the consolidation of Ranken's first quarter results from 1 January 2016 to 31 March 2016 ("1Q2016"). Despite the two-week holiday in China for the Lunar New Year, the three-month revenues from our Infrastructure Business was a healthy \$44.0 million, making Ranken our largest revenue contributor. Revenue from our Australian mining services business, Mancala Holdings Pty Ltd ("Mancala") fell by \$5.8 million in 1Q2016 given the weak market sentiment in the mining industry amid falling commodity prices.

Total gross profit rose by \$4.9 million to \$7.7 million. Overall gross profit margin in 1Q2016 was 14.4% as compared to 18.6% in 1Q2015, due mainly to the consolidation of Ranken's results for 1Q2016.

Other operating income fell by \$0.3 million to \$1.1 million due to lower exchange gain in 1Q2016, which was mitigated by third-party rental income in relation to the leases of Ranken's commercial building as well as interest income on consolidation of Ranken's results.

Distribution costs of \$0.2 million were related to Ranken's marketing expenses.

Administrative expenses rose by \$1.7 million to \$4.7 million due mainly to the inclusion of \$1.9 million administrative expenses incurred by Ranken on consolidation of its results.

Other expenses rose by \$0.3 million to \$0.4 million due mainly to higher depreciation of property, plant and equipment and investment properties on consolidation of Ranken's results.

Finance costs rose by \$0.5 million to \$0.8 million due mainly to the inclusion of \$0.7 million interest expense incurred by Ranken, which has working capital borrowings. Interest expense for Mancala fell by \$0.2 million due to lower loan and finance lease obligations.

Income tax expense was \$0.9 million, attributable to provision for income tax on taxable profits for both Mancala's Vietnam operations and Ranken's operations.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

Given the above, Profit attributable to Owners of the Company (“Net Profit”) for 1Q2016 rose to \$2.0 million from \$0.5 million for 1Q2015 while Operating Profits before Working Capital rose to \$8.3 million for 1Q2016 from \$2.1 million for 1Q2015.

Review of Financial Position (31 March 2016 vs 31 December 2015)

Total non-current assets fell by \$3.9 million, due mainly to the depreciation of property, plant and equipment and investment properties, offset mainly by Ranken’s cost of investment in property, plant and equipment of \$3.4 million for its projects. Total non-current assets for Ranken and Mancala were \$50.1 million and \$24.4 million respectively.

Total current assets fell by \$19.8 million. Significant changes during the period under review were:

- Contract work in progress which relates to Ranken’s projects under construction fell by \$6.2 million to \$48.6 million due to works certified and invoiced as receivables during the period.
- Trade receivables fell by \$6.3 million to \$118.3 million, which comprised:
 - Ranken’s trade receivables fell by \$6.9 million to \$110.7 million. Trade debtor’s turnaround time increased to 229 days as compared to 174 days as at 31 December 2015; and
 - Mancala’s trade receivables rose by \$0.6 million to \$7.6 million, which represented a trade debtor’s turnaround time of 72 days as compared to 60 days as at 31 December 2015.
- Other receivables which comprised mainly Ranken’s materials procured on behalf of project owners and security deposits placed with the project owners (refundable on project completion), rose by \$2.3 million to \$31.8 million. Other receivables, deposits and prepayments for Ranken and Mancala were \$27.1 million and \$4.6 million respectively as at 31 March 2016.
- Cash and cash equivalents for the Group fell by \$9.1 million to \$25.9 million as at 31 March 2016 due mainly to (i) Ranken’s investments in plant and equipment and (ii) repayment of bank loans, finance lease liabilities and interest expense. More specifically, the cash position for Corporate Function, Ranken and Mancala were \$1.7 million, \$21.3 million and \$2.9 million respectively as at 31 March 2016. Total cash of \$2.2 million was pledged as fixed deposits for Ranken’s secured bank borrowings.

Total non-current liabilities fell by \$2.8 million, due mainly to (i) repayments of working capital borrowings and finance lease obligations and (ii) partial repayment of amounts due to previous shareholders of Ranken’s subsidiary, which were extended to Ranken prior to acquisition by the Group. Total non-current liabilities for Ranken and Mancala were \$9.8 million and \$3.8 million respectively.

Total current liabilities fell by \$19.0 million. Significant changes during the period under review were:

- Trade payables fell by \$6.0 million to \$68.4 million due mainly to payment to suppliers and contractors during the period. Trade payables for Ranken and Mancala were \$57.3 million and \$11.1 million respectively as at 31 March 2016.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

- Other payables and accruals fell by \$11.1 million to \$60.1 million due mainly to (i) transfer of advance deposits received from clients to revenues when works are progressively invoiced. Other payables and accruals for Ranken and Mancala were \$41.3 million and \$8.4 million respectively as at 31 March 2016. Other payables and accruals for Ranken comprised deposits received from clients of \$15.6 million and security deposits from sub-contractors, VAT payables and accruals of operating expenses. Other payables of the Company (corporate) comprised mainly the estimated purchase consideration payable to Mancala's vendors of \$10.3 million (which is still subject to adjustments and conditions). Other payables for Mancala comprised mainly withholding tax in Australia and Vietnam to meet employees' personal obligations and accrued operating expenses.
- Current financial liabilities fell by \$2.4 million to \$64.4 million as Ranken and Mancala Australia continued to pay down its working capital borrowings and finance lease obligations.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity fell by \$1.9 million to \$90.3 million despite current period earnings of \$2.0 million. This was the result of translation loss of \$3.9 million in relation to translating financial statements of foreign subsidiaries to S\$ due mainly to weakening of the RMB against the S\$ and weakening of Vietnam Dong against A\$.

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 FY2015 results announcement, the Board stated that:

- The Group expects the Infrastructure Business to continually be the largest revenue contributor, moving forward;
- The Group expects sentiment in the mining industry to remain guarded over the next 12 months, given the weak commodity prices; and
- Barring unforeseen circumstances, the Group expects to remain profitable for the financial year ending 31 December 2016.

In 1Q2016, our Infrastructure Business contributed 82% of our total revenue. Whilst lower revenue from our Mining Services was in line with expectation, it remained profitable with positive operating cash flow. The Group reported a net profit of \$2.0 million in the current quarter ended 31 March 2016.

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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

With Ranken now wholly owned by Sapphire, the Group believes it is well positioned to seize growth opportunities in China's rail transit sector. As of now, Ranken's order book is about RMB2.0 billion with these projects to be delivered over the next 24 – 36 months. Ranken is expected to remain the Group's largest revenue driver going forward.

Meanwhile, the Group plans to progressively scale up Ranken's production capacity under its 'asset-light' operating model to meet demand that can be achieved without heavy capital expenditure.

The Group's mining services business, Mancala has streamlined its cost structure amidst market uncertainty in commodity prices. To help its mining services arm improve its asset utilization, the Group is in discussion with a strategic investor. As announced on 6 January 2016, this potential investor has expressed interest in taking an equity stake in Mancala and since then, both parties have had substantive discussions on the commercial terms. The Group will provide an update in due course.

Overall, the Group expects to be profitable in FY2016.

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.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

13 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 31 March 2016

There was no such interested person transaction in the current period reported on.

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 31 March 2016 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
Managing Director and Group Chief Executive Officer

11 May 2016