

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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			Group		
	3Q2016 \$'000	3Q2015 \$'000	Change %	9M2016 \$'000	9M2015 \$'000	Change %
Revenue	67,966	13,185	415.5	175,076	42,746	309.6
Cost of sales	(58,399)	(9,744)	499.3	(147,848)	(34,268)	331.4
<b>Gross profit</b>	<b>9,567</b>	<b>3,441</b>	<b>178.0</b>	<b>27,228</b>	<b>8,478</b>	<b>221.2</b>
Other income						
- Project related	176	-	NM	537	-	NM
- Other operating income	694	1,348	(48.5)	1,885	3,844	(51.0)
Selling and distribution costs	(237)	-	NM	(617)	-	NM
Administrative expenses	(4,389)	(2,997)	46.4	(13,377)	(8,493)	57.5
Other expenses	(767)	(105)	630.5	(1,880)	(399)	371.2
<b>Profit from operations</b>	<b>5,044</b>	<b>1,687</b>	<b>199.0</b>	<b>13,776</b>	<b>3,430</b>	<b>301.6</b>
Finance costs	(872)	(167)	422.2	(2,576)	(742)	247.2
<b>Profit before income tax</b>	<b>4,172</b>	<b>1,520</b>	<b>174.5</b>	<b>11,200</b>	<b>2,688</b>	<b>316.7</b>
Income tax (expense)/credit	(1,285)	31	NM	(3,433)	(240)	NM
<b>Profit for the period</b>	<b>2,887</b>	<b>1,551</b>	<b>86.1</b>	<b>7,767</b>	<b>2,448</b>	<b>217.3</b>
<b>Profit attributable to:</b>						
Owners of the Company #	2,797	1,551	80.3	7,544	2,448	208.2
Non-controlling interest	90	-	NM	223	-	NM
<b>Profit for the period</b>	<b>2,887</b>	<b>1,551</b>	<b>86.1</b>	<b>7,767</b>	<b>2,448</b>	<b>217.3</b>

# Included in Profit attributable to Owners of the Company are net profit/(loss) from the following business segments:

- Infrastructure	4,280	9,795
- Mancala Australia	(686)	(451)

**Note:**

NM – Not Meaningful.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q2016 \$'000	3Q2015 \$'000	Change %	9M2016 \$'000	9M2015 \$'000	Change %
<b>Profit for the period</b>	2,887	1,551	86.1	7,767	2,448	217.3
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of foreign subsidiaries	713	498	43.2	(5,089)	312	NM
Movement of available-for-sale financial assets reserve	–	–	NM	110	–	NM
<b>Other comprehensive income for the period, net of tax</b>	713	498	43.2	(4,979)	312	NM
<b>Total comprehensive income for the period</b>	3,600	2,049	75.7	2,788	2,760	1.0
<b>Total other comprehensive income attributable to:</b>						
Owners of the Company	3,499	2,049	70.8	2,662	2,760	(3.6)
Non-controlling interest	101	–	NM	126	–	NM
<b>Total other comprehensive income for the period</b>	3,600	2,049	75.7	2,788	2,760	1.0

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 gain for 3Q2016 was mainly due to strengthening of both RMB and A\$ against S\$.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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

Notes to Income Statement

	Group			Group		
	3Q2016 \$'000	3Q2015 \$'000	Change %	9M2016 \$'000	9M2015 \$'000	Change %
<b>Revenue includes the following:</b>						
Infrastructure	61,861	–	NM	152,733	–	NM
Mining services	6,105	13,185	(53.7)	22,343	42,746	(47.7)

**Other income includes the following:**

<b>Project related:</b>						
Unwinding of discount on retention monies	176	–	NM	537	–	NM
<b>Other operating income:</b>						
Exchange (loss)/gain, net	(76)	77	NM	574	2,481	(76.9)
Interest income – banks	28	13	115.4	150	20	650.0
Interest income – bond	–	1,238	NM	–	1,238	NM
Gain on disposal of non-current assets held for sale	–	–	NM	22	–	NM
Gain on disposal of plant and equipment	–	12	NM	–	52	NM
Rental income	196	–	NM	561	–	NM

**Other expenses include the following:**

Amortisation of intangible assets	(84)	(39)	115.4	(252)	(119)	111.8
Loss on disposal/write-off of property, plant and equipment	(243)	–	NM	(547)	–	NM

**Finance costs include the following:**

Interest expense – bank loans	(522)	(31)	NM	(1,425)	(233)	511.6
Interest expense – corporate bonds	(203)	–	NM	(616)	–	NM
Interest expense – finance lease	(147)	(136)	8.1	(535)	(509)	5.1

**Profit before income tax is arrived after deducting:**

Depreciation of property, plant and equipment	(1,776)	(892)	99.1	(9,135)	(2,719)	236.0
Depreciation of investment properties	(112)	–	NM	(342)	–	NM

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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	
	30.09.2016 \$'000	31.12.2015 \$'000	30.09.2016 \$'000	31.12.2015 \$'000
<b>Assets</b>				
Property, plant and equipment	44,012	46,334	79	111
Intangible assets	15,819	16,435	–	–
Investment properties	12,293	13,457	–	–
Interests in subsidiaries	–	–	89,847	89,847
Other investments	199	86	–	1
Other receivables	–	–	5,193	5,164
Deferred tax assets	2,127	2,226	–	–
<b>Total non-current assets</b>	<b>74,450</b>	<b>78,538</b>	<b>95,119</b>	<b>95,123</b>
Inventories	3,453	3,442	–	–
Construction work in progress	98,385	54,858	–	–
Trade receivables (Note 1)	112,108	124,616	–	–
Other receivables	33,899	29,544	4,484	1,105
Non-current assets held for sale	7,792	8,148	–	–
Cash and cash equivalents	21,148	35,079	555	5,791
<b>Total current assets</b>	<b>276,785</b>	<b>255,687</b>	<b>5,039</b>	<b>6,896</b>
<b>Total assets</b>	<b>351,235</b>	<b>334,225</b>	<b>100,158</b>	<b>102,019</b>
<b>Equity</b>				
Share capital	87,933	277,067	87,933	277,067
Reserves	5,340	(186,505)	(2,359)	(189,759)
Equity attributable to owners of the Company	93,273	90,562	85,574	87,308
Non-controlling interests	1,670	1,544	–	–
<b>Total equity</b>	<b>94,943</b>	<b>92,106</b>	<b>85,574</b>	<b>87,308</b>
<b>Liabilities</b>				
Other payables	7,217	8,653	–	–
Financial liabilities	2,215	5,928	10	11
Deferred tax liabilities	1,678	1,816	–	–
<b>Total non-current liabilities</b>	<b>11,110</b>	<b>16,397</b>	<b>10</b>	<b>11</b>
Trade payables	114,952	74,361	–	–
Other payables	69,313	71,204	14,571	14,690
Progress billings in excess of construction work in progress	6,618	8,416	–	–
Financial liabilities	49,732	66,852	3	10
Current tax liabilities	4,567	4,889	–	–
<b>Total current liabilities</b>	<b>245,182</b>	<b>225,722</b>	<b>14,574</b>	<b>14,700</b>
<b>Total liabilities</b>	<b>256,292</b>	<b>242,119</b>	<b>14,584</b>	<b>14,711</b>
<b>Total equity and liabilities</b>	<b>351,235</b>	<b>334,225</b>	<b>100,158</b>	<b>102,019</b>

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Note 1: Details of trade receivables as at 30 September 2016 were as follows:

	Trade receivables \$'000	Revenue (9 months) \$'000	Turnover (days)
Infrastructure Business	107,836	152,733	193
Mining Services Business	4,272	22,343	52

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.**

	30.09.2016		31.12.2015	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	49,732	–	66,852	–
Amount repayable after one year	2,215	–	5,928	–
<b>Mancala Australia</b>				
- Bank overdraft	345	–	911	–
- Short-term bank borrowings	137	–	1,047	–
- Current portion of finance lease	1,956	–	2,577	–
- Non-current portion of finance lease	2,205	–	2,963	–
<b>Ranken</b>				
- Short-term bank borrowings	36,010	–	49,200	–
- Short term bond	7,146	–	7,444	–
- Current portion of finance lease	4,135	–	5,663	–
- Non-current portion of finance lease	–	–	2,954	–
<b>Corporate function</b>				
- Current portion of finance lease	3	–	10	–
- Non-current portion of finance lease	10	–	11	–
<b>Total</b>	<b>51,947</b>	<b>–</b>	<b>72,780</b>	<b>–</b>

**QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

**Details of any collateral as at 30 September 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\$5.0 million from Sapphire to Mancala Australia.
- (ii) The carrying value of fixed assets under finance lease as at 30 September 2016 was approximately \$8.9 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 \$15.5 million and deposits pledged of \$5.5 million.
- (ii) The carrying value of fixed assets under finance lease as at 30 September 2016 was approximately \$7.9 million.
- (iii) As at 30 September 2016, the vendors have granted personal guarantees for the purpose of securing total banking facilities of \$112.0 million (RMB 547.5 million) for Ranken's working capital.

**Corporate function**

- (i) The carrying value of fixed assets under finance lease as at 30 September 2016 was approximately \$0.023 million.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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		Group	
	3Q2016 \$'000	3Q2015 \$'000	9M2016 \$'000	9M2015 \$'000
<b>Operating activities</b>				
Profit before income tax	4,172	1,520	11,200	2,688
Adjustments for:				
Depreciation of property, plant and equipment	1,776	892	9,135	2,719
Depreciation of investment properties	112	–	342	–
Amortisation of intangible assets	84	39	252	119
Loss/(gain) on disposal/write-off of property, plant and equipment	243	(12)	547	(52)
Gain on disposal of non-current assets held for sale, net	–	–	(22)	–
Interest income	(28)	(1,251)	(150)	(1,258)
Interest expense	872	167	2,576	742
Share awards scheme	–	–	49	78
Unwinding of discount on retention monies	(176)	–	(537)	–
<b>Operating profit before working capital changes</b>	<b>7,055</b>	<b>1,355</b>	<b>23,392</b>	<b>5,036</b>
Changes in working capital:				
Inventories	(1,713)	402	(93)	(189)
Construction work in progress, net	(37,078)	–	(48,919)	–
Trade and other payables	34,161	1,416	49,251	613
Trade and other receivables	8,717	(4,500)	111	(3,363)
Placement of fixed deposits pledged	(2,093)	–	(1,883)	–
<b>Cash flows generated from/(used in) operations</b>	<b>9,049</b>	<b>(1,327)</b>	<b>21,859</b>	<b>2,097</b>
Income tax paid	(462)	–	(3,558)	–
<b>Cash flows generated from/(used in) operating activities</b>	<b>8,587</b>	<b>(1,327)</b>	<b>18,301</b>	<b>2,097</b>
<b>Investing activities</b>				
Interest received	28	13	150	20
Interest free loan to third party *	–	–	–	(17,507)
Payment for purchase of property, plant and equipment	(3,774)	(220)	(10,553)	(600)
Proceeds from disposal of property, plant and equipment	–	–	78	53
Proceeds from disposal of non-current assets held for sale	–	–	354	–
Proceeds from disposal of subsidiaries	–	15,719	–	24,263
<b>Cash flows (used in)/generated from investing activities</b>	<b>(3,746)</b>	<b>15,512</b>	<b>(9,971)</b>	<b>6,229</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.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Group		Group	
	3Q2016	3Q2015	9M2016	9M2015
	\$'000	\$'000	\$'000	\$'000
<b>Financing activities</b>				
Repayment to previous shareholder of Ranken's subsidiary	(1,113)	–	(2,148)	–
Interest paid	(872)	(167)	(2,576)	(742)
Proceeds from bank loans	7,508	–	20,312	–
Payment of bank loans	(4,571)	(250)	(31,595)	(975)
Payment of finance lease liabilities	(1,745)	(752)	(5,418)	(2,149)
<b>Cash flows used in financing activities</b>	<b>(793)</b>	<b>(1,169)</b>	<b>(21,425)</b>	<b>(3,866)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,048</b>	<b>13,016</b>	<b>(13,095)</b>	<b>4,460</b>
Cash and cash equivalents at beginning of the period	11,665	2,321	30,337	10,511
Effect of exchange rate changes on the balances held in foreign currencies	(362)	1,188	(1,891)	1,554
<b>Cash and cash equivalents at end of the period</b>	<b>15,351</b>	<b>16,525</b>	<b>15,351</b>	<b>16,525</b>
<b>Cash and cash equivalents consist of the following:</b>				
Fixed deposits	5,452	15,719	5,452	15,719
Cash and bank balances	15,696	1,558	15,696	1,558
Cash and cash equivalents	21,148	17,277	21,148	17,277
Bank overdraft (included in financial liabilities)	(345)	(752)	(345)	(752)
Fixed deposits pledged	(5,452)	–	(5,452)	–
	15,351	16,525	15,351	16,525



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

Consolidated Statement of Changes in Equity

<u>Group</u>	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Other reserves \$'000	Currency translation reserve \$'000	Accumulated profit / (losses) \$'000	Total equity \$'000
<b>6M2015</b>							
At 1 January 2015	260,489	1,235	418	(1,353)	(690)	(187,499)	72,600
Profit for the period	–	–	–	–	–	897	897
<b>Other comprehensive income</b>							
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	(186)	–	(186)
Total other comprehensive income	–	–	–	–	(186)	–	(186)
<b>Total comprehensive income</b>	–	–	–	–	(186)	897	711
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Issues of shares, net of expenses (Share Award Scheme) *	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 for FY2014 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 2016

Consolidated Statement of Changes in Equity

<b>Group</b>	<b>Share capital \$'000</b>	<b>Capital reserve \$'000</b>	<b>Merger reserve \$'000</b>	<b>Other reserves \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Accumulated profit / (losses) \$'000</b>	<b>Total equity \$'000</b>
<b>3Q2015</b>							
Profit for the period	-	-	-	-	-	1,551	1,551
<b>Other comprehensive income</b>							
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	498	-	498
Total other comprehensive income	-	-	-	-	498	-	498
<b>Total comprehensive income</b>	-	-	-	-	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 2016

Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Fair value reserve \$'000	Other reserves \$'000	Currency translation reserve \$'000	Accumulated profit / (losses) \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>6M2016</b>										
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	–	–	–	–	–	–	4,747	4,747	133	4,880
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	–	(5,694)	–	(5,694)	(108)	(5,802)
Movement of available-for-sale financial assets reserve	–	–	–	110	–	–	–	110	–	110
Total other comprehensive income	–	–	–	110	–	(5,694)	–	(5,584)	(108)	(5,692)
<b>Total comprehensive income</b>	–	–	–	110	–	(5,694)	4,747	(837)	25	(812)
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owner</b>										
Issues of shares, net of expenses (Share Award Scheme) *	49	–	–	–	–	–	–	49	–	49
Reduction of share capital #	(189,183)	–	–	–	–	–	189,183	–	–	–
<b>Total contributions by and distributions to owner</b>	(189,134)	–	–	–	–	–	189,183	49	–	49
At 30 June 2016	87,933	(1,735)	418	110	(1,353)	(8,499)	12,900	89,774	1,569	91,343

\* Directors' fees for FY2015 paid in the form of share awards under the Sapphire Shares Award Scheme.

# Please refer to page 15 for details of the Company's Capital Reduction exercise.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Consolidated Statement of Changes in Equity

Group	Share capital s\$'000	Capital reserve \$'000	Merger reserve \$'000	Fair value reserve \$'000	Other reserves \$'000	Currency translation reserve \$'000	Accumulated profit / (losses) \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>3Q2016</b>										
Profit for the period	-	-	-	-	-	-	2,797	2,797	90	2,887
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	702	-	702	11	713
Movement of available-for-sale financial assets reserve	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	702	-	702	11	713
<b>Total comprehensive income</b>	-	-	-	-	-	702	2,797	3,499	101	3,600
At 30 September 2016	87,933	(1,735)	418	110	(1,353)	(7,797)	15,697	93,273	1,670	94,943

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Statement of Changes in Equity

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

\* Directors' fees for FY2014 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 2016

Statement of Changes in Equity

Company	Share capital \$'000	Capital reserve \$'000	Other reserves \$'000	Accumulated profit/(losses) \$'000	Total equity \$'000
<b>6M2016</b>					
At 1 January 2016	277,067	(1,886)	(1,353)	(186,520)	87,308
Loss for the period	–	–	–	(1,008)	(1,008)
<b>Total comprehensive income</b>	–	–	–	(1,008)	(1,008)
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owner</b>					
Issues of shares, net of expenses (Share Award Scheme) *	49	–	–	–	49
Reduction of share capital #	(189,183)	–	–	189,183	–
<b>Total contributions by and distributions to owner</b>	(189,134)	–	–	189,183	49
At 30 June 2016	87,933	(1,886)	(1,353)	1,655	86,349
<b>3Q2016</b>					
Loss for the period	–	–	–	(775)	(775)
<b>Total comprehensive income</b>	–	–	–	(775)	(775)
At 30 September 2016	87,933	(1,886)	(1,353)	880	85,574

\* Directors' fees for FY2015 paid in the form of share awards under the Sapphire Shares Award Scheme.

# Please refer to page 15 for details of the Company's Capital Reduction exercise

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

	No. of shares	Share capital \$'000
As at 1 January 2016	976,845,247	277,067
9 March 2016: Share Consolidation of three (3) ordinary shares into one (1) consolidated ordinary share	(651,233,490)	–
16 June 2016: Capital reduction	–	(189,183)
20 June 2016: Issue of shares to Directors under the Sapphire Shares Award Scheme	185,585	49
<b>As at 30 September 2016</b>	<b>325,797,342</b>	<b>87,933</b>

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

	30.09.2016	31.12.2015
Total number of issued shares excluding treasury shares	325,797,342	976,845,247 #

# The total issued shares as at 31 December 2015 are stated based on the number of shares in issue before the share consolidation exercise on 9 March 2016.

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

	3Q2016	3Q2015 (restated)	9M2016	9M2015 (restated)
Basic earnings per share (cents)	0.86	0.57	2.32	0.91
Diluted earnings per share (cents)	0.86	0.57	2.32	0.91

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 as detailed below:

	3Q2016	3Q2015 (restated)	9M2016	9M2015 (restated)
Weighted average number of shares	325,797,342	270,615,082	325,680,843	270,463,028



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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. 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.

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	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Net asset value per ordinary share (cents)	28.63	9.27 #	26.27	8.94 #
Number of shares in issue	325,797,342	976,845,247 #	325,797,342	976,845,247 #

# Before completion of 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	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Net asset value per ordinary share (cents)	28.63	27.81	26.27	26.81
Number of shares in issue	325,797,342	325,611,757	325,797,342	325,611,757

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- 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 cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

**Review of Group Performance**

**Overview for 3Q2016**

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 3Q2016 includes that of Ranken whereas the comparatives for 3Q2015 do not.

**Review of Financial Performance (3Q2016 vs 3Q2015)**

*Note: Significant changes in revenue, cost of sales and operating expenses during the period under review were mainly attributed to the consolidation of Ranken's financial performance in 3Q2016.*

Total revenue rose by \$54.8 million to \$68.0 million in 3Q2016, boosted by the contribution of Ranken's results for the quarter under review. Ranken contributed \$61.9 million on the back of revenue recognition for several projects based on their stage of completion, making it the Group's largest revenue contributor in 3Q2016. (Note: Ranken also procured materials on behalf of some project owners as part of its supply chain and these materials – as procured on cost-to-cost basis – were not included as Revenues). Revenue from our Australia-based mining services business, Mancala Holdings Pty Ltd ("Mancala"), fell by \$7.1 million in 3Q2016 to \$6.1 million amid weak market sentiment in the mining industry and weak commodity prices.

Given higher revenues, total gross profit rose by \$6.1 million to \$9.6 million. Overall gross profit margin in 3Q2016, including that of mining services business, was 14.1% as compared to 26.1% in 3Q2015.

Other income fell by \$0.5 million to \$0.9 million in 3Q2016 in the absence of interest income relating to redemption of the bond upon completion of disposal of the Steel Business in the last corresponding quarter. Other income included a third-party rental income in relation to the leases of Ranken's commercial building and interest income.

Selling and distribution costs of \$0.2 million relates mainly to Ranken's travelling and transport costs for marketing purposes.

Administrative expenses rose by \$1.4 million to \$4.4 million, due mainly to the inclusion of \$2.0 million in administrative expenses incurred by Ranken on consolidation of its results.

**QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

Other expenses rose by \$0.7 million to \$0.8 million, due mainly to higher depreciation of property, plant and equipment and investment properties on consolidation of Ranken's results, as well as loss on disposal/write-off of plant and equipment upon completion of certain Ranken's projects.

Finance costs rose by \$0.7 million to \$0.9 million due mainly to the inclusion of \$0.7 million interest expense incurred by Ranken for its working capital borrowings. Interest cover ratio improved substantially given higher operating profits contributed by Ranken.

Income tax expense was \$1.3 million, attributable to provision for income tax on taxable profits for Ranken's operations.

Given the above,

- Profit attributable to Owners of the Company ("Net Profit") for 3Q2016 rose to \$2.8 million from \$1.6 million for 3Q2015. Net Profit for 9M2016 rose to \$7.5 million from \$2.4 million for 9M2015.
- Operating Profits before Working Capital or "Cash Profit" rose to \$7.1 million for 3Q2016 from \$1.4 million for 3Q2015. "Cash Profit" rose to \$23.4 million for 9M2016 from \$5.0 million for 9M2015.

**Review of Financial Position (30 September 2016 vs 31 December 2015)**

Total non-current assets fell by \$4.1 million, due mainly to the depreciation of property, plant and equipment and investment properties, offset mainly by additions of property, plant and equipment by Ranken and Mancala of \$10.2 million and \$0.3 million respectively. Total non-current assets for Ranken and Mancala were \$42.5 million and \$22.3 million respectively.

Total current assets increased by \$21.1 million. Significant changes during the period under review were:

- Contract work in progress related to Ranken's projects under construction rose by \$43.5 million to \$98.4 million due to works completed over stages but not yet certified (and thus not invoiced and not recognized as revenues) during the period.
- Trade receivables fell by \$12.5 million to \$112.1 million, comprising:
  - \$107.8 million in trade receivables from Ranken, which fell by \$9.8 million despite higher revenues. Trade debtors' turnaround time improved to 193 days as at 30 September 2016 from 223 days as at 30 June 2016; and
  - \$4.3 million in Mancala's trade receivables, a decline of \$2.7 million, which represented a trade debtors' turnaround time of 52 days as compared to 74 days as at 30 June 2016.

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- 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 \$4.4 million on the back of higher orders. Other receivables, deposits and prepayments for Ranken and Mancala were \$29.4 million and \$4.4 million, respectively, as at 30 September 2016.
- Cash and cash equivalents for the Group, after accounting for operating cash inflows for the current period, fell by \$13.9 million to \$21.1 million as at 30 September 2016; due mainly to (i) cash investments in plant and equipment and site facilities of \$10.6 million mainly for Ranken's recently-secured new projects, and (ii) net repayment of bank loans, finance lease liabilities, interest expense and loan from previous shareholder of Ranken's subsidiary amounting to \$21.4 million. More specifically, the cash position for corporate function, Ranken and Mancala were \$0.6 million, \$16.1 million and \$4.4 million, respectively as at 30 September 2016. Total cash of \$5.5 million was pledged as fixed deposits for Ranken's secured bank borrowings.

Total non-current liabilities fell by \$5.3 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 \$7.8 million and \$3.3 million, respectively.

Total current liabilities rose by \$19.5 million. Significant changes during the period under review were:

- Trade payables rose by \$40.6 million to \$115.0 million due mainly to higher purchases and longer credit terms (for goods and services from suppliers and contractors). Trade payables for Ranken and Mancala were \$108.3 million and \$6.7 million respectively as at 30 September 2016.
- Other payables and accruals fell by \$1.9 million to \$69.3 million due mainly to recognition of advance deposits received from clients as revenues, when completed works are progressively invoiced. Other payables and accruals for Ranken and Mancala were \$45.4 million and \$9.5 million respectively, as at 30 September 2016. Other payables and accruals for Ranken comprised deposits received from clients 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 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 \$17.1 million to \$49.7 million as Ranken and Mancala Australia continued to pay down working capital borrowings and finance lease obligations.

Total equity

Despite higher earnings of \$7.5 million during the nine months under review, total equity attributable to owners of the Company or Shareholders' Equity only increased by \$2.7 million to \$93.3 million, due mainly to a non-cash or accounting translation loss of \$5.0 million in relation to translating financial statements of foreign subsidiaries to S\$ as a result of (i) weakening of both RMB and A\$ against S\$ and (ii) the weakening of the Vietnam Dong against A\$.

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**Review of Cash Flows (3Q2016)**

Operating cash inflow for 3Q2016 rose to \$8.6 million after taking into account profit before income tax of \$4.2 million.

Cash flows used in investing activities for 3Q2016 was \$3.7 million, due mainly to Ranken's investment in equipment and site facilities for its recently secured projects.

Cash flows used in financing activities for 3Q2016 was \$0.8 million, due mainly to proceeds from bank loans of \$7.5 million, offset by repayment of bank loans, finance lease liabilities, interest expense and loan from previous shareholder of Ranken's subsidiary amounting to \$8.3 million. Given the above, cash and cash equivalents increased by \$4.0 million to \$15.4 million (net of fixed deposits pledged of \$5.5 million and bank overdraft of \$0.3 million).

**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 1H2016 results announcement, the Board stated that the Group expects to report higher net profit in FY2016 compared to FY2015, barring unforeseen circumstances.

The Group reported higher net profits of \$7.5 million for 9M2016 compared to \$2.4 million for 9M2015.

**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**

**Rail Engineering and Infrastructure**

China is projected to invest substantially in transport infrastructure over the next five years, a continued trend since 2015. Rail remains a vital means of mass transportation in China and spending for this sector is thus expected to remain buoyant under the current economic policies. Meanwhile, China continues to extend its One-Belt-One-Road initiative overseas, where Chinese operators are expected to benefit from opportunities to offer infrastructure expertise.

Ranken has a strong track record due to its operational capabilities and significant industrial experience. It continues to gain credibility and trust with partners and clients in China and in the South Asia where it has secured consultancy works. Following the completion of the acquisition of Ranken in October 2015, the Group has announced a cumulative RMB2.6 billion (\$532 million) worth of new contracts secured, thereby bringing the current order book to RMB2.8 billion (\$573 million). Metro and urban rail transit infrastructure remains the main focus of Ranken as it looks to progressively scale up its production capacity to meet the increase in orders.

With an existing track record in Bangladesh, a market in which Ranken is expanding, the Group is also exploring and looking to secure more construction management as well as project consultancy contracts specifically in Qeshm, Sri Lanka and Nepal.

**QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

**Mining Business**

As previously announced, the Company is in discussions with various strategic investors who are mining specialist funds and/or engaged in mining-focused businesses (the “Investors”), which may eventually lead to a dilution in the Group’s shareholding in Mancala. The Group has been in discussions with these investors which include private sophisticated investors and public listed companies. The discussions with some of these investors are progressing well and the Group will provide an update on these developments soon.

**Overall**

Given the above, the Group expects to report higher net profit in FY2016 compared to 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 2016**

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 2016**

**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 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**  
**9 November 2016**