



SGX-Listed Sapphire 1Q2015 – First Quarter Since Disposal of Steel Business – Shows Net Profit of S\$0.5 Million, Reversing Loss of S\$1.9 Million in 1Q2014

S\$ '000	1Q2015	1Q2014
Revenue	15,419	15,794
Gross Profit	2,874	3,920
Profit from Continuing Operations	468	194
Results of Discontinued Operations	-	(2,112)
Net Profit/(loss) for the period	468	(1,918)

Singapore, 13 May 2015 – SGX Mainboard-listed **Sapphire Corporation Limited** (“Sapphire” or the “Group”) announced today a net profit of S\$0.5 million for the three months ended 31 March 2015 (“1Q2015”), reversing a net loss of S\$1.9 million a year ago, in the first full quarter of financial reporting since completing disposal of its legacy Steel Business.

Sapphire said the net profit was achieved on revenue of S\$15.4 million for 1Q2015 which declined 2.4% from S\$15.8 million in 1Q2014, recorded by its Australian mining services subsidiary Mancala Australia. However, in A\$ terms, revenue from Mancala Australia increased by A\$0.8 million or 5.8% to A\$14.7 million from A\$13.9 million, over the respective periods on completion of more raise bore projects and exceeding targets for both development and production at the Nickel mine project in Vietnam.

The difference reflected the weakening of the Australian dollar (Mancala Australia’s operating currency) against the Singapore Dollar (the Group’s reporting currency) over the comparative periods.

Gross profit fell by S\$1.0 million to S\$2.9 million as Mancala Australia’s gross profit margin declined 6.2 percentage points to 18.6% in 1Q2015 due to machine downtime and cost overrun at a raise bore project in Queensland, Australia, despite improved operational efficiency for its Nickel mine project in Vietnam.

Following the Group’s completion of disposal of its loss-making Steel Business in China, there were no operating losses reported under Discontinued Operations in 1Q2015 as compared to a net loss of S\$2.1 million in 1Q2014.

As a result, the Group’s 1Q2015 financial performance improved significantly with a reversal to net profit of S\$0.5 million from a loss of S\$1.9 million in 1Q2014.

Cash at bank fell by S\$11.0 million to S\$1.3 million as at 31 March 2015 due mainly to the disbursement of an interest-free loan in relation to the Sales and Purchase Agreement of the Proposed Acquisition of the entire share capital of Hong Kong-incorporated Ranken Infrastructure Limited (“Ranken”), a China-based Engineering, Procurement and Construction (“EPC”) business.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said, “The consistent and positive performance of Mancala Australia despite the slowdown in the mining sector reflects operational efficiency for its major projects. Mancala Australia continues to navigate the challenging operating environment in the mining industry even as it strives to lower costs and improve capacity utilization.”

The Group is poised for a strategic change as part of its new corporate and turnaround strategy to propel growth via railway infrastructure and engineering projects through the proposed acquisition of infrastructure specialist Ranken.

Ranken has undertaken and managed highly complex and large-scale municipal land transport infrastructure projects in China, India, Bangladesh and Saudi Arabia. It also possesses fully integrated Triple-A qualifications and licenses in relation to design, construction and project consultation in the rail transit sector in China.

“The proposed acquisition of Ranken allows us to penetrate the EPC market at a time where infrastructure investments in China and many parts of the emerging markets remain healthy. This will enhance our growth strategy as we work towards boosting long term earnings potential for the Group” Mr. Teh said.

The proposed acquisition is subject to approval by Sapphire shareholders at an extraordinary general meeting to be convened. Ranken has an existing order book of RMB 2.1 billion (S\$442.1 million), and upon completion of the Proposed Acquisition, is expected to be the Group’s biggest revenue contributor for FY2015.

Given the above and as the Group executes strategies to drive growth, the Board believes that the financial performance for FY2015 will remain profitable, barring unforeseen circumstances.

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

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

Media & Investor Contact Information

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

About Sapphire Corporation Limited

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

Listed on the Singapore Exchange since 1999, Sapphire currently owns 100% in the capital of Mancala Holdings Pty Ltd (“Mancala”), a specialist mining services company based in Australia that provide raised bore, shaft excavation, engineering services and other mining services. Mancala has a strong record of more than 100 completed projects both in Australia and internationally and operates the largest nickel mine in Son La Province, Vietnam.