

ABTERRA LTD.
(Company Registration No: 199903007C)

Unaudited Financial Statements and Dividend Announcement for the first quarter ended 31 March 2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Note | THE GROUP | | Changes % |
|--|----------|-----------------|-----------------|--------------|
| | | 2019 S\$'000 | 2018 S\$'000 | |
| Revenue | | 24,166 | 43,808 | -45% |
| Cost of sales | | (21,637) | (43,405) | -50% |
| Gross profit | | 2,529 | 403 | 528% |
| Other operating income | | 1,019 | 687 | 48% |
| Selling expenses | | (387) | (329) | 18% |
| Administrative expenses | | (442) | (315) | 40% |
| Other operating expenses | | (153) | (122) | 25% |
| Finance costs | | (9) | (4) | 125% |
| Profit/(loss) before tax | | 2,557 | 320 | 699% |
| Income tax | | - | (16) | NM |
| Profit/(loss) after tax | 1 | 2,557 | 304 | 741% |
| Other comprehensive income/(loss): | | | | |
| <i>Components of other comprehensive income that will not be reclassified to profit or loss, net of taxation</i> | | | | |
| Gain on revaluation of property | | - | - | |
| <i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i> | | | | |
| Exchange differences on translating foreign operations | | 561 | 454 | 24% |
| Total comprehensive profit/(loss) for the year | | 3,118 | 758 | 311% |
| Profit/(loss) for the year attributable to: | | | | |
| Owners of the Company | | 1,551 | 228 | 580% |
| Non-controlling interests | | 1,006 | 76 | 1224% |
| | | 2,557 | 304 | 741% |
| Total comprehensive profit/(loss) for the year attributable to: | | | | |
| Owners of the Company | | 2,363 | 740 | 219% |
| Non-controlling interests | | 755 | 18 | 4094% |
| | | 3,118 | 758 | 311% |

NM – not meaningful

1(a)(ii) Note to the statement of comprehensive income.

Note 1 - Profit after tax is arrived at after charging/(crediting) the following items:

| | THE GROUP | |
|---|-------------------------------|----------------|
| | Quarter ended 31 March | |
| | 2019 | 2018 |
| | S\$'000 | S\$'000 |
| Depreciation of property, plant and equipment | 46 | 120 |
| Interest expense | - | - |
| Foreign currency exchange loss (gain) | (837) | (461) |

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.¹

| | THE GROUP | | THE COMPANY | |
|---|--|--|--|--|
| | 31 Mar 2019 (Unaudited) S\$'000 | 31 Dec 2018 (Unaudited) S\$'000 | 31 Mar 2019 (Unaudited) S\$'000 | 31 Dec 2018 (Unaudited) S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 3,623 | 3,648 | 3,623 | 3,646 |
| Investments in subsidiaries | - | - | 15,055 | 15,051 |
| Intangibles assets | 5,572 | 5,572 | - | - |
| Investment properties | 7,170 | 7,170 | 7,170 | 7,170 |
| Total non-current assets | 16,365 | 16,390 | 25,848 | 25,867 |
| Current assets | | | | |
| Trade receivables | 13,496 | 36,644 | - | - |
| Other receivables, deposits and prepayments | 49,027 | 46,851 | 106,603 | 106,084 |
| Cash and cash equivalents | 338 | 425 | 117 | 178 |
| Total current assets | 62,861 | 83,920 | 106,720 | 106,262 |
| TOTAL ASSETS | 79,226 | 100,310 | 132,568 | 132,129 |
| EQUITY | | | | |
| Capital and reserves and non-controlling interests | | | | |
| Share capital | 265,856 | 265,856 | 265,856 | 265,856 |
| Reserves | (203,703) | (205,609) | (203,132) | (203,804) |
| Non-controlling interests | 4,523 | 3,769 | - | - |
| Total equity | 66,676 | 64,016 | 62,724 | 62,052 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade payables | 732 | 24,808 | - | - |
| Other payables and accruals | 11,138 | 10,792 | 69,161 | 69,417 |
| Income tax liabilities | - | - | - | - |
| Borrowings | 680 | 680 | 680 | 680 |
| Total current liabilities | 12,550 | 36,280 | 69,841 | 70,097 |
| Non-current liabilities | | | | |
| Employee benefit obligation | - | 14 | - | - |
| Total non-current liabilities | - | 14 | - | - |
| Total liabilities | 12,550 | 36,294 | 69,841 | 70,097 |
| TOTAL EQUITY AND LIABILITIES | 79,226 | 100,310 | 132,565 | 132,149 |

¹ Note: Refer to Paragraph 2 for explanation

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

Amount repayable in one year or less, or on demand

| As at 31 March 2019 (Unaudited) | | As at 31 December 2018 (Unaudited) | |
|--|------------------------------|---|------------------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| - | 680 | - | 680 |

Amount repayable after one year

| As at 31 March 2019 (Unaudited) | | As at 31 December 2018 (Unaudited) | |
|--|------------------------------|---|------------------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| - | 680 | - | 680 |

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.

| | THE GROUP | |
|--|-------------------------------|----------------|
| | Quarter ended 31 March | |
| | 2019 | 2018 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Profit/(Loss) before taxation | 2,557 | 320 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 46 | 120 |
| Interest income | - | (2) |
| Interest expense | - | - |
| Unrealised exchange loss/(gain) | 837 | (189) |
| Operating gain/(loss) before working capital changes | 3,440 | 249 |
| Changes in working capital: | | |
| Inventories | 14,496 | 13,940 |
| Trade receivables | (108) | (137) |
| Other receivables, deposits and prepayments | (2,168) | 30,077 |
| Trade payables | (15,980) | (27,778) |
| Other payables and accruals | 133 | (16,867) |
| Total changes in working capital | (3,627) | (765) |
| Cash used in operations | (187) | (516) |
| Interest received | - | 2 |
| Interest paid | 4 | - |
| Income tax (paid)/refunded | 96 | (260) |
| Net cash used in operating activities | (87) | (774) |
| Cash flows from investing activities | | |
| Net cash inflow from acquisition of subsidiaries | - | - |
| Purchases of property, plant and equipment | - | - |
| Proceeds from disposal of investment properties held for sale | - | - |
| Utilised for disposal of investment properties | - | - |
| Deposits received for disposal of investment properties | - | - |
| Net cash used in/ (generated) from investing activities | - | - |
| Cash flows from financing activities | | |
| Advance from immediate holding company | - | - |
| Proceeds from new loans | - | - |
| Repayment of borrowings | - | - |
| Net cash (used in)/generated from financing activities | - | - |
| Net increase/(decrease) in cash and cash equivalents | (87) | (774) |
| Cash and cash equivalents at beginning of period | 425 | 933 |
| Cash and cash equivalents at end of period | 338 | 159 |

- 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.

| THE GROUP | Attributable to the equity holders of the Company | | | | | | | |
|---|---|---------------------------|-----------------------|--------------------------------------|--------------------|---------|---------------------------|--------------|
| | Share capital | Asset revaluation reserve | Share options reserve | Foreign currency translation reserve | Accumulated losses | Total | Non-controlling interests | Total equity |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 January 2019 (unaudited) | 265,856 | 478 | 1,683 | 7,007 | (214,777) | 60,247 | 3,769 | 64,016 |
| Total comprehensive income/(loss) for the period | | | | 812 | 1,551 | 2,363 | 755 | 3,118 |
| Reserve transfer due to the strike-off subsidiary | - | - | - | (4,676) | 4,218 | (458) | - | (458) |
| Balance as at 31 March 2019 (unaudited) | 265,856 | 478 | 1,683 | 3,143 | (209,008) | 62,152 | 4,524 | 66,676 |
| Balance as at 1 January 2018(unaudited) | 265,856 | 478 | 1,683 | 5,230 | (205,077) | 68,170 | 8,516 | 76,686 |
| Total comprehensive income/(loss) for the period | - | | - | 1,777 | (9,700) | (7,923) | (4,747) | (12,670) |
| Balance as at 31 December 2018 (unaudited) | 265,856 | 478 | 1,683 | 7,007 | (214,777) | 60,247 | 3,769 | 64,016 |

| THE COMPANY | Share capital | Asset revaluation reserve | Share options reserve | Accumulated losses | Total equity |
|--|---------------|---------------------------|-----------------------|--------------------|--------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 January 2019 (unaudited) | 265,856 | 478 | 1,683 | (205,984) | 62,033 |
| Total comprehensive income/(loss) for the period | - | | - | 691 | 691 |
| Balance as at 31 March 2019 (unaudited) | 265,856 | 478 | 1,683 | (205,293) | 62,724 |
| Balance as at 1 January 2018(unaudited) | 265,856 | 478 | 1,683 | (202,667) | 65,350 |
| Total comprehensive income/(loss) for the period | - | - | - | (3,318) | (3,318) |
| Balance as at 31 December 2018(unaudited) | 265,856 | 478 | 1,683 | (205,985) | 62,032 |

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 that held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- There were no changes in the Company's share capital during the period.
- There were no shares that may be issued on conversion or held as treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year:-

No. of issued & fully paid ordinary shares

Balance as at 31 December 2018 and 31 March 2019 292,828,099

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at 31 March 2019.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been reviewed nor audited.

The Company has been working very closely with its new auditors, Messrs Foo Kon Tan LLP ("FKT") since FKT's appointment on 30 January 2019, the audit for financial year ended as 31 December 2017 is ongoing currently. The audit adjustments for year ended as 31 December 2017 proposed by auditor on 28 June 2019 had been updated up to date. Accordingly, the result for finance year ended as 31 December 2017 announced on 28 February 2018 had been restated, for the more detail on the restatement will be announced later when audit for year ended as 31 December 2017 has been completed.

Due to the above, the Board wishes to highlight that there may be variances between (A) the Group's unaudited financial statements for the first half year ended 30 June 2018 as announced on 13 Aug 2018, the Group's unaudited financial statements for the first nine months ended 30 September 2018 as announced on 13 Nov 2018 Group's unaudited financial statements for the year ended 31 December 2018 as announced on 30 June 2019, and/or this unaudited financial statements for the first quarterly ended as 31 March 2019 and (B) the audit report(s) to be issued.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications 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.

The Group and the Company has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared to the unaudited financial statements as at 31 December 2018 except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 January 2019. The adoption of these FRS has no material impact on the Group's and the Company's financial statements.

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 the reasons for, and the effect of, the change.

Please refer to Paragraph 4.

6. Earnings/(Loss) 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.

| | THE GROUP | |
|--|-------------------------------|----------------|
| | Quarter ended 31 March | |
| | 2019 | 2018 |
| | S cents | S cents |
| Earnings/(Loss) per ordinary share for the year | | |
| (i) Based on weighted average number of ordinary shares in issue | 0.53 | 0.08 |
| - Weighted average number of shares | 292,828,099 | 292,828,099 |
| (ii) On a fully diluted basis | 0.53 | 0.08 |
| - Weighted average number of shares | 292,828,099 | 292,828,099 |

Earnings/(Loss) per ordinary share is calculated from dividing the Group's net profit/(loss) attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue during the financial year.

7. Net asset value (for the issuer and group) per ordinary share based on total number of shares excluding treasury shares of the issuer at the end of the

(a) current financial period reported on; and

(b) immediately preceding financial year.

| | THE GROUP | | THE COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 Mar 2019 | 31 Mar 2018 | 31 Mar 2019 | 31 Mar 2018 |
| | S cents | S cents | S cents | S cents |
| Net asset value per ordinary share based on total number of shares excluding treasury shares at the end of the reporting period | 22.77 | 25.41 | 21.42 | 22.65 |

Net asset value per ordinary share is calculated based on the issued and paid-up share capital as at 31 March 2019 of 292,828,099 ordinary shares (31 March 2018 of 292,828,099 ordinary shares)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) 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; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**
- (b) 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue and cost of sales

During the period under review, revenue was generated from the sales of coke and coal and mainly by the subsidiary Tianjin Belong Faith Energy Minerals Co., Ltd (天津博朗信国际贸易有限公司) ("BLX"). The sales decreased 45% from S\$43.8 million as at 1Q2018 to S\$24.2 million as at 1Q2019. Accordingly, the cost of sales decreased 50% from S\$43.4 million to S\$21.6 million. The decrease is mainly due to the decrease of unit price of coke and coal.

Selling expenses

Selling expenses mainly represents the staff cost, entertainment and agency expenses in relation to the sales of coke and coal during the year. Selling expense increased 18% from S\$0.3 million as at 1Q2018 to S\$0.4 million as at 1Q2019.

Other operating income

Other operating income for 1Q 2019 increased by S\$0.7 million. This was mainly due to the net exchange gain of S\$0.8 million.

Review of Consolidated Statement of Profit or Loss and Other Comprehensive Income - continued

Other operating expenses

Other operating expenses increased by 25% from S\$0.12 million in the corresponding period to S\$0.15 million in 1Q 2019.

Profit for Quarter ended 31 March 2019

In view of the above, the Group recorded profit after tax of S\$2.5 million for 1Q 2019, as compared to profit after tax of S\$0.3 million for the corresponding period in 2018.

Review of Consolidated Statement of Financial Position

Cash and cash equivalents

Cash and cash equivalents of the Group decreased from S\$0.4 million at as 31 December 2018 to S\$0.3 million as at 31 March 2019. See the Review of Consolidated Statement of Cash Flows for details.

Trade receivables

The amount represents the receivables due from various coal business customers was S\$13.5 million as at 31 March 2019 decreased from S\$36.6 million as at 31 December 2018. Due to the improved relationship with customers, it took less time for the group to collect payment from customers.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments increased from S\$46.8 million as at 31 December 2018 to S\$49.0 million as at 31 March 2019 due to the deposit of S\$2.0 million made to a supplier by one of the subsidiaries, BLX. In April 2019, the deposit was fully returned.

Trade payable

The amount represents the payables due to various coal business suppliers as at period end. Trade payables decreased from S\$24.8 million as at 31 December 2018 to S\$0.7 million as at 31 March 2019. The decrease in trade payables was mainly due to Group settlement of accounts before the financial period ended as at 31 March 2019.

Other payables and accruals

Other payables and accruals increased from S\$10.8 million as at 31 December 2018 to S\$11.2 million as at 31 March 2019.

Pending the audit of FY2017

Please refer to Paragraph 2.

Review of Consolidated Statement of Cash Flows

Net cash used in operating activities outflow for 1Q 2019 was S\$0.1 million compared to S\$0.8 million for the corresponding period in 2018. The Group is working towards a positive net cash. No cash generated from investing activities and financial activities in 1Q2019 and the corresponding period.

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

Not applicable.

- 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.**

The Group will continue to capitalise on the expertise and network of traders and customers under its 51%-owned Tianjin Belong Faith Energy Minerals Co., Ltd (“BLX”) to capture opportunities, increase revenue streams and propel growth.

The Company will continue to provide further updates and details in subsequent announcements to update shareholders on Abterra’s corporate developments as appropriate.

- 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 or recommended by the Board of Directors.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”).

- 14. Negative assurance confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for the period ended 31 March 2018 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 Group has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Cai Suirong
Executive Director and Chief Executive Officer
17 July 2019