

ABTERRA LTD.
(Company Registration No: 199903007C)

Unaudited Financial Statements and Dividend Announcement for the second quarter ended 30 June 2020

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.

		<u>THE GROUP</u>					
		<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
		2020	2019	Changes	2020	2019	Changes
		(Unaudited)	(Unadjusted)		(Unaudited)	(Unadjusted)	
Note		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	-	9,762	-100%	5,626	33,928	-83%
	Cost of sales	(9)	(9,454)	-100%	(5,609)	(31,091)	-82%
	Gross profit	(9)	308	-103%	17	2,837	-99%
	Other operating income	(175)	(833)	-79%	556	186	199%
	Selling expenses	(41)	(140)	-71%	(107)	(527)	-80%
	Administrative expenses	(362)	(370)	-2%	(837)	(812)	3%
	Other operating expenses	713	(372)	-292%	(1,515)	(525)	189%
	Finance costs	(50)	2	NM	(100)	(7)	1329%
	Profit / (Loss) before taxation	76	(1,405)	NM	(1,986)	1,152	NM
	Income tax	-	-	NM	-	-	NM
	Profit / (Loss) for the financial period	76	(1,405)	NM	(1,986)	1,152	NM
	Other comprehensive income:						
	<i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i>						
	Exchange differences on translating foreign operations	(725)	(70)	936%	1,125	491	129%
	Total comprehensive profit/(loss) for the financial period	(649)	(1,475)	-56%	(861)	1,643	NM
	Profit/(loss) attributable to:						
	Owners of the Company	133	(1,389)	NM	(1,984)	162	NM
	Non-controlling interests	(57)	(16)	256%	(2)	990	NM
		76	(1,405)	NM	(1,986)	1,152	-272%
	Total comprehensive income/(loss) attributable to:						
	Owners of the Company	(832)	(1,367)	-39%	(821)	996	NM
	Non-controlling interests	183	(108)	NM	(40)	647	NM
		(649)	(1,475)	-56%	(861)	1,643	NM

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:

	<u>THE GROUP</u>			
	<u>Quarter ended 30 June</u>		<u>Half year ended 30 June</u>	
	2020	2019	2020	2019
	(Unaudited)	(Unadjusted)	(Unaudited)	(Unadjusted)
Note	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	44	2	88	48
Foreign currency exchange loss	(757)	1,280	1,270	443

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	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	(Unaudited)	(Unadjusted)	(Unaudited)	(Unadjusted)
Note	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	3,509	3,553	3,509	3,553
Investment in subsidiaries	-	-	15,052	15,052
Investment properties	6,953	6,953	6,953	6,953
Other receivables	162	213	-	-
Total non-current assets	10,624	10,719	25,514	25,558
Current assets				
Trade receivables	10,079	9,644	291	292
Other receivables, deposits and prepayments	2,591	2,656	66,848	65,830
Cash and cash equivalents	137	780	72	484
Total current assets	12,807	13,080	67,211	66,606
TOTAL ASSETS	23,431	23,799	92,725	92,164
EQUITY				
Capital and reserves and non-controlling				
Share capital	265,856	265,856	265,856	265,856
Reserves	(261,993)	(261,171)	(245,957)	(244,132)
	3,863	4,685	19,899	21,724
Non-controlling interests	(2,918)	(2,878)	-	-
Total equity	945	1,807	19,899	21,724
LIABILITY				
Current liabilities				
Trade payables	9,437	9,239	22	22
Other payables and accruals	11,592	11,407	71,347	69,073
Other borrowing	1,457	1,346	1,457	1,345
Income tax liabilities	-	-	-	-
Total current liabilities	22,486	21,992	72,826	70,440
Total liabilities	22,486	21,992	72,826	70,440
TOTAL EQUITY AND LIABILITIES	23,431	23,799	92,725	92,164

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 30 June		Half year ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unadjusted)	(Unaudited)	(Unadjusted)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(Loss) before taxation	76	(1,405)	(1,986)	1,152
Adjustment for:				
Depreciation of property, plant and equipment	44	2	88	48
Interest income	-	(1)	-	(1)
Interest expense	49	-	97	-
Unrealised exchange loss	(725)	(358)	1,250	479
Operating loss before working capital changes	(556)	(1,762)	(551)	1,678
Changes in working capital:				
Inventories	-	(14,496)	-	-
Trade receivables	356	25,589	(435)	25,481
Other receivables, deposits and prepayments	55	(1,169)	122	(3,337)
Trade payables	(169)	(7,951)	198	(23,931)
Other payables and accruals	195	101	12	234
Total changes in working capital	(119)	312	(654)	125
Interest received	-	1	-	1
Interest paid	(49)	(4)	(97)	-
Income tax (paid)/refund	1	(66)	(4)	30
Net cash (used in)/generated from operating activities	(167)	243	(755)	156
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	-	-	-	-
Proceed from acquisition of subsidiaries	-	-	-	-
Net cash used in investing activities	-	-	-	-
Cash flows from financing activities				
Advance from immediate holding company	2	-	-	-
Proceeds from new loan	(30)	-	112	-
Net cash flows (used in)/generated from financing activities	(28)	-	112	-
Net (decrease)/increase in cash and cash equivalents	(195)	243	(643)	156
Cash and cash equivalents at beginning of period	332	338	780	425
Cash and cash equivalents at end of period	137	581	137	581

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.

Attributable to owner of the Company

THE GROUP (unaudited)

	Share Capital	Assets revaluation reserve	Other reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	265,856	478	(12)	7,118	(268,702)	4,738	(2,901)	1,837
Total comprehensive income/ (loss) for the period	-	-	-	544	(139)	405	23	428
Reserve transfer due to strike off subsidiary	-	-	-	(4,677)	4,219	(458)	-	(458)
Balance as at 31 December 2019	265,856	478	(12)	2,985	(264,622)	4,685	(2,878)	1,807
Total comprehensive income/ (loss) for the period	-	-	-	1,162	(1,984)	(822)	(40)	(862)
Balance as at 30 June 2020	265,856	478	(12)	4,147	(266,606)	3,863	(2,918)	945

THE COMPANY (unaudited)

	Share Capital	Assets revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	265,856	478	(244,281)	22,053
Total comprehensive loss for the period	-	-	(329)	(329)
Balance as at 31 December 2019	265,856	478	(244,610)	21,724
Total comprehensive income loss for the period	-	-	(1,825)	(1,825)
Balance as at 30 June 2020	265,856	478	(246,435)	19,899

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 2019 and 30 June 2020 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 30 June 2020.

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.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures have not been reviewed or audited.

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 2019 except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 January 2020. 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 30 June		Half year ended 30 June	
	2020	2019	2020	2019
	S cents	S cents	S cents	S cents
(Loss) / Earnings per ordinary share for the				
(i) Based on weighted average number of ordinary shares in issue	0.02	(0.47)	(0.67)	0.06
- Weighted average number of shares	292,828,099	292,828,099	292,828,099	292,828,099
(ii) On a fully diluted basis	0.02	(0.47)	(0.67)	0.06
- Weighted average number of shares	292,828,099	292,828,099	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 period by the weighted average number of ordinary shares in issue during the financial period.

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 period.

	THE GROUP		THE COMPANY	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	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	0.32	22.27	6.79	21.04

Net asset value per ordinary share is calculated based on the issued and paid-up share capital as at 30 June 2020 of 292,828,099 ordinary shares (30 June 2019 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.**

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

Revenue and cost of sales

No revenue was generated in Q2 2020 due to disruption to businesses caused by the COVID-19 pandemic. As a result, revenue for the half year ended 30 June 2020 which were generated from the

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (continued)**

sales of coke and coal decreased 83% from S\$33.9 million in the half year ended 30 June 2019 to S\$5.6 million in the half year ended 30 June 2020. Accordingly, the cost of sales decreased 82% from S\$31.1 million to S\$5.6 million. The decrease in cost of sales is consistent with decrease in revenue.

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 expenses decreased 80% from S\$0.5 million in the half year ended 30 June 2019 to S\$0.1 million in the half year ended 30 June 2020 due to no sales being generated in Q2 2020.

Other operating income

Other operating income in the half year ended 30 June 2020 increased by S\$0.37 million. This was mainly due to an increase in unrealized exchange gain and the receipt of government grant.

	THE GROUP	
	Period ended	
	30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Other operating income		
Rental and service income	110	151
Interest income	-	1
Unrealized foreign exchange gain	428	34
Government grant	17	-
Others	1	-

Other operating expenses

Other operating expenses increased by 189% from S\$0.5 million in the corresponding period to S\$1.5 million in the half year ended 30 June 2020. This was mainly due to the increase in unrealised exchange loss.

	THE GROUP	
	Period ended	
	30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Other operating expenses		
Unrealized foreign exchange loss	1,270	477
Depreciation	88	48
Others	157	-

Loss for the half year ended 30 June 2020

In view of the above, the Group recorded loss after tax of S\$2 million for the half year ended 30 June 2020, as compared to profit after tax of S\$1.2 million for the corresponding period in 2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (continued)**

Review of Consolidated Statement of Financial Position

Property, plant and equipment and Investment properties

Property, plant and equipment of the Group decreased mainly due to depreciation charged for the period.

Mining rights of Australian mine belonging to the Company's subsidiary, Abterra Australia Pty Limited ("Abterra Australia") was suspended by the Australian government on 7 March 2018. Further, Abterra Australia has been placed under liquidation since 4 March 2019. Abterra Australia has not been involved in any financial changes until now. So far, the liquidation of Abterra Australia has not had a significant impact on the Group's finances.

Trade receivables

The amount represents the receivables due from various coal business customers. Trade receivables increased from S\$9.6 million as at 31 December 2019 to S\$10.1 million as at 30 June 2020. The increase was mainly due to unpaid sales for Q1 2020.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments decreased slightly from S\$2.7 million as at 31 December 2019 to S\$2.6 million as at 30 June 2020.

Further information on the nature, breakdown and details of other receivables is as follows:

	THE GROUP	
	June 2020 (Unaudited) S\$'000	Dec 2019 (Unaudited) S\$'000
Amount due from related parties	396	388
Deposits	392	388
Receivables and prepayments	133	55
Other	1,670	1,825
	<u>2,591</u>	<u>2,656</u>

Cash and cash equivalents

Cash and cash equivalents of the Group decreased from S\$0.8 million at as 31 December 2019 to S\$0.1 million as at 30 June 2020. See the Review of Consolidated Statement of Cash Flows for details.

Trade payable

The amount represents the payables due to various coal business suppliers as at the end of the period under review. Trade payables increased from S\$9.2 million as at 31 December 2019 to S\$9.4 million as at 30 June 2020. The increase was due to slower payment made on the trade payables.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (continued)**

Other payables and accruals

Other payables and accruals increased slightly from S\$11.4 million as at 31 December 2019 to S\$11.6 million as at 30 June 2020.

Other borrowings

Further information on the borrowings and debt securities (for the group) are as follows:

	THE GROUP	
	June 2020	Dec 2019
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Secured loan		
Loan 1	697	673
Loan 2	760	673
	<hr/>	<hr/>
	1,457	1,346

Loan 1 and 2 are denominated in United State dollar, secured by first all monies legal mortgage on 7 Temasek Boulevard #11-01 Suntec Tower One Singapore 038987 and bears fixed interest rates of 13% and 13.5% per annum respectively. The loans are repaid by way of instalment payments and will be fully repaid in year 2020. The Group had recorded a sum of U\$45,000 as accrual. During the financial period under review, the Group has reclassified this sum to the principal for Loan 2.

Review of Consolidated Statement of Cash Flows

Net cash used in operating activities outflow for first half year 2020 was approximately S\$0.76 million compared to approximately S\$0.16 million cash generated for the corresponding period in 2019. The increase in net cash outflow was due to the Group not having any revenue during the period under review.

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 COVID-19 pandemic is creating great uncertainties on global trading businesses. The Group's main trading key subsidiary, BLX has not been operating normally in Tianjin, China due to the COVID-19 pandemic and the lock-down in Tianjin. Its office has been closed since the second half of January 2020 and this will greatly affect the Group's operating income.

Most of the countries have imposed travel and trade restrictions against China or other affected regions and had therefore caused relatively significant impact on international trading businesses. The Group also expects a decrease in the global demand of coke, coal and iron ores. The Company will continue to provide further updates and details in subsequent announcements to update shareholders on the Group's corporate developments as and when such announcements may be appropriate.

After the stabilisation of global conditions in relation to COVID-19, the Company's businesses may take up to a further 6 months to fully resume operations and to run normally.

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. (continued)

With regard to the requirement of the SGX-ST for the issuers to provide updates on efforts taken to resolve the outstanding issues, the Company wishes to highlight that it has been in the process of selecting a set of incoming auditors. The Company will work together with such incoming auditors in due course to resolve the outstanding audit issues which had been noted in the Company last audit report for the financial year ended 31 December 2017.

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 in view of the Group's current cashflow position.

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 30 June 2020 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
6 October 2020