

ABTERRA LTD.
(Company Registration No: 199903007C)

Unaudited Financial Statements and Dividend Announcement for the first quarter ended 31 March 2016

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 | | |
|--|-------------------------------|-------------------------|----------------------|
| | Quarter ended 31 March | | Changes % |
| | 2016 S\$'000 | 2015 S\$'000 | |
| Revenue | - | - | NM |
| Cost of sales | - | - | NM |
| Gross profit | - | - | NM |
| Other operating income | 993 | 1,437 | -31% |
| Administrative expenses | (768) | (1,161) | -34% |
| Other operating expenses | (2,433) | (157) | 1450% |
| Finance costs | (119) | (233) | -49% |
| Share of results of associates | (404) | 199 | NM |
| (Loss)/Profit before tax | (2,731) | 85 | NM |
| Income tax | (13) | - | NM |
| (Loss)/Profit after tax | (2,744) | 85 | NM |
| Other comprehensive income: | | | |
| <i>Components of other comprehensive income that will not be reclassified to profit or loss, net of taxation</i> | | | |
| Gain on property revaluation | 149 | - | NM |
| <i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i> | | | |
| Exchange differences on translating foreign operations | 272 | 3,094 | -91% |
| Total comprehensive (loss)/income for the period | (2,323) | 3,179 | NM |
| (Loss)/Profit for the period attributable to: | | | |
| Owners of the Company | (2,734) | 95 | NM |
| Non-controlling interests | (10) | (10) | 0% |
| | (2,744) | 85 | NM |
| Total comprehensive (loss)/income for the period attributable to: | | | |
| Owners of the Company | (2,484) | 2,550 | NM |
| Non-controlling interests | 161 | 629 | -74% |
| | (2,323) | 3,179 | NM |

NM – not meaningful

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

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

| | THE GROUP | |
|---|-------------------------------|----------------|
| | Quarter ended 31 March | |
| | 2016 | 2015 |
| | S\$'000 | S\$'000 |
| Reversal of impairment of investment in associate | (716) | - |
| Interest expense | 118 | 232 |
| Depreciation of property, plant and equipment | 84 | 156 |
| Gain on disposal of property, plant and equipment | (43) | - |
| Net exchange loss/(gain) | <u>2,349</u> | <u>(945)</u> |

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.

| | THE GROUP | | THE COMPANY | |
|---|--|--|--|--|
| | 31 Mar 2016 (Unaudited) S\$'000 | 31 Dec 2015 (Audited) S\$'000 | 31 Mar 2016 (Unaudited) S\$'000 | 31 Dec 2015 (Audited) S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 6,519 | 7,562 | 6,515 | 7,559 |
| Investments in subsidiaries | - | - | 3 | 3 |
| Investments in associates | - | - | - | - |
| Available-for-sale financial asset | 8,886 | 8,886 | 8,886 | 8,886 |
| Intangibles assets | 325 | 325 | - | - |
| Investment properties | 31,908 | 30,800 | 31,908 | 30,800 |
| Total non-current assets | 47,638 | 47,573 | 47,312 | 47,248 |
| Current assets | | | | |
| Trade receivables | 93 | 98 | - | - |
| Other receivables, deposits and prepayments | 61,896 | 63,933 | 110,122 | 113,040 |
| Cash and cash equivalents | 209 | 453 | 69 | 293 |
| Total current assets | 62,198 | 64,484 | 110,191 | 113,333 |
| TOTAL ASSETS | 109,836 | 112,057 | 157,503 | 160,581 |
| EQUITY | | | | |
| Capital and reserves and non-controlling interests | | | | |
| Share capital | 250,805 | 250,805 | 250,805 | 250,805 |
| Reserves | (172,607) | (170,123) | (177,285) | (176,666) |
| Non-controlling interests | (4,089) | (4,250) | - | - |
| Total equity | 74,109 | 76,432 | 73,520 | 74,139 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Other payables and accruals | 18,745 | 18,432 | 67,032 | 69,280 |
| Income tax liabilities | 229 | 261 | 214 | 247 |
| Borrowings | 15,946 | 16,124 | 15,946 | 16,124 |
| Total current liabilities | 34,920 | 34,817 | 83,192 | 85,651 |
| Non-current liabilities | | | | |
| Employee benefit obligation | 16 | 17 | - | - |
| Deferred tax liabilities | 791 | 791 | 791 | 791 |
| Total non-current liabilities | 807 | 808 | 791 | 791 |
| Total liabilities | 35,727 | 35,625 | 83,983 | 86,442 |
| TOTAL EQUITY AND LIABILITIES | 109,836 | 112,057 | 157,503 | 160,581 |

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 31.3.2016 (Unaudited) | | As at 31.12.2015 (Audited) | |
|------------------------------------|------------------------------|-----------------------------------|------------------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 13,946 | 2,000 | 14,124 | 2,000 |

Amount repayable after one year

| As at 31.3.2016 (Unaudited) | | As at 31.12.2015 (Audited) | |
|------------------------------------|------------------------------|-----------------------------------|------------------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| - | - | - | - |

Details of any collaterals:

The Group's borrowings are secured by the following:

- Legal mortgage over the Group's properties.

- 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.

Consolidated statement of cash flows

| | <u>THE GROUP</u> | |
|---|-------------------------------|----------------|
| | Quarter ended 31 March | |
| | 2016 | 2015 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| (Loss)/Profit before income tax | (2,731) | 85 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 84 | 156 |
| Gain on disposal of property, plant and equipment | (43) | - |
| Reversal of impairment of investment in associate | (716) | - |
| Interest expense | 118 | 232 |
| Share of results of associates | 404 | (199) |
| Unrealised exchange loss/(gain) | 2,312 | (1,005) |
| Operating loss before working capital changes | (572) | (731) |
| Decrease in: | | |
| Other receivables, deposits and prepayments | 148 | 226 |
| (Decrease)/Increase in: | | |
| Other payables and accruals | (125) | 18 |
| Cash used in operations | (549) | (487) |
| Interest expense paid | (58) | (232) |
| Dividend received | 13 | - |
| Income tax paid | (46) | (26) |
| Net cash used in operating activities | (640) | (745) |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 43 | - |
| Net cash from investing activities | 43 | - |
| Cash flows from financing activities | | |
| Advance from the immediate holding company | 531 | 175 |
| Repayment of borrowings | (177) | (365) |
| Net cash from/(used in) financing activities | 354 | (190) |
| Net decrease in cash and cash equivalents | (243) | (935) |
| Cash and cash equivalents at beginning of period | 453 | 1,655 |
| Cash and cash equivalents at end of period | 210 | 720 |

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 | | | | | | Non-controlling interests | Total equity |
|--|---|---------------------------|-----------------------|---------------------|--------------------|---------|---------------------------|--------------|
| | Share capital | Asset revaluation reserve | Share options reserve | Foreign | Accumulated losses | Total | | |
| | | | | currency | | | | |
| | | | | translation reserve | | | | |
| | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 |
| Balance as at 1 January 2016 | 250,805 | 329 | 1,683 | 4,814 | (176,949) | 80,682 | (4,250) | 76,432 |
| Total comprehensive income/(loss) for the period | - | 149 | - | 101 | (2,734) | (2,484) | 161 | (2,323) |
| Balance as at 31 March 2016 | 250,805 | 478 | 1,683 | 4,915 | (179,683) | 78,198 | (4,089) | 74,109 |
| Balance as at 1 January 2015 | 250,805 | - | 1,683 | 2,430 | (125,935) | 128,983 | 15,256 | 144,239 |
| Total comprehensive income for the period | - | - | - | 2,455 | 95 | 2,550 | 629 | 3,179 |
| Balance as at 31 March 2015 | 250,805 | - | 1,683 | 4,885 | (125,840) | 131,533 | 15,885 | 147,418 |

| 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 2016 | 250,805 | 329 | 1,683 | (178,678) | 74,139 |
| Total comprehensive income/(loss) for the period | - | 149 | - | (768) | (619) |
| Balance as at 31 March 2015 | 250,805 | 478 | 1,683 | (179,446) | 73,520 |
| Balance as at 1 January 2015 | 250,805 | - | 1,683 | (118,838) | 133,650 |
| Total comprehensive loss for the period | - | - | - | (273) | (273) |
| Balance as at 31 March 2015 | 250,805 | - | 1,683 | (119,111) | 133,377 |

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 2015 and 31 March 2016

244,274,150

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 2016.

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).

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 audited financial statements as at 31 December 2015 except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 January 2016. 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 | |
| | 2016 | 2015 |
| | S cents | S cents |
| Earnings/(Loss) per ordinary share for the year | | |
| (i) Based on weighted average number of ordinary shares in issue (cents) | (1.12) | 0.04 |
| - Weighted average number of shares | 244,274,150 | 244,274,150 |
| (ii) On a fully diluted basis | (1.12) | 0.04 |
| - Weighted average number of shares | 244,274,150 | 244,274,150 |

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 year.

| | THE GROUP | | THE COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 Mar 2016 | 31 Dec 2015 | 31 Mar 2016 | 31 Dec 2015 |
| | 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 | 30.3 | 31.3 | 30.1 | 31.2 |

Net asset value per ordinary share is calculated based on the issued and paid-up share capital as at 31 March 2016 of 244,274,150 ordinary shares (31 December 2015: 244,274,150 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

Revenue and gross profit remained as zero comparing with 1Q 2015 as no sales were made during the period under review.

Other operating income

Other operating income for 1Q 2016 decreased by S\$0.4 million to S\$1.0 million, as compared with S\$1.4 million for the corresponding period. The decrease was mainly because of net exchange loss of S\$2.3 million (under other operating expenses) in 1Q 2016 while there was net exchange gain of S\$0.9 million in the corresponding period.

Administrative expenses

Administrative expenses decreased from S\$1.2 million in the corresponding period to S\$0.8 million in 1Q 2016. It is mainly due to the decrease in staff cost and tighter cost control on general administrative expenses.

Other operating expenses

Other operating expenses increased from S\$0.2 million in the corresponding period to S\$2.4 million in 1Q 2016. It is mainly attributable to the net exchange loss of S\$2.3 million.

Share of results of associates

The share of net loss of associates decreased by S\$0.6 million as compared with the corresponding period. It was mainly due to the increase in loss shared from one of the associates, namely Tianjin Lant Development Ltd., as its trading volume decreased.

Loss for the year

In view of the above, the Group recorded loss after tax of S\$2.7 million for 1Q 2016, as compared to profit after tax of S\$0.1 million for the corresponding period in 2015.

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:- (continued)**

Review of Consolidated Statement of Financial Position

Cash and cash equivalents

Cash and cash equivalents of the Group decreased from S\$0.5 million at as 31 December 2015 to S\$0.2 million as at 31 March 2016. See the Review of Consolidated Statement of Cash Flows.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments decreased from S\$63.9 million as at 31 December 2015 to S\$61.9 million as at 31 March 2016. The decrease is mainly due to unfavorable exchange translation difference on consolidating receivables and deposits denominated in Chinese Renminbi.

Other payables and accruals

Other payables and accruals increased from S\$18.4 million as at 31 December 2015 to S\$18.7 million as at 31 March 2016. The increase is mainly due to the advance from the immediate holding company.

Review of Consolidated Statement of Cash Flows

Net cash used in operating activities for 1Q 2016 was S\$0.6 million compared to S\$0.7 million for the corresponding period in 2015. The net cash outflow was mainly due to the payments of various administrative and operating expenses.

Net cash from financing activities for 1Q 2016 was S\$0.4 million compared to net cash used in financing activities of S\$0.2 million for the corresponding period in 2015. This was mainly due to larger amount advanced from the immediate holding company and smaller amount of repayment of borrowings.

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.

Given the volatility and pricing uncertainty of commodities, the outlook for Abterra's core trading business is expected to remain challenging. Restrictions on the Chinese equity markets have increased liquidity and volatility in the Chinese commodity markets. In spite of the rally in iron ore prices in the first quarter of 2016, outlook for iron ore is expected to remain clouded on the back of a nascent rebound in demand and an increasingly severe oversupply. Even as China implements measures to curb lending to companies that are not closely aligned with national policies, the Group will continue to proactively seek financial facilities and tap internal resources for its trading business.

In March 2016, Abterra extended the long-stop date for the proposed acquisition of a commercial property in Beijing, the People's Republic of China to 30 June 2016. When completed, the addition of the property business will allow the Group to diversify into property investment, property holding and property development. Further developments on the proposed acquisition will be made at appropriate times.

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 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 Group has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Lau Yu
Executive Director and Chief Executive Officer
13 May 2016