

ABTERRA LTD.
(Company Registration No: 199903007C)

Unaudited Financial Statements and Dividend Announcement for the Third Quarter Ended 30 September 2014

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

1(a) 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 30 September			9 months ended 30 September		
	2014	2013	Changes	2014	2013	Changes
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	14,267	4,076	250%	49,371	10,465	372%
Cost of sales	(12,248)	(3,766)	225%	(46,049)	(9,730)	373%
Gross profit	2,019	310	551%	3,322	735	352%
Other operating income	357	582	-39%	2,015	3,433	-41%
Administrative expenses	(768)	(1,465)	-48%	(3,799)	(4,875)	-22%
Other operating expenses	(892)	(2,745)	-68%	(4,747)	(2,168)	119%
Financial costs	(253)	(502)	-50%	(993)	(1,403)	-29%
Share of results of associates	1,660	229	625%	3,553	369	863%
Profit/(loss) before tax	2,123	(3,591)	NM	(649)	(3,909)	-83%
Income tax	-	-	NM	-	-	NM
Profit/(loss) after tax	2,123	(3,591)	NM	(649)	(3,909)	-83%
Other comprehensive income/(expense):						
Currency translation difference	1,416	996	42%	17	4,612	-100%
Total comprehensive income/(expense) for the period	3,539	(2,595)	NM	(632)	703	NM
Profit/(loss) for the period attributable to:						
Equity holders of the Company	2,141	(3,575)	NM	(606)	(3,878)	-84%
Non-controlling interest	(18)	(16)	13%	(43)	(31)	39%
	2,123	(3,591)	NM	(649)	(3,909)	-83%
Total comprehensive income/(expense) for the period attributable to:						
Equity holders of the Company	3,056	(2,503)	NM	(552)	(600)	-8%
Non-controlling interest	483	(92)	NM	(80)	1,303	NM
	3,539	(2,595)	NM	(632)	703	NM

NM – not meaningful

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

	<u>THE GROUP</u>			
	Quarter ended 30 September		9 months ended 30 September	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	(4)	(1)	(5)	(8)
Fair value loss/(gain) on financial assets at fair value through profit or loss	2,184	393	2,451	(833)
Fair value (gain)/loss on forward foreign exchange contract	(9)	(237)	(509)	844
Interest expense	251	501	984	1,399
Depreciation of property, plant and equipment	156	160	470	489
Amortisation of intangible assets	15	210	104	573
Loss on disposal of property, plant and equipment	-	-	-	43
Net exchange (gain)/loss	<u>(1,472)</u>	<u>1,982</u>	<u>193</u>	<u>(1,290)</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	
	30 Sep 2014 (Unaudited) S\$'000	31 Dec 2013 (Audited) S\$'000	30 Sep 2014 (Unaudited) S\$'000	31 Dec 2013 (Audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	12,364	12,826	11,707	12,072
Subsidiaries	-	-	31,146	31,146
Associates	82,991	79,726	2,149	2,149
Available-for-sale financial assets	12,345	12,345	12,345	12,345
Derivative financial asset	-	1,948	-	1,948
Intangibles asset	4,096	4,244	-	-
Investment properties	26,000	26,000	26,000	26,000
Other receivables	-	50,954	-	50,954
Total non-current assets	137,796	188,043	83,347	136,614
Current assets				
Inventories	-	2,896	-	-
Trade receivables	24,640	2,455	-	-
Other receivables, deposits and prepayments	90,684	60,794	160,483	104,344
Tax recoverable	-	11	-	42
Financial assets at fair value through profit or loss	-	36,217	-	36,217
Cash and bank balances	2,730	2,035	2,209	1,494
Total current assets	118,054	104,408	162,692	142,097
TOTAL ASSETS	255,850	292,451	246,039	278,711
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	250,805	250,805	250,805	250,805
Reserves	(71,900)	(71,350)	(83,804)	(79,630)
Non-controlling interests	25,311	25,393	-	-
Total Equity	204,216	204,848	167,001	171,175
LIABILITIES				
Current liabilities				
Trade payables	19,487	2,139	-	-
Other payables and accruals	15,312	39,611	62,238	61,702
Income tax payable	45	-	29	-
Term loans	15,980	45,043	15,980	45,043
Total current liabilities	50,824	86,793	78,247	106,745
Non-current liabilities				
Employee benefit obligation	19	19	-	-
Deferred tax liabilities	791	791	791	791
Total non-current liabilities	810	810	791	791
Total liabilities	51,634	87,603	79,038	107,536
TOTAL EQUITY AND LIABILITIES	255,850	292,451	246,039	278,711

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

Amount repayable in one year or less, or on demand

As at 30.09.2014		As at 31.12.2013 (audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
15,980	-	45,043	-

Amount repayable after one year

As at 30.09.2014		As at 31.12.2013 (audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral:

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 30 September		9 months ended 30 September	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before tax	2,123	(3,591)	(649)	(3,909)
Adjustments for:				
Depreciation of property, plant and equipment	156	160	470	489
Fair value loss/(gain) on financial assets at fair value through profit or loss	2,184	393	2,451	(833)
Fair value (gain)/loss on forward foreign exchange contract	(9)	(237)	(509)	844
Amortisation of intangible asset	15	210	104	573
Interest income	(4)	(1)	(5)	(8)
Interest expense	251	501	984	1,399
Loss on disposal of property, plant and equipment	-	-	-	43
Unrealised exchange loss	2,592	623	2,855	870
Share of results of associates	(1,660)	(229)	(3,553)	(369)
Operating profit/(loss) before working capital changes	5,648	(2,171)	2,148	(901)
Decrease/(Increase) in:				
Inventories	-	(1,538)	2,895	(3,519)
Trade receivables	(14,500)	247	(22,185)	3,883
Other receivables, deposits and prepayments	(1,251)	(466)	26,335	(5,166)
Increase/(Decrease) in:				
Trade payables	13,389	652	17,348	1,812
Other payables and accruals	(1,885)	728	(10,280)	1,085
Cash generated from/(used in) operations	1,401	(2,548)	16,261	(2,806)
Interest income received	4	1	5	8
Interest expense paid	(251)	(501)	(984)	(1,399)
Income tax paid	-	-	-	25
Net cash generated from/(used in) operating activities	1,154	(3,048)	15,282	(4,172)
Cash flows from investing activities				
Proceeds from disposal of financial assets at fair value through profit or loss	33,766	-	33,766	-
Purchase of property, plant and equipment	-	-	-	(255)
Net cash generated from/(used in) investing activities	33,766	-	33,766	(255)
Cash flows from financing activities				
Repayment of borrowings	(28,356)	(339)	(29,063)	(1,006)
(Repayment to)/advances from holding company	(5,615)	5,486	(19,289)	8,640
Net cash (used in)/generated from financing activities	(33,971)	5,147	(48,352)	7,634
Net increase in cash and cash equivalents	949	2,099	696	3,207
Cash and cash equivalents at beginning of period	1,784	2,113	2,035	1,026
Effect of currency translation on cash and cash equivalents	(3)	15	(1)	(6)
Cash and cash equivalents at end of period	2,730	4,227	2,730	4,227

- 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 interest	Total equity
	Share capital	Share option reserve	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Total shareholders' equity			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
Balance as at 1 January 2014	250,805	1,683	2,732	(75,765)	179,455	25,393		204,848
Total comprehensive expense for the period	-	-	(859)	(2,747)	(3,606)	(565)		(4,171)
Balance as at 30 June 2014	250,805	1,683	1,873	(78,512)	175,849	24,828		200,677
Total comprehensive expense for the period	-	-	915	2,141	3,056	483		3,539
Balance as at 30 September 2014	250,805	1,683	2,788	(76,371)	178,905	25,311		204,216
Balance as at 1 January 2013	254,664	1,683	(2,341)	(81,187)	172,819	24,769		197,588
Total comprehensive income / (expense) for the period	-	-	2,205	(302)	1,903	1,395		3,298
Balance as at 30 June 2013	254,664	1,683	(136)	(81,489)	174,722	26,164		200,886
Total comprehensive income / (expense) for the period	-	-	1,072	(3,575)	(2,503)	(92)		(2,595)
Balance as at 30 September 2013	254,664	1,683	936	(85,064)	172,219	26,072		198,291

THE COMPANY	Share capital	Share option reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	250,805	1,683	(81,313)	171,175
Total comprehensive expense for the period	-	-	(2,533)	(2,533)
Balance as at 30 June 2014	250,805	1,683	(83,846)	168,642
Total comprehensive expense for the period	-	-	(1,641)	(1,641)
Balance as at 30 September 2014	250,805	1,683	(85,487)	167,001
Balance as at 1 January 2013	254,664	1,683	(101,037)	155,310
Total comprehensive income for the period	-	-	298	298
Balance as at 30 June 2013	254,664	1,683	(100,739)	155,608
Total comprehensive expense for the period	-	-	(786)	(786)
Balance as at 30 September 2013	254,664	1,683	(101,525)	154,822

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 are no shares issued during the period.
- There are 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:-

The numbers of issued & fully paid of ordinary shares as at 31 December 2013 and 30 September 2014 are 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 30 September 2014 (31 December 2013: Nil).

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 2013 except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 January 2014. 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 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 September 2014 Cents	2013 Cents	9 months ended 30 September 2014 Cents	2013 Cents
Loss per ordinary share for the period				
(i) Based on weighted average number of ordinary shares in issue (cents)	0.88	(1.45)	(0.25)	(1.57)
- Weighted average number of shares	244,274,150	246,999,994	244,274,150	246,999,994
(ii) On a fully diluted basis	0.88	(1.45)	(0.25)	(1.57)

Profit/(loss) per ordinary share is calculated from dividing the Group's net profit/(loss) attributable to shareholders 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	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on total number of shares excluding treasury shares at the end of the reporting period	83.6	83.9	68.4	70.1

Net asset value per ordinary share is calculated based on the issued and paid-up share capital as at 30 September 2014 of 244,274,150 ordinary shares (31 December 2013: 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 Comprehensive Income

Revenue

Revenue for 3Q 2014 increased by S\$10.2 million to S\$14.3 million as compared to S\$4.1 million for 3Q 2013, the Group continued to improve its iron ore trading business in the quarter by utilising internal financial resources.

Other operating income

Other operating income for 3Q 2014 decreased by S\$0.2 million as compared with the previous corresponding period, which was mainly due to the absence of fair value gain on derivative financial assets in the current period.

Administrative expenses

Administrative expenses for 3Q 2014 decreased by S\$0.7 million as compared with the previous corresponding period, which was mainly due to the decrease in staff cost as a result of decreased headcount.

Other operating expenses

Other operating expenses for 3Q 2014 decreased by S\$1.9 million as compared with the prior corresponding period, which was mainly attributed to the exchange loss of S\$1.9 million recorded in the prior period.

Review of Consolidated Statement of Comprehensive Income - continued

Share of results of associates

Share of results of associates increased by S\$1.4 million, mainly due to the increase in contributions by Tianjin Lant Development Company, as its trading volume increased.

Net profit/(loss) after tax

In view of the above, the Group recorded a profit after tax of S\$2.1 million for 3Q 2014 as compared to a loss after tax of S\$3.6 million for the corresponding period in 2013.

Review of Consolidated Statement of Financial Position

Cash and bank

Cash and bank balances of the Group increased from S\$2.0 million at 31 December 2013 to S\$2.7 million at 30 September 2014. See Review of Statement of Cash Flows.

Inventories

Inventories decreased by S\$2.9 million as the Group sold the inventory on hand.

Trade receivables

Trade receivables increased from S\$2.5 million at 31 December 2013 to S\$24.6 million at 30 September 2014. The increase was mainly due to sales on account near quarter end.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments increased from S\$60.8 million at 31 December 2013 to S\$90.7 million at 30 September 2014. The increase was mainly due to the reclassification of deposit receivable from non-current assets to current assets according to the repayment schedule.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents structured deposit decreased to zero as it matured in August 2014.

Other receivables (Non-current assets)

Other receivables decreased from S\$51.0 million at 31 December 2013 to zero at 30 September 2014 was mainly due to the reclassification of deposit receivable from non-current assets to current assets according to the repayment schedule.

Derivative financial assets

Derivative financial assets represent the forward contract of which the balance decreased to zero as the forward contract matured in August 2014.

Trade payables

Trade payable increased by S\$17.3 million was mainly due to purchase of inventories nearly quarter end.

Review of Consolidated Statement of Financial Position - Continued

Other payables and accruals

Other payables and accruals decreased from S\$39.6 million at 31 December 2013 to S\$15.3 million at 30 September 2014 was mainly due to the decrease in the amount due to holding company as a result of the repayments made.

Term loans

Term loans decreased from S\$45.0 million at 31 December 2013 to S\$16.0 million at 30 September 2014 was mainly due to settlement of revolving loan of S\$28.0 million.

Review of Consolidated Statement of Cash Flows

Cash inflows from operating activities of S\$1.2 million during the period was mainly generated from trading activities.

Cash inflows from investing activities of S\$33.8 million during the period was mainly due to the maturity of structured deposit.

Cash from financing activities shows an outflow of S\$34.0 million was mainly due to the repayment to the immediate holding company of S\$5.6 million and repayments of bank borrowings of S\$28.3 million.

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 expects the outlook for its trading business to remain challenging, especially in the PRC market. According to a report by Xinhua-China Iron Ore Index, a slowing China economy and increasing environmental pressure is affecting the profit margin of the steel industry, softening demand for iron ore¹. Furthermore, the impact of China's weakening property market is starting to show in sectors such as steel, which rely indirectly on the property sector.² Abterra also continues to face the issue of inadequate credit facilities as the Chinese government continues to tighten credit growth³. Nonetheless, the Group will continue to pull together and optimize internal resources while tapping on its network of trading partners to bolster the core trading business.

Apart from its trading business, the Group continues to differentiate itself with its strategy to be a vertically integrated supply chain manager of resources. Abterra will also look to explore investment opportunities in the regional property market.

¹ "China's imported iron ore stockpiles rise", Xinhua, November 4, 2014

<http://english.peopledaily.com.cn/n/2014/1104/c90882-8804423.html>

² "China's Clear-Skies Push Hits Iron Ore", The Wall Street Journal Asia, Rhiannon Hoyle, November 12, 2014

<http://online.wsj.com/articles/chinas-push-for-clear-skies-hits-iron-ore-market-1415673723>

³ "Chinese economy under spotlight at APEC meetings", Xinhua, November 8, 2014

<http://english.peopledaily.com.cn/business/n/2014/1108/c90778-8806319.html>

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. Confirmation By The Board Pursuant To Rule 705(5)

We, Cai Sui Xin and Lau Yu, being two directors of Abterra Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the 9 months and the third quarter ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lau Yu
Executive Director and Chief Executive Officer
13 November 2014