

ABTERRA LTD.
(Company Registration No: 199903007C)

Unaudited Financial Statements and Dividend Announcement for the third quarter ended 30 September 2017

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 30 September			Nine months ended 30 September		
	2017	2016	Changes	2017	2016	Changes
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	27,897	-	NM	31,100	-	NM
Cost of sales	(27,520)	-	NM	(30,688)	-	NM
Gross profit	377	-	NM	412	-	NM
Other operating income	135	248	-46%	238	1,650	-86%
Administrative expenses	(528)	(589)	-10%	(1,277)	(2,040)	-37%
Other operating expenses	(374)	(380)	-2%	(3,020)	(4,529)	-33%
Finance costs	(9)	(224)	-96%	(105)	(688)	-85%
Share of losses from equity-accounted for associates	-	(9)	-100%	-	(418)	-100%
Loss before taxation	(399)	(954)	-58%	(3,752)	(6,025)	-38%
Income tax	(18)	-	NM	(18)	(8)	125%
Loss for the financial period	(417)	(954)	-56%	(3,770)	(6,033)	-38%
Other comprehensive income:						
<i>Components of other comprehensive income that will not be reclassified to profit or loss, net of taxation</i>						
Gain on revaluation of property, plant and equipment	-	-	NM	-	149	-100%
<i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i>						
Exchange differences on translating foreign operations	(207)	(1,592)	-87%	1,363	(1,065)	NM
Total comprehensive loss for the financial period	(624)	(2,546)	-75%	(2,407)	(6,949)	-65%
Loss attributable to:						
Owners of the Company	(445)	(940)	-53%	(3,778)	(6,000)	-37%
Non-controlling interests	28	(14)	NM	(8)	(33)	-76%
	(417)	(954)	-56%	(3,786)	(6,033)	-37%
Total comprehensive (loss)/ income attributable to:						
Owners of the Company	(550)	(2,509)	-78%	(2,424)	(7,174)	-66%
Non-controlling interests	(74)	(37)	100%	17	225	-92%
	(624)	(2,546)	-75%	(2,407)	(6,949)	-65%

NM – not meaningful

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

Note 1 - Loss for the financial period is arrived at after charging/(crediting) the following items:

	THE GROUP			
	Quarter ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	55	57	168	199
Gain on disposal of property, plant and equipment	-	-	-	(43)
Loss on disposal of investment properties	-	2,200	-	2,200
Provision for doubtful debts – non-trade	135	-	135	-
Impairment/(Reversal of impairment) of investment in associate	-	25	-	(912)
Interest expense	6	223	98	685
Dividend income from an available-for-sale financial asset	-	(128)	-	(128)
Net foreign exchange loss/(gain)	39	(1,877)	2,572	2,130

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 2017 (Unaudited) S\$'000	31 Dec 2016 (Audited) S\$'000	30 Sep 2017 (Unaudited) S\$'000	31 Dec 2016 (Audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	6,230	6,347	6,228	6,344
Investments in subsidiaries	-	-	15,055	3
Investments in associates	-	-	-	-
Available-for-sale financial asset	-	-	-	-
Intangibles assets	4,960	325	-	-
Investment properties	4,828	4,828	4,828	4,828
Total non-current assets	16,018	11,500	26,111	11,175
Current assets				
Inventories	18,361	-	-	-
Investment properties held for sale	-	11,367	-	11,367
Trade receivables	59,025	100	-	-
Other receivables, deposits and prepayments	57,570	57,366	111,497	110,601
Cash and cash equivalents	6,339	660	116	604
Total current assets	141,295	69,493	111,613	122,572
TOTAL ASSETS	157,313	80,993	137,724	133,747
EQUITY				
Capital and reserves attributable to owners of the Company				
Share capital	265,856	250,805	265,856	250,805
Reserves	(196,681)	(194,257)	(197,462)	(197,437)
	69,175	56,548	68,394	53,368
Non-controlling interests	5,842	(4,125)	-	-
Total equity	75,017	52,423	68,394	53,368
LIABILITIES				
Current liabilities				
Trade payables	44,442	-	-	-
Other payables and accruals	36,750	21,003	69,330	72,845
Income tax liabilities	69	17	-	1
Borrowings	1,020	7,533	-	7,533
Total current liabilities	82,281	28,553	69,330	80,379
Non-current liabilities				
Employee benefit obligation	15	17	-	-
Total non-current liabilities	15	17	-	-
Total liabilities	82,296	28,570	69,330	80,379
TOTAL EQUITY AND LIABILITIES	157,313	80,993	137,724	133,747

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 30.9.2017 (Unaudited)		As at 31.12.2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,020	-	4,933	2,600

Amount repayable after one year

As at 30.9.2017 (Unaudited)		As at 31.12.2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collaterals:

The Group's borrowings at 30 September 2017 are secured by the following:

- Legal mortgage over the Group's properties with net carrying amount of S\$1.
- Personal guarantee provided by three management personnel.

The Group's borrowings at 31 December 2016 were secured by the following:

- Legal mortgage over the Group's properties with net carrying amount of S\$6,231,000.

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		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Loss before taxation	(399)	(954)	(3,752)	(6,025)
Adjustments for:				
Depreciation of property, plant and equipment	55	57	168	199
Gain on disposal of property, plant and equipment	-	-	-	(43)
Loss on disposal of investment properties	-	2,200	-	2,200
Provision for doubtful debts – non-trade	135	-	135	-
Impairment/(Reversal of impairment) of investment in associate	-	25	-	(912)
Interest income	(3)	-	(3)	-
Interest expense	5	223	97	685
Dividend income from available-for-sale financial asset	-	(128)	-	(128)
Share of losses from equity-accounted for associates	-	9	-	418
Unrealised exchange loss	(340)	(1,956)	2,223	2,027
Operating loss before working capital changes	<u>(547)</u>	<u>(524)</u>	<u>(1,132)</u>	<u>(1,579)</u>
Changes in working capital:				
Inventories	6,763	-	6,763	-
Trade receivables	(6,700)	-	(6,700)	-
Other receivables, deposits and prepayments	156	(432)	(1,413)	(54)
Trade payables	9,317	-	9,317	-
Other payables and accruals	(3,840)	1,359	(5,917)	1,276
Total changes in working capital	<u>5,696</u>	<u>927</u>	<u>2,050</u>	<u>1,222</u>
Cash generated from/(used in) operations	5,149	403	918	(357)
Interest received	3	-	3	-
Interest paid	(5)	(380)	(130)	(750)
Dividend received	-	-	-	13
Income tax paid	(1)	(93)	(3)	(236)
Net cash generated from/(used in) operating activities	<u>5,146</u>	<u>(70)</u>	<u>788</u>	<u>(1,330)</u>
Cash flows from investing activities:				
Purchases of property, plant and equipment	-	-	(52)	-
Net cash inflow from acquisition of subsidiaries	1,111	-	1,111	-
Proceeds from disposal of items of property, plant and equipment	-	-	-	43
Proceeds from disposal of investment properties	-	9,240	-	9,240
Proceeds from disposal of investment properties held for sale	-	-	11,367	-
Deposit (utilised)/received for disposal of investment properties	-	(782)	-	114
Net cash generated from investing activities	<u>1,111</u>	<u>8,458</u>	<u>12,426</u>	<u>9,397</u>
Cash flows from financing activities:				
Proceeds from new loans	-	2,600	-	2,600
Repayment of borrowings	-	(10,122)	(7,533)	(10,635)
(Repayment to)/Advance from the immediate holding company	(2)	(10)	(2)	533
Net cash used in financing activities	<u>(2)</u>	<u>(7,532)</u>	<u>(7,535)</u>	<u>(7,502)</u>
Net increase in cash and cash equivalents	<u>6,255</u>	<u>856</u>	<u>5,679</u>	<u>565</u>
Cash and cash equivalents at beginning of period	84	162	660	453
Cash and cash equivalents at end of period	<u>6,339</u>	<u>1,018</u>	<u>6,339</u>	<u>1,018</u>

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 owners of the Company							Total equity S\$'000
	Share capital S\$'000	Asset revaluation reserve S\$'000	Share options reserve S\$'000	Foreign	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	
				currency translation reserve S\$'000				
Balance as at 1 January 2017	250,805	478	1,683	3,660	(200,078)	56,548	(4,125)	52,423
Total comprehensive income/(loss) for the period	-	-	-	1,459	(3,333)	(1,874)	91	(1,783)
Balance as at 30 June 2017	250,805	478	1,683	5,119	(203,411)	54,674	(4,034)	50,640
Issuance of shares for acquisition of subsidiaries	15,051	-	-	-	-	15,051	9,950	25,001
Total comprehensive loss for the period	-	-	-	(105)	(445)	(550)	(74)	(624)
Balance as at 30 September 2017	265,856	478	1,683	5,014	(203,856)	69,175	5,842	75,017
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	-	246	(5,060)	(4,665)	262	(4,403)
Balance as at 30 June 2016	250,805	478	1,683	5,060	(182,009)	76,017	(3,988)	72,029
Total comprehensive loss for the period	-	-	-	(1,569)	(940)	(2,509)	(37)	(2,546)
Balance as at 30 September 2016	250,805	478	1,683	3,491	(182,949)	73,508	(4,025)	69,483

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 2017	250,805	478	1,683	(199,598)	53,368
Total comprehensive loss for the period	-	-	-	(164)	(164)
Balance as at 30 June 2017	250,805	478	1,683	(199,762)	53,204
Issuance of shares for acquisition of subsidiaries	15,051	-	-	-	15,051
Total comprehensive income for the period	-	-	-	139	139
Balance as at 30 September 2017	265,856	478	1,683	(199,623)	68,394
Balance as at 1 January 2016	250,805	329	1,683	(178,678)	74,139
Total comprehensive income/(loss) for the period	-	149	-	(2,654)	(2,505)
Balance as at 30 June 2016	250,805	478	1,683	(181,332)	71,634
Total comprehensive loss for the period	-	-	-	(2,787)	(2,787)
Balance as at 30 September 2016	250,805	478	1,683	(184,119)	68,847

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.

- During the period ended 30 September 2017, the Company issued 48,553,949 ordinary shares at issue price of \$0.31 each. The details of the movements in issued ordinary shares and share capital are as follows:

	No. of issued ordinary shares	Share capital S\$'000
As at 31 December 2016 and 1 January 2017	244,274,150	250,805
Issuance of shares for acquisition of subsidiaries	<u>48,553,949</u>	<u>15,051</u>
As at 30 September 2017	<u>292,828,099</u>	<u>265,856</u>

- 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:-

Please refer to paragraph 1(d)(ii).

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 during the period ended 30 September 2017.

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 2016 except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 January 2017. 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 September		Nine months ended 30 September	
	2017	2016	2017	2016
	S cents	S cents	S cents	S cents
Earnings/(Loss) per ordinary share for the period				
(i) Based on weighted average number of ordinary shares in issue	(0.17)	(0.38)	(1.50)	(2.46)
- Weighted average number of shares	267,495,604	244,274,150	252,099,695	244,274,150
(ii) On a fully diluted basis	(0.17)	(0.38)	(1.50)	(2.46)
- Weighted average number of shares	267,495,604	244,274,150	252,099,695	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	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	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 financial period	25.62	21.46	23.36	21.85

Net asset value per ordinary share is calculated based on the number of issued ordinary shares as at 30 September 2017 of 292,828,099 ordinary shares (31 December 2016: 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 were generated from the sales of coke and coal during the period under review. No sales were made during the corresponding period in 2016.

Other operating income

Other operating income decreased from S\$1.7 million in the corresponding period to S\$0.2 million in the first nine months 2017. This was mainly due to the decrease in rental income following the disposal of investment properties in year 2016 and the period under review.

Administrative expenses

Administrative expenses decreased from S\$2.0 million in the corresponding period to S\$1.3 million in the first nine months 2017. This was mainly due to the decrease in staff cost and tighter costs control on general administrative expenses.

Other operating expenses

Other operating expenses decreased from S\$4.5 million in the corresponding period to S\$3.0 million in the first nine months 2017. This was mainly due to a S\$2.2 million loss on disposal of investment properties in the corresponding period, net of the increase in net foreign exchange loss from S\$2.1 million to S\$2.6 million.

Share of losses from equity-accounted for associates

There was no further share of losses from associates during the period under review as the carrying amounts of the associates have become zero since the beginning of period.

Loss for the financial period

In view of the above, the Group recorded loss after tax of S\$3.8 million for the nine months ended 30 September 2017, as compared to loss after tax of S\$6.0 million for the corresponding period in 2016.

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 increased from S\$0.7 million at as 31 December 2016 to S\$6.3 million as at 30 September 2017. See the Review of Consolidated Statement of Cash Flows.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments remained at approximately S\$57.4 million as at 31 December 2016 and 30 September 2017. No significant fluctuation was noted.

Other payables and accruals

Other payables and accruals increased from S\$21.0 million as at 31 December 2016 to S\$36.8 million as at 30 September 2017. The increase was mainly due to the acquisition of subsidiaries during the period under review.

Review of Consolidated Statement of Cash Flows

Net cash generated from operating activities for the first nine months 2017 was S\$0.8 million compared to net cash used in operating activities of S\$1.3 million for the corresponding period in 2016. The net cash inflow was mainly due to the sales of inventories and the operational increase in trade payables during the period under review.

Net cash generated from investing activities for the first nine months 2017 was S\$12.4 million compared to S\$9.4 million for the corresponding period in 2016. This was mainly due to the net cash inflow from acquisition of subsidiaries and the proceeds from disposal of investment properties held for sale during the period under review.

Net cash used in financing activities for the first nine months 2017 was S\$7.5 million compared to S\$7.5 million for the corresponding period in 2016. This was mainly due to the repayment of certain borrowings 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.

On 18 August 2017, the Group completed the acquisition of a 51% equity interest in Tianjin Belong Faith Energy Minerals Co., Ltd (天津博朗信国际贸易有限公司) (“BLX”) for a consideration of RMB74.2 million (equivalent to approximately S\$15.1 million) wholly satisfied by the issuance of 48,553,949 Consideration Shares at the Issue Price of S\$0.31 per Consideration Share to the Vendors. BLX is a trading company primarily engaged in the import and export of coal with customers in the PRC.

The acquisition of BLX is expected to benefit the Group’s trading business given that BLX is in the same core business and will be able to provide the Group with access to a good network of traders and customers, thereby enhancing the Group’s trading capabilities and enlarging its revenue streams.

Considering the enlarged business of the Group following the acquisition of BLX, the Board of Directors made a strategic move to review the board composition and functions of key management. Following the resignation of Mr Lau Yu as Chief Executive Officer and Director of the Group in September this year, Ms Cai Suirong (蔡穗榕) was appointed as Executive Director and Chief Executive Officer in October 2017. Ms Cai has extensive experience in the business of trading coking coal, metallurgical coke and iron ore and was an Executive Director of the Group from 2010 to 2013.

Moving forward, the Group expects to leverage on BLX’s expertise and network to enhance its revenue streams and drive future growth. Demand for commodities including coal, coking coal and iron is expected to remain healthy on the back of an improved global economy outlook in 2018. Moreover, iron ore prices have rebounded recently as traders appear to have shaken off recent concerns that the steel output cuts by the PRC government, which is part of its measures to tackle pollution, would undermine the demand for the key steelmaking ingredient.

In September, iron ore imports by China surged above 100 million metric tons to a record, smashing the previous high set in 2015. Purchases of iron ore for the first nine of months of 2017 came to 817 million tons, putting China’s full-year purchases on course to reach more than 1 billion tons of iron ore. In particular, high-grade iron ore is expected to remain in high demand because steel mills globally are trying to increase productivity.

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/recommended, 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 30 September 2017 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
10 November 2017