ABTERRA LTD.
(Registration No. 199903007C)

VARIANCE BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the unaudited full year financial results announced for the financial year ended 31 December 2017 ("**FY2017**") released via the SGXNet on 28 February 2018 (the "**Preliminary Unaudited Results 2017**").

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company wishes to announce that subsequent to the release of the Preliminary Unaudited Results 2017, the external auditor has proposed certain adjustments which the management of the Company ("**Management**") has agreed with and the Company has adopted.

Adjustments to consolidated statement of financial position as follows:

	2017 Unaudited S$'000	2017 Audited S$'000	Differences* S$'000	Please refer to Note
ASSETS				
Non-current assets				
Property, plant and equipment	6,183	6,183	-	
Investments in subsidiaries	-	-	-	
Intangibles assets	6,373	-	(6,373)	1
Investment properties	4,828	4,611	(217)	
Total non-current assets	**17,384**	**10,794**	(6,590)	
Current assets				
Inventories	21,350	-	(21,350)	2
Trade receivables	11,332	49,375	38,043	3
Other receivables, deposits and prepayments	86,048	3,060	(82,988)	4
Other investment	-	425	425	
Cash and cash equivalents	933	878	(55)	
Total current assets	**119,663**	**53,738**	(65,925)	
TOTAL ASSETS	**137,047**	**64,532**	(72,515)	
EQUITY				
Capital and reserves attribuable to owners of the Company				
Share capital	265,856	265,857	1	
Reserves	(199,010)	(258,330)	(59,320)	5
	66,846	7,527	(59,319)	
Non-controlling interests	6,796	1,672	(5,124)	
Total equity	**73,642**	**9,199**	(64,443)	
LIABILITIES				
Current liabilities				
Trade payables	30,929	26,954	(3,975)	
Other payables and accruals	32,165	28,069	(4,096)	
Income tax liabilities	296	296	-	
Other borrowing	-	-	-	
Total current liabilities	**63,390**	**55,319**	(8,071)	
Non-current liabilities				
Employee benefit obligation	15	14	(1)	
Total non-current liabilities	**15**	**14**	(1)	
Total liabilities	**63,405**	**55,333**	(8,072)	
TOTAL EQUITY AND LIABILITIES	**137,047**	**64,532**	(72,515)	

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Note: Differences not specifically explained were mainly due to the adjustments to the accounts of BLX to meet the financial reporting standards of Singapore.

Adjustments to consolidated statement of comprehensive income as follows:

	2017 Unaudited S$'000	2017 Audited S$'000	Differences* S$'000	Please refer to Note
Revenue	**106,319**	**122,561**	16,242	
Cost of sales	(103,345)	(118,836)	(15,491)	2
Gross profit	**2,974**	**3,725**	751	
Other operating income	164	1,065	901	
Selling expenses	(562)	(541)	21	
Administrative expenses	(1,901)	(2,008)	(107)	
Other operating expenses	(5,717)	(71,109)	(65,392)	5
Finance costs	(100)	(100)	-	
Profit / (Loss) before taxation	**(5,142)**	**(68,968)**	(63,826)	
Income tax	(209)	(209)	-	
Profit / (Loss) for the financial period	**(5,351)**	**(69,177)**	(63,826)	
Other comprehensive income:				
Components of other comprehensive income that will not be reclassified to profit or loss, net of taxation				
Gain on revaluation of property, plant and equipment	-	-	-	
Components of other comprehensive income that will be reclassified to profit or loss, net of taxation				
Exchange differences on translating foreign operations	1,465	2,109	644	
Total comprehensive loss for the financial period	**(3,886)**	**(67,068)**	(63,182)	
Loss attributable to:				
Owners of the Company	**(6,135)**	**(65,675)**	(59,540)	
Non-controlling interests	784	(3,502)	(4,286)	
	(5,351)	**(69,177)**	(63,826)	
Total comprehensive (loss)/ income attribtable to:				
Owners of the Company	**(4,753)**	**(64,073)**	(59,320)	
Non-controlling interests	867	(2,995)	(3,862)	
	(3,886)	**(67,068)**	(63,182)	

*

Note: Differences not specifically explained were mainly due to the adjustments to the accounts of BLX to meet the financial reporting standards of Singapore.

Notes for material differences:

(1) Impairment of carrying amount of the supplier contract for iron ore fines or lumps undertaken by the Company's wholly-owned subsidiary, Sunny Energy Limited ("**Sunny Energy**"), was made. Management does not foresee that the intangible benefit of such supplier contract could be realised and there was a lack of recoverability of the carrying amount.

Full impairment of S$5,902,000 being goodwill on consolidation of the Company's subsidiary, Tianjin Belong Faith Energy Minerals Co., Ltd (天津博朗信国际贸易有限公司) ("**BLX**") subsidiary was made. BLX was loss making for 2018.

(2) Inventory from the subsidiary BLX was fully reversed to cost of sales to meet the financial reporting standards of Singapore, as BLX operates on a back-to-back sales model.

(3) Full impairment of trade receivables from 俊安煤焦（塔吉克）有限公司 amounting to RMB 1,793,837.26 and 天津康嘉信国际贸易有限公司 RMB 51,694,682.13 payable to BLX, which amounts to an aggregate sum of S$10,975,844.18. The impairment was proposed on the basis that there was a lack of recoverability of the receivables from the two abovementioned customers. As at 30 September 2019, BLX has not received any amount from the two abovementioned customers.

Further differences were due to 2017 audit adjustments for BLX which increased trade receivables by S$49,019,000.

(4) Shenzhen Manfu Industrial Co., Ltd ("**Manfu**") has lost its capability to make further repayment of the deposit made by the Company in relation to the proposed acquisition of 54.42% equity interest in Zuoquan Xinrui Metallurgy Mine Co., Limited, which was terminated during the financial year ended 31 December 2013 (the "**Deposit**") and has insufficient assets to settle outstanding repayment of the Deposit. Hence, Management has determined that full impairment should be made for the outstanding balance of the Deposit.

Full impairment of other receivables from General Nice Resources (HK) Limited ("**GNR (HK)**") amounting to S$7,473,108.55. The impairment was proposed on the basis that GNR (HK) Limited is under liquidation since December 2016. As at 30 September 2019, there was a lack of recoverability of the carrying amount.

(5) The differences were substantially due to the impairment adjustments as stated in notes 1, 3, and 4. The statement of comprehensive income and equity were adversely affected in view of these material impairment adjustments.

BY ORDER OF THE BOARD

Cai Suirong
Director and Chief Executive Officer
14 November 2019