

ABTERRA LTD.
(Company Registration No: 199903007C)

Unaudited Financial Statements and Dividend Announcement for the third quarter ended 30 September 2019

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		
	2019 (Unaudited) S\$'000	2018 (Unadjusted) S\$'000	Changes %	2019 (Unaudited) S\$'000	2018 (Unadjusted) S\$'000	Changes %
Revenue	44,267	136,379	-68%	78,195	241,298	-68%
Cost of sales	(30,127)	(141,112)	-79%	(61,218)	(244,957)	-75%
Gross profit	14,140	(4,733)	NM	16,977	(3,659)	NM
Other operating income	917	70	1210%	1,103	366	201%
Selling expenses	(227)	(1,288)	-82%	(754)	(1,900)	-60%
Administrative expenses	(735)	(681)	8%	(1,547)	(1,299)	19%
Other operating expenses	(220)	(922)	-76%	(745)	(1,136)	-34%
Finance costs	13	(85)	NM	6	(92)	NM
Profit / (Loss) before taxation	13,888	(7,639)	NM	15,040	(7,720)	NM
Income tax	92	2	4500%	92	(112)	NM
Profit / (Loss) for the financial period	13,980	(7,637)	NM	15,132	(7,832)	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 revaluation of property, plant and equipment	-	-	NM	-	-	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	(422)	1,368	NM	69	1,566	-96%
Total comprehensive loss for the financial period	13,558	(6,269)	NM	15,201	(6,266)	NM
Loss attributable to:						
Owners of the Company	7,230	(4,625)	NM	7,392	(5,008)	NM
Non-controlling interests	6,750	(3,012)	NM	7,740	(2,824)	NM
	13,980	(7,637)	NM	15,132	(7,832)	NM
Total comprehensive (loss)/ income attributable to:						
Owners of the Company	6,863	(3,117)	NM	7,859	(3,321)	NM
Non-controlling interests	6,695	(3,152)	NM	7,342	(2,945)	NM
	13,558	(6,269)	NM	15,201	(6,266)	NM

NM – not meaningful

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

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

	THE GROUP			
	Quarter ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unadjusted)	(Unaudited)	(Unadjusted)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	46	55	94	168
Net foreign exchange loss/(gain)	882	1,257	1,325	1,326

1(b) 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 2019 (Unaudited) S\$'000	31 Dec 2018 (Unadjusted)* S\$'000	30 Sep 2019 (Unaudited) S\$'000	31 Dec 2018 (Unadjusted)* S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	3,575	3,648	3,575	3,646
Investments in subsidiaries	-	-	15,052	15,051
Intangibles assets	-	5,572	-	-
Investment properties	6,953	7,170	6,953	7,170
Total non-current assets	10,528	16,390	25,580	25,867
Current assets				
Inventories	-	-	-	-
Trade receivables	23,574	36,644	-	-
Other receivables, deposits and prepayments	2,895	46,851	67,054	106,084
Cash and cash equivalents	890	425	190	178
Total current assets	27,359	83,920	67,244	106,262
TOTAL ASSETS	37,887	100,310	92,824	132,129
EQUITY				
Capital and reserves attributable to owners of the Company				
Share capital	265,856	265,856	265,856	265,856
Reserves	(253,716)	(205,609)	(245,146)	(203,824)
	12,140	60,247	20,710	62,032
Non-controlling interests	4,441	3,769	-	-
Total equity	16,581	64,016	20,710	62,032
LIABILITIES				
Current liabilities				
Trade payables	9,240	24,808	-	-
Other payables and accruals	11,386	10,792	71,434	69,417
Income tax liabilities	-	-	-	-
Other borrowing	680	680	680	680
Total current liabilities	21,306	36,280	72,114	70,097
Non-current liabilities				
Employee benefit obligation	-	14	-	-
Total non-current liabilities	-	14	-	-
Total liabilities	21,306	36,294	72,114	70,097
TOTAL EQUITY AND LIABILITIES	37,887	100,310	92,824	132,129

*
Note: Refer to Paragraph 2 for explanation

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	
	2019	2018	2019	2018
	(Unaudited)	(Unadjusted)	(Unaudited)	(Unadjusted)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Profit/(Loss) before taxation	13,888	(7,639)	15,040	(7,720)
Adjustments for:				
Depreciation of property, plant and equipment	46	-	94	144
Provision for doubtful debts – non-trade	-	-	-	-
Interest income	1	2	-	-
Interest expense	-	-	-	-
Unrealised exchange loss	(564)	1,289	(85)	1,326
Operating profit/(loss) before working capital changes	13,371	(6,348)	15,049	(6,250)
Changes in working capital:				
Inventories	-	(3,484)	-	7,255
Trade receivables	(24,888)	1,397	593	12,200
Other receivables, deposits and prepayments	3,665	3,607	328	17,540
Trade payables	8,363	12,914	(15,568)	(12,165)
Other payables and accruals	(176)	(7,669)	58	(17,701)
Total changes in working capital	(13,036)	6,765	(14,589)	7,129
Cash generated from operations	335	417	460	879
Interest received	(1)	(2)	-	-
Interest paid	-	-	-	-
Income tax (paid)/refunded	(25)	43	5	(272)
Net cash generated from operating activities	309	458	465	607
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	2	-	2	-
Net cash inflow from acquisition of subsidiaries	-	-	-	-
Proceeds from disposal of investment properties held for sale	-	-	-	-
Net cash generated from investing activities	2	-	2	-
Cash flows from financing activities:				
Proceeds from new loans	-	680	-	680
Repayment of borrowings	-	-	-	-
(Repayment to)/Advance from the immediate holding company	(2)	-	(2)	-
Net cash (used in)/generated from financing activities	(2)	680	(2)	680
Net increase in cash and cash equivalents	309	1,138	465	1,287
Cash and cash equivalents at beginning of period	581	1,082	425	933
Cash and cash equivalents at end of period	890	2,220	890	2,220

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							Non-controlling interests	Total equity
	Share capital	Asset revaluation reserve	Share options reserve	Foreign currency translation reserve	Other reserve	Accumulated losses	Total		
				SS'000					
Balance as at 1 January 2019 *	265,856	478	-	7,117	(12)	(268,700)	4,739	(2,901)	1,838
Total comprehensive income/(loss) for the period	-	-	-	834	-	162	996	647	1,643
Reserve transfer due to the strike-off subsidiary	-	-	-	(4,676)	-	4,218	(458)	-	(458)
Balance as at 30 June 2019	265,856	478	-	3,275	(12)	(264,320)	5,277	(2,254)	3,023
Total comprehensive loss for the period	-	-	-	(367)	-	7,230	6,863	6,695	13,558
Balance as at 30 September 2019	265,856	478	-	2,908	(12)	(257,090)	12,140	4,441	16,581
Balance as at 1 January 2018 *	265,856	478	1,683	5,042	-	(206,213)	66,846	6,796	73,642
Total comprehensive income/(loss) for the period	-	-	-	179	-	(383)	(204)	207	3
Balance as at 30 June 2018	265,856	478	1,683	5,221	-	(206,596)	66,642	7,003	73,645
Total comprehensive loss for the period	-	-	-	1,506	-	(4,624)	(3,118)	(3,153)	(6,271)
Balance as at 30 September 2018	265,856	478	1,683	6,727	-	(211,220)	63,524	3,850	67,374

THE COMPANY	Share capital	Asset revaluation reserve	Share options reserve	Accumulated losses	Total equity
	SS'000	SS'000	SS'000	SS'000	SS'000
Balance as at 1 January 2019 *	265,856	478	-	(244,281)	22,053
Total comprehensive loss for the period	-	-	-	(432)	(432)
Balance as at 30 June 2019	265,856	478	-	(244,713)	21,621
Total comprehensive income for the period	-	-	-	(911)	(911)
Balance as at 30 September 2019	265,856	478	-	(245,624)	20,710
Balance as at 1 January 2018 *	265,856	478	1,683	(202,667)	65,350
Total comprehensive loss for the period	-	-	-	(1,133)	(1,133)
Balance as at 30 June 2018	265,856	478	1,683	(203,800)	64,217
Total comprehensive income for the period	-	-	-	258	258
Balance as at 30 September 2018	265,856	478	1,683	(203,542)	64,475

*
Note: Refer to Paragraph 2 for explanation

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 as at 30 September 2019 remain unchanged at 292,828,099 compared with 31 December 2018.

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 2019.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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.

The Company has been working very closely with its auditors, Messrs Foo Kon Tan LLP ("FKT") since FKT's appointment on 30 January 2019, the audit for financial year ended 31 December 2017 ("FY2017") is currently in the stage of finalization. For the purposes of the audited financial statements for FY2017, FKT and the current Board of Directors of the Company had proposed audit adjustments and material impairment adjustments for FY2017 (collectively, the "Adjustments"), which would result in a variance between the audited and unaudited financial statement for FY2017. In this regard, please see the Company's announcement dated 13 November 2019 for more information pertaining to the Adjustments.

In light of the Adjustments, the opening retained earnings for the financial year ended 31 December 2018 ("FY2018") and the financial year ending 31 December 2019 ("FY2019") have been restated accordingly.

The tables below sets out changes to the opening balances of accumulated losses, non-controlling interests, and foreign currency translation reserves for FY2018 and FY2019 as a result of the Adjustments. For the purposes of this announcement, the 2018 figures for Paragraphs 1(a)(i), 1(a)(ii), 1(b) and 1(c) above have not been adjusted.

Financial year	Past announced opening balance for retained earnings (in S\$'000)	Restated opening balance for retained earnings (in S\$'000)	Reason for restatement
FY2018	(205,077)	(264,069)	Audit adjustments and material impairment adjustments for FY2017
FY2019	(214,777)	(268,701)	

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice. (continued)

Financial year	Past announced opening balance for non-controlling interests (in S\$'000)	Restated opening balance for non-controlling interests (in S\$'000)	Reason for restatement
FY2018	8,516	1,672	Audit adjustments and material impairment adjustments for FY2017
FY2019	3,769	(2,901)	

Financial year	Past announced opening balance for foreign currency translation reserve (in S\$'000)	Restated opening balance for foreign currency translation reserve (in S\$'000)	Reason for restatement
FY2018	5,230	5,261	Audit adjustments and material impairment adjustments for FY2017
FY2019	7,007	7,117	

Due to the above, the Board wishes to highlight that there will be variances between (A) the Group's unaudited financial statements for the half year ended 30 June 2018 as announced on 13 Aug 2018, unaudited financial statements for the nine months ended 30 September 2018 as announced on 13 Nov 2018, unaudited financial statements for the year ended 31 December 2018 as announced on 30 June 2019, unaudited financial statements for the first quarter ended 31 March 2019 as announced on 17 July 2019, unaudited financial statements for the half year ended 30 June 2019 as announced on 14 Aug 2019, and/or this unaudited financial statements for the nine months ended as 30 September 2019 and (B) the audit report(s) to be issued.

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 2017 except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 January 2019. 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	
	2019	2018	2019	2018
	(Unaudited) S cents	(Unadjusted) S cents	(Unaudited) S cents	(Unadjusted) S cents
Earnings/(Loss) per ordinary share for the period				
(i) Based on weighted average number of ordinary shares in issue	2.47	(1.58)	2.52	(1.71)
- Weighted average number of shares	292,828,099	292,828,099	292,828,099	292,828,099
(ii) On a fully diluted basis	2.47	(1.58)	2.52	(1.71)
- 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 year.

	THE GROUP		THE COMPANY	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	(Unaudited)	(Unadjusted)	(Unaudited)	(Unadjusted)
	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	5.66	23.01	7.07	22.01

Net asset value per ordinary share is calculated based on the issued and paid-up share capital as at 30 September 2019 of 292,828,099 ordinary shares (31 December 2018: 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

During the period under review, revenue was generated mainly from the sales of coke and coal by the subsidiary Tianjin Belong Faith Energy Minerals Co., Ltd (天津博朗信国际贸易有限公司) ("BLX"). The other source of revenue was derived from ship chartering services business by the subsidiary Abterra Resources Pte Ltd, which represents approximately 16% of total revenue generated.

Revenue decreased 68% from S\$241.3 million in the nine months ended 30 September 2018 to S\$78.2 million in the nine months ended 30 September 2019. Accordingly, the cost of sales decreased 75% from S\$244.9 million to S\$61.2 million. The decrease is mainly due to the decrease of unit price of coke and coal which is affected by the macro and economic environment in which the business operates.

The main revenue generating unit, BLX, has an actual gross profit margin of 3%. However, due to the FY2017 audit adjustments, the line item for inventory was fully reversed because BLX has back-to-back sales, and thus do not hold inventory. Consequently, such movement in the inventory for the current financial year has been adjusted to the line item for cost of sales to reflect the FY2017 adjustments. This has resulted in an inflated gross profit margin of 25% for the period.

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 are kept to a minimum, causing a decrease of 60% from S\$1.9 million in the nine months ended 30 September 2018 to S\$0.8 million in the nine months ended 30 September 2019.

Administrative expenses

Administrative expenses are kept to a minimum to maintain normal operation activities.

Other operating income

Other operating income in the nine months ended 30 September 2019 increased by S\$0.8 million. This was mainly due to the increase in unrealized foreign exchange gain.

Other operating expenses

Other operating expenses was S\$0.7 million in nine months ended 30 September 2019.

Profit for the financial period

In view of the above, the Group recorded profit after tax of S\$15.1 million for the nine months ended 30 September 2019, as compared to loss after tax of S\$7.8 million for the corresponding period in 2018.

Review of Consolidated Statement of Financial Position

Property, plant and equipment and Investment properties

Property, plant and equipment of the Group was decreased by approximately S\$0.1 million.

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)

Investment properties decreased by approximately S\$0.2 million due to a fair value adjustment for Suntec City office unit in FY2017 being incorporated into the accounts for the current 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.

Inventories

The decrease in inventories from S\$14.1 million as at 31 December 2018 to NIL as at 30 September 2019 was due to trading activities of coke and coal being on a back-to-back basis to achieve zero inventory.

Trade receivables

Trade receivables increased from S\$16.4 million as at 31 December 2018 to S\$23.6 million as at 30 September 2019. The increase in trade receivables is in line with the sharp increase in the sales for the current quarter from last quarter due to sales of coal to major power plants in China. Credit terms remain one month from the date of issue of the invoice, and there have been no defaults in payment for the current period.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments decreased from S\$48.0 million as at 31 December 2018 to S\$2.8 million as at 30 September 2019. The decrease was mainly due to effects of significant impairment adjustments passed for the financial year ended 31 December 2017 being carried forward.

Cash and cash equivalents

Cash and cash equivalents of the Group increased from S\$0.2 million as at 31 December 2018 to S\$0.9 million as at 30 September 2019.

Trade payables

Trade payables decreased from S\$18.8 million as at 31 December 2018 to S\$9.2 million as at 30 September 2019.

Other payables and accruals and income tax liabilities

Other payables and accruals increased from S\$11.0 million as at 31 December 2018 to S\$11.4 million as at 30 September 2019.

Review of Consolidated Statement of Cash Flows

Net cash generated from operating activities for the nine months ended 30 September 2019 was S\$0.5 million compared to S\$0.6 million cash used for the corresponding period in 2018.

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 macro environment to remain volatile, compounded by the prospect of a trade war as the United States of America imposed tariffs on steel and aluminum imports in a bid to counter shipments, especially from China.

In relation to the Group's business segment within the geographical region of China, China is experiencing slower growth and the steel industry is undergoing structural changes. To curb overcapacity and reduce air pollution, outdated steel plants in China have closed down and are prevented from any operations. New steel capacities were also prohibited from launching. With the nation continuing to further reduce steel production capacity as part of its anti-pollution campaign initiatives, steel makers will have to turn to using higher grade iron ore that generates less air pollution. As such, the Group expects there will still be continued demand for higher-grade iron ore potentially driving trading activities.

Backed by the Group's trading capabilities and the subsidiary BLX as the Group's key growth driver, the Group will continue to stay focused on capturing opportunities that complement or expand our core trading business; with an ultimate objective in delivering sustainable business growth.

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 September 2019 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
14 November 2019