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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Abterra records revenue of S\$110.0 million in 1H09 from challenging economic conditions

- **Believes prices of raw materials are improving; potential upside from infrastructure stimulus in China**
- **Moving into upstream assets with first acquisition of mine in May 2009**

Singapore, 14 August 2009 – Abterra Ltd., (“Abterra”, or the “Group”), an emerging supply chain manager of resources and minerals in Asia Pacific, reports a turnover of S\$110 million for the half year ended 30 June 2009(1H09).

Financial Highlights

S\$'000	1H09	1H08	Change %
Revenue	110,031	174,863	-37
Gross Profit	6,008	8,507	-29
Gross Profit Margin (%)	5.5%	4.9%	-
Profit before tax	1,679	9,856	-83
Profit for the period	1,728	8,632	-80

Against the backdrop of the current financial turbulence, the Group reported a 37% y-o-y fall in revenue to S\$110 million for 1H09. The demand for iron ore and coke and coal has dropped following the onset of the financial meltdown last year. With that, the Group reported an 80% fall in net profit from S\$8.6 million to S\$1.7 million for 1H09.

However, the Management believes that the prices of raw materials for steel are improving. Together with China's long term plans to boost infrastructural facilities within China, the Group expects its overall operating environment to improve in the foreseeable future.

Cash and bank balances of the Group were at S\$14.8 million as at 30 June 2009, a decrease of S\$32.0 million from S\$46.8 million as at 31 December 2008. This is mainly due to the settlement of bills payable, which decreased from S\$120.7 million at 31 December 2008 to S\$14.1 million at 30 June 2009.

Trade receivables of the Group decreased 23% from S\$125.1 million at 31 December 2008 to S\$96.4 million at 30 June 2009, in line with the successful collection from its trade debtors.

Industry Prospects

It has been a roller coaster ride for the steel industry in China. Having started the year amidst an unprecedented global crisis, steel makers saw demand for their products dropped significantly. Since then, the PRC Government's RMB4 trillion stimulus package has gone some way in stabilizing the industry as steel makers finally snapped a 7-month losing streak in May to post combined profits of RMB1.3 billion.¹

China remains the sole bright spot for global steel production, contributing 266.6 million tonnes or 48% of the world's total steel output in the first half of 2009². China Iron & Steel Association (CISA) now estimates that steel production could reach in excess of 500 million tonnes this year³. To fuel its recovering demand for steel products, China has been importing significant levels of raw materials. Customs statistics show that China imported 12.9 million tonnes of coking coal in the first half of 2009, a 3.4 fold increase over the corresponding period in 2008⁴.

Moving into upstream mining assets

["The voracious appetite of steel makers in China combined with supply constraints from the PRC Government crackdown on smaller mines in Shanxi Province, places the Group in good stead as it moves upstream into mining."](#)

- Mr Lau Yu, CEO of Abterra

¹ <http://seekingalpha.com/article/153596-expect-big-improvements-in-these-three-chinese-steel-companies>

² <http://www.commodityonline.com/news/World-steel-production-falls-16-in-June-19735-3-1.html>

³ <http://www.ibtimes.com/articles/20090802/chinas-half-yearly-crude-steel-production-rises23.htm>

⁴ <http://www.steelguru.com/result/index/steel+production/title/middle/2.html#103523>

Abterra recently completed a RMB188 million acquisition of a coking coal mine in Shanxi Province, China. Currently with an annual production capacity of 150,000 tonnes per annum, the Group has plans to increase capacity to 900,000 tonnes per annum by 2011 to ride on the growth potential of the Chinese steel industry. The target of the Group is to reach 5 million tonnes per annum of production capacity in the next 2-3 years.

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About Abterra Ltd.

Abterra Ltd. is primarily engaged in the businesses of the development of mineral business in countries including Australia, India, and Indonesia, and the international trading of iron ore; the sale of Chinese steel and iron products to India and South East Asian countries; domestic PRC logistics business and the operation and development of industrial real estate; and the business of coal mining, washing and processing of coal into coke among others.

For more information, please refer to the corporate website: www.abterra.com.sg

Issued for and on behalf of Abterra Ltd.

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