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**MEDIA RELEASE – FOR IMMEDIATE RELEASE**

## **Abterra reports profitability with net income of S\$3.3 million in 9M09**

**Singapore, 8 November 2009** – Abterra Ltd., (“Abterra”, or the “Group”), an emerging supply chain manager of resources and minerals in Asia Pacific, reports net profit of \$3.3 million for the 9 months ended 30 September 2009 (“9M09”).

### **Financial Highlights**

|                                    | <b>9 months ended 30 September</b> |                         |                 |
|------------------------------------|------------------------------------|-------------------------|-----------------|
|                                    | <b>2009<br/>S\$'000</b>            | <b>2008<br/>S\$'000</b> | <b>Change %</b> |
| <b>Revenue</b>                     | 128,518                            | 288,183                 | -55%            |
| <b>Gross Profit</b>                | 7,562                              | 15,203                  | -50%            |
| <b>Gross Profit Margin (%)</b>     | 5.9%                               | 5.3%                    | -               |
| <b>Profit for the period</b>       | 3,328                              | 15,309                  | -78%            |
| <b>Profit att. to shareholders</b> | 3,477                              | 15,452                  | -77%            |

Turnover for 9M09 fell 55% y-o-y to S\$128.5 million from S\$288.2 million in the corresponding period ended 30 September 2008 (9M08).

For 9M09, trade for iron ore declined 97% to S\$2.7 million while trade in coke and coal decreased 43% to S\$101.5 million. However, trading activities in other products such as non-ferrous metals increased 15% to S\$24.3 million. The decrease in sales is mainly due to the tightening of credit facilities in the market, amid the financial turbulence.

With that, the Group recorded a 78% decline in profit after tax to S\$3.3 million in 9M09 from S\$15.3 million for the corresponding period in 2008.

Cash and bank balances of the Group as at 30 September 2009 were lower at S\$1.3 million, a decrease of S\$45.5 million from S\$46.8 million as at 31 December 2008 mainly due to the settlement of bills payable and bank loans.

Trade receivables of the Group decreased 44% from S\$125.1 million at 31 December 2008 to S\$70.2 million at 30 September 2009. The outstanding amount due from the major debtor has decreased 46.9% from S\$125.4 million at 31 December 2008 to S\$66.6 million in 30 September 2009.

### **Industry Prospects**

Following the successful implementation of China's RMB4 trillion stimulus package, there has been some brief respite for steel mills. However, fundamental issues including falling exports, soaring imports and concerns of oversupply, remain unresolved in the steel industry.

Profits for major Chinese steel mills remain lacklustre, declining by 78% y-o-y to RMB30 billion in the first 9 months<sup>1</sup>.

With the top 5 steel mills making up only 28.5% of total steel output, the Chinese government has enacted policies to encourage industry concentration. China is determined to form one or two super-scales steel complexes with annual production capacity in excess of 100 million tonnes respectively by 2015, as well as a certain number of 50 million tonnes steel enterprises<sup>2</sup>.

“Efforts to address oversupply issues are expected to have a moderating impact on the industry in the short run. By addressing these issues, the government will be able to create a leaner and more competitive steel industry that is able to compete on a global scale in the long run.

Reduction in the number of steel mills will also help to consolidate suppliers in the raw material market, which currently has over 150,000 domestic agencies for steel and iron products. With an established reputation in the resources industry, we will stand to benefit from the ongoing restructuring and we hope to gain a larger market share in future.”

**- Mr Lau Yu, CEO of Abterra**

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<sup>1</sup> [http://steelguru.com/news/index/2009/11/05/MTE4OTg5/China major steel mills profit in 9 months dips by 78pct YoY.html](http://steelguru.com/news/index/2009/11/05/MTE4OTg5/China%20major%20steel%20mills%20profit%20in%209%20months%20dips%20by%2078pct%20YoY.html)

<sup>2</sup> <http://news.alibaba.com/article/detail/metalworking/100195596-1-new-policies-china-steel-industry.html>

Abterra will focus on prudent cost containment measures and effective cash flow management to prepare for the recovery in the long-run. The management has put in dedicated efforts to streamline its operations and implement cost control measures during this current economic turndown and will continue to monitor its financial position closely.

---- The End ----

### **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](http://www.abterra.com.sg)

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**Issued for and on behalf of Abterra Ltd.**

### **Contact Information**

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