

ABTERRA LTD.
(Company Registration No: 199903007C)

Unaudited Financial Statements and Dividend Announcement for the Second Quarter Ended 30 June 2010

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	THE GROUP					
	Quarter ended 30 June			Half year ended 30 June		
	2010	2009	Changes	2010	2009	Changes
Notes	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	88,182	44,180	100%	102,980	110,031	-6%
Cost of sales	(80,829)	(40,350)	100%	(95,191)	(104,023)	-8%
Gross profit	7,353	3,830	92%	7,789	6,008	30%
Other operating income	467	633	-26%	4,762	3,858	23%
Selling and distribution costs	-	(103)	NM	-	(116)	NM
Administrative expenses	(2,330)	(870)	168%	(4,031)	(1,605)	151%
Other operating expenses	(498)	(1,386)	-64%	(550)	(1,804)	-70%
Finance costs	(843)	(1,943)	-57%	(1,644)	(4,670)	-65%
Share of results of associates	186	(6)	NM	168	8	NM
Profit before tax	4,335	155	2697%	6,494	1,679	287%
Income tax	(426)	49	NM	(428)	49	-973%
Profit after tax	3,909	204	1816%	6,066	1,728	251%
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Other comprehensive income:						
Currency translation difference	339	(172)	NM	(12)	(25)	NM
Total comprehensive income for the period	4,248	32	13175%	6,054	1,703	255%
Profit for the period attributable to:						
Equity holders of the Company	3,902	223	1650%	6,108	1,747	250%
Minority interests	7	(19)	-137%	(42)	(19)	121%
	3,909	204	1816%	6,066	1,728	251%
Total comprehensive income attributable to:						
Equity holders of the Company	4,112	51	7963%	6,095	1,722	254%
Minority interests	136	(19)	-816%	(41)	(19)	116%
	4,248	32	13175%	6,054	1,703	255%

NM – not meaningful

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

	THE GROUP			
	Quarter ended 30 June		Half year ended 30 June	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	(1)	(31)	(2)	(59)
Impairment of trade receivables written back	-	(3,350)	(3,343)	(3,350)
Fair value gain on financial assets, at fair value through profit or loss	(290)	(495)	(927)	(77)
Interest expense	726	1,846	1,410	4,349
Depreciation of property, plant and equipment	129	96	257	177
Net exchange (gain)/loss	50	4,795	(5)	1,757

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	THE GROUP		THE COMPANY	
	30.06.10 S\$'000	31.12.09 S\$'000	30.06.10 S\$'000	31.12.09 S\$'000
ASSETS				
Current assets				
Cash and bank balances	3,564	3,757	1,919	2,269
Financial assets, at fair value through profit or loss	37,109	36,181	37,109	36,181
Trade receivables	17,195	38,469	1,763	8,649
Other receivables, deposits and prepayments	116,090	64,700	147,068	134,778
Inventories	27,230	28,746	-	-
Total current assets	201,188	171,853	187,859	181,877
Non-current assets				
Property, plant and equipment	12,904	13,153	11,132	11,293
Investment properties	20,411	20,411	20,411	20,411
Subsidiaries	-	-	31,282	31,282
Associates	87,512	87,343	10,700	10,700
Financial assets, available-for-sale	12,345	12,345	12,345	12,345
Intangible asset	1,514	1,951	-	-
Trade receivables	-	26,205	-	6,735
Total non-current assets	134,686	161,408	85,870	92,766
Total assets	335,874	333,261	273,729	274,643
LIABILITIES				
Current liabilities				
Trade payables	4,708	636	338	326
Other payables and accruals	6,475	13,901	1,275	1,319
Provision	3,000	3,000	3,000	3,000
Loan notes	2,000	-	2,000	-
Bills payable	1,453	-	-	-
Income tax payable	534	308	261	297
Obligation under finance lease	-	9	-	9
Term loans	37,962	45,792	33,842	41,672
Convertible notes	5,674	5,967	5,674	5,967
Total current liabilities	61,806	69,613	46,390	52,590
Non-current liabilities				
Term loans	20,226	20,823	20,226	20,823
Deferred taxation	44	53	38	47
Total non-current liabilities	20,270	20,876	20,264	20,870
Total liabilities	82,076	90,489	66,654	73,460
NET ASSETS	253,798	242,772	207,075	201,183
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	208,730	203,719	208,730	203,719
Reserves	18,558	12,502	(1,655)	(2,536)
Minority interests	26,510	26,551	-	-
TOTAL EQUITY	253,798	242,772	207,075	201,183

1(b) (ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.06.2010		As at 31.12.2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
37,962	5,674	45,801	5,967

Amount repayable after one year

As at 30.06.2010		As at 31.12.2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
20,226	-	20,823	-

Details of any collateral:

The Group's borrowings are secured by the following:

- Legal mortgage over the Group's properties.
- Corporate guarantees provided by General Nice Development Ltd. (the intermediate holding company) and General Nice Resources (Hong Kong) Ltd. (the immediate holding company), and certain directors of the Company.
- Structured deposit placed in a financial institution
- A motor vehicle under finance lease.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement

	THE GROUP			
	Quarter ended 30 June		Half year ended 30 June	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Profit before tax	4,335	155	6,494	1,679
Adjustments for:				
Impairment of trade receivables written back	-	(3,350)	(3,343)	(3,350)
Provision for unutilised leave	(30)	(7)	(30)	(18)
Depreciation of property, plant and equipment	129	96	257	177
Fair value gain on financial assets, at fair value through profit or loss	(290)	(495)	(927)	(77)
Amortisation of intangible asset	256	-	437	-
Interest income	(1)	(31)	(2)	(59)
Interest expense	726	1,846	1,410	4,349
Unrealised exchange gain	(16)	(75)	(15)	(60)
Share of results of associates	(186)	6	(168)	(8)
Operating profit/(loss) before working capital changes	4,923	(1,855)	4,113	2,633
(Increase)/Decrease in:				
Inventories	(4,065)	40,534	1,516	55,182
Trade receivables	47,276	(20)	50,822	12,468
Other receivables, deposits and prepayments	(51,040)	2,710	(51,390)	30
Increase/(Decrease) in:				
Trade payables	4,036	(112)	4,073	1,370
Bills payable	1,453	(63,165)	1,453	(106,654)
Other payables and accruals	(5,228)	430	(6,989)	1,726
Cash (utilised in)/provided by operations	(2,645)	(21,478)	3,598	(33,245)
Interest income received	1	31	2	59
Interest expense paid	(631)	(1,709)	(1,214)	(4,063)
Income tax paid	(114)	-	(197)	(826)
Net cash (utilised in)/provided by operating activities	(3,389)	(23,156)	2,189	(38,075)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(6)	(38)	(8)	(49)
Acquisition of subsidiaries, net of cash acquired	-	10	-	10
Net cash used in investing activities	(6)	(28)	(8)	(39)
Cash flows from financing activities:				
(Repayment of)/proceeds from borrowings	(5,289)	552	(8,427)	6,183
Proceeds from loan notes	2,865	-	2,865	-
Net repayment of finance lease commitments	(2)	(7)	(9)	(13)
Proceeds from share issuance	2,760	-	3,220	-
Share issue expense	(16)	(11)	(28)	(28)
Cash and bank balances discharged from banks	2,772	-	759	-
Fixed deposits discharged from banks	-	19,784	-	26,373
Net cash provided by/ (utilised in) financing activities	3,090	20,318	(1,620)	32,515
Net (decrease) / increase in cash and cash equivalents	(305)	(2,866)	561	(5,599)
Cash and cash equivalents at beginning of period	3,867	4,557	2,999	7,159
Effect of currency translations on cash and cash equivalent	2	(89)	4	42
Cash and cash equivalents at end of period	3,564	1,602	3,564	1,602

Acquisitions

On 29 May 2009, the Group acquired 61.25% of the issued share capital of Sunny Energy Limited (“Sunny”) and beneficial equity interest in Sunny’s subsidiaries, namely Shenzhen Manxin Trading Co. Ltd (100%), Shenzhen Chuangrongxin Trading Co. Ltd (100%) and Shanxi Tai Xing Jiao Zhong Coal Industry Company Limited (80%) (collectively referred to as “Sunny Energy Group”) for a purchase consideration (inclusive of transaction costs of approximately S\$52,000) of approximately S\$38,401,000.

The attributable net assets and purchase consideration of the new subsidiaries acquired during the period were as follows:

	THE GROUP			
	Quarter ended 30 June		Half year ended 30 June	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Property, plant and equipment	-	3,881	-	3,881
Intangibles – mining rights	-	6,477	-	6,477
Cash and bank balances	-	62	-	62
Trade receivables	-	443	-	443
Other receivables, deposits and prepayments	-	5,105	-	5,105
Inventories	-	35	-	35
Other payables and accruals	-	(4,926)	-	(4,926)
Attributable net assets acquired	-	11,077	-	11,077
Minority interests	-	(2,206)	-	(2,206)
	-	8,871	-	8,871
Goodwill on consolidation	-	29,530	-	29,530
Total consideration	-	38,401	-	38,401
Less: Deposit paid	-	(18,385)	-	(18,385)
Less: Consideration settled by set-off of trade receivables	-	(19,964)	-	(19,964)
Less: Cash & cash equivalents of subsidiaries acquired	-	(62)	-	(62)
Net cash inflow	-	(10)	-	(10)

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 the equity holders of the Company						
	Share capital S\$'000	Other reserves S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total shareholders' equity S\$'000	Minority interests S\$'000	Total equity S\$'000
Balance as at 1 January 2010	203,719	942	(988)	12,548	216,221	26,551	242,772
Share issue expenses	(11)	-	-	-	(11)	-	(11)
Issuance of new shares pursuant to the Equity Line Facility	500	-	-	-	500	-	500
Total comprehensive income for the period	-	-	(223)	2,206	1,983	(177)	1,806
Balance as at 31 March 2010	204,208	942	(1,211)	14,754	218,693	26,374	245,067
Share issue expenses	(16)	-	-	-	(16)	-	(16)
Issue of new shares pursuant to the conversion of the convertible notes	500	(47)	-	-	453	-	453
Issuance of new shares pursuant to the Equity Line Facility	4,000	-	-	-	4,000	-	4,000
Reversal of conversion option to share capital	38	-	-	-	38	-	38
Reversal of deferred taxation upon conversion of the convertible notes	-	8	-	-	8	-	8
Transfer of realised deferred tax from other reserves to retained earnings	-	33	-	(33)	-	-	-
Total comprehensive income for the period	-	-	210	3,902	4,112	136	4,248
Balance as at 30 June 2010	208,730	936	(1,001)	18,623	227,288	26,510	253,798

THE GROUP	Attributable to equity holders of the Company						
	Share capital S\$'000	Other reserves S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total shareholders' equity S\$'000	Minority interests S\$'000	Total equity S\$'000
Balance as at 1 January 2009	200,073	1,212	450	2,311	204,046	-	204,046
Share issue expenses	(17)	-	-	-	(17)	-	(17)
Total comprehensive income for the period	-	-	147	1,524	1,671	-	1,671
Balance as at 31 March 2009	200,056	1,212	597	3,835	205,700	-	205,700
Share issue expenses	(11)	-	-	-	(11)	-	(11)
Issue of new shares pursuant to the conversion of the convertible notes	3,000	(271)	-	-	2,729	-	2,729
Reversal of deferred taxation upon conversion of the convertible notes	-	70	-	-	70	-	70
Transfer of realised deferred tax from other reserves to retained earnings	-	49	-	(49)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	2,206	2,206
Total comprehensive income for the period	-	-	(172)	223	51	(19)	32
Balance as at 30 June 2009	203,045	1,060	425	4,009	208,539	2,187	210,726

THE COMPANY	Share capital S\$'000	Other reserves S\$'000	Foreign currency translation reserve S\$'000	(Accumulated losses) / Retained earnings S\$'000	Total equity S\$'000
Balance as at 1 January 2010	203,719	942	-	(3,478)	201,183
Share issue expenses	(11)	-	-	-	(11)
Issue of new share pursuant to the Equity Line Facility	500	-	-	-	500
Total comprehensive income for the period	-	-	-	205	205
Balance as at 31 March 2010	204,208	942	-	(3,273)	201,877
Share issue expenses	(16)	-	-	-	(16)
Issue of new shares pursuant to the conversion of the convertible notes	500	(47)	-	-	453
Issue of new share pursuant to the Equity Line Facility	4,000	-	-	-	4,000
Reversal of deferred taxation upon conversion of the convertible notes	-	8	-	-	8
Reversal of conversion option to share capital	38	-	-	-	38
Transfer of realised deferred tax from other reserves to retained earning	-	33	-	(33)	-
Total comprehensive income for the period	-	-	-	715	715
Balance as at 30 June 2010	208,730	936	-	(2,591)	207,075
Balance as at 1 January 2009	200,073	1,212	-	1,077	202,362
Share issue expenses	(17)	-	-	-	(17)
Total comprehensive income for the period	-	-	-	1,452	1,452
Balance as at 31 March 2009	200,056	1,212	-	2,529	203,797
Share issue expenses	(11)	-	-	-	(11)
Issue of new shares pursuant to the conversion of the convertible notes	3,000	(271)	-	-	2,729
Reversal of deferred taxation upon conversion of the convertible notes	-	70	-	-	70
Transfer of realised deferred tax from other reserves to retained earning	-	49	-	(49)	-
Total comprehensive income for the period	-	-	-	(1,554)	(1,554)
Balance as at 30 June 2009	203,045	1,060	-	926	205,031

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 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 quarter ended 30 June 2010, the Company issued 7,692,307 new ordinary shares at the issue price of S\$0.065 pursuant to the conversion of the convertible note and 77,460,839 new ordinary shares at an average issue price of S\$0.052 in relation to drawn down under the Equity Line Facility agreement.
- The details of the movements of issued shares and share capital are as follows:

	Number of Shares	Issued Share Capital S\$'000
<u>Issued and paid-up share capital</u>		
Balance as at 1 January 2010	5,138,601,977	203,719
Issue of new shares under Equity Line Facility agreement during the current financial period	10,437,542	500
Share issue expenses	-	(11)
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Balance as at 31 March 2010	5,149,039,519	204,208
Issue of new shares pursuant to the conversion of the convertible notes	7,692,307	500
Issue of new shares under Equity Line Facility agreement during the current financial period	77,460,839	4,000
Share issue expenses	-	(16)
Reversal of conversion option to share capital	-	38
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Balance as at 30 June 2010	5,234,192,665	208,730

0% conditional unsecured convertible notes due 2010 in aggregate principal amount of up to S\$45 Million ("Tranche 1 Notes")

All the Tranche 1 Notes were fully converted as at 30 June 2010 and 30 June 2009.

0% conditional unsecured convertible notes due 2010 in aggregate principal amount of up to S\$31 million ("Tranche 2 Notes")

If all the outstanding Tranche 2 Notes were converted at the conversion price of S\$0.065 per share, approximately 88 million more shares would have been issued for the 6 months ended 30 June 2010. (30 June 2009: approximately 103 million shares).

At 26 July 2010, the outstanding Tranche 2 Notes which were not previously converted and with principal amount amounted to S\$5.7million has been redeemed by the Company at 100% of their maturity.

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 31 December 2009	5,138,601,977
Issue of new shares pursuant to conversion of convertible notes during the current financial period	7,692,307
Issue of new shares under Equity Line Facility agreement during the current financial period	<u>87,898,381</u>
As at 30 June 2010	<u>5,234,192,665</u>

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 June 2010 (31 December 2009: Nil).

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

The figures presented in the financial statements have not been audited or reviewed by the Group's external auditors.

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 2009 except that the Group has adopted new Financial Reporting Standards (FRS) which became effective on 1 January 2010.

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.**

On 1 January 2010, the Group adopted the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (“INT FRS”) that are effective in this financial year. The following are the new or revised FRS and INT FRS that are relevant to the Group:

(a) FRS 27 (revised) Consolidated and Separate Financial Statements

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

(b) FRS 103 (revised) Business Combinations

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

6. **Earnings 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 June		Half year ended 30 June	
	2010	2009	2010	2009
	Cents	Cents	Cents	Cents
Earnings per ordinary share for the period				
(i) Based on weighted average number of ordinary shares in issue (cents)	0.08	*	0.12	0.03
- Weighted average number of shares	5,192,296,643	5,096,421,082	5,166,347,296	5,090,620,677
(ii) On a fully diluted basis	-	-	-	-

*: representing less than 0.01 cents

Earnings per ordinary share is calculated from dividing the Group’s net profit attributable to shareholders of the Company for the period by the weighted average number of ordinary shares in issue during the financial period.

Diluted profit per ordinary share for the financial period ended 30 June 2010 is calculated based on the weighted average number of ordinary shares during the period adjusted to assume conversion of all potential dilutive ordinary shares of 87,692,308 (30 June 2009: 103,076,932) arising from the convertible notes. Diluted earnings per ordinary share have not been presented as it is anti-dilutive.

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	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on total number of shares excluding treasury shares at the end of the reporting period	4.85	4.72	3.96	3.92

Net asset value per ordinary share is calculated based on the issued and paid-up share capital as at 30 June 2010 of 5,234,192,665 ordinary shares (31 December 2009: 5,138,601,977 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 Statement of Comprehensive Income

Analysis of turnover

	THE GROUP					
	Quarter ended 30 June			Half year ended 30 June		
	2010	2009	Changes	2010	2009	Changes
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Trading – Iron Ore	11,140	2,711	311%	20,255	2,711	647%
Trading – Coke and Coal	77,042	23,642	226%	82,725	88,529	-7%
Trading – Others	-	17,827	-100%	-	18,791	-100%
	88,182	44,180	100%	102,980	110,031	-6%

Turnover for the three months ended 30 June 2010 was S\$88.2 million, a increase of 100% compared to the same period in the previous year. Cost of sales increased by 100% from S\$40.3 million to S\$80.8 million which is in line with the increase in turnover.

Gross profit margin increased by 2.1% from 5.46% in June 2009 to 7.56% in June 2010. The sales mix is dependent upon the sales orders from customers. The Group will focus more on selling coke and coal which usually has higher profit margin.

Other operating income for the half year ended 30 June 2010 was higher at approximately S\$4.8 million compared to S\$3.9 million for the corresponding period. These were largely attributable to trade receivables impairment write back of S\$3.3 million and fair value gain on financial assets, available for sale of approximately \$927,000.

Administrative expenses increased from S\$1.6 million in the six months ended 30 June 2009 to S\$4.0 million for the corresponding period in 2010. The increased was mainly due to higher headcounts and increased business operation costs. For the six months period ended 30 June 2010, staff costs increased by approximately S\$408,000, amortization of intangible assets of S\$554,000 in 2010 but not in year 2009, S\$240,000 commission paid pursuant to drawn down under the Equity Line Facility agreement in 2010 not in 2009 and professional fees increased by S\$721,000 for acquisition and financing activities during the financial period.

Decrease in other operating expense is due to the foreign exchange losses of S\$1.8 million for the 6 months ended 30 June 2009 not in 2010.

Finance costs for the financial period ended 30 June 2010 decreased by 65% from S\$4.6 million in the first half of 2009 to S\$1.6 million in the corresponding period in 2010. This was largely attributable to the settlement of bank borrowings during the financial period. Bank borrowings fell from S\$77.9 millions at 30 June 2009 to S\$58.2 million at 30 June 2010.

In view of the above, the Group recorded a 251% increase in profit after tax to S\$6.1 million for the financial period ended 30 June 2010 from S\$1.7 million for the corresponding period in 2009.

Review of Balance Sheet

Cash and bank balances of the Group as at 30 June 2010 were slightly lower at S\$3.6 million, a decrease of S\$0.2 million from S\$3.8 million at 31 December 2009. More discussion will be made at the section – **Review of cash flow statement**.

Financial assets, at fair value through profit or loss (“FVPL”) represent the 100% principal-protected structure deposits with the principal amount of S\$35 million and tenure of 6 years. For the financial period ended 30 June 2010, the unrealised fair value gain on FVPL was approximately S\$927,000.

Trade receivables of the Group decreased from S\$64.7 million at 31 December 2009 to S\$17.2 million at 30 June 2010. In particular, a major trade debtor has a repayment schedule with the Group that started in March 2009. Subsequent to 31 March 2010, this major trade debtor has been acquired by the indirect subsidiary of the vendor of Zuoquan Xinrui Metallurgy Mine Co. Ltd (“Xinrui”). The major trade debtor, the vendor and the Group has entered into the novation agreement dated 7 April 2010 to novate remaining outstanding amount due from the major trade debtor to the Group which amounted to approximately S\$49.1 million (the “Debts”) to the vendor. The novated Debts have been set off against the remaining balance of the purchase consideration of proposed acquisition of Xinrui (approximately S\$47.3 million) due to vendor according to the Supplement Agreement dated 9 April 2010 between the Company and the vendor for the Company’s proposed acquisition of Xinrui.

Other receivables, deposits and prepayments increased from S\$64.7 million at 31 December 2009 to S\$116.1 million at 30 June 2010. In particular, other receivables, deposits and prepayments consist mainly of deposits paid for the acquisition of 22.8% of equity interest in Xinrui amounting to S\$78.6 million and for the acquisition of 30.6% of equity interest in Shanxi Lingshi Fuyuan Coal Co., Ltd. amounting to S\$24.7 million. The increase is due to additional deposit of S\$47.3 million placed for the acquisition of Xinrui. Subsequent to 30 June 2010, the Company’s acquisition of 22.8% of equity interest in Xinrui had been completed on 6 August 2010.

Term loans decreased from S\$66.6 million at 31 December 2009 to S\$58.2 million at 30 June 2010 due to repayment of borrowings during the period.

The loan notes which amounted to S\$2.0 million at 30 June 2010 are drawn under the Supplemented Equity Line Facility agreement. The loan notes have been fully repaid as of 13 August 2010.

Review of Cash Flow Statement

Cash inflows from operating activities were S\$2.2 million for the period ended 30 June 2010 compared to cash outflow of S\$38.1 million in the corresponding period of prior year. Cash flow from operating activities improved due to stronger cash flows from better working capital management compared to the same period last year. Besides that, there was repayment of bill payable which resulted in cash outflow in year 2009.

Cash from financing activities shows an outflow of S\$1.6 million mainly due to repayment of bank borrowings amounted to S\$8.4 million during the financial period. Further details of the borrowings are outline in paragraph Item 1(b) (ii) – Aggregate amount of group’s borrowings and debts securities

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.

Despite the recent measures by the PRC Government to shut old plants to reduce pollution and overcapacity concerns by the end of September 2010, crude steel production has hit 374.7 million tons for the first seven months of the year and is on track to reach more than 600 million tons this year.

With its extensive network in China and India, the Company will continue to grow and expand its trading capabilities while retaining its existing customer base. Alongside greater acquisition plans, the Group expects an improvement in its overall operations, barring any unforeseen circumstances.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 15. A breakdown of sales.**

Not applicable.

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 17. Interested Person Transactions**

Nil.

- 18. Confirmation By The Board Pursuant To Rule 705(5)**

We, Lau Yu and Maheskumar s/o Shantilal Purshotam Mehta, being two directors of Abterra Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the half year and second quarter ended 30 June 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lau Yu
Executive Director and Chief Executive Officer
13 August 2010