



Abterra Ltd.
 Co. Reg. No.199903007C
 7 Temasek Boulevard
 #11-05 Suntec Tower 1
 Singapore 038987

MEDIA RELEASE – FOR IMMEDIATE RELEASE

Abterra records net profit of S\$3.9 million on improving trading conditions

- Revenue jumps 6-fold to S\$88.2 million from previous quarter on strong trading recovery from all its business segments
- Gross profit margins improve to 8.3% in 2Q10 from 2.9% in 1Q10 on increased exports of higher margin coke products
- Expects recently completed acquisition of iron ore mines to begin contributing positively in 3Q10

Singapore, 13 August 2010 – Abterra Ltd., (“Abterra”, or the “Group”), an emerging supply chain manager of resources and minerals in Asia Pacific, is pleased to announce an improved set of results for the 3 months ended 30 June 2010 (“2Q10”), where its net profit jumped from S\$2.2 million in 1Q09 to S\$3.9 million.

	2Q10	1Q10	Change	2Q09	Change
	(S\$'000)	(S\$'000)	(qoq) %	(S\$'000)	(yoy) %
Revenue	88,182	14,798	496	44,180	100
Gross Profit	7,353	436	1586	3,830	92
Gross Profit Margin	8.3%	3.0%	-	8.7%	-
Other Operating Income	467	4,295	-89	633	26
Net profit att. to shareholders	3,902	2,206	77	223	1650

“This past quarter has been a breakthrough for the Group. Not only have we managed to see a significant improvement in our core trading business, we have also completed our 22.8% acquisition of Xinrui’s iron ore mines. With production at the mines ongoing, we expect to see positive contributions from this latest addition to the Abterra family in 3Q10.”

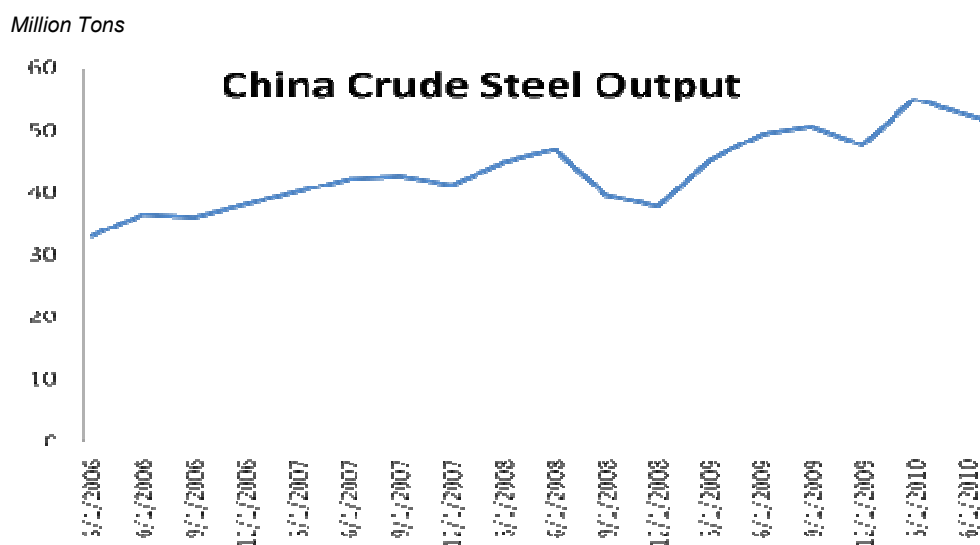
- Mr Lau Yu, CEO of Abterra

The surge in net profit was fuelled by a 6-fold increase in revenue to S\$88.2 million in 2Q10 from the previous quarter, as the Group saw strong trading growth for its core iron ore, coal and coke trading businesses. Trading of coke and coal improved significantly from S\$5.7 million in 1Q10 to S\$77.0 million in 2Q10. Similarly, the Group's iron ore trading business contributed revenues of S\$11.1 million in 2Q10, compared to S\$9.1 million in 1Q10.

As a result of the increased trading volumes of its coke products, gross margins improved from 3.0% in 1Q10 to 8.3% in 2Q10. Consequently, gross profit for the Group grew from S\$0.4 million in 1Q10 to S\$7.4 million in 2Q10.

With that, the Group recorded a net profit attributable to shareholders of S\$3.9 million for the quarter ended 30 June 2010.

Industry Outlook



Source: National Bureau of Statistics

According to figures released by the Chinese National Bureau of Statistics, crude steel production fell by 3.9% in July to 51.7 million tons. This was the result of measures by the Central Government to curb speculation in the property market and plans to shut old plants to reduce pollution and overcapacity concerns by the end of September. Indeed an estimated 8.8 million tons or 1.3% of China's total steel production is expected to be phased out by end 3Q10.

Despite the recent measures by the Government, crude steel production has already 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. This still represents a sizable upside from the 567.8 million tons produced by China last year.

“While we see challenges ahead from the Central Government’s ongoing push to tackle overcapacity in the steel sector, we view the move as positive for the industry as a whole in the longer term. Currently, steel mills face intense competition leading to frequent output slashes or mill closures as they struggle with high raw material costs and price competition.

With less competition, steel mills would face less pricing pressures, which should result in more consistent production volumes and enhance their ability to compete on a global scale. Being a supply chain manager, we stand to benefit from the reduced price volatility and more consistent volumes. This will aid us in our negotiations between buyers and sellers, giving us the confidence to extend our reach further throughout the region.”

- Mr Lau Yu, CEO of Abterra

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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.

Contact Information

Financial PR Pte Ltd. Mr Kamal Samuel/ Mr Adrian Seah Investor Relations Consultants Tel: (65) 6438 2990 / Fax: (65) 6438 0064 Email: staff@financialpr.com.sg	Abterra Ltd. Mr Lau Yu Chief Executive Officer Tel: (65) 6885 9800 / Fax: (65) 6885 9829 Email: info@abterra.com.sg Website: www.abterra.com.sg
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