

Annual Report 2007



ABTERRA
Bringing you the earth's resources



Contents

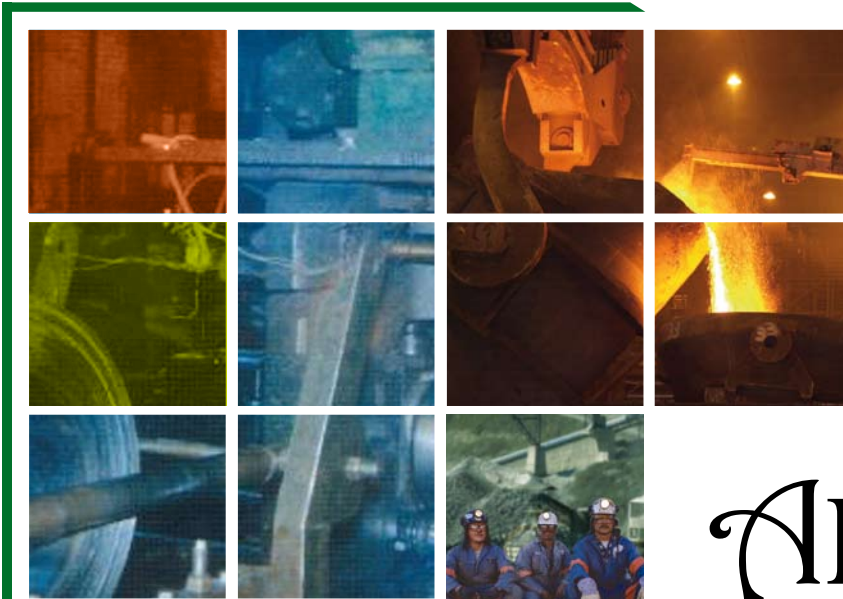
Corporate profile **1** | Corporate Information **3** | Chairman's Statement **4**

Operating Companies **8** | Board of Directors **10** | Five Year Financial Summary **12**

Five Year Financial Statistics **13** | Shareholders' Information **14** | Financial Calendar **17**

Corporate Governance Report **18** | Financial Statements **26** | Notice of Annual General Meeting **73**

Proxy Form



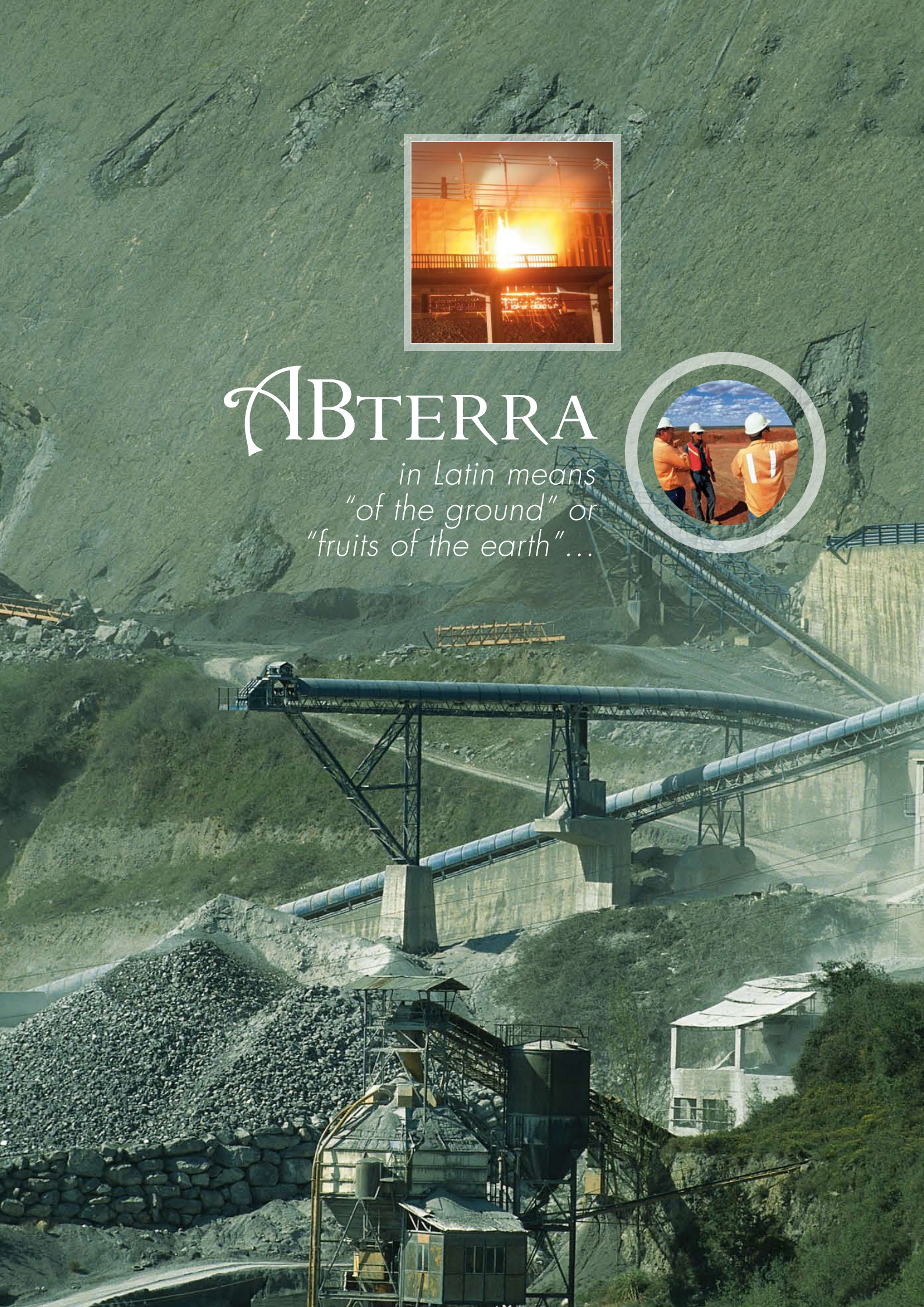
ABTERRA

Abterra Ltd. professes the following corporate objectives: “providing quality products for domestic and foreign clients; securing generous returns for company shareholders; creating development opportunities for employees; and moving forward hand in hand with business partners”. We promote the corporate philosophies of “people-centeredness, good faith towards all, being relevant to the times, helping each other in survival and in the achievement of honor”. With these objectives and philosophies, Abterra has been able to run its business in a stable and healthy way, to be creative but yet realistic, to stick to its core business, and to pursue a balanced growth. In addition, it uses the best products and the best services to continuously meet the demands of domestic and foreign clients; to realize its full potential, and to repay society.



ABTERRA

*in Latin means
"of the ground" or
"fruits of the earth" ...*



Board of Directors

Mr Cai Sui Xin, Executive Chairman
Mr Lin Xizhong, Executive Vice-Chairman
Mr Lau Yu, Chief Executive Officer
Mr Maheskumar s/o Shantilal Purshotam Mehta
Mr Gersom G. Vetuz
Mr Lim Hui Min John
Mr Chew Ban Chuan Victor Mark

Company Secretary

Ms Helen Campos Thomas

Audit Committee

Mr Gersom G. Vetuz, Chairman
Mr Lim Hui Min John
Mr Chew Ban Chuan Victor Mark

Nominating Committee

Mr Lim Hui Min John, Chairman
Mr Gersom G. Vetuz
Mr Chew Ban Chuan Victor Mark

Remuneration Committee

Mr Chew Ban Chuan Victor Mark, Chairman
Mr Gersom G. Vetuz
Mr Lim Hui Min John

Auditors

LTC & Associates
Audit partner: Thomas Tsang
(appointed in 2007)

Principal Bankers

United Overseas Bank Limited
West LB AG

Registrars

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Investor Relations

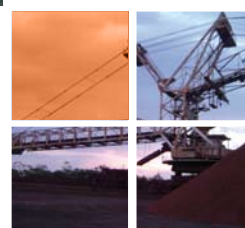
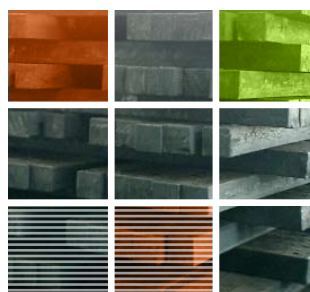
Email: ir@abterra.com.sg
Website: www.abterra.com.sg

Company Registration No.

199903007C

Registered Office

8 Shenton Way
31-02
Singapore 068811
Tel: (65) 6885 9800
Fax: (65) 6885 9829
Email: info@abterra.com.sg



“We continue to actively seek out new opportunities, which will enhance our growth, to generate greater returns for our shareholders.”



On 18 October 2006, General Nice Resources (Hong Kong) Limited (“General Nice”) completed its General Offer for Abterra shares, after it acquired Prosperity Steel’s controlling stake in Abterra on 1 September 2006. I took over as chairman and brought onboard a new CEO, Mr Lau Yu, on 1 November 2006. On 6 February 2007, Mr Lin Xizhong joined the board as the Vice Chairman of the Company.

GROUP FINANCIAL PERFORMANCE

Our strategy to leverage on General Nice’s strong brand name and expertise in iron ore and coke and coal business paid off. We achieved sales of S\$117.7 million, mainly through the trading of iron ore (S\$51.8 million), coking coal (S\$24.3 million), and metallurgical coke (S\$29.7 million). The significant improvement in our results were mainly attributed to positive market conditions in iron ore, coke and coal, coupled by our concerted efforts to increase revenue, and reinforcing our ability to secure sources of supplies and strengthening of our financial position through share placements and the successful issuance of 0% Convertible Note.



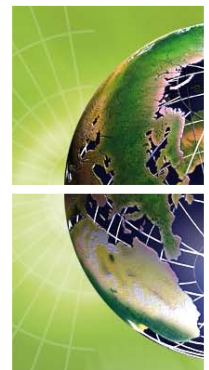
STRATEGISING FOR GROWTH

The group has initiated several exercises to position for further growth :-

1. Acquisition of Tianjin Lant Development Co Ltd, major providers of iron ore, coke and coal bulking handling services at Port of Tianjin. The acquisition will provide a major link in the Company's natural resources business link.
2. Acquisition of a 15% stake in Zuoquan Yongxin Coal Co Ltd ("Yongxin"), a coal mining and coke processing company. The acquisition would enable Abterra to enjoy non-exclusive rights to market coke produced by Yongxin.
3. Strengthen our financial position to increase trade volume and acquisition of strategic assets, via issuance of new shares and convertible notes.
4. Establish a presence at the source of supplies to ensure constant supplies of quality products, at competitive price.

We continue to actively seek out new opportunities, which will enhance our growth, to generate greater returns for our shareholders.

On behalf of the Board of Directors, I would like to thank our shareholders for their past and continuous support of the Company. I would also like to thank our staff for their unwavering commitment.



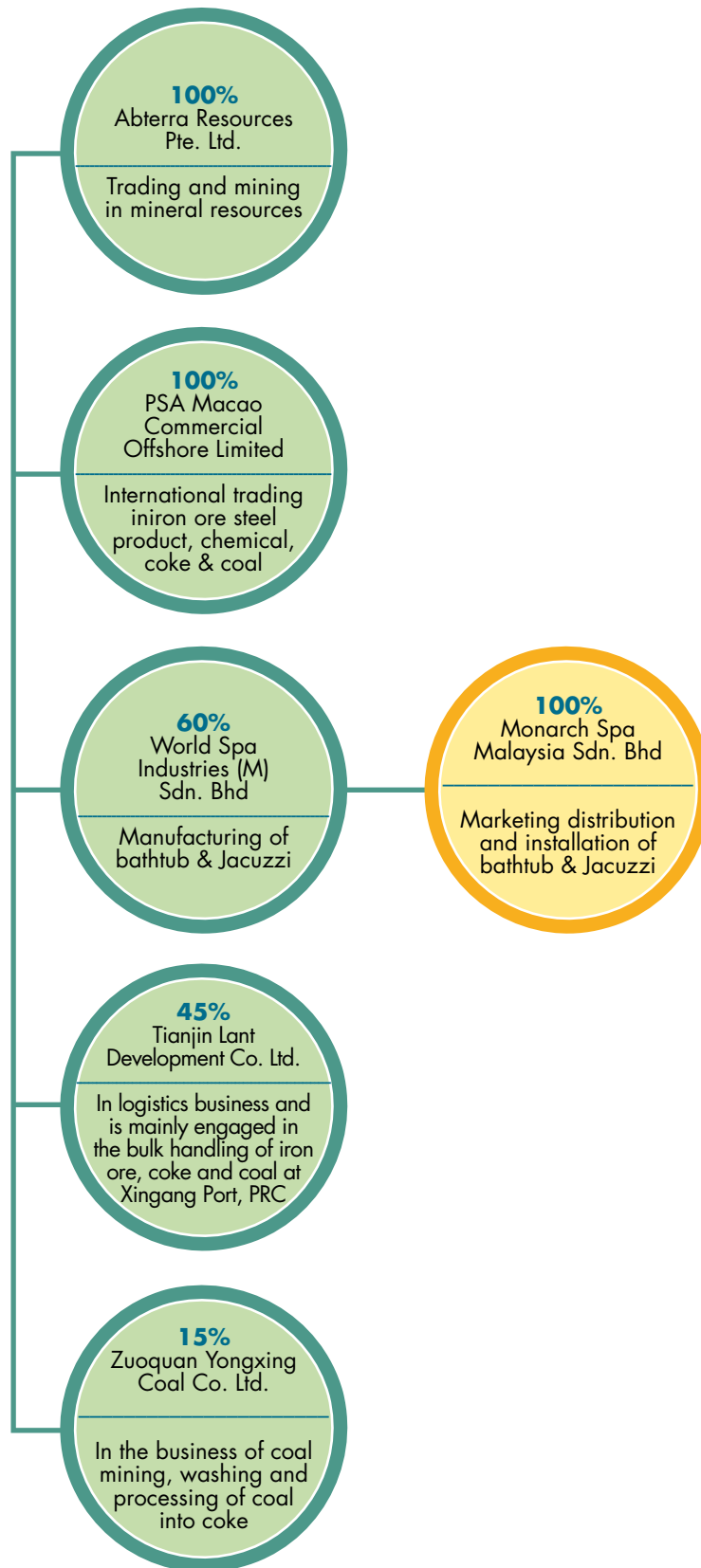
Cai Sui Xin

Executive Chairman

3 October 2007

Corporate Structure

ABTERRA
Abterra Ltd.



Operating Companies



Registered Office/Singapore

Abterra Ltd. / Abterra Resources Pte. Ltd.
8 Shenton Way
31-02
Singapore 068811
Tel: (65) 6885 9800
Fax: (65) 6885 9829
Email: info@abterra.com.sg



Macao

PSA Macao Commercial Offshore Limited
Alameda Dr. Carlos D'Assumpcao nos.
335-341, Edif. Centro Hotline
21º andar "B", Macao
Tel: (853) 757840
Fax: (853) 757836
Email: psamacao@macau.ctm.net



Shanghai

Abterra Ltd. Shanghai Representative Office
2504, First Building of Kerry Ever Bright City
No. 218 West Tian Mu Rd
Shanghai 200070, P. R. China
Tel: (86) 21-6354 7138
Fax: (86) 21-6354 7131
Email: shanghai@abterra.com.sg

Malaysia

World Spa Industries (M) Sdn. Bhd.
No 8 & 10, Jalan Kempas 5/1
Kawasan Perindustrian Jalan Kempas
81200, Tampoi, Johor, Malaysia
Tel: (607) 235 5300
Fax: (607) 235 5200
Email: wsgroup@streamyx.com
Operating Companies
Abterra Ltd. 9

Board of Directors



CAI SUI XIN
Executive Chairman /
Executive Director

Mr. Cai Sui Xin joined the board of directors on October 18, 2006 as a Managing Director and was appointed as the Executive Chairman on November 1, 2006.

Mr. Cai founded the General Nice Development Limited in 1992. Subsequently, he established many other related companies and incorporated them under the umbrella of General Nice Group. After many years of development, The General Nice Group has now developed two main segments of business:

The first segment is the mining of coal, coal washing, electric generation from gangue, coking, the production of coal and chemical industrial products, the transportation, treatment and processing at harbours, warehousing, loading and unloading at ports, of coal coke products, and the industry chain sale of coal coke products;

The second business segment is the industry chain of the exploration of iron deposits and mines, the purchase of foreign ore, the sale of domestic ore, and the production of steel and iron products.

Of these the core business of the General Nice Group is in the sales of coal coke products, for the domestic and foreign sales of which Abterra Ltd. has developed complete networks. In addition, it sells domestic ore to steel mills directly and also distributes them, or use them in its own steel mills. As the subsidiary enterprises of General Nice group companies are located in a economic hotspot country, the PRC and its Bohai Sea Ring Economic Zone, General Nice Group has also participated in the real estate business in these areas and own a substantial amount of real estate and industrial properties.

Under the leadership of Mr. Cai, the General Nice Group is vertically expanding to become China's biggest producer and operator of commercial coke. The Group has its own coal mines, coking factories, power generating stations, chemical engineering factories and other substantial enterprises. It also has specific stations for the distribution, warehousing and other related facilities for coal.

Since 2002, the subsidiary enterprises of the General Nice Group have won many honorable titles like "PRC's Foreign Investment Enterprise of Double Excellence", and the "Best Foreign Investment Enterprise in Tianjin".



LIN XIZHONG
Executive Vice-Chairman /
Executive Director

Mr. Lin Xizhong joined the Board of Directors of the Company on February 6, 2007 as Executive Director and Vice Chairman.

Mr. Lin graduated from Beijing Foreign Language University. He has more than 30 years experience in international trade, resources investment, banking and finance.

Prior to joining General Nice Development Limited as Vice-Chairman, he held various positions in the following companies and organization: Senior Vice President of China Minmetals Corporation; CEO of China Minmetals (HK) Holding Limited; Chairman of Oriental Metals (Holdings) Company Limited; Chairman of ONFEM Holdings Limited; Vice Chairman of Hong Kong First Pacific Bank; China Representative of Commerce & Industrial Advice Committee, a subordinate body of APEC; Chairman of AXA-Minmetals Assurance Limited in Shanghai; Director of AXA APH.

He is also a Director of China Chengtong Holding and China National Building Material Group Corporation.



LAU YU
Chief Executive Officer /
Executive Director

Mr. Lau Yu joined the Board of Directors of the Company on October 18, 2006 as Managing Director and was appointed as the Chief Executive Officer on November 1, 2006.

In 2002, Mr. Lau became a shareholder and director of General Nice Resources (Hong Kong) Limited, a subsidiary of the General Nice Group.

Mr. Lau has over 15 years of solid experience in the international trading of raw materials, including steel, coal, coke and iron ore. He expanded the iron ore business for the General Nice Group and with the growth of its business, General Nice Resources (Hong Kong) Limited exceeded the mark of 2 million tonnes of traded iron ore in 2005. Due to his vast experience in the international trading of coke and metallurgy, he has developed strong relationships with customers in India, Australia, South Africa, Venezuela and Brazil.

His financial background also put him in good stead in making various financing arrangements for the Group. Mr Lau has contributed in many different ways to the establishment of sound financial bases for the development of the Group.



**MAHESKUMAR S/O SHANTILAL
PURSHOTAM MEHTA**
Executive Director

Mr Maheskumar s/o Shantilal Purshotam Mehta joined the group as a Consultant with Prosperity Steel (Asia) Company Limited. Subsequently, he joined Abterra as the Head of Trade Operations on 1 September 2005 and was appointed as Executive Director on 1 July 2006. Mr Mehta is a fellow Chartered Accountant with extensive working experiences of more than 30 years in accounting, financial institutions and trading operations. He had started his initial career with Cold Storage Holdings as Financial Accountant/Group Internal Auditor and subsequently at Gulfeast International and Gulfeast Shipping as their Finance Director. Prior to joining Abterra, he was with Rabo Bank as Senior Manager Trade and Structured Finance, Habib Bank as Head of Business Development, and at Prima Comexindo (Jakarta) as Head of Trade Operations for their worldwide operations.



GERSOM G. VETUZ
Independent Director and
Chairman of Audit Committee

Mr Gersom G Vetuz joined the Board on 1 July 2006 as an Independent Director and was appointed as Chairman of the Audit Committee as well as a member of the Nominating and Remuneration Committees. He has

had 33 years of experience in Public Accounting in Singapore, having had extensive experience in financial audits of multinational companies, public listed companies and local companies in various industries such as automobile sales, services and distribution; construction; hotel, restaurant and catering; international and retail trading; insurance; marketing; manufacturing; and property development. He was an Audit Principal with Deloitte & Touche, Singapore, one of the big four Public Accounting firms from 1 June 1987 to 30 June 2005. He has since retired from Deloitte & Touche. He is now an Audit Director at Moore Stephens, Certified Public Accountants. In 1982, he attended the Executive Program in Business Administration at Columbia University, New York, USA. He has a Bachelor's degree in Business Administration (Major in Accounting), obtained in 1965 from the University of the East, Manila, Philippines, and qualified as a Certified Public Accountant in the Philippines in 1967. He has been a member of the Singapore Institute of Directors since 2005.



LIM HUI MIN JOHN
Independent Director and Chairman
of Nominating Committee

Mr Lim Hui Min John joined the Board on 1 July 2003 as an Independent Director. He is appointed as Chairman of the Nominating Committee as well as a member of the Audit and Remuneration Committees. Mr Lim has spent many years in China and had previously worked for leading property companies including Keppel Land and DBS Land. He was the Assistant General Manager (Regional Investment) of Keppel Land International Limited, General Manager of Keppel Land (Shanghai) Management & Consultancy Company. He is currently the Development Director of VinaCapital Real Estate Co. Ltd, a leading investment banking and fund management company in Vietnam. Mr Lim is also an independent director

and chairman of the audit committee of Fabchem China Limited since April 2006. Mr Lim obtained a Bachelor's degree in Mechanical Engineering from the National University of Singapore and Master's degree in Business Administration from the National University of Singapore in 1985 and 1993 respectively.



CHEW BAN CHUAN VICTOR MARK
Independent Director and Chairman
of Remuneration Committee

Mr Chew Ban Chuan Victor Mark joined the Board on 20 May 2004 as an Independent Director and was appointed as the Chairman of the Remuneration Committee as well as a member of the Audit and Nominating Committees. He is legally qualified person. He holds a Bachelor of Law (Hons) from the National University of Singapore. Mr Chew is now the Group General Manager of Enviro- Hub Holdings Ltd., a company listed on the mainboard of the SGX-ST and a director of several of its subsidiaries. Mr Chew is also active in community service, sitting on the committees of the Citizens Consultative Committee, Community Club Management Committee and Resident's committee.

5-Year Financial Summary

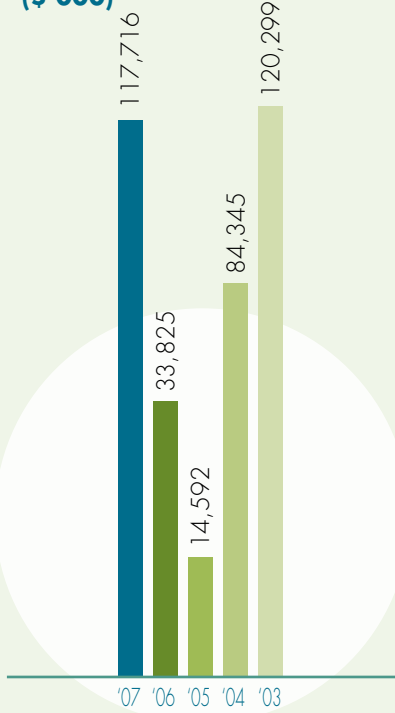
Group	2007	2006	2005	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	117,716	33,825	14,592	84,345	120,299
Operating Profit/(loss)	548	(5,601)	(8,733)	(23,788)	(24,896)
Financial expense (net)	(335)	(353)	(874)	(1,658)	(2,384)
Other items	707	3,575	8,647	(1,836)	12,033
Share of results of associates	-	-	-	207	(120)
Profit/(loss) before tax	920	(2,379)	(960)	(27,075)	(15,367)
Taxation	(2)	9	(16)	157	1,265
Profit after tax	918	(2,370)	(976)	(26,918)	(14,102)
Minority interests	104	105	277	1,076	1,134
Profit/(loss) attributable to shareholders	1,022	(2,265)	(699)	(25,842)	(12,968)
Profit/(loss) ordinary share (cents)	0.04	(0.11)	(0.03)	(8.46)	(4.42)
Shareholders' equity:					
Share capital	53,207	36,414	2,058	15,434	14,684
Reserves	(28,749)	(35,758)	695	(35,454)	(9,683)
Total shareholders' equity	24,458	656	2,753	(20,020)	5,001
Minority interests	296	323	427	711	1,726
Capital employed	24,754	979	3,180	(19,309)	6,727
Represented by:					
Non-current assets	1,348	1,547	1,392	13,797	26,564
Current assets	99,290	3,794	7,947	18,757	39,784
Current liabilities	36,316	(3,957)	(5,395)	(47,526)	(50,986)
Net current assets (liabilities)	62,974	(163)	2,552	(28,769)	(11,202)
Total assets less current liabilities	64,322	1,384	3,944	(14,972)	15,362
Non-current/liabilities	39,568	(405)	(764)	(4,357)	(8,635)
Net assets/(liabilities)	24,754	979	3,180	(19,329)	6,727
Net asset value per ordinary share (cents)	0.89	0.05	0.15	(6.49)	1.70



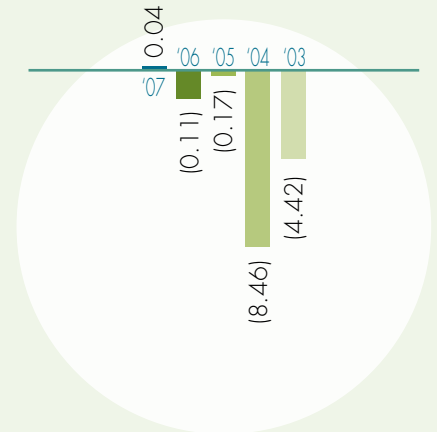


5-Year Financial Statistics

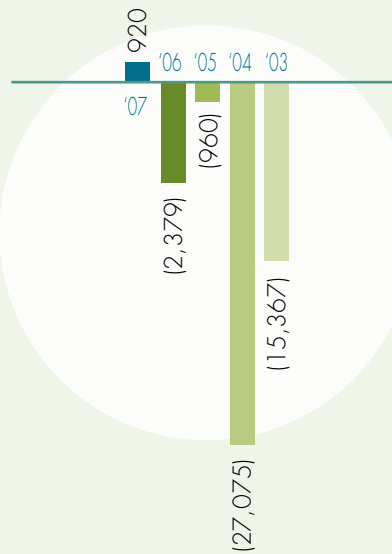
**Turnover
(\$'000)**



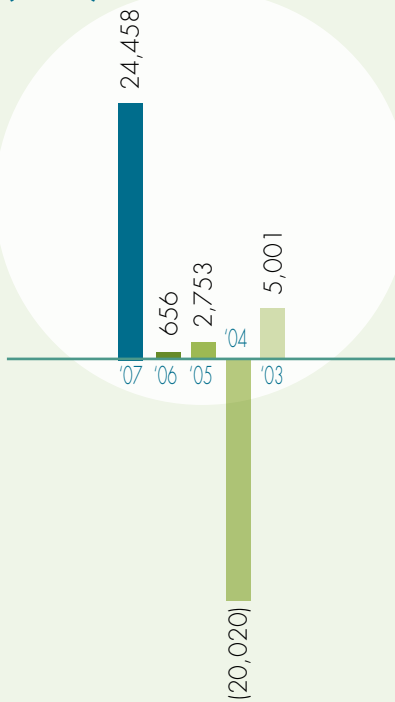
**Profit/(Loss) per ordinary share
(cents)**



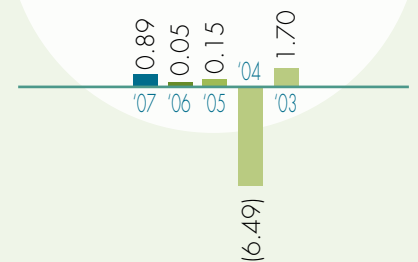
**Profit/(Loss) before
tax (\$'000)**



**Shareholders' equity
(\$'000)**



**Net asset value per
ordinary share
(cents)**





Operating and Financial Review





Operating and Financial Review

The Group, primarily is engaged in iron ore, coal, and coke trading, operates globally and networks with the producers of raw materials and their consumers.

FINANCIAL RESULT

The Group's turnover increased by S\$83.9 million or 248%, from S\$33.8 million in FY2006, to S\$117.7 million in FY2007.

This was achieved through the trading of Iron Ore (S\$51.8 million) Coking Coal (S\$24.3 million) and Metallurgical Coke (S\$29.7 million). Availability of bank facilities and the increased economic activity in China also favorably impacted the Group's revenue. Our two main markets, India (focusing on supply) and China (focusing on sales), where we are well-represented, also enabled us to increase trading volume.

Gross profit increased by S\$0.8 million, or 34.2%, from S\$2.4 million in FY2006, to S\$3.3 million in FY2007. The increase was due mainly to the increase in revenue.

Gross profit margin decreased approximately 7.2% in FY2006 to about 2.8% in FY2007. Currently, the Group is focusing on acquiring constant supplies, rather than spot trading which results in lower gross margins, in percentage term. However, in absolute term, the value is much larger and thus, the Group encountered lower risk.

The Group reported an operating profit of S\$0.5 million in FY2007, as compared to an operating loss of S\$5.6 million in FY2006. This was mainly due to higher gross profit generated from higher revenue and lower operating expenses as a result of the cessation of the Spa Pool Singapore's operation during its last financial year.

Financial expenses increased by S\$0.5 million, or 123.1% from S\$0.4 million in FY2006, to S\$0.9 million in FY2007. This was due to amortized cost amount of S\$0.2 million on 0% convertible notes, issued on 1 June 2007, and higher trust receipt interest incurred, which resulted from higher trading volume.

With the discharge of a S\$0.9 million debt by Prosperity Steel (Asia) Company Limited, the Group's previous holding company, which was offset by the loss from liquidating World-Trend and Monarch Shower System (S\$0.2 million) as part of the Management's decision to exit the World Spa business the Group recorded an Other items gain (net) of 0.7 million (2006 : Other items gain (net) S\$3.6 million).

The Group reported a profit before tax of S\$0.9 million (2006: loss of S\$2.4 million). Profit after tax and minority interests was S\$1.0 million (2006: loss of S\$2.3 million).

WORKING CAPITAL

Trade receivables increased from S\$0.6 million in FY2006, to S\$41.9 million in FY2007, because of significant increase in sales and longer credit term granted to our customers. It was also due to pre-payment of S\$11.2 million in respect of a shipment of Coke, which was delivered in July 2007.

There was a huge demand for iron ore, coal, and coke. However, the trading volume was limited to availability of working capital as average value per transaction is about US\$3 to US\$5 million. With the proceeds of S\$45 million, from issuance of convertible notes received on 1 June 2007, the Group was able to increase its trading volume in June 2007, with more shipments and selling to more customers on term basis.

In view of rising commodities prices, more shipments of commodities were contracted for in June 2007. For shipments whose titles and risk had not been transferred to customers by year-end date were recorded as inventories. The increase in inventories of S\$39.1 million, from S\$1.1 million in FY2006, to S\$40.1 million in FY2007, and an increase in trade payables by S\$30.1 million, from S\$1.5 million in FY2006, to S\$31.5 million in FY2007, mainly due to goods-in-transit as at year-end date.





CASH FLOW

The Group's cash position improved significantly during FY2007. The net cash at bank, at 30 June 2007, was S\$16.5 million as compared to S\$1.7 million as at 30 June 2006.

Net cash used in operating activities increased by S\$43.1 million, from S\$3.6 million in FY2006, to S\$46.7 million in FY2007. This was mainly due to increase in inventories, which amounted to S\$39.1 million and S\$41.8 million in trade receivables, off set by increase in trade payables of S\$30.1 million and bill payables of S\$2.3 million. The increase in working capital requirement was mainly due to significant increase in trading volume in FY2007, as compared to FY2006.

Net cash used in operating activities was financed by proceeds of S\$16.8 million, received from placement of shares during the year, and proceeds of S\$45 million from a proposed issue of 0% conditional unsecured convertible notes, which was approved by the shareholders at the EGM held on 11 July 2007.

SHAREHOLDERS' EQUITY

The Group's shareholder equity stood at S\$24.5 million as at 30 June 2007, versus S\$0.7 million a year ago. The S\$23.8 million increase was the result of issuance of new shares (S\$16.9 million), net after tax profit (S\$1.0 million) and equity reserve arising from issuance of 0% convertible notes due 2010.

The company issued 250 million shares at S\$0.02 per shares on 30 October 2006, 290 million shares at S\$0.02 per share on 9 January 2007, and 171.5 million shares at S\$0.036 per share on 26 March 2007. Total net proceed after issuance cost was S\$16.8 million. The total number of shares increased by 711.5 million to 2,769 million as at 30 June 2007.

BORROWING AND DEBT SECURITIES

The Group strives to maintain a prudent financial structure and to safeguard the entity's ability to thrive and grow, as well as to provide adequate returns for shareholders and stakeholders.

The Group's overall net debt increased S\$37.6 million. This was attributed to the issuance of the 0% Conditional Unsecured Convertible Notes Due 2010, in an aggregate principal amount of S\$45 million. The conversion price is S\$0.05 per share and is convertible from 8 March 2008 up to maturity date. The equity component less deferred tax liability of the convertible notes (S\$5.9 million) is recognized in Shareholder Equity. Liability portion is recorded as long term debt (S\$37.9 million).

At the close of the year, debt-equity ratio of the Group increased to 1.55 times (2006 : 0.68 times).

Despite the increase in overall net debt and debt-equity ratio as at 30 June 2007, the Group's financial position has in fact strengthened as the 0% Convertible Notes is not interest bearing. Once converted, the capital will increase and debt will reduce accordingly.

OPERATION REVIEW

The Group has transacted 172,000 metric tonnes and 93,000 metric tonnes of iron ore, coal, and coke during the financial year.

The Group possesses the following competitive strengths to move forward:

Vertically integrated businesses

The Group had successfully acquired two key elements of the value chain, logistics, and supply capability.

1. 15% equity in Zuoquan Yongxin Coal Co Ltd, a company in the coal mining and coke processing business. This acquisition would enable Abterra to enjoy non-exclusive rights to market coke produced by Yongxin.
2. 45% equity in Tianjin Lant Development Co Ltd, a major provider of iron ore, coke, and coal bulking handling services at Port of Tianjin. The acquisition will provide a major link in the company's natural resources business.

These acquisitions will strongly complement and synergize the Group's business, which will enhance our competitive strengths.





Strong Parent Company

The parent company of the Group, General Nice Resources (Hong Kong) Ltd, and its associates are very established players in iron ore, and coal and coke industry. The Group is able to leverage on its strong brand name and expertise to establish a strong foothold in China and scout for more investment opportunities.

Strong Financial Position

Except for the 0% Convertible Note Due 2010, the Group is virtually debt free. The Group has built up its cash reserve through the issuance of new shares (S\$16.9 millions) during the year, issuance of 0% Convertible Notes (S\$45 million) and will further obtain additional funding from issuance of tranche 2 0% Convertible Notes (S\$31 million) and 1 for 4 right issue (S\$38.2 – 76.2 million). The above funding would enable the Group to embark on expansion in trade activities and acquisition of strategic assets for core business.

Growing demand for Iron Ore, Coal, and Coke

The Group intends to expand its role in the coke industry by participating in the production of coke and logistics transportation. This would definitely increase the Group's competitiveness and profitability.

The increase in commodity prices in the coke industry is largely fuelled by China's economic development. Due to China's rapid industrialisation, demand for steel and iron has been increasing steadily. As coke is a key component in the production of steel, an increase in demand for steel and iron has led to an increase in demand for coke.

In spite of the strength that the Group possess, we have to be wary of the possible factors that could affect the performance of the business:-

Reliable Supply of Iron Ore

Some supplier countries are supported by benchmark pricing, which is usually reviewed annually, by major producer and consumer countries. As such, any price fluctuations are eliminated as tonnages are fixed on an allocation basis and are subjected to annual price agreement. In the event that such finalisation does not take place in a timely manner; or cargoes are allocated, but not available for shipment on schedule, the revenue figures will be adversely affected.

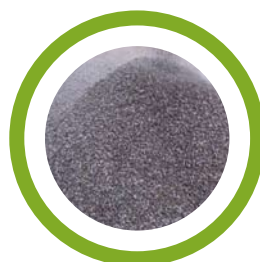
India and Indonesia, which the Group deals mainly with, are not parties to the annual price-fixing cartel. When dealing with these countries, the Group addresses potential risk issues by undertaking practical measures such as having representatives at the point of supply, hence ensuring the supply of the cargoes, which in turn results in price and supply stability. However, there is always a possibility of the Group receiving substandard cargoes and suppliers renegeing on contracts in view of price fluctuations, which might put the Group under pressure to deal with issues of shipping, replacement of cargoes, claims and the support of consuming steel mills.

Availability of licences

The Group is dependent on the quotas available for the export of coke from the PRC. However, their availability is subject to the policies of the central government. On various occasions, the quantum of quotas available has varied and as such, exporters have been subjected to their quota limits being capped. Furthermore, availability of import and export licences, as far as iron ore is concerned, can impact the volume of business of the Issuer.

Political Influences

As the demand of iron ore comes mainly from China, any adverse changes in China's economy can affect the Group's iron ore sales. China imports more than 40% of the world's sea-borne iron ore trade and is a major exporter of steel related products to Europe and USA. China requires to import a lot of iron ore to cater for export market and there exists apprehensions over possible anti-dumping actions by its trading parties.

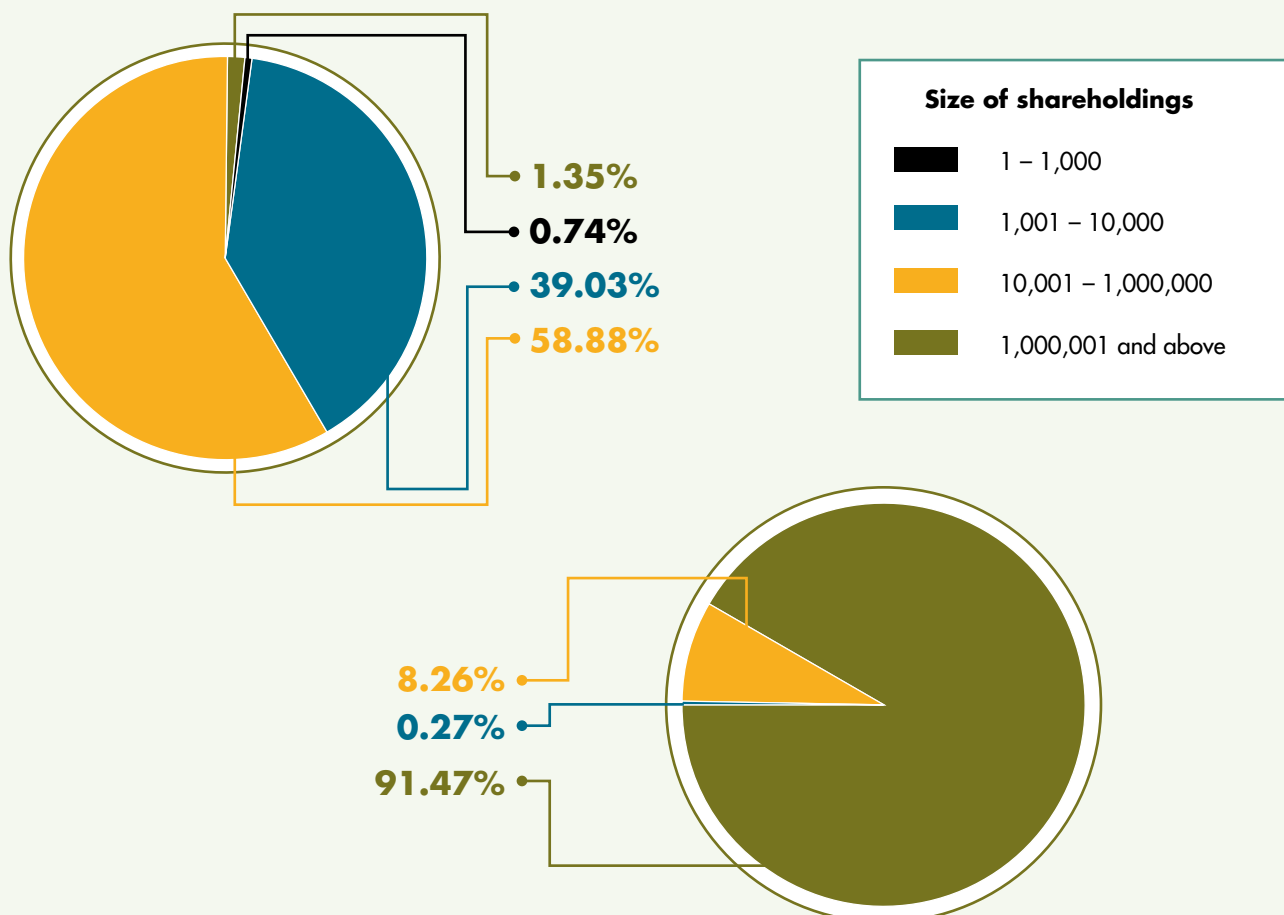


Shareholders Information

ISSUED AND FULLY PAID- UP CAPITAL	:	\$53,388,150
NUMBER OF SHARES ISSUED	:	2,769,334,747 ORDINARY SHARES
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHT	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 17 SEPTEMBER 2007

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	29	0.74	9,454	0.00
1,000 – 10,000	1,536	39.03	7,369,170	0.27
10,001 – 1,000,000	2,317	58.88	228,815,630	8.26
1,000,001 and above	53	1.35	2,533,140,493	91.47
TOTAL	3,935	100.00	2,769,334,747	100.00



ABTERRA

Abterra Ltd.
8 Shenton Way
#31-02
Singapore 068811
Tel : 6885 9800
Fax : 6885 9829
Email : info@abterra.com.sg
Website : www.abterra.com.sg



Financial Calendar

Despatch of annual report to shareholders
October 11, 2007

Annual General Meeting
October 26, 2007

Half year end
December 31, 2006

Announcement of interim results
February 11, 2008

Financial year end
June 30, 2008

Announcement of final results
August 25, 2008



Introduction

The Board of Directors ("Board") and the Management of Abterra Ltd. (the "Company") are committed to maintaining a high standard of corporate governance. Underlying this commitment is the belief that good governance will help to enhance corporate performance and accountability.

This report will help shareholders better understand the Company's practices which were in place throughout the financial year and guided by the Code of Corporate Governance (the "Code").

Board of Directors

Principle 1 - The Board's Conduct of Affairs

Role of the Board

The Board's primary role is to protect and enhance long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals. As part of its responsibility in discharging its duty, the Board also:

- oversees risk management and internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;
- approves major funding investment and divestment proposals;
- approves the nominations to the Board of directors and appointments to the various Board committees; and
- approves the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee.

Board Processes

To give effect to the discharge of its responsibilities, the Board has delegated some of its authorities to three Committees namely, the Audit Committee, the Remuneration Committee and the Nominating Committee. These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored. The attendance of the board members during their tenure of office at the Board and Committee meetings of the Company and the frequency of such meetings are set out below.

Director	Board		Nominating Committee		Remuneration Committee		Audit Committee	
	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended
Yap Tian Suan (resigned on October 18, 2006)	3	1	-	-	-	-	-	-
Cheng Hiu Ying (resigned on October 18, 2006)	3	1						
Mahes Kumar s/o Shantilal Purshotam Mehta (appointed on July 1, 2006)	3	3	-	-	-	-	-	-
Lim Hui Min John	3	2	1	1	1	1	3	3
Chew Ban Chuan Victor Mark	3	2	1	0	1	1	3	1
Gersom G. Vetuz	3	3	1	1	1	1	3	3
Cai Sui Xin (Appointed on October 18, 2006)	3	2	-	-	-	-	-	-
Lau Yu (Appointed on October 18, 2006)	3	2						
Lin Xizhong (appointed on February 6, 2007)	3	1	-	-	-	-	-	-



Financial authorization limits have been put in place for operating and capital budgets, procurement of goods and services, and cheque signatory arrangements. Matters on which the Board's approval is required include material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited. The Board also approves the financial results for release to the Singapore Exchange Securities Trading Limited.

The Board are regularly briefed on the Group's activities to keep them updated on Group developments. The Board are free to request sponsorship from the Company, subject to the approval from the Chairman, to attend courses to update their knowledge and better equip themselves to discharge their duties as Directors.

The Directors of the Company as at the date of this report are :

Executive Directors

1. Mr Cai Sui Xin
2. Mr Lau Yu
3. Mr. Lin Xizhong
4. Mr Maheskumar s/o Shantilal Purshotam Mehta

Non-Executive Independent Directors

1. Mr Lim Hui Min John
2. Mr Chew Ban Chuan Victor Mark
3. Mr Gersom G. Vetuz

Principle 2 - Board Composition and Guidance

The Board comprises seven directors, of whom four are executive directors. Of the remaining three non-executive directors, all three are considered independent by the Nominating Committee. The Nominating Committee considers an independent director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company.

The Nominating Committee, having reviewed the composition of the Board is satisfied that the present size of the Board is effective for decision making. The Nominating Committee is also satisfied that the Board comprised of Directors with a variety of core competencies necessary, expertise and networkings to discharge their duties and responsibilities, and to provide strategic networking to enhance the business of the Group.

The names and the key information of the Directors of the Company in office are set out in the Profile of Board of Directors section of this Annual Report.

Principle 3 - Chairman and Chief Executive Officer

There is a clear separation of the roles and responsibilities of the Chairman and the Chief Executive Officer ('CEO'). Different individuals assume the roles of the Chairman and the CEO. The Chairman of the Board is Mr Cai Sui Xin. As the Executive Chairman, Mr Cai's role, amongst other matters, is to manage the business of the Board, to exercise control over the quantity, quality and timeliness of the flow of information between the Management of the Company and the Board and to preserve harmonious relations with shareholders.

Together with the Chairman, the CEO, Mr Lau Yu, plays an instrumental role in developing the business and making key decisions on the management and operation of the Group.

Principle 4 - Board Membership

Principle 5 - Board Performance

Nominating Committee

The Nominating Committee comprises entirely of non-executive independent directors. As at the date of this report, the Nominating Committee comprises the following members :



Mr Lim Hui Min John, Chairman
Mr Gersom G. Vetuz, Member
Mr Chew Ban Chuan Victor Mark, Member

The Nominating Committee did not meet during the financial year but going forward will schedule to meet at least once a year and at such other times as may be necessary.

The Nominating Committee is responsible for:

- evaluating the effectiveness of the Board as a whole and the contributions of each Director;
- identifying the skills, expertise and capabilities for the effective functioning of the Board;
- maintaining a formal process for the nomination of new Directors;
- re-nominating Directors for re-election at the Annual General Meetings; and
- evaluating and determining the independence of each Director.

The Articles of Association of the Company provides that one-third of the directors, except the Chief Executive Officer shall retire from office at every Annual General Meeting and directors appointed during the course of the year will be subject to re-election at the next Annual General Meeting following his appointment. For the forthcoming Annual General Meeting, Mr Maheskumar s/o Shantilal Purshotam Mehta and Mr Lim Hui Min, John are due for retirement and are eligible for re-election pursuant to Article 91 of the Company's Articles of Association. In addition, Mr Lin Xizhong is due for re-election pursuant to Article 97 of the Company's Articles of Association.

The effectiveness of the Board is monitored by the Nominating Committee. The Nominating Committee assesses the Board performance in terms of overall performance, achieving an adequate return for shareholders, oversight of Management and Group's performance during the year. In evaluating the contributions and performance of each Director, factors taken into consideration include, inter alia, attendance record of the directors at Board meetings and activities, contributions based on the member's respective core competencies, and maintenance of independence. The results of the evaluation process would be used by the Board to effect continuing improvements on Board processes where considered necessary.

The Nominating Committee is satisfied that Mr Lim Hui Min John, Mr Chew Ban Chuan Victor Mark and Mr Gersom G. Vetuz are independent and the directors having external directorships has devoted sufficient time and attention to the affairs of the Group.

Principle 6 - Access to Information

Board members have separate and independent access to the Company's senior management and the company secretary. The company secretary attends all meetings of the Board and Board Committees and ensures that board procedures are followed and that applicable rules and regulations are complied with.

Should directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company will appoint a professional advisor selected by the group or individual, and approved by the Chairman, at the Company's expense, to render the advice.

Remuneration Matters

Principle 7 - Procedures For Developing Remuneration Policies

Remuneration Committee

The Remuneration Committee comprises entirely of independent non-executive directors. As at the date of this report, the Remuneration Committee comprises the following members :

Mr Chew Ban Chua, Victor Mark, Chairman
Mr Lim Hui Min John, Member
Mr Gersom G. Vetuz, Member

The Remuneration Committee is responsible for:

- reviewing and approving the structure of the compensation plans and recruitment strategies of the Group so as to align compensation with shareholders' interests; and
- reviewing the executive directors' and senior management's compensation and determine appropriate adjustments.



No director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the Remuneration Committee to assist in its deliberations.

The Remuneration Committee's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses and benefits-in-kind. The Remuneration Committee's recommendations are submitted for endorsement by the entire Board.

Based on the recommendation of the Remuneration Committee, the Company will be considering the preparation of service contracts for the executive directors and key management staff as and when necessary.

Principle 8 - Level and Mix of Remuneration

The Company adopts an overall remuneration policy for employees comprising a fixed component in the form of a base salary, and a variable component in the form of a bonus that is linked to the performance of the Company, the individual, the industry and the economy.

The payment of directors' fees is subject to the approval of shareholders.

Principle 9 - Disclosure of Remuneration

The remuneration of the Directors of the Company for the year under review are as follows:

Director	Directors' Fees (%)	Salary* (%)	Bonus (%)	Benefits in kind (%)	Total (%)
Below \$250,000					
Gersom G. Vetuz	100	-	-	-	100
Lim Hui Min John	100	-	-	-	100
Chew Ban Chuan Victor Mark	100	-	-	-	100
Lin Xinzong	-	100	-	-	100
Maheskumar s/o Shantilal Purshotam Mehta (appointed on July 1, 2006)	-	92.3	7.7	-	100

*Salary is inclusive of CPF

The Company has three key executives (who are not also directors). None of them received remuneration in excess of \$250,000 during the financial year under review. Save for the Directors disclosed in the table above, there are no employees who are immediate family members of the Directors or the Chief Executive Officer whose remuneration exceeded \$150,000 during the year under review.

The Company currently does not have any employee share option scheme.

Accountability And Audit

Principle 10 - Accountability

During the financial year 2007, the Company released its half year results within 45 days and full year results within 60 days from the end of the half year and financial year as the case may be.

The shareholders are provided with detailed analysis, explanation and assessment of the Group's financial position and prospects via the issuance of annual reports and semi-annual announcements of results.

Principle 11 - Audit Committee

The Audit Committee comprises entirely of non-executive independent directors. As at the date of this report, the Audit Committee comprises the following members :

Mr Gersom G. Vetuz, Chairman
Mr Lim Hui Min John, Member
Mr Chew Ban Chuan Victor Mark, Member



The Board has reviewed and is satisfied that the members of the Audit Committee are appropriately qualified to discharge their responsibilities. The members of the Audit Committee are scheduled to meet on a quarterly basis, and have the following principal functions:

- review the scope and results of the audit undertaken by the external auditors, including non-audit services performed by them to ensure that there is a balance between maintenance of their objectivity and cost effectiveness;
- review the internal audit plans, the scope and results of internal audit procedures;
- review with the external auditors the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management;
- review the financial statements and other announcements to shareholders and the Singapore Exchange Securities Trading Limited (SGX-ST), prior to submission to the Board;
- conduct investigation into any matter within the Audit Committee's scope of responsibility and review any significant findings of investigations;
- assess the independence and objectivity of the external auditors;
- recommend to the Board on the appointment or re-appointment of external auditors;
- review the assistance given by the Company's officers to the external auditors; and
- review interested person transactions.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors during the financial year, and in the Audit Committee's opinion, the provision of these services does not impair the independence of the external auditors.

Principle 12 - Internal controls

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

During the year, the Board regularly reviews, with the assistance of the external auditors and internal auditors, the effectiveness of the Company's material internal controls, including operational controls. The Board and Management have reviewed and implemented stringent internal controls to safeguard shareholders' interest and the Company's assets.

Principle 13 - Internal audit

The Board is responsible for maintaining a system of internal control processes to safeguard shareholders' interest and the Group's business and assets.

The Group has outsourced the internal audit function. At least once a year, the internal audit team will closely examine and evaluate the internal control systems of all major operating entities in accordance with the audit plan as approved by the Audit Committee. The internal audit team will report to the Audit Committee on any material non-compliance and internal control weaknesses, and will recommend improvements, where necessary. The Audit Committee oversees and monitors the implementation of any improvements thereto.

Communications with Shareholders

Principle 14 - Regular, Effective and Fair Communication With Shareholders

The Company takes a serious view of maintaining full and adequate disclosure, in a timely manner, of material events and matters concerning its business. All the necessary disclosures are made in public announcements, press releases and annual reports to shareholders.

The Company's website at www.abterra.com.sg also provides up-to-date information on the Group and its businesses.



Corporate Governance

Principle 15 - Shareholders Participation at Annual General Meetings

The annual general meeting of the Company provides a principal forum for dialogue and interaction with shareholders. Members of the Board and the Company's external auditors are present to address questions raised by shareholders at Annual General Meetings.

The Articles of Association of the Company provides for voting in person at the Annual General Meetings of the Company.

Issues or matters requiring shareholders' approval are tabled in the form of separate and distinct resolutions.

Dealing in Securities

The Company has adopted an internal code on dealings in securities to govern dealings in its shares by the directors and the key employees of the Group. This internal code is modeled on the Best Practices Guide of the Singapore Exchange Securities Trading Limited relating to dealings in securities and has been disseminated to the directors and the key employees of the Group.

Compliance With Existing Best Practices Guide of the Singapore Exchange

The Board of directors confirm that for the financial year ended 30 June 2007, the Company has complied with the principal corporate governance recommendations set out in the Best Practices Guide issued by the SGX-ST.

Report of the Directors

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 30 June 2007.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Cai Sui Xin (appointed on 18 October 2006)
 Lin Xizhong (appointed on 6 February 2007)
 Lau Yu (appointed on 18 October 2006)
 Maheskumar s/o Shantilal Purshotam Mehta (appointed on 1 July 2006)
 Gersom G. Vetuz (appointed on 1 July 2006)
 Lim Hui Min John
 Chew Ban Chuan Victor Mark

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest			Deemed interest		
	1 July 2006 or date of appointment, if later	30 June 2007	21 July 2007	1 July 2006 or date of appointment, if later	30 June 2007	21 July 2007
The Company						
Abterra Ltd.						
Ordinary shares						
Cai Sui Xin	-	-	-	1,338,608,919	1,389,908,919	1,389,908,919
Lin Xizhong	5,000,000	5,000,000	5,000,000	-	-	-
Maheskumar s/o Shantilal Purshotam Mehta	-	-	-	100,000	100,000	100,000
Lim Hui Min John	100,000	100,000	100,000	-	-	-
The Holding Company						
General Nice Resources (Hong Kong) Ltd.						
Ordinary shares of HK\$1 each						
Cai Sui Xin	-	-	-	80,000,000	80,000,000	80,000,000
Lau Yu	19,990,000	19,990,000	19,990,000	-	-	-

No other director had an interest in any shares or debentures of the Company or related corporations either at the beginning, (or date of appointment, if later) or end of the financial year or on 21 July 2007.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

5. OPTIONS GRANTED

During the financial year, there were no options granted to any person to take up unissued shares in the Company or any subsidiary company.

6. OPTIONS EXERCISED

During the financial year, there were no shares of the Company issued by virtue of any exercise of option to take up unissued shares.

7. OPTIONS OUTSTANDING

At the end of the financial year, there were no unissued shares of the Company under option.

8. AUDIT COMMITTEE

The Board supports the developments to improve corporate governance and confirms compliance with the Singapore Exchange Securities Trading Limited Best Practices Guide relating to Audit Committee.

The Audit Committee comprises three independent directors, one of whom is also the Chairman of the Audit Committee. The members of the Audit Committee are:

Gersom G. Vetuz (Chairman)
Lim Hui Min John
Chew Ban Chuan Victor Mark

The Audit Committee performs its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 and the requirements of the Singapore Exchange Securities Trading Limited. In performing those functions, the Audit Committee reviewed the overall scope of external audits and the assistance given by the Company's officers to the auditors. The Audit Committee met with the external auditors to discuss the results of their audits and their evaluation of the systems of internal accounting controls. The Audit Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the year ended 30 June 2007, as well as the external auditors' report thereon.

In addition the Audit Committee reviewed Interested Person Transactions for the financial year ended 30 June 2007 to satisfy itself that the transactions are on normal commercial terms.

Report of the Directors

9. AUDITORS

The auditors, LTC & Associates, have expressed their willingness to accept re-appointment.

Cai Sui Xin
Chairman

Lau Yu
Chief Executive Officer

Singapore, 3 October 2007



Statement by Directors

In the opinion of the directors,

- (i) the accompanying balance sheets, consolidated income statement, statements of changes in equity of the Group and of the Company, and consolidated cash flows statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2007, and of the results of the business of the Group, changes in equity of the Group and of the Company, and cash flows of the Group for the year then ended, and
- (ii) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Cai Sui Xin
Chairman

Lau Yu
Chief Executive Officer

Singapore, 3 October 2007

Independent Auditors' Report

to the members of Abterra Ltd.
For the financial year ended 30 June 2007

We have audited the accompanying financial statements of Abterra Ltd. (the "Company") and its subsidiaries (collectively, the Group) set out on pages 29 to 69 for the financial year ended 30 June 2007, which comprise the balance sheet of the Group and of the Company as at 30 June 2007, the consolidated income statement of the Group, statement of changes in equity of the Group and of the Company and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2007 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

LTC & Associates
Certified Public Accountants

Singapore, 3 October 2007



Balance Sheets

as at 30 June 2007

	Note	Group		Company	
		2007 \$'000	*2006 \$'000	2007 \$'000	*2006 \$'000
Shareholders' equity:					
Share capital	4	53,207	36,414	53,207	36,414
Reserves	5	(28,749)	(35,758)	(34,319)	(35,413)
Total shareholders' equity		24,458	656	18,888	1,001
Minority interests		296	323	-	-
Total equity		24,754	979	18,888	1,001
Represented by:					
Non-current assets:					
Property, plant and equipment	6	1,348	1,547	194	368
Investment in subsidiaries	7	-	-	-	203
Other investments	8	-	-	-	-
Goodwill on consolidation	9	-	-	-	-
Total non-current assets		1,348	1,547	194	571
Current assets:					
Cash and bank balances	10	16,817	1,997	16,620	1,520
Trade receivables	11	41,954	583	36,638	38
Other receivables, deposits and prepayments	12	395	160	705	59
Loan to subsidiary companies	13	-	-	-	-
Inventories	14	40,124	1,054	22,445	344
Total current assets		99,290	3,794	76,408	1,961
Current liabilities:					
Trade payables	15	31,697	1,454	16,787	385
Other payables and accruals	16	1,941	1,864	1,683	828
Bill payables to bank	17	2,331	-	-	-
Bank overdrafts (secured)	18	258	259	-	-
Obligation under finance lease	19	24	323	24	318
Bank loans (secured) – repayable within one year	20	62	57	-	-
Provision for income tax		3	-	-	-
Total current liabilities		36,316	3,957	18,494	1,531
Net current assets/ (liabilities)		62,974	(163)	57,914	430
Total assets less current liabilities		64,322	1,384	58,108	1,001

The accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 30 June 2007



	Note	Group		Company	
		2007 \$'000	*2006 \$'000	2007 \$'000	*2006 \$'000
Non-current liabilities:					
Obligation under finance lease	19	48	-	48	-
Bank loans (secured) – repayable after one year	20	298	349	-	-
Convertible notes	21	37,873	-	37,873	-
Deferred taxation	22	1,349	56	1,299	-
Total non-current liabilities		39,568	405	39,220	-
Net assets		24,754	979	18,888	1,001

* The comparative figures have been restated to reflect the prior year adjustment (see Note 36).

The accounting policies and explanatory notes form an integral part of the financial statements.



Consolidated Income Statement

for the financial year ended 30 June 2007

		Group	
	Note	2007 \$'000	2006 \$'000
Turnover	23	117,716	33,825
Cost of sales		(114,452)	(31,393)
Gross profit		3,264	2,432
Other operating income	24	630	460
Administrative expenses		(2,278)	(2,729)
Other operating expenses		(477)	(5,702)
Financial expenses	26	(926)	(415)
Other items (net)	27	707	3,575
Profit / (loss) before tax	28	920	(2,379)
Taxation	29	(2)	9
Net profit / (loss) for the year		918	(2,370)
Net profit / (loss) attributable to :			
Shareholders of the Company		1,022	(2,265)
Minority interests		(104)	(105)
		918	(2,370)
Earning / (loss) per ordinary share (cents)	30		
Basic		0.04	(0.11)
Diluted*		-	(0.11)

* Diluted earnings per share has not been disclosed as it is anti-dilutive.

The accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 June 2007

Group	Share capital \$'000	Share premium \$'000	Other reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total \$'000
Balance as at 1 July 2006	36,414	-	-	201	(42)	(35,917)	656	323	979
Currency translation differences	-	-	-	-	61	-	61	-	61
Profit for the year	-	-	-	-	-	1,022	1,022	(104)	918
Issue of new share	16,974	-	-	-	-	-	16,974	-	16,974
Share issue expenses	(181)	-	-	-	-	-	(181)	-	(181)
Convertible notes – equity component (note 21)	-	-	7,217	-	-	-	7,217	-	7,217
Deconsolidation and liquidation of subsidiaries, net	-	-	-	-	-	-	-	77	77
Deferred tax adjustment during the year (note 22)	-	-	(1,299)	8	-	-	(1,291)	-	(1,291)
Balance as at 30 June 2007	53,207	-	5,918	209	19	(34,895)	24,458	296	24,754
Balance as at 1 July 2005	2,058	34,356	-	-	(94)	(33,169)	3,151	427	3,578
Prior year adjustment (note 36)	-	-	-	-	-	(398)	(398)	-	(398)
At 1 July 2005 as restated	2,058	34,356	-	-	(94)	(33,567)	2,753	427	3,180
Transfer to share capital	34,356	(34,356)	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	(33)	-	(33)	-	(33)
Inter-reserve transfers	-	-	-	-	85	(85)	-	-	-
Revaluation surplus :	-	-	-	256	-	-	256	-	256
Freehold land and building	-	-	-	(55)	-	-	(55)	-	(55)
Deferred tax on revaluation surplus (notes 22)	-	-	-	-	-	-	-	1	1
Others	-	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(2,265)	(2,265)	(105)	(2,370)
Balance as at 30 June 2006	36,414	-	-	201	(42)	(35,917)	656	323	979

The accounting policies and explanatory notes form an integral part of the financial statements.



Statements of Changes in Equity

For the financial year ended 30 June 2007

Company	Share capital \$'000	Share premium \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 July 2006	36,414	-	-	2	(35,415)	1,001
Currency translation differences	-	-	-	5	-	5
Loss for the year	-	-	-	-	(4,829)	(4,829)
Issued of new shares	16,974	-	-	-	-	16,974
Share issue expenses	(181)	-	-	-	-	(181)
Convertible notes – equity component (note 21)	-	-	7,217	-	-	7,217
Deferred tax adjustment during the year	-	-	(1,299)	-	-	(1,299)
Balance as at 30 June 2007	53,207	-	5,918	7	(40,244)	18,888
Balance as at 1 July 2005	2,058	34,356	-	-	(31,074)	5,340
Prior year adjustment (note 36)	-	-	-	-	(398)	(398)
At 1 July 2005 as restated	2,058	34,356	-	-	(31,472)	4,942
Transfer to share capital	34,356	(34,356)	-	-	-	-
Currency translation differences	-	-	-	2	-	2
Loss for the year	-	-	-	-	(3,943)	(3,943)
Balance as at 30 June 2006	36,414	-	-	2	(35,415)	1,001

The accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 June 2007



	2007 \$'000	2006 \$'000
Cash flows from operating activities		
Profit / (loss) from ordinary activities before taxation	920	(2,379)
Adjustments for:		
Other items	(707)	(3,575)
Allowance for doubtful debts	150	5,306
Allowance for stock obsolescence	15	213
Inventories written off	19	-
Bad trade debts written off	1	21
Depreciation of property, plant and equipment	95	119
Loss on disposal of property, plant and equipment	28	14
Interest income	(591)	(62)
Interest expense	926	415
Allowance / (reversal) for impairment of property, plant and equipment	10	(29)
Impairment loss in value and written off of unquoted investments	-	13
Unrealised exchange loss	125	143
Translation (gain) / loss	(6)	31
Provision for unutilised leave	31	2
Operating profit before working capital changes	1,016	232
(Increase) / decrease in:		
Inventories	(39,109)	(803)
Trade receivables	(41,855)	(4,206)
Other receivables, deposits and prepayments	(236)	(151)
Increase / (decrease) in:		
Trade payables	30,338	411
Bill payables to banks	2,331	-
Other payables and accruals	544	311
Due to ultimate holding company	460	936
Cash utilized in operations	(46,511)	(3,270)
Interest income received	591	62
Interest expense paid	(737)	(415)
Income tax refunded	-	7
Net cash used in operating activities	(46,657)	(3,616)

The accounting policies and explanatory notes form an integral part of the financial statements.



Consolidated Cash Flow Statement

For the financial year ended 30 June 2007

	2007 \$'000	2006 \$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(93)	(106)
Proceeds from the sale of property, plant and equipment	256	3
Acquisition of subsidiary company, net*	-	(10)
Cash inflow from liquidation of subsidiary companies, net	8	2,122
Net cash provided by investing activities	171	2,009
Cash flows from financing activities		
Net repayment of bank loans	(57)	(53)
Net repayment of finance lease commitments	(327)	(62)
Net proceeds from issuance of new shares	16,793	-
Proceeds from issuance of convertible notes	45,000	-
Expenses in relation to issuance of convertible notes	(102)	-
Fixed deposits discharged from banks	-	5,000
Net cash provided by financing activities	61,307	4,885
Net increase in cash and cash equivalents	14,821	3,278
Cash and cash equivalents at beginning of year	1,738	(1,540)
Cash and cash equivalents at end of year	16,559	1,738
Cash and cash equivalents comprise:		
Cash and bank balances (Note 10)	16,817	1,997
Bank overdrafts (secured)	(258)	(259)
	16,559	1,738

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$164,000 of which \$71,250 was acquired by means of finance leases. Cash payments of \$92,750 were made to purchase property, plant and equipment.

* Acquisition of subsidiary company

The fair value of the net assets of subsidiary acquired were as follows:

	2007 \$'000	2006 \$'000
Group's share of fair value of net assets acquired	-	-
Goodwill	-	10
	-	10
Add : Cash and cash equivalents acquired	-	-
Cash outflow on acquisition net of cash acquired	-	(10)

The accounting policies and explanatory notes form an integral part of the financial statements.



1. GENERAL

Abterra Ltd. is a limited liability Company and is incorporated in Singapore.

The registered office and principal place of business of Abterra Ltd. is located at 8 Shenton Way, #31-02, Singapore 068811.

The Company's immediate holding company is General Nice Resources (Hong Kong) Limited, a company incorporated in Hong Kong. The Company's ultimate holding company is General Nice Development Ltd, a company incorporated in Hong Kong.

The principal activities of the Company are trading, those of investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are as shown in Note 39 to the financial statements.

The financial statements of Abterra Ltd. and the consolidated financial statements of Abterra Ltd. and subsidiary companies for the year ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 3 October 2007.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance ("CCDG") as required by the Singapore Companies Act.

The financial statements are expressed in Singapore Dollar, which is also its functional currency, and prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

As described in Note 31, the "spa pools and bathroom products" segment have been classified as discontinuing operations for the financial year ended 30 June 2007. The carrying values of the remaining assets and liabilities as at 30 June 2007 are presented in the consolidated financial statements at their fair values.

The accounting policies have been constantly applied and are consistent with those used in the previous financial year.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of accounting and preparation (Cont'd)

In the current year, the Group has adopted all of the new and revised FRSs issued by CCDG that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2006 are as follows:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts

INT FRS effective for annual accounting periods beginning on or after 1 January 2006:

INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 106	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electrical Equipment
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives

Certain new accounting standards have been published that are effective for accounting periods beginning on or after 1 January 2007. The directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Company.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

(c) Subsidiary companies

Investments in subsidiary companies are stated in the financial statements of the Company at cost. Impairment loss is made where there is a decline in value.

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

(d) Currency translation

(1) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Singapore Dollar, which is the Company's functional and presentation currency.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Currency translation (Cont'd)

(2) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(3) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(e) Property, plant and equipment and depreciation

(1) Measurement

(i) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(2) Depreciation

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Freehold buildings	30-50 years
Plant, machinery, furniture and equipment	3-15 years
Motor vehicles	5-10 years
Leasehold improvements	Leasehold period

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

No depreciation is provided on freehold land and leasehold building in progress.

Fully depreciated assets still in use are retained in the financial statements.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment and depreciation (Cont'd)

(3) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(4) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(f) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for cash generating unit (CGU) to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of an asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined net of amortisation or depreciation had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

(g) Other investments

Other unquoted investments are stated at cost less impairment losses for any diminution in value.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes materials, all direct expenditure and an attributable proportion of overheads, determined on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

Impairment losses are made for deteriorated, damaged, expired and slow-moving inventories.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

Cash and cash equivalents comprise of cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form integral part of Group's cash management.

(j) Finance leases

Finance leases, which effectively transfer to the Group substantially all the risk and rewards incidental to ownership of the leased item, are capitalised at amounts equal, at the inception of the lease, to the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(k) Loans and borrowings

All the loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

(l) Convertible notes

When the convertible notes are issued, the liability component and the equity component are separately presented on the balance sheet. The liability component is recognised as its fair value determined using a market interest rate for equivalent non-convertible notes. It is subsequently carried at amortised cost until the liability is extinguished on conversion or redemption of the notes.

(m) Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of taxes, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

Revenue from the sale of goods is recognised when the Group has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Revenue from the spa business is recognised net of discounts upon the transfer of risks and rewards.

Service income is recognised when services are rendered to customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Management income is recognised when services are rendered to the subsidiaries.

Allowance is made for any foreseeable losses as soon as they are known.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and
- (ii) the tax consequence that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(p) Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Goodwill is stated at cost less impairment losses and it is tested annually for impairment. Goodwill on the acquisition of subsidiaries is presented as intangible assets.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee benefits

(i) Pensions and other post-employment benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Malaysia companies in the Group make contributions to the Central Provident Fund scheme and the Employee Provident Fund, defined contribution pension schemes in Singapore and Malaysia respectively. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

(r) Financial assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated at their fair value by providing sufficient allowances for estimated irrecoverable amounts.

(s) Financial liabilities

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated at their fair value. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method. Distributions to holders of financial instruments classified as equity are charged directly to equity.

(t) Segment reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(u) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

(v) Trade payables

Trade payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

(w) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Financial guarantees (Cont'd)

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount.

In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 18 Revenue and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

(b) Critical accounting estimates and assumptions

The key assumptions concerning the future, and other key sources of estimates and assumptions at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment and collectability of trade and other receivables

The Group follows the guidance of FRS 39 (revised 2004) to determine when trade and other receivables are impaired. This determination requires certain level of judgement. The Group first assesses whether objective evidence of impairment exists for individually significant debtors and collectively for debtors which are not individually significant. The Group evaluates, among other factors, financial status of the debtor, any changes in the collection status and changes in industry conditions that affect the debtors. Trade and other receivables that are collectively evaluated for impairment are based on historical loss experience for receivables with similar credit risk characteristics.

The methodology and assumptions used for estimating potential impairment loss are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. SHARE CAPITAL

	Group and Company			
	2007		2006	
	No of shares	\$'000	No of shares	\$'000
Issued and fully paid:				
At beginning of year	2,057,834,747	36,414	2,057,834,747	2,058
Issued during the year	711,500,000	16,974	-	-
Share issue expenses	-	(181)	-	-
Transfer from share premium to share capital (Note 5)	-	-	-	34,356
At end of year	2,769,334,747	53,207	2,057,834,747	36,414

During the year, the Company issued placement shares of 711,500,000 ordinary shares for cash for the Company's working capital purposes, including earmarking as margin for opening of letters of credit to be utilised for trading purposes. The shares issued ranked pari passu with the existing ordinary shares of the Company. The net proceed had been fully utilised for their intended purposes.



5. RESERVES

	Group and Company	
	2007	2006
	\$'000	\$'000
<u>Share premium</u>		
At beginning of year	-	34,356
Transfer to Share Capital during the year (Note 4)	-	(34,356)
At end of year	-	-

Movements in other reserves are set out in the Statements of Changes in Equity.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land and Building \$'000	Plant, Machinery, Furniture and Equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Total \$'000
Cost / valuation:					
As at 1 July 2006	1,123	988	624	108	2,843
Additions	-	54	110	-	164
Disposals	-	-	(555)	-	(555)
Written off	-	(170)	(14)	-	(184)
Impairment	-	(10)	-	-	(10)
Disposal of subsidiary	-	(23)	(28)	-	(51)
Translation difference	29	14	2	1	46
As at 30 June 2007	1,152	853	139	109	2,253
Accumulated depreciation / impairment:					
As at 1 July 2006	-	858	370	68	1,296
Depreciation charge for the year	11	42	14	28	95
Disposals	-	-	(322)	-	(322)
Written off	-	(123)	(10)	-	(133)
Disposal of subsidiary	-	(23)	(25)	-	(48)
Translation difference	-	14	1	2	17
As at 30 June 2007	11	768	28	98	905
Net carrying value:					
At 30 June 2007					
At cost	-	85	111	11	207
At valuation	1,141	-	-	-	1,141
	1,141	85	111	11	1,348

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold Land and Building \$'000	Plant, Machinery, Furniture and Equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Total \$'000
Cost / valuation:					
As at 1 July 2005	939	1,414	797	100	3,250
Additions	-	63	-	43	106
Revaluation surplus	196	-	-	-	196
Liquidation of subsidiary company	-	(357)	(171)	(40)	(568)
Disposals	-	(27)	-	-	(27)
Adjustment / (written off)	-	(88)	-	7	(81)
Translation difference	(12)	(17)	(2)	(2)	(33)
As at 30 June 2006	1,123	988	624	108	2,843
Accumulated depreciation / impairment:					
As at 1 July 2005	68	1,263	436	94	1,861
Depreciation charge for the year	9	47	55	8	119
Reversal of impairment losses	-	-	(29)	-	(29)
Revaluation surplus	(60)	-	-	-	(60)
Liquidation of subsidiary company	-	(339)	(91)	(40)	(470)
Disposals	-	(10)	-	-	(10)
Adjustment / (written off)	-	(88)	-	8	(80)
Translation difference	(17)	(15)	(1)	(2)	(35)
As at 30 June 2006	-	858	370	68	1,296
Net carrying value:					
At 30 June 2006					
At cost	-	130	254	40	424
At valuation	1,123	-	-	-	1,123
	1,123	130	254	40	1,547

Notes to the Financial Statements

30 June 2007



6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Machinery, Furniture and Equipment \$'000	Motor Vehicles \$'000	Leasehold improvements \$'000	Total \$'000
Cost / valuation:				
As at 1 July 2006	385	555	43	983
Additions	51	110	-	161
Disposals	-	(555)	-	(555)
Written off	(130)	-	-	(130)
As at 30 June 2007	306	110	43	459
Accumulated depreciation / impairment:				
As at 1 July 2006	289	322	4	615
Charge for the year	28	2	26	56
Disposals	-	(322)	-	(322)
Written off	(84)	-	-	(84)
As at 30 June 2007	233	2	30	265
Net carrying value:				
At 30 June 2007	73	108	13	194

Company	Machinery, Furniture and Equipment \$'000	Motor Vehicles \$'000	Leasehold improvements \$'000	Total \$'000
Cost / valuation:				
As at 1 July 2005	349	555	-	904
Additions	63	-	43	106
Disposals	(27)	-	-	(27)
As at 30 June 2006	385	555	43	983
Accumulated depreciation / impairment:				
As at 1 July 2005	273	281	-	554
Charge for the year	26	41	4	71
Disposals	(10)	-	-	(10)
As at 30 June 2006	289	322	4	615
Net carrying value:				
At 30 June 2006	96	233	39	368



6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- a. As at 30 June 2007, the Company had motor vehicles under finance leases with a net book value of approximately \$108,500 (2006: \$233,000). The Group had motor vehicles with net book values of approximately \$108,500 (2006: \$253,000) respectively, which were acquired under finance leases.
- b. Freehold land and building of the Group with a net book value of approximately \$1,140,600 (2006: \$1,123,000) have been charged to a bank for banking facilities granted to a subsidiary company.
- c. In a subsidiary, a valuation has been performed by Regroup Associates (Johor) Sdn. Bhd., an independent professional valuer, a member of the Institution of Surveyors, Malaysia. Valuations were made on the basis of comparable methods. The valuation was \$1,123,000. Freehold land and building recorded a revaluation surplus of \$256,000 accordingly at 30 June 2006.
- d. As at 30 June 2007, had the revalued freehold land and building of the Group been carried at historical cost less accumulated depreciation, the net book value would have been \$831,000 (2006 : \$840,000).
- e. The Group have made adjustments to their impaired losses for the machinery, furniture and equipment to its estimated market value as at 30 June 2007 and impaired losses for motor vehicles to its estimated market value as at 30 June 2006.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2007	2006
	\$'000	\$'000
<u>Subsidiary companies comprise:</u>		
Unquoted equity shares:		
Cost at beginning of year	2,836	3,671
Additions during the year	-	1,030
Written-off during the year	-	(1,865)
Cost at end of year	2,836	2,836
Less: impairment loss	(2,836)	(2,633)
Investment in subsidiaries	-	203

Movement in impairment loss of investment in subsidiary companies is as follows:

	Company	
	2007	2006
	\$'000	\$'000
At beginning of year	2,633	3,671
Charge for the year	203	827
Written-off against allowance during the year	-	(1,865)
At end of year	2,836	2,633

Information relating to subsidiaries is disclosed in Note 39.



8. OTHER INVESTMENTS

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Unquoted investments:				
Club memberships	-	26	-	26
Less: written-off during the year	-	(26)	-	(26)
Less: impairment loss	-	-	-	-
Total	-	-	-	-

Movement in impairment loss of unquoted investments is as follows:

At beginning of year	-	23	-	23
Impairment loss for the year	-	3	-	3
Less: written-off during the year	-	(26)	-	(26)
At end of year	-	-	-	-

9. GOODWILL ON CONSOLIDATION

Group	2007 \$'000	2006 \$'000
At beginning of year	10	-
Addition during the year	-	10
Written off	(10)	-
At end of year	-	10
Less: impairment loss	-	(10)
Carrying amount	-	-

Movement in impairment loss is as follows:

At beginning of year	10	-
Impairment loss for the year	-	10
Written off	(10)	-
At end of year	-	10

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from business combination.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.



10. CASH AND BANK BALANCES

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash and bank balances	1,802	1,647	1,605	1,520
Fixed deposits	15,015	350	15,015	-
	<u>16,817</u>	<u>1,997</u>	<u>16,620</u>	<u>1,520</u>

Fixed deposits of the Group amounting to \$15,015,000 (2006: \$350,000) are placed on call deposits at effective interest rates ranging from 3.47% to 4.735% (2006: 4.25% to 4.445%).

The carrying amounts of cash and bank balances approximate their fair values and are denominated in the following currencies:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore Dollar	16,508	244	16,508	241
United States Dollar	205	1,698	112	1,272
Malaysian Ringgit	85	40	-	-
Renminbi	-	7	-	7
Macao Pataca	19	8	-	-
	<u>16,817</u>	<u>1,997</u>	<u>16,620</u>	<u>1,520</u>

11. TRADE RECEIVABLES

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Subsidiary companies	-	-	1,765	1,800
Third parties	47,127	5,962	36,638	3
Less: allowance for doubtful debts	(5,173)	(5,379)	(1,765)	(1,765)
	<u>41,954</u>	<u>583</u>	<u>36,638</u>	<u>38</u>

Movements in allowance for doubtful trade debts during the financial year are as follows:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of year	5,379	882	1,765	-
Charge during the year	132	5,306	-	1,765
Written-off against allowance	-	(623)	-	-
Write back of allowance	(4)	(186)	-	-
Doubtful debts recovered	(38)	-	-	-
Deconsolidation of subsidiary	(116)	-	-	-
Translation difference	(180)	-	-	-
	<u>5,173</u>	<u>5,379</u>	<u>1,765</u>	<u>1,765</u>

Notes to the Financial Statements

30 June 2007



11. TRADE RECEIVABLES (CONT'D)

The carrying amounts of current trade receivables approximate their fair values and are denominated in the following currencies:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore Dollar	-	-	-	35
United States Dollar	41,852	9	36,638	3
Malaysian Ringgit	102	574	-	-
	<u>41,954</u>	<u>583</u>	<u>36,638</u>	<u>38</u>

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Subsidiary companies*	-	-	7,048	1,109
Prepayments	263	6	167	6
Deposits	75	74	41	43
Sundry debtors	179	20	179	3
Tax recoverable	14	60	-	7
Less : allowance for doubtful non-trade debts	(136)	-	(6,730)	(1,109)
	<u>395</u>	<u>160</u>	<u>705</u>	<u>59</u>

* These balances are non-trade related, unsecured, interest-free, no fixed term of repayment and repayable on demand.

Movements in allowance for doubtful non-trade debts during the financial year are as follows:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of year	-	-	1,109	-
Charge during the year	60	-	5,611	1,109
Write back during the year	-	-	39	-
Reclassification	76	-	76	-
Translation difference	-	-	(105)	-
Balance at end of year	<u>136</u>	<u>-</u>	<u>6,730</u>	<u>1,109</u>

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The carrying amounts of other receivables, deposits and prepayments approximate their fair values and are denominated in the following currencies:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore Dollar	182	45	634	46
United States Dollar	45	15	-	-
Renminbi	9	14	9	13
Hong Kong Dollar	62	-	62	-
Malaysian Ringgit	97	86	-	-
	<u>395</u>	<u>160</u>	<u>705</u>	<u>59</u>

13. LOANS TO SUBSIDIARY COMPANIES

	Company	
	2007 \$'000	2006 \$'000
Loans to subsidiary companies	76	76
Reclassification	(76)	-
Less: allowance for doubtful non-trade debts	-	(76)
	<u>-</u>	<u>-</u>

Movements in allowance for doubtful non-trade debts during the financial year are as follows:

	Company	
	2007 \$'000	2006 \$'000
At beginning of year	76	3,041
Allowance for the year	-	76
Written-off against allowance	-	(2,991)
Reclassification	(76)	-
Reversal of provision no longer required	-	(50)
	<u>-</u>	<u>76</u>

The balances are unsecured, bear interest at NIL (2006: 16%) per annum and are repayable on demand.



14. INVENTORIES

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
At cost:				
Trading goods	9,030	772	6,047	344
Finished goods	69	75	-	-
Work-in-progress	1	-	-	-
Raw materials	86	148	-	-
Goods-in-transit	30,888	-	16,398	-
	40,074	995	22,445	344
At net realisable value:				
Trading goods	44	40	-	-
Finished goods	-	3	-	-
Raw materials	6	16	-	-
	40,124	1,054	22,445	344

Movements in allowance for stock obsolescence during the financial year are as follows:

	Group	
	2007 \$'000	2006 \$'000
At beginning of year	213	980
Allowance for the year	15	213
Written-off against subsidiary companies in liquidation	-	(882)
Written-off against allowance	-	(98)
At end of year	228	213

The carrying amounts of the inventories are denominated in the following currencies:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
United States Dollar	39,893	728	22,445	344
Malaysian Ringgit	231	326	-	-
	40,124	1,054	22,445	344

15. TRADE PAYABLES

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Third parties	31,697	1,454	16,787	385

The carrying amounts of current trade payables approximate their fair values and are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	172	47	172	2
United States Dollar	31,524	1,384	16,615	383
Malaysian Ringgit	1	23	-	-
	31,697	1,454	16,787	385

16. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Accrued operating expenses	943	491	825	395
Sundry creditors	19	39	-	35
Amount owing to immediate holding company*	460	936	460	-
Corporate guarantee crystallised**	398	398	398	398
Deferred income	121	-	-	-
	1,941	1,864	1,683	828

* Amount owing to immediate holding company is non-trade related, unsecured, interest-free, no fixed terms of repayment and is repayable on demand.

** Subsequent to the balance sheet date on 3 September 2007, the Company received a notice from the scheme manager of the HKI scheme of arrangement 2005 ("Scheme") in connection with a claim against the Company under the corporate guarantee provided to a bank for the facilities granted to a former subsidiary company. An adjudicated amount of \$397,800 being crystallisation of the corporate guarantee has been provided for the financial year ended 30 June 2007. The liability will be satisfied by issuing of new shares pursuant to the Scheme. As such, a prior year adjustment has been made (Note 36).

The carrying amounts of other payables and accruals approximate their fair values and are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	877	796	855	784
United States Dollar	1,048	986	826	40
Malaysian Ringgit	14	78	-	-
Renminbi	2	4	2	4
	1,941	1,864	1,683	828



17. BILL PAYABLES TO BANKS

Bill payables to banks bear interest of 2.5% (2006: NIL) per annum above the bank's prime rate.

18. BANK OVERDRAFTS (SECURED)

Bank overdrafts of the Group are secured by a legal mortgage over a freehold land and building of the Group with a net book value of approximately \$1,141,000 (2006: \$1,123,000) [Note 6]; and

Bank overdrafts bear interest ranging from 1.15% to 1.25% (2006: 1.15% to 1.3%) per annum above the bank's prime rates. As at 30 June 2007, the effective interest rate is 8% (2006: 7.4%).

The carrying amounts of bank overdrafts approximate their fair values. Included in the amounts are a total of \$258,000 (2006: \$259,000) denominated in Malaysian Ringgit.

19. OBLIGATION UNDER FINANCE LEASES

	Group			
	2007		2006	
	Minimum payment \$'000	Present value of payment \$'000	Minimum payment \$'000	Present value of payment \$'000
Within one year	27	24	409	323
After one year but not more than five years	51	48	-	-
Total future minimum lease payments	78	72	409	323
Less: amounts representing finance charges	(6)	-	(86)	-
Present value of net minimum lease payments	72	72	323	323

	Company			
	2007		2006	
	Minimum payment \$'000	Minimum payment \$'000	Minimum payment \$'000	Present value of payment \$'000
Within one year	27	24	404	318
After one year but not more than five years	51	48	-	-
Total future minimum lease payments	78	72	404	318
Less: amounts representing finance charges	(6)	-	(86)	-
Present value of net minimum lease payments	72	72	318	318

Finance lease agreement term ranges from 1-5 years with options to purchase at the end of the finance lease agreement term. Finance lease agreement terms do not contain restrictions concerning dividends, additional debt or further financing. As at 30 June 2007, the effective interest rates are 5.312% (2006: 4.74%) and 5.312% (2006: 5.05%) per annum for the Group and the Company respectively.

20. BANK LOANS (SECURED)

The bank loans of the Group are secured by an open assignment over freehold land and buildings of the Group amounting to approximately \$1.1 million (2006: \$1.1 million) [Note 6].

Bank loans with an initial principal sum of \$532,000 (2006: \$532,000) relating to the subsidiary companies are repayable in equal monthly instalments of \$4,000 commencing 1 July 2002 over 10 years. Interest is payable at the bank's prime rate plus 1.02% per annum. The effective interest rate is 7.77% (2006: 7.4%).

The carrying amounts of bank loans approximate their fair values and subsequently at amortised cost. Included in the amounts are a total of \$360,000 (2006: \$406,000) are denominated in Malaysian Ringgit.

	Group	
	2006 \$'000	2005 \$'000
Within one year	62	57
After one year but not more than five years	298	349
	360	406

21. CONVERTIBLE NOTES

On 1 June 2007, the Company issued 0% convertible notes at a nominal value of \$45 million. The notes can be converted to ordinary shares from 3 March 2008 onward, subject to adjustments in the manner provided in the conditions of the agreement. The total number of shares issued as a result of the conversion is 900 million shares.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible notes. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserve.

The carrying amount of the liability component of the convertible notes at balance sheet date is analysed as follows:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Face value of convertible notes	45,000	-	45,000	-
Equity conversion component (Note 22)	(7,217)	-	(7,217)	-
Liability component on initial recognition	37,783	-	37,783	-
Interest expense (Note 26)	189	-	189	-
Transaction costs	(99)	-	(99)	-
Liability component at end of financial year	37,873	-	37,873	-

Interest expense on the convertible notes were calculated on the effective interest basis by applying the interest rate of 6% per annum for an equivalent non-convertible notes at the date of issue of the convertible notes to the liability component of the convertible notes.

Notes to the Financial Statements

30 June 2007



22. DEFERRED TAXATION

Deferred tax liabilities arise as a result of:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Excess of net book value over tax written down value of property, plant and equipment	1	1	-	-
Revaluation of freehold land and building	49	55	-	-
Equity component of convertible notes (Note 21)	1,299	-	1,299	-
	<u>1,349</u>	<u>56</u>	<u>1,299</u>	<u>-</u>

Movement in provision for deferred tax:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of year	56	2	-	-
Exchange rate adjustment	2	(1)	-	-
Recognised in equity	1,291	55	1,299	-
	<u>1,349</u>	<u>56</u>	<u>1,299</u>	<u>-</u>

23. TURNOVER

	Group	
	2007 \$'000	2006 \$'000
Trading - Iron Ore	51,814	12,413
Trading - Cotton	1,108	20,592
Trading - Coal	54,020	-
Trading - Chemical	4,047	-
Trading - Steel	6,182	-
Spa pools and bathroom products	545	820
	<u>117,716</u>	<u>33,825</u>

24. OTHER OPERATING INCOME

	Group	
	2007 \$'000	2006 \$'000
Disposal of subsidiary	-	41
Doubtful debts recovered	38	-
Interest income	591	62
Other service income	-	170
Miscellaneous income	1	187
	<u>630</u>	<u>460</u>

25. STAFF COSTS

	Group	
	2007	2006
	\$'000	\$'000
Total wages, salaries and bonuses, including directors	1,265	1,169
Central and Employee Provident Fund contributions	66	69
Other personnel expenses	80	83
	<u>1,411</u>	<u>1,321</u>

Key management's remuneration included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and where the Group did not incur any costs, the value of the benefit is included. The directors' fee and key management's remuneration are as follows:

	Group	
	2007	2006
	\$'000	\$'000
Directors' fee:		
of the Company	105	53
Directors' remuneration:		
of the Company	228	161
of the Subsidiaries	21	25
Others	183	261
	<u>537</u>	<u>500</u>

26. FINANCIAL EXPENSES

	Group	
	2007	2006
	\$'000	\$'000
Interest expense:		
bills payable	-	147
finance lease	1	41
bank loans	371	32
bank overdrafts	20	20
letter of credit	181	-
convertible notes (Note 21)	189	-
Bank charges	164	175
	<u>926</u>	<u>415</u>



27. OTHER ITEMS

	Group	
	2007	2006
	\$'000	\$'000
Waiver of debt by former holding company	912	-
Impact on deconsolidating of a subsidiary	17	-
(Loss) / gain on liquidation of subsidiary companies	(222)	3,575
	707	3,575

28. PROFIT / (LOSS) BEFORE TAX

Profit / (loss) before tax is arrived after charging / (crediting) the followings:

	Group	
	2007	2006
	\$'000	\$'000
Allowance for doubtful debts	150	5,306
Allowance for stock obsolescence	15	213
Allowance / (reversal) for impairment of property, plant and equipment	10	(29)
Non-audit service fees paid to auditors' of the Company	7	-
Bad trade debts written-off	1	21
Inventories written off	19	-
Depreciation of property, plant and equipment	95	119
Foreign exchange loss	125	143
Impairment loss and write-off of unquoted investments	-	13
Loss on disposal of property, plant and equipment	28	14
	707	3,575

29. TAX (EXPENSE) / CREDIT

	Group	
	2007	2006
	\$'000	\$'000
Current tax expense:		
current year	(3)	(12)
over provision in respect of prior years	1	21
	(2)	9

The Group's current year tax charge arises mainly from profitable companies within the Group. The losses of the other companies within the Group are not available for offset against the profits of these companies on a consolidated basis.

As at 30 June 2007, the Group had unabsorbed tax losses and unutilised wear and tear allowances of approximately \$1,627,000 and \$97,000 (2006 : \$3,236,000 and \$152,000) respectively, which are available for offset against future taxable income, subject to compliance with certain provisions of the tax legislation of the respective countries in which the subsidiary companies operate and agreement of the relevant tax authorities. The potential deferred tax asset arising from the unabsorbed tax losses and unutilised wear and tear allowances has been recognised in the financial statements to the extent deemed recoverable.

29. TAX (EXPENSE) / CREDIT (CONT'D)

The reconciliation of the tax expense and the product of accounting loss multiplied by the application tax rate is as follows:

	Group	
	2007 \$'000	2006 \$'000
Accounting profit / (loss)	920	(2,379)
Tax at the applicable rate of 18% (2006: 20%)	166	(473)
Income not subject to tax	(109)	(725)
Expenses not deductible for tax purposes	97	173
Effect of differences in tax rates in other countries	27	976
Over provision in respect of prior year	(1)	(21)
Deferred tax asset not recognised	49	61
Utilisation of unabsorbed tax losses brought forward	(238)	-
Utilisation of capital allowances	(15)	-
Others	26	-
Tax charge / (credit)	2	(9)

30. EARNING / (LOSS) PER SHARE

Earning / (loss) per share is calculated by dividing the Group's net profit / (loss) attributable to shareholders of the Company by the weighted average number of 2,406,037,487 (2006: 2,057,834,747) ordinary shares in issue during the financial year.

Diluted earnings per share for the financial year ended 30 June 2007 is calculated based on weighted average number of ordinary shares during the year adjusted to assume conversion of all potential dilutive ordinary shares of 900,000,000 (2006: NIL) arising from the convertible notes.

31. DISCONTINUED / DISCONTINUING OPERATIONS

The World Spa Industries (M) Sdn. Bhd. Group remains classified as a discontinuing operation, reflecting the management's intention to exit this business at the appropriate time in the best interests of the shareholders.

In view of the Group's new business focus into general trading in commodities and mineral business, the Board of Directors of the Company has decided that the Group's spa pools and bath room products business will be discontinued in the near future.

Financial information

The carrying amount of the total assets and liabilities of the Group's discontinuing operations as at 30 June 2007 are as disclosed below. Comparative information comprises both the discontinued and discontinuing operations in accordance with FRS 105, Discontinuing Operations.



31. DISCONTINUED / DISCONTINUING OPERATIONS (CONT'D)

	As at 30 June 2007 \$'000	As at 30 June 2006 \$'000
Non-current assets	1,154	1,179
Current assets	518	755
Current liabilities	(379)	(460)
Non-current liabilities	(347)	(405)
	946	(1,069)

The revenues, expenses and results of the Group's discontinued / discontinuing spa pools and bath room products business are as follows:

	From 1 July 2006 to 30 June 2007 \$'000	From 1 July 2005 to 30 June 2006 \$'000
Revenue	544	820
Cost of sales	(434)	(916)
Gross profit / (loss)	110	(96)
Other operating income	39	226
Selling and distribution expenses	-	-
Administrative expenses	(181)	(738)
Other operating expenses	(131)	-
Financial expenses (net)	(51)	(17)
Exceptional (loss) / gain	(1)	3,575
(Loss) / profit before tax	(215)	2,950
Tax (expense) / credit	(2)	9
Minority interests	29	105
Net (loss) / profit attributable to shareholders	(188)	3,064

The net cash flows attributable to the Group's discontinued / discontinuing spa pools and bath room products business are as follows:

	From 1 July 2006 to 30 June 2007 \$'000	From 1 July 2005 to 30 June 2006 \$'000
Cash inflow / (outflow) from operating activities	41	(360)
Cash outflow from investing activities	(22)	-
Cash outflow from financing activities	(62)	-
Net cash outflow	(43)	(360)

31. DISCONTINUED / DISCONTINUING OPERATIONS (CONT'D)

The gain on liquidation of subsidiary companies and the net cash inflow from liquidation of subsidiary companies are as follows:

	From 1 July 2006 to 30 June 2007 \$'000	From 1 July 2005 to 30 June 2006 \$'000
Proceeds from liquidation of subsidiary companies	-	-
Net liabilities disposed of	(467)	(3,575)
Gain on liquidation of subsidiary companies	467	3,575
Tax expense	-	-
Gain on liquidation of subsidiary companies, net of tax	<u>467</u>	<u>3,575</u>
The liquidation of subsidiary companies, net of cash is represented by:		
Bank overdrafts	-	2,488
Cash and bank balances	(4)	(366)
Net cash (outflow) / inflow from liquidation of subsidiary companies	<u>(4)</u>	<u>2,122</u>

32. COMMITMENTS AND CONTINGENCIES

(a) Non-cancellable operating lease commitments

The Group and the Company have operating lease agreements for office and factory premises. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Future minimum lease payments:				
not later than 1 year	157	185	146	165
2 to 5 years	31	177	31	174
	<u>188</u>	<u>362</u>	<u>177</u>	<u>339</u>

(b) Contingent liabilities, unsecured

As at 30 June 2007, the Company and the Group had the following unsecured contingent liability:

- (i) Corporate guarantees of approximately \$0.7 million (2006: \$0.7 million) issued in favour of banks for the granting of banking facilities to its subsidiary companies.



33. RELATED PARTY TRANSACTIONS

Related companies in these financial statements refer to members of the ultimate holding company's Group of companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these transactions on the basis determined between the parties are reflected in the financial statements.

(a) Related party disclosure

The following are transactions with related parties during the year:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Management fee income from subsidiary companies	-	-	1,506	1,800
Interest income from subsidiary companies	-	-	-	1
Settlement of liabilities by subsidiaries	-	-	-	2,316
Settlement of liabilities on behalf of subsidiaries	-	-	-	4,497
Receipts by subsidiaries on behalf of holding company	-	-	-	1,606
Receipts by holding company on behalf of subsidiaries	-	-	-	32
Receipts by ultimate holding company on behalf of subsidiary	-	1,345	-	-
Settlement of liabilities by holding company	-	3,002	-	292
Loan to subsidiaries	-	-	-	188
Loan from subsidiaries	-	-	-	73
Loan from immediate holding company	460	-	460	-
Loan to ultimate holding company	-	(760)	-	-

34. SIGNIFICANT AND SUBSEQUENT EVENTS

(i) Proposed Acquisition of 45% of Tianjin Lant Development Co., Ltd

On 2 February 2007, the Company entered into a conditional sale and purchase agreement with General Nice Development Limited ("GNDL") for the proposed acquisition of 45% of the registered capital of Tianjin Lant Development Co., Ltd. ("Proposed Acquisition").

The purchase consideration for the Proposed Acquisition comprises 180,000,000 new ordinary shares in the capital of the Company to be issued by the Company to GNDL's nominee, General Nice Resources (Hong Kong) Limited.

The shareholders has approved the transaction at a EGM held on 22 August 2007.

(ii) Proposed Acquisition of 15% of Zuoquan Yongxing Coal Co., Ltd

On 11 May 2007, the company has entered into a restructuring agreement to acquire 15% of share in Zuoquan Yongxing Coal Co., Ltd (Zuoquan).

Under the term of the agreement, Abterra will pay S\$9.2 million (equivalent to RMB 45.75 million) for the 15% equity share in the company. All shareholder of Zuoquan further committed to inject an aggregate amount of S\$20.1 million (equivalent to RMB 100 million) in proportion to their respective shareholdings to upgrade the facility to increase the annual production capacity from 0.3 million tons to 0.9 million ton. The upgrading project will take approximately 24 months to complete.

The acquisition has completed on 10 August 2007.



34. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

(iii) Issue of 0% Conditional Unsecured Convertible Notes Due 2010

During the year, the Company has entered into a trust deed with DBS Trustee to constitute up to S\$100 million of 0% conditional unsecured convertible notes with a maturity period of three years from the date of issue ("Notes").

On 30 April 2007, the Company entered into a subscription agreement with 41 subscribers to issue up to S\$45 millions in aggregate principal amount of the Notes at the conversion of S\$0.05 per share. The issue of the new shares in the capital of the Company to satisfy conversion of the Notes ("Conversion Shares") has been approved at an EGM held on 11 July 2007. In-principle approval for the listing and quotation of the 900,000,000 Conversion Shares was granted by SGX-ST on 18 July 2007. (See note 21 to the financial statement).

On 28 June 2007, the Company appointed DBS Bank Ltd ("DBS") as placement agent for the proposed issue of the 0% conditional unsecured convertible notes due 2010 of in aggregate principal amount of up to S\$31 million ("Tranche 2 Notes"). The closing of the Tranche 2 Notes was completed on 27 July 2007. The issue of the 476,923,077 Conversion Shares is subject to approval of the shareholders at an EGM.

The net proceed from the issue of Notes shall be used to fund the acquisition of assets, investment in business, purchase of raw materials and as security or margin for the issue of letter of credit and other banking facilities in relating to the Group's core business.

(iv) Renounceable Non-Underwritten Right Issue of Up to 692,333,686 New Ordinary Shares

The company has announced on 19 July 2007 the proposed Renounceable Non-Underwritten Right Issue of Up to 692,333,686 New Ordinary Shares at an issue price of S\$0.11 per share. The proceed, if fully taken up, is approximately S\$76.2 million. GNHK, the controlling shareholder of the Company undertake to take up its entire entitlement of approximately S\$38.2 million.

The net proceed from the Rights Issue is intended to be applied in a proposed joint venture to be entered into between the Company and GNCC to invest in projects in production facilities in PRC, Thailand and other part of Asia relating to the Company core business.

(v) Memorandum of Understanding With Tianjin General Nice Coke And Chemical Co., Ltd

On 19 July 2007, the Company has entered into a non-binding Memorandum of Understanding with Tianjin General Nice Coke and Chemical Co., Ltd for the proposed establishment of a joint venture company to invest in projects in the People's Republic of China, Thailand and other parts of Asia ("Proposed Project").

(vi) Incorporation of Wholly-Owned Subsidiary

On 25 July 2007, the Company has incorporation a wholly-owned subsidiary, Tian Yi Power Co Pte. Ltd. ("Tian Yi")

Tian Yi was incorporated in Singapore with a paid-up capital of S\$1.00 and its principal activities are production, transmission, distribution and sale of electricity.

The investment in Tian Yi is funded through internal funds and is not expected to have any material effect on the net tangible assets and earnings per share of the Company for the current financial year.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect in the above investment.



35. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to meet its cash flow obligations.

Short-term funding is obtained from overdraft facilities and bank loans.

Foreign exchange risk

The Group's sales and purchases are predominantly denominated in United States Dollar and the foreign currencies of the countries in which the Group operates. The Group, however, does not hedge against the foreign currency exposure as the cash flows from purchases partially offset the cash flows from sales transactions and the remaining exposure is not considered by the directors to be significant. The Group also has foreign exchange exposure arising from its investments in foreign subsidiary companies.

Credit risk

The carrying amount of bank balances, fixed deposits, trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Credit risk in relation to bank balances and fixed deposits is mitigated by placing these with reputable banks.

As a result of its operating activities, the Group has a concentration of credit risk with respect to customers in the commodity trading business. To minimise this credit concentration risk, the Group has policies in place to ensure that sales are only made to customers with appropriate credit history as well as limiting the amount of credit given to any single customer or requesting the issuance of Letters of Credit.

Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instrument.

Bank loans, non-current portion:

The carrying amounts of bank loans approximate their fair value because they bear variable market interest rates.

	2007		2006	
	Carrying Amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<u>Group</u>				
Finance lease liabilities, non-current portion	48	48	-	-
<u>Company</u>				
Finance lease liabilities, non-current portion	48	48	-	-

35. FINANCIAL INSTRUMENTS (CONT'D)

Current financial assets and liabilities

The carrying amounts of cash and bank balances, trade receivables and other current receivables, trade payables, other current payables and short-term bank loans approximate their fair values given the relatively short-term maturity of these financial instruments.

Finance lease liabilities, non-current portion

The fair value of the non-current portion of finance lease liabilities is arrived at by discounting future contractual cash flows using the current rates available for finance lease contracts with the same maturity profile.

36. PRIOR YEAR ADJUSTMENT

As described in note 16 to the financial statements, the financial statements for the financial year ended 30 June 2005 has been restated to reflect the claim against the Company under the corporate guarantee provided to a bank for the facilities granted to a former subsidiary company that was erroneously omitted due to management oversight in the financial year during which they were incurred. The correction has been applied retrospectively and the opening accumulated losses have been adjusted accordingly. The effects of the cumulative correction in the financial year ended 30 June 2006 are as follow:

	2006 \$'000
Increase in accumulated loss as at 1 July 2005	(398)
Increase in other payables and accruals	398

37. SEGMENT INFORMATION

The Group was organised into three main operating divisions, namely:

- iron ore trading
- cotton trading
- spa pools and bathroom products

Segment accounting policies are the same as the policies of the Group as described in Note 2.

Notes to the Financial Statements

30 June 2007



37. SEGMENT INFORMATION (CONT'D)

Group	← Continuing operations →					Discontinuing operations	Total
	Trading – Iron Ore \$'000	Trading – Cotton \$'000	Trading – Coal \$'000	Trading – Chemical \$'000	Trading – Steel \$'000	Spa pools and bathroom products \$'000	
2007							
Turnover	51,814	1,108	54,021	4,047	6,182	544	117,716
Segment results	107	(211)	711	(22)	126	(164)	547
Financial expenses (net)							(334)
Other items							707
Taxation							(2)
Minority interests							104
Profit attributable to Shareholders							1,022
Total assets	42,190	174	56,582	8	12	1,672	100,638
Total liabilities	34,943	448	39,777	12	19	685	75,884
Depreciation	6	1	49	-	-	39	95
Impairment losses	-	-	-	-	-	10	10

37. SEGMENT INFORMATION (CONT'D)

Group	<--Continuing operations-->		<--Discontinued / discontinuing operations-->		Total \$'000
	Trading – Iron Ore \$'000	Trading – Cotton \$'000	Spa pools and bathroom products \$'000	Others – trading and services \$'000	
2006					
Turnover	12,413	20,592	820	-	33,825
Operating loss	(4,163)	(830)	(574)	(34)	(5,601)
Financial expenses (net)					(353)
Other items					3,575
Taxation					9
Minority interests					105
Loss attributable to shareholders					(2,265)
Total assets	-	3,407	1,934	-	5,341
Total liabilities	1,065	2,018	865	414	4,362
Depreciation and amortisation	-	71	48	-	119
Impairment losses / (reversals)	-	-	(29)	10	(19)

Geographical segments

The Group's business segments are managed on a worldwide basis through the main geographical areas mention below. Turnover, assets and capital expenditure are based on the location of the business operations.

Group	Turnover		Assets		Capital Expenditure	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore	36,548	4,253	76,123	2,916	161	94
Malaysia	545	652	1,672	1,934	3	-
Macao	80,623	28,920	22,834	460	-	-
China	-	-	9	31	-	12
Total	117,716	33,825	100,638	5,341	164	106



38. DIRECTORS' REMUNERATION

The number of directors of the Company in remuneration bands is as follows:

	2007			2006		
	Executive directors	Non-executive directors	Total	Executive directors	Non-executive directors	Total
\$250,000 to \$499,999	-	-	-	-	-	-
Below \$250,000	2	3	5	1	3	4
	2	3	5	1	3	4

39. THE ABTERRA GROUP OF COMPANIES

The Company had the following subsidiary companies as at 30 June 2007:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of effective interest held by the Group		Cost of investment	
			2007	2006	2007	2006
			%	%	\$'000	\$'000
<u>Held by the Company</u>						
Abterra Resources Pte. Ltd. (Formerly known as Prosperity Steel Singapore Pte. Ltd).*	General trading, resources mining	Singapore	100	100	1,000	1,000
PSA Macao Commercial Offshore Ltd.**	General trading in cotton, mineral, steel & related products	Macau	100	100	20	20
Southern Star Trading Pte. Ltd.*	Distributor of "Blackgold" brand of dentifrices	Singapore	-	51	-	10
World Spa Industries (M) Sdn. Bhd.***	Manufacturing and trading in spa baths and accessories	Malaysia	60	60	1,806	1,806

39. THE ABTERRA GROUP OF COMPANIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of effective interest held by the Group		Cost of investment	
			2007 %	2006 %	2007 \$'000	2006 \$'000
<u>Held by subsidiary company</u>						
World Trend Industries Sdn. Bhd.***	In the process of being liquidated	Malaysia	-	60	-	-
Monarch Spa Malaysia Sdn. Bhd.***	Trading in spa baths, spa pools, shower enclosures and accessories	Malaysia	60	60	-	-
Monarch Shower Systems Sdn. Bhd.***	In the process of being liquidated	Malaysia	-	48	-	-
					2,826	2,836

* 2006: Audited by LTC & Associates, Singapore

** Audited by Leong Wun Chao, Macao for local statutory reporting and audited by LTC & Associates, Singapore for group consolidation purposes

*** Audited by member firms of Ernst & Young, Global

The result of Southern Star Trading Pte. Ltd. has not been consolidated for the current financial year as Abterra Ltd. has no longer controls the composition of Southern Star Trading Pte. Ltd.

During the financial year, two of the companies, World Trend Industries Sdn. Bhd. and Monarch Shower Systems Sdn. Bhd. held by subsidiary company, underwent member's voluntary winding-up.

Statistics of Shareholdings

ISSUED AND FULLY PAID- UP CAPITAL

NUMBER OF SHARES ISSUED	:	2,769,334,747 ORDINARY SHARES
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHT	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS as at 17 September 2007

Size of Shareholdings	No. of shareholders	%	No of Shares	%
1 - 999	29	0.74	9,454	0.00
1,000 - 10,000	1,536	39.03	7,369,170	0.27
10,001 - 1,000,000	2,317	58.88	228,815,630	8.26
1,000,001 and above	53	1.35	2,533,140,493	91.47
Total	3,935	100.00	2,769,334,747	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 17 SEPTEMBER 2007

No.	Name of shareholders	No. of shares	%
1	Oversea Chinese Bank Nominees Pte Ltd	1,291,892,585	46.65
2	DBS Vickers Securities (S) Pte Ltd	716,530,000	25.87
3	Wang Ying	104,830,000	3.79
4	Merrill Lynch (Singapore) Pte Ltd	68,271,738	2.46
5	Hua Kok Realty (Private) Limited (R & M Appointed)	68,146,116	2.46
6	American Home Assurance Company	20,967,913	0.76
7	HSBC (Singapore) Nominees Pte Ltd	20,613,000	0.74
8	Mayban Nominees (S) Pte Ltd	18,139,123	0.65
9	CIMB-GK Securities Pte. Ltd.	17,001,000	0.61
10	Raffles Nominees Pte Ltd	16,854,000	0.61
11	OCBC Securities Private Ltd	16,679,334	0.60
12	United Overseas Bank Nominees Pte Ltd	15,469,000	0.56
13	Citibank Nominees Singapore Pte Ltd	15,461,000	0.56
14	Phillip Securities Pte Ltd	12,703,200	0.46
15	ABN Amro Nominees Singapore Pte Ltd	11,306,285	0.41
16	Lam Ling Ling Sarah	10,050,000	0.36
17	Kim Eng Securities Pte. Ltd.	9,855,000	0.36
18	DBS Nominees Pte Ltd	7,643,000	0.28
19	Wong Teck Ming Kelvin	7,000,000	0.25
20	Tan Jianyou	5,707,000	0.21
	Total:	2,455,119,294	88.65

Based on the information available to the Company, approximately 46.77% of the Company's equity securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.



Statistics of Shareholdings

SUBSTANTIAL SHAREHOLDERS as at 17 September 2007

Names of Substantial Shareholders	Notes	Direct Interest No of Shares	%	Deem Interest No of Shares	%
General Nice Resources (Hong Kong) Limited		1,467,905,919	53.01	-	-
General Nice Development Limited	(1)	-	-	1,467,905,919	53.01
Vantage Region International Limited	(2)	-	-	1,467,905,919	53.01
Cai Sui Xin	(3)	-	-	1,467,905,919	53.01
Tsoi Ming Chi	(4)	-	-	1,467,905,919	53.01

- (1) General Nice Development Limited (GNDL) has a deemed interest in the General Nice Resources (Hong Kong) Limited's shares by virtue of Section 7 of the Act, as GNDL is the beneficial owner of 80.00% of GNHK.
- (2) Vantage has a deemed interest in the General Nice Resources (Hong Kong) Limited's shares by virtue of Section 7 of the Act, as (i) Vantage is the legal and beneficial owner of 50% of GNDL; and (ii) GNDL holds 80.00% in General Nice Resources (Hong Kong) Limited.
- (3) Cai Sui Xin has a deemed interest in the shares held by General Nice Resources (Hong Kong) Limited ("GNHK") by virtue of Section 7 of the Act, as (i) Cai Sui Xin is the legal and beneficial owner of 100% of Vantage; (ii) Vantage is the legal and beneficial owner of 50% of GNDL; and (iii) GNDL holds 80.00% in GNHK.
- (4) Tsoi Ming Chi has a deemed interest in the General Nice Resources (Hong Kong) Limited's shares by virtue of Section 7 of the Act, as (i) Tsoi Ming Chi is the legal and beneficial owner of 35% of GNDL; and (ii) GNDL holds 80.00% of General Nice Resources (Hong Kong) Limited

Notice of the Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of **ABTERRA LTD.** will be held at 8 Shenton Way #31-02 Singapore 068811 on Friday, 26 October 2007 at 11.30 a.m. to transact the following business :-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 30 June 2007 and the Reports of the Directors and Auditors and the Statement by Directors thereon. [Resolution 1]

2. To re-elect the following Directors retiring **by rotation** pursuant to Article 91 of the Company's Articles of Association.
 - i) Mr Maheskumar s/o Shantilal Purshotam Mehta [Resolution 2]
 - ii) Mr Lim Hui Min, John* [Resolution 3]

**Mr Lim Hui Min, John will, upon re-election as a Director of the Company, remain as a member of the Nominating, Audit and Remuneration Committees.*

3. To re-elect the following Directors retiring pursuant to Article 97 of the Company's Articles of Association.
 - i) Mr Lin Xizhong [Resolution 4]

4. To approve the payment of Directors' Fees of \$105,000 for the financial year ended 30 June 2007. (2006: \$53,333) [Resolution 5]

5. To re-appoint Messrs LTC & Associates as the Auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 6]

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution: -

6. Authority to allot and issue shares up to fifty per centum (50%) of the issued share capital.

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Clause 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby empowered to allot and issue shares and/or convertible securities where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities in the Company (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed fifty per centum (50%) of the issued share capital of the Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not exceed twenty per centum (20%) of the issued share capital of the Company (percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and unless revoked or varied by the Company in general meeting and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note (i)] [Resolution 7]

7. To transact any other business, which may properly be transacted at an Annual General Meeting.

By Order of The Board

HELEN CAMPOS THOMAS
Company Secretary

Singapore
11 October 2007



Notice of the Ninth Annual General Meeting

Notes:

1. A member of the Company entitled to attend and vote at **the Ninth Annual General Meeting (the "Meeting")** of the Company is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. If the appointer is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Shenton Way #31-02 Singapore 068811 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

STATEMENT PURSUANT TO ARTICLE 54 OF THE COMPANY'S ARTICLES OF ASSOCIATION

- i) The effect of the resolution no. 7 under the heading "Special Business" in this Notice of Annual General Meeting is to empower the Directors of the Company, from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the share capital of the Company. The number of new shares which the Directors may allot and issue under this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be allotted and issued shall not exceed twenty per centum (20%) of the issued share capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

This page has been intentionally left blank.



Proxy Form

ABTERRA LTD.

Company Registration No : 199903007C
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in Abterra Ltd, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

*I/We _____
 of _____
 being *member/members of ABTERRA LTD. (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

--	--	--	--

as my/our proxy to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Ninth Annual General Meeting of the Company to be held at 8 Shenton Way #31-02 Singapore 068811 on Friday, 26 October 2007 at 11.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Ninth Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as he/they may think fit, as he/they will on any other matter arising at the Ninth Annual General Meeting.)

No.	Resolutions relating to:	For	Against
1	Adoption of Audited Accounts for the financial year ended 30 June 2007 and the Reports of the Directors and Auditors and the Statement by Directors thereon.		
2	Re-election of Mr Maheskumar s/o Shantilal Purshotam Mehta retiring pursuant to Article 91 of the Articles of Association of the Company.		
3	Re-election of Mr Lim Hui Min, John retiring pursuant to Article 91 of the Articles of Association of the Company.		
4	Re-election of Mr Lin Xizhong retiring pursuant to Article 97 of the Articles of Association of the Company.		
5	Approval of Directors' Fees of S\$105,000 for the financial year ended 30 June 2007.		
6	Re-appointment of Messrs LTC & Associates as Auditors of the Company and authorisation of Directors to fix their remuneration.		
7	Authority to Directors to allot and issue new shares.		

Dated this _____ day of _____ 2007

Total number of Shares Held

 Signature(s) of Member(s) or
 Common Seal of Corporation

* Delete accordingly



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Ninth Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. However, if no such proportion is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

First Fold

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at **8 Shenton Way #31-02 Singapore 068811** not less than forty-eight (48) hours before the time fixed for holding the Ninth Annual General Meeting.
5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorized.
6. A corporation which is a member may also authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Ninth Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at forty-eight (48) hours before the time fixed for holding the Ninth Annual General Meeting as certified by the CDP to the Company.

Second Fold



Please Affix
25 Cents
Postage
Stamp Here

The Company Secretary

ABTERRA LTD.

Company Registration No : 199903007C

8 Shenton Way #31-02

Singapore 068811

Third Fold