NOVO GROUP LTD.
新源控股有限公司*

(Incorporated in Singapore with limited liability)

(Company Registration No. 198902648H)

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Interim Report 2011

* *For identification purpose only*

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BUSINESS REVIEW

Revenue

For the six months ended 31 October 2010 ("1H FY2011"), revenue generated by Novo Group Ltd. (the "Company") and its subsidiaries (collectively the "Group") decreased by approximately 4.7% from approximately US$218.0 million for the six months ended 31 October 2009 ("1H FY2010"), to approximately US$207.8 million. Total tonnages of steel products sold by the Group decreased to approximately 893,500 tonnes in 1H FY2011 from approximately 1,676,000 tonnes in 1H FY2010. In particular, revenue generated from the international trading dropped by approximately 14.4% from approximately US$208.8 million in 1H FY2010 to approximately US$178.8 million in 1H FY2011, revenue generated from domestic trade and distribution in Hong Kong increased to approximately US$26.6 million in 1H FY2011 from approximately US$6.0 million in 1H FY2010, revenue generated from domestic trade and distribution in the PRC decreased by approximately 23% to approximately US$2.4 million in 1H FY2011 from approximately US$3.2 million in 1H FY2010. Included in the international trading, there was the revenue from coal trading in 1H FY2011 of approximately US$3.4 million, while there was no such product trading in 1H FY2010.

The decrease in the Group's revenue during the period was due to decrease in international trading of finished products and raw materials. It was affected by the measures adopted by the PRC government to cool the economy, particularly on the property sector which, in turn, affected the steel industry and hence the demand for the iron ores dropped considerably. However, the lesser demand for iron ores was offset by the increase in prices of iron ores and other steel products such as domestic trade and distribution business and coal trading business.

The sales of raw materials still dominated the Group's revenue, representing approximately 59.8% and 65.4% of total revenue of the Group in 1H FY2011 and 1H FY2010 respectively. Trading of raw materials contributed approximately US$124.3 million of revenue in 1H FY2011 which is approximately 12.8% lower than approximately US$142.6 million in 1H FY2010. The Group handled approximately 758,500 tonnes of raw materials during 1H FY2011, a decrease of approximately 50.4% when compared with the previous year. Revenue from trading of finished products contributed approximately 28.9% and 26.5% of total revenue of the Group during 1H FY2011 and 1H FY2010 respectively. The revenue from trading of finished products increased to approximately US$60.1 million in 1H FY2011 from approximately US$57.8 million in 1H FY2010. In terms of tonnage, the Group handled approximately 97,600 tonnes of finished products in 1H

FY2011 and 110,400 tonnes of finished products in 1H FY2010 which was 11.6% lower compared with the corresponding period in last year. Trading of semi-finished products accounted for approximately US$21.1 million in 1H FY2011, which was higher than that of approximately US$17.6 million in 1H FY2010. Approximately 35,700 tonnes and 36,800 tonnes of semi-finished products were handled by the Group in 1H FY2011 and 1H FY2010 respectively. Special products contributed approximately US$2.3 million of revenue to the Group during 1H FY2011, while there was no revenue from such products in 1H FY2010. In terms of tonnage, approximately 1,700 tonnes of special products were sold by the Group in 1H FY2011.

Geographically, North Asia and South East Asia were the Group's principal markets during both 1H FY2011 and 1H FY2010. Sales to North Asia and South East Asia accounted for approximately 74.4% and 22.9% respectively of the Group's revenue for 1H FY2011 and approximately 74.0% and 26.0% respectively in 1H FY2010. Sales to South East Asia dropped to approximately US$47.5 million in 1H FY2011 from approximately US$56.6 million in 1H FY2010. Sales to North Asia dropped to approximately US$154.7 million in 1H FY2011 from approximately US$161.4 million in 1H FY2010.

Gross profit

The gross profit decreased to approximately US$9.0 million in 1H FY2011 from approximately US$33.0 million in 1H FY2010. Correspondingly, the gross profit margin decreased to approximately 4.4% in 1H FY2011 from approximately 15.1% in the corresponding period in the previous year. The decrease in gross profit margin in 1H FY2011 was mainly due to the change of trading terms in the international trading whereby, freight charges were paid by suppliers instead of the Group, which in turns increased the cost of purchase. This was also the major reason for the decrease in distribution and selling expenses.

Other operating income

Other operating income increased to approximately US$2.5 million in 1H FY2011 from approximately US$1.6 million in 1H FY2010 which was mainly attributable to compensation claims from trading contracts and transportation income from domestic trade and distribution in Hong Kong recorded in 1H FY2011. The Group entered into a settlement agreement with a defaulting supplier in August 2010 and received approximately US$1.7 million for final settlement of the dispute. In 1H FY2010, the Group recorded a compensation income of approximately US$1.1 million.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 78.4% from approximately US$25.9 million for 1H FY2010 to approximately US$5.6 million for 1H FY2011. The decrease was mainly due to the drop in outward freight charges, distribution agency fees and port handling charges, following to the changes of the trading terms in the international trading business, which was the reciprocal of the change in gross profit. Freight charge was decreased by approximately 84.6% from approximately US$18.6 million for 1H FY2010 to approximately US$2.9 million for 1H FY2011. Distribution agency fees and port handling charges for 1H FY2011 were dropped by approximately 86.9% and 70.3% respectively as compared to those for 1H FY2010.

Administrative expenses

Administrative expenses increased to approximately US$3.0 million in 1H FY2011 from approximately US$1.9 million in 1H FY2010. Salaries and related costs amounted to approximately US$1.8 million in 1H FY2011 and US$1.0 million in 1H FY2010. The increase was mainly due to the discretionary bonuses paid to staff during the current reported period. The increase was also due to increase in overhead cost of domestic trading and distribution in Hong Kong and higher depreciation recorded when compared with 1H FY2010.

Finance costs

Finance costs of the Group for 1H FY2011 dropped by approximately 22.7% to US$0.5 million from US$0.6 million for 1H FY2010. The drop was due to a decrease in bank charges by 46.3% to approximately US$0.2 million for 1H FY2011 from approximately US$0.3 million in 1H FY2010.

Share of results of associated companies

The Group recorded a gain of US$9,000 for 1H FY2011, which was attributable to profit from the regional trade and distribution unit.

Income tax

Income tax decreased by approximately 64.1% from approximately US$566,000 in 1H FY2010 to approximately US$203,000 in 1H FY2011, which was mainly due to decrease in operating profit.

Review of financial position and cash flow

Inventories

Inventories held as at 31 October 2010 was approximately US$17.3 million; approximately US$16.0 million of inventories was held for Hong Kong domestic trade and distribution and the remaining of approximately US$1.3 million was held for the PRC domestic trade and distribution. Comparatively, approximately US$24.5 million and US$2.0 million of inventories was held for Hong Kong domestic trade and distribution and the PRC domestic trade and distribution respectively as at 30 April 2010.

Trade and other receivables

Trade and other receivables increased from approximately US$24.7 million as at 30 April 2010 to approximately US$63.5 million as at 31 October 2010, which was mainly due to resumption of international trading in Singapore towards the end of October 2010.

Borrowings

Out of the total, approximately US$15.3 million was used for financing inventories in the domestic trading and distribution. The remaining of approximately US$2.8 million was used to finance the office units acquired.

Trade and other payables

Trade and other payables increased to approximately US$39.4 million as at 31 October 2010 from approximately US$14.5 million as at 30 April 2010, which was a result from the Group entering into some international trading purchase transactions towards the end of October 2010, which is in line with the increase in receivables.

FUTURE PROSPECTS

Data from the National Bureau of Statistics released in October 2010 showed that the PRC economic growth slowed down by only registering approximately 9.6% growth during the third quarter of 2010 compared to the previous quarter of approximately 10.3% growth.

The slow down was due to the effect of the measures implemented by the PRC government specifically to the property sector with the aim to cool down the economy. According to International Monetary Fund, the GDP growth forecast for the year of 2010 in the PRC will still be at a moderate rate of approximately 10.5%, which is greater than the global GDP growth forecast for the year of 2010 at approximately 4.5%.

According to the World Steel Association, global crude steel production for the first ten months of 2010 was approximately 1,165 million tonnes. The total tonnes of global crude steel production for the first ten months of 2010 is approximately 17.5% higher than the same period in 2009 and approximately 2.4% higher than the same period in 2008. The PRC crude steel production during the first ten months of 2010 was approximately 525.1 million tonnes, which is higher by approximately 10.7% than the same period in 2009. On a year-on-year comparison for the month of October in 2010 and 2009, the PRC crude steel production fell by approximately 3.8%.

INTERNATIONAL AND DOMESTIC STEEL TRADING

The PRC government has implemented measures such as electricity control to steel producers, and imposition of property restrictions which has affected the PRC steel industry.

According to data from Bloomberg, iron ore imports by the PRC jumped to approximately 59.0 million tonnes in March 2010 from approximately 49.4 million tonnes in February 2010 but demand began to moderate towards the second half of the year. According to China Iron and Steel Association, in June 2010, total iron ore imports fell to approximately 47.2 million tonnes from approximately 51.9 million tonnes in May of this year.

The Group is of view that demand for iron ores in the next six months will be recovered once Chinese steel mills inventory level becomes lower and when the Chinese steel mills begin to pick up production capabilities again.

According to the World Steel Association, the PRC steel utilisation during the period from January 2010 to August 2010 increased by approximately 9.2% but it is anticipated that the growth will be slow down considerably in the remaining part of 2010 due to the PRC government's continuing efforts to cool down the economy and the current on-going production control policies implemented on the steel industry. The growth in the PRC steel utilisation may be further slowed down in the year of 2011 due to the weaker property sector and the phasing out of the stimulus packages.

The Group believes that the PRC steel exports will dip in the 4th quarter of 2010 due to the appreciation of the Renminbi and considerably lower demand in Europe and South East Asia.

The Group's domestic trade and distribution are currently going smoothly in the PRC and Hong Kong and are contributing steadily to the Group's overall profitability.

COAL TRADING

Based on the estimates made by the China National Coal Association, the PRC may consume approximately 4% to 6% more coal in 2010. According to sources from the PRC's National Energy Administration, the PRC energy demand may rise to approximately 3.6% in 2010.

More than 70% of China's electricity comes from coal fired power plants and the PRC has inadequate domestic supply of higher-grade coking coal, which is a key ingredient for making steel. It is expected that demand for coal in the PRC will remain high in the foreseeable future.

The Group has positioned itself to tap into this opportunity on coal trading by securing fixed allocation of coal from lending coal mines, which will contribute to the stable revenue going forward.

On 6 May 2010, Global Wealth Trading Limited ("GWTL"), a wholly owned subsidiary of the Company, signed a legally binding memorandum of understanding ("MOU") with Mr. Lin Xiutong ("Mr. Lin"), a director and a shareholder of Iron And Steel Resources Limited which ceased to be a subsidiary of the Group after 30 April 2010, Select Best Limited ("Select Best") and Wealthy Dragon Investments Limited ("Wealthy Dragon"), both of which are controlled by Mr. Lin, whereby GWTL was granted a right of first refusal for the acquisition of 60% shareholding in Select Best and/or Wealthy Dragon which was intended to be the ultimate holding company for investing in a PRC company which is planned to engage in the scrap steel processing in Taizhou, the PRC ("Taizhou Project"). Up to the date of this report, GWTL has not exercised the right of first refusal in the aforesaid Taizhou Project. According to the MOU, there is no time limit imposed to exercise this right. Based on Directors' representation, the Group has not yet incurred any cost in the Taizhou Project up to the date of this report.

DUAL-LISTING IN THE STOCK EXCHANGE OF HONG KONG LIMITED

On the 6th of December 2010, the shares of the Company started trading in the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"). The directors of the Company (the "Directors") believe that dual primary listing status in both Singapore and Hong Kong is beneficial because it will give the Company ready access to both equity markets in Asia Pacific region when opportunity arises; it will widen the investor base of the Company and will benefit from exposure to a wider range of private and institutional investors and it is in line with the Group's focus on its operation in the PRC which is important for the Group's growth and long term development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2010, the Group had total cash and bank balances of approximately US$30.9 million (30 April 2010: US$32.0 million). The gearing ratio, calculated as a percentage of net debt to equity, was 36% (30 April 2010: 20%) as at 31 October 2010. The current ratio was 1.89 times (30 April 2010: 2.79 times) as at 31 October 2010. In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2010, the Group had a total of 63 full-time employees. The Group determines its staff's remuneration based on factors such as qualifications, years of experience, market conditions and performance of the individual employees. The Company does not have share option scheme for its employees.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

The shares of the Company were listed on the Main Board of the SEHK on 6 December 2010. Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Cap. 571) (the "SFO") (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or Section 352 of the SFO were not applicable to the Directors and the chief executives of the Company during the six months ended 31 October 2010.

As at 6 December 2010 upon the listing on the Main Board of the SEHK, the interests and short positions of the Directors and the chief executives and their associates in the share capital or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Directors	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
Yu Wing Keung, Dicky	Long	Interest in a controlled corporation *(Note 2)*	117,143,750	68.58
	Long	Beneficial owner	8,271,531	4.84
			125,415,281	73.42
Chow Kin Wa	Long	Beneficial owner	2,468,156	1.45
Foo Teck Leong	Long	Beneficial owner	17,500	0.01

Note 1: As at 6 December 2010, the Company had 170,804,269 ordinary shares in issue.

Note 2: The 117,143,750 shares are owned by New Page Investments Limited, a holding company of the Company, which is owned as to 70% by Mr. Yu Wing Keung, Dicky and as to 30% by Mr. Chow Kin Wa. By virtue of Part XV of the SFO, Mr. Yu is deemed to be interested in all the shares owned by New Page Investments Limited.

Save as disclosed above, as at 6 December 2010, none of the Company's Directors, chief executives nor their associates had any interests or short positions in the share capital and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions), or as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or as otherwise, pursuant to the Model Code, notified to the Company and the SEHK.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

The shares of the Company were listed on the Main Board of the SEHK on 6 December 2010. Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) were not applicable to the substantial shareholders of the Company during the six months ended 31 October 2010.

As at 6 December 2010 upon the listing on the Main Board of the SEHK, the following persons (other than the Directors and chief executives of the Company) have interests or short positions in the share capital of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of the shares of the Company carrying the right to vote in all circumstances at the general meeting, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
New Page Investments Limited	Long	Beneficial owner	117,143,750	68.58
Ma Sau Ching, Tailianna *(Note)*	Long	Interests in a controlled corporation held by the spouse	117,143,750	68.58
		Interest held by the spouse	8,271,531	4.84
			125,415,281	73.42

Note: Ms. Ma Sau Ching, Tailianna is the spouse of Mr. Yu Wing Keung, Dicky, an executive Director of the Company. According to the SFO, Ms. Ma is deemed to have interests in the 125,415,281 shares of the Company in which Mr. Yu has interests.

Save as disclosed above, as at 6 December 2010, the Company has not been notified of any other persons' (who were not Directors or chief executives of the Company) interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of the shares of the Company carrying the right to vote in all circumstances at the general meeting, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provision") set forth in The Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. As the Shares have only been listed on the Main Board of the SEHK on 6 December 2010, the CG Code was not applicable to the Company during the six months ended 31 October 2010. Nevertheless, in the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code during the six months ended 31 October 2010 save that the independent non-executive Directors are not appointed for specific term.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 to the Listing Rules regarding securities transactions by its Directors. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code during the period commencing 6 December 2010 (being the date on which the shares of the Company first commenced dealings on the Main Board of the SEHK) to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

INTERIM DIVIDEND

The Directors have declared an interim dividend ("Interim Dividend") of 1.0 Singapore cent per Share (post-consolidated shares) for the six months ended 31 October 2010 payable to shareholders whose names appear on the register of members of the Company at the close of business on 6 January 2011. The payment of the Interim Dividend will be made to shareholders on 21 January 2011.

LOANS AND BORROWINGS

The Group's major borrowings are in United States dollars ("USD") and Hong Kong dollars ("HKD") and at variable interest rates. Bank balances and cash held by the Group are denominated in USD, Singapore dollars ("SGD"), Euro dollars ("EUR"), HKD and Renminbi ("RMB"). The Group currently does not have a foreign currency and interest rate hedging policy. However, the management of the Group monitors foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group did not have any material acquisition or disposal of subsidiaries or associated companies during the period.

PLEDGE OF ASSETS

Certain assets of the Group have been pledged to secure the bank borrowings of the Group. For details, please refer to Note 18 to the Condensed Consolidated Financial Statements of the interim report.

FOREIGN EXCHANGE EXPOSURE

Sales and purchases of the Group were transacted in USD, HKD and RMB. Most of the Group's monetary assets and liabilities were denominated in these currencies. The Directors were aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between these currencies and will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

CONTINGENT LIABILITIES

The Group's contingent liabilities as at 31 October 2010 are shown in Note 21 to the Condensed Consolidated Financial Statements of this interim report.

CLOSURE OF REGISTER OF MEMBERS

The record date for the purpose of determining members' entitlements to the Interim Dividend is 6 January 2011.

REMUNERATION COMMITTEE

The Remuneration Committee comprises all the three independent non-executive Directors and is responsible for reviewing and evaluating the remuneration polices of executive Directors and making recommendations to the board of the Directors (the "Board") from time to time.

AUDIT COMMITTEE

The Audit Committee comprising all the three independent non-executive Directors has discussed auditing, internal controls, and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 31 October 2010.

PUBLICATION OF THE INTERIM REPORT

This report shall be published on the websites of the Company (www.novogroupltd.com), SEHK (www.hkex.com.hk) and SGX-ST (www.sgx.com) in due course.

On behalf of the Board
Yu Wing Keung, Dicky
Chairman and Executive Director

Hong Kong, 13 December 2010

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 31 October 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2010

	Note	Six months ended 31 October 2010 US$'000 (Unaudited)	2009 US$'000 (Unaudited)
Revenue	4	**207,839**	217,977
Cost of sales		**(198,796)**	(184,979)
Gross profit *(Note)*		**9,043**	32,998
Other operating income	6	**2,457**	1,588
Distribution and selling expenses *(Note)*	7	**(5,603)**	(25,935)
Administrative expenses		**(3,032)**	(1,940)
Other operating expenses		**598**	(11)
Finance costs	8	**(464)**	(600)
Share of results of associated companies		**9**	(70)
Profit from operation	9	**3,008**	6,030
Income tax	10	**(203)**	(566)
Profit for the period		**2,805**	5,464
Profit for the period attributable to:			
Equity holders of the Company		**2,713**	5,425
Non-controlling interests		**92**	39
		2,805	5,464
Earnings per share attributable to equity holders of the Company during the period		***US Cents***	*US Cents*
– Basic	11	**0.4**	0.9
– Diluted	11	**0.4**	0.9

Note: Due to the change of trading terms in the international trading business, freight charges were paid by the suppliers.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2010

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**2,805**	5,464
Other comprehensive income:		
Exchange differences on translation of the Group's overseas operations	**141**	2
Other comprehensive income for the period, net of tax	**141**	2
Total comprehensive income for the period	**2,946**	5,466
Total comprehensive income attributable to:		
Equity holders of the Company	**2,841**	5,427
Non-controlling interests	**105**	39
	2,946	5,466

Details of the dividend payable and proposed for the period are disclosed in note 12 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 October 2010 *US$'000* (Unaudited)**	30 April 2010 *US$'000* (Audited) (Restated)
Assets			
Non-current assets			
Property, plant and equipment	*13*		
– interests in leasehold land held for own use under operating leases		**1,148**	1,135
– other property, plant and equipment		**7,650**	6,490
Investments in associated companies		**473**	464
		9,271	8,089
Current assets			
Inventories		**17,286**	26,528
Trade and other receivables	*14*	**63,513**	24,680
Tax recoverable		**12**	–
Cash and cash equivalents		**30,896**	32,012
		111,707	83,220
Total assets		**120,978**	91,309
Equity and liabilities			
Share capital	*17*	**32,239**	32,239
Reserves		**28,260**	27,939
Total equity attributable to equity holders of the Company		**60,499**	60,178
Non-controlling interests		**1,187**	1,098
Total equity		**61,686**	61,276
Non-current liabilities			
Deferred income		**181**	179
		181	179
Current liabilities			
Trade and other payables	*15*	**39,441**	14,523
Borrowings	*16*	**18,052**	13,905
Deferred income		**4**	4
Tax payable		**1,614**	1,422
		59,111	29,854
Total liabilities		**59,292**	30,033
Total equity and liabilities		**120,978**	91,309
Net current assets		**52,596**	53,366
Total assets less current liabilities		**61,867**	61,455
Net assets		**61,686**	61,276

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company							
	Share capital US$'000 (Unaudited)	Treasury shares US$'000 (Unaudited)	Retained earnings US$'000 (Unaudited)	Foreign currency translation reserve US$'000 (Unaudited)	Other reserve US$'000 (Unaudited)	Equity attributable to equity holders of the Company US$'000 (Unaudited)	Non-controlling interests US$'000 (Unaudited)	Total equity US$'000 (Unaudited)
Balance at 1 May 2009	24,014	(1,991)	17,772	–	–	39,795	580	40,375
Changes in equity for the period								
Minority shareholder of newly incorporated subsidiaries	–	–	–	–	–	–	275	275
Acquisition of treasury shares	–	(425)	–	–	–	(425)	–	(425)
Dividend paid	–	–	(2,091)	–	–	(2,091)	–	(2,091)
Total comprehensive income for the period	–	–	5,425	2	–	5,427	39	5,466
Balance at 31 October 2009	24,014	(2,416)	21,106	2	–	42,706	894	43,600
Balance at 1 May 2010	**32,239**	**–**	**25,336**	**2**	**2,601**	**60,178**	**1,098**	**61,276**
Changes in equity for the period								
Acquisition of interest in a subsidiary	–	–	–	–	–	–	**(16)**	**(16)**
Dividend paid	–	–	**(2,520)**	–	–	**(2,520)**	–	**(2,520)**
Total comprehensive income for the period	–	–	**2,713**	**128**	–	**2,841**	**105**	**2,946**
Balance at 31 October 2010	**32,239**	**–**	**25,529**	**130**	**2,601**	**60,499**	**1,187**	**61,686**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(551)**	4,893
Net cash used in investing activities	**(1,283)**	(4,606)
Net cash generated from/(used in) financing activities	**12,236**	(1,092)
Net increase/(decrease) in cash and cash equivalents	**10,402**	(805)
Cash and cash equivalents at beginning of the period	**13,048**	16,892
Cash and cash equivalents at end of the period	**23,450**	16,087
Cash and cash equivalents are represented by:		
Cash and bank balances	**30,896**	23,453
Less: Fixed deposits and cash subjected to restriction	**(7,446)**	(7,366)
	23,450	16,087

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Singapore on 29 June 1989 under the Singapore Companies Acts and its shares have been dual primary listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SEHK on 12 September 1996 and 6 December 2010 respectively. The Company was placed under judicial management since 28 October 2005 under an order of the High Court of Singapore, and was reverted to "live" status with effect from 11 March 2008 after the judicial managers were discharged on the completion of the reverse acquisition on 10 March 2008.

The registered office of the Company is located at 20 Harbour Drive #05-01 PSA Vista, Singapore 117612. The headquarter and principal place of business of the Group is at Rooms 1109-11, 11th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Group are international and domestic trading and distribution of steel products and their raw materials.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules").

The financial statements has been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 30 April 2010, except for the adoption of the new or revised International Financial Reporting Standards ("IFRSs") (which include International Financial Reporting Standards, International Accounting Standards and Interpretations) as disclosed in note 3 to the financial statements.

The financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2010.

2. BASIS OF PREPARATION (continued)

The financial statements are presented in United States dollars ("US$") which is also the functional currency of the Group, rounded to the nearest thousand US$ ("US$'000"), unless otherwise stated.

The financial statements have been prepared under the historical cost basis except that the derivative financial instruments are stated at their fair value.

3. THE ADOPTION OF NEW/REVISED IFRSs

In the current period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 May 2010. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and the amounts reported for the current period and prior periods except as stated below.

Classification of borrowings

Under IAS 1 "Presentation of Financial Statements", an entity shall classify a liability as current when (i) it expects to settle the liability in its normal operating cycle; (ii) it holds the liability primarily for the purpose of trading; (iii) the liability is due to be settled within twelve months after the reporting period; or (iv) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. An entity shall classify all other liabilities as non-current. In relation to the terms of mortgage loan granted, it would be appropriate to classify the loan as current liabilities. IAS 1 "Presentation of Financial Statements" is required to be applied retrospectively. Comparative information has been restated to reflect this change. The effect of the adoption of this change in accounting policy is restricted to disclosures only, being a reclassification of certain borrowings from non-current liabilities to current liabilities in the consolidated statement of financial position as follows:

	31 October 2010	30 April 2010	1 May 2009
	US$'000	*US$'000*	*US$'000*
Increase in current liabilities	**2,421**	2,600	–
Decrease in non-current liabilities	**(2,421)**	(2,600)	–
	–	–	–

3. THE ADOPTION OF NEW/REVISED IFRSs (continued)

Classification of borrowings (continued)

There is no effect on the financial results or credit standing of the Group as a result of this change in accounting policy. The Company understands that there was a mortgage loan in previous periods which would require similar reclassification as current loans as a result of change. These mortgage loans, however, have been repaid prior to 1 May 2009. No other prior year adjustments are required other than above summary of financial position.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Sales of steel products	**204,415**	217,977
Sales of coal	**3,424**	–
	207,839	217,977

5. SEGMENT INFORMATION

(i) Business segments

The Group has four reportable segments as follows:

Raw Materials

– Distribution and sales of materials such as iron ores, pellets, scraps, pig irons and coal.

Semi-finished products

– Distribution and sales of steel products such as billets and slabs used for producing deformed steel bars, wire rods, hot rolled plates and hot rolled coils.

Finished products

– Distribution and sales of long products such as deformed bars, wire rods, tube, section, angle channels as well as flat products such as hot rolled plates and coils, cold rolled coil and sheet.

Others

– Distribution and sales of special and coated products such as galvanised steel coils, pre-painted galvanised steel coils and tinplate.

There is no reasonable basis to allocate other income and administrative, certain distribution and selling expenses to the different segments, and accordingly these items have been disclosed as unallocated income and unallocated costs respectively.

Assets of the Group are utilised interchangeably between the different segments and there is no reasonable basis to allocate liabilities of the Group between the different segments. Accordingly capital expenditure, assets and liabilities of the Group are disclosed as unallocated in the segment report.

5. SEGMENT INFORMATION (continued)

(i) Business segments (continued)

For the six months ended 31 October 2010

	Raw materials US$'000 (Unaudited)	Semi-finished products US$'000 (Unaudited)	Finished products US$'000 (Unaudited)	Others US$'000 (Unaudited)	Total US$'000 (Unaudited)
Revenue	124,329	21,154	60,094	2,262	207,839
Segment results	3,732	(715)	2,385	99	5,501
Unallocated income					2,457
Unallocated costs					(4,495)
Finance costs					(464)
Share of results of associated companies					9
Profit from operation					3,008
Income tax					(203)
Net profit for the financial period					2,805
Assets and liabilities					
Unallocated assets					120,505
Investments in associated companies					473
Total assets					120,978
Unallocated liabilities					59,292
Total liabilities					59,292
Other segment items					
Capital expenditure					1,270
Depreciation and amortisation					132
Non-cash items other than depreciation and amortisation					(3)

5. SEGMENT INFORMATION (continued)

(i) Business segments (continued)

For the six months ended 31 October 2009

	Raw materials *US$'000* (Unaudited)	Semi-finished products *US$'000* (Unaudited)	Finished products *US$'000* (Unaudited)	Others *US$'000* (Unaudited)	Total *US$'000* (Unaudited)
Revenue	142,642	17,513	57,822	–	217,977
Segment results	7,309	107	1,892	–	9,308
Unallocated income					1,588
Unallocated costs					(4,196)
Finance costs					(600)
Share of results of associated companies					(70)
Profit from operation					6,030
Income tax					(566)
Net profit for the financial period					5,464
Assets and liabilities					
Unallocated assets					65,067
Investments in associated companies					446
Total assets					65,513
Unallocated liabilities					21,913
Total liabilities					21,913
Other segment items					
Capital expenditure					393
Depreciation					49
Non-cash items other than depreciation					(4)

5. SEGMENT INFORMATION (continued)

(ii) Geographical information

The turnover by geographical segments is based on the location customers regardless of where the goods are produced.

The Group's operations are located in 4 main geographical areas. The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the goods and services.

Sales revenue by geographical markets:

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
North Asia *(Note i)*	**154,653**	161,389
South East Asia *(Note ii)*	**47,540**	56,588
India and Middle East *(Note iii)*	**3,383**	–
Others *(Note iv)*	**2,263**	–
	207,839	217,977

Non-current assets by geographical markets:

	31 October	30 April
	2010	2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
North Asia *(Note i)*	**8,778**	7,601
South East Asia *(Note ii)*	**17**	21
India and Middle East *(Note iii)*	**3**	3
Others *(Note iv)*	**–**	–
	8,798	7,625
Investments in associated companies	**473**	464
	9,271	8,089

5. SEGMENT INFORMATION (continued)

(ii) Geographical information (continued)

Note:
(i) Included Hong Kong, Macau, the PRC and Taiwan, etc.
(ii) Included Philippines, Singapore, Thailand, Indonesia and Vietnam, etc.
(iii) Included India
(iv) Included Costa Rica

6. OTHER OPERATING INCOME

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Amortisation of deferred income	**2**	–
Compensation received from suppliers and a customer	**2,224**	1,120
Fair value gain on derivative financial instruments	**–**	4
Government grants and subsidies	**10**	–
Negative goodwill on consolidation	**3**	–
Rental income	**18**	–
Service fees received	**–**	29
Sundry income	**12**	417
Transportation income	**180**	4
	2,449	1,574
Finance income – bank interest income	**8**	14
Total	**2,457**	1,588

7. DISTRIBUTION AND SELLING EXPENSES

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Compensation	–	104
Credit insurance	–	10
Cutting charges	–	4
Distribution agency fees	**669**	5,086
Freight charges	**2,874**	18,603
Freight insurance	**91**	87
I/E declaration	**4**	2
Inspection fee	**104**	73
LC agency fees	**108**	–
Port handling charges	**403**	1,355
Shipping handling charges	**603**	487
Storage insurance	**8**	–
Transportation charges	**409**	97
Warehouse charges	**330**	27
	5,603	25,935

8. FINANCE COSTS

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Bank charges	**183**	341
Interest on bank loans	**281**	259
	464	600

9. PROFIT FROM OPERATION

Profit from operation is stated after charging/(crediting) the following:

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Depreciation	**120**	49
Distribution agency fees	**669**	5,086
Freight charges	**2,874**	18,603
Loss on disposal of property, plant and equipment	**2**	–
Material costs recognised as an expense in cost of sales	**198,796**	184,979
Net exchange gains	**(589)**	(49)
Net realised (gain)/loss on disposal of derivative financial instruments	**(9)**	60
Operating lease expenses	**12**	–
Rental expenses	**54**	41
Staff costs (including directors' emoluments)	**1,845**	1,039

10. INCOME TAX

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current year – Hong Kong Profits Tax		
Provision for the period	**36**	551
Current year – Overseas Tax		
Provision for the period	**167**	10
Over-provision in respect of prior years	**–**	5
	167	15
	203	566

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 October 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

11. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated based on the Group's profit for the periods attributable to the equity holders of the Company divided by the number of ordinary shares issued by the legal parent to the owners of the legal subsidiary from the beginning of year 2008 and the subsequent changes in ordinary shares in issue in the periods.

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company	**2,713**	5,425

	Number of ordinary shares	
	31 October	31 October
	2010	2009
	'000	*'000*
Weight average number of ordinary shares	**683,220**	604,831

12. DIVIDENDS

Dividends attributable to the interim period

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interim tax exempt dividend declared and paid for the six months ended 31 October 2010 and 2009	–	–
Final tax exempt dividend in respect of the previous financial years, approved and paid during the period, of S$0.50 (2009: S$0.50) cents per share	**2,520**	2,091
	2,520	2,091

The Directors have declared an interim dividend of 1.0 Singapore cent per ordinary share for the six months ended 31 October 2010 payable to shareholders whose names appear on the register of members of the Company at the close of business on 6 January 2011.

The interim dividend proposed after the reporting date has not been recognised as a liability at the corresponding reporting date, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2011.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2010, the Group acquired items of property, plant and equipment with cost of US$1,270,081 (six months ended 31 October 2009: US$393,230). Items of property, plant and equipment with carrying amount of US$1,777 were disposed during the six months ended 31 October 2010 (six months ended 31 October 2009: nil).

14. TRADE AND OTHER RECEIVABLES

	31 October 2010	30 April 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Advance payment to suppliers	**3,382**	3,877
Trade and bills receivables	**50,324**	10,006
	53,706	13,883
Deposits	**34**	32
Temporary payment	**127**	289
Prepayments	**1,562**	810
Other receivables	**4,005**	3,934
Non-trade balances due from		
– associated companies	**1,850**	2,019
– minority shareholder	**–**	1,156
Trade balances due from		
– related companies	**2,229**	2,557
	9,807	10,797
	63,513	24,680

The receivables from associated companies and a minority shareholder are unsecured, interest free and repayable on demand.

14. TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of trade and bills receivables was as follows:

	31 October 2010 US$'000 (Unaudited)	30 April 2010 US$'000 (Audited)
Current	**47,666**	8,114
Less than one month past due	**2,455**	1,461
One to three months past due	**203**	289
Three to twelve months past due	–	142
Over twelve months past due	–	–
Amount past due	**2,658**	1,892
	50,324	10,006

The Group conducts settlement by letter of credit and in advance for most international trading and the PRC domestic trading and distribution. Other than that the Group has a policy of allowing customers for domestic trading and distribution in Hong Kong with credit terms of normally 30 days after the date of delivery.

As at the reporting date, the Group had no significant balances of trade and bills receivables that were past due but not impaired. The Directors of the Company are of the opinion that no allowance for impairment of trade and bills receivables is necessary as there was no recent history of significant default in respect of these trade and bills receivables. Trade and bills receivables that were neither past due nor impaired related to a wide range of independent customers that have a good track record of credit with the Group. In general, the Group does not hold any collateral or other credit enhancements over these balances.

At 31 October 2010, trade and bills receivables amounted to US$45,286,269 (unaudited) (30 April 2010 (audited): US$2,424,684) were pledged as securities for banking facilities granted to the Group.

15. TRADE AND OTHER PAYABLES

	31 October 2010 ***US$'000*** **(Unaudited)**	30 April 2010 *US$'000* (Audited)
Trade and bills payables	**36,211**	11,919
Sales deposits received	**181**	436
Accrued operating expenses	**639**	674
Other payables	**86**	123
Non-trade balances due to		
– directors	**–**	738
– minority shareholder	**402**	402
Trade balances due to		
– minority shareholder	**314**	201
– related companies	**1,608**	30
	3,230	2,604
	39,441	14,523

The amounts payable to directors and a minority shareholder are unsecured, interest free and repayable on demand.

The ageing analysis of trade and bills payables, based on invoice date was as follows:

	31 October 2010 ***US$'000*** **(Unaudited)**	30 April 2010 *US$'000* (Audited)
Due within three months or on demand	**36,123**	11,710
Due after three months but within six months	**–**	163
Due after six months but within one year	**42**	–
Due over one year	**46**	46
	36,211	11,919

16. BORROWINGS

	31 October 2010	30 April 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited) (Restated)
Secured		
Bank loans	**9,480**	983
Inventory loans	**2,668**	4,700
Mortgage loan	**2,783**	2,962
Trust receipt loans	**3,121**	5,260
	18,052	13,905

The mortgage loan has been reclassified as current liabilities from non-current liabilities as described in note 3 to the interim report.

The borrowings are secured by:

(i) legal pledges of the Group's leasehold land and buildings;

(ii) legal pledges of the Group's fixed deposits and certain cash and bank;

(iii) pledges of assets (cargo and related proceeds) underlying the financial transaction;

(iv) corporate cross guarantees between subsidiaries when appropriate; and

(v) corporate guarantees of the Company.

16. BORROWINGS (continued)

Mortgage loan at 30 April 2010 (audited) was repayable in 96 equal monthly installments of US$32,417 each commencing 29 April 2010. Mortgage loan at 31 October 2010 (unaudited) was repayable in 90 equal monthly installments of US$32,587 each commencing 29 October 2010. Bank loan at 30 April 2010 (audited) was repayable within 167 days from the date of drawdown. Bank loans at 31 October 2010 (unaudited) were repayable within 90 days and 177 days from the respective date of drawdown. Inventory loans of 30 April 2010 (audited) and 31 October 2010 (unaudited) were repayable within 90 days and 150 days from the commencement date respectively. Trust receipt loans of 30 April 2010 (audited) and of 31 October 2010 (unaudited) were repayable within 90 days and 120 days from the grant date respectively.

	31 October 2010 % (Unaudited)	30 April 2010 % (Audited)
The weighted average interest rates at the balance sheet dates were as follows:		
Bank loans	**3.50**	4.62
Inventory loans	**2.91**	2.82
Mortgage loan	**1.11**	0.98
Trust receipt loans	**2.55**	2.31

17. SHARE CAPITAL

		No. of ordinary shares	*US$*
Balance at 30 April 2009		631,378,640	24,013,831
Placement of new shares	*(a)*	51,841,000	8,224,700
Balance at 30 April 2010 (audited) and 31 October 2010 (unaudited)		683,219,640	32,238,531

(a) On 21 January 2010, the Company issued and allotted 51,841,000 new ordinary shares at S$0.23 each and incurred share placement expenses of US$271,935 pursuant to among others the Placement Agreement.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All shares carry one vote per share without restrictions.

18. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following assets to banks as securities against banking facilities granted to the Group:

	31 October 2010	30 April 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Leasehold land and buildings	**5,607**	5,673
Inventories	**2,941**	7,155
Trade and bills receivables	**45,286**	2,425
Fixed deposits	**7,446**	18,965
	61,280	34,218

19. RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 31 October	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	**650**	421
Retirement benefits scheme contributions	**11**	6
	661	427

(b) In addition to information disclosed elsewhere in the condensed consolidated financial statements, the following related party transactions took place between the Group and related parties during the financial period on terms mutually agreed by the parties concerned:

		Six months ended 31 October	
	Note	**2010**	2009
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
Sales of goods to related parties	*(ii)*	**2,744**	812
Purchase of goods from related parties	*(ii)*	**7,197**	1,461
Warehouse rental charges paid to related parties	*(iii)*	**316**	26
Office rental charges paid to a related party	*(iii)*	**7**	3
LC agency fees paid to a related party	*(iv)*	**108**	–
Sales of goods to a minority shareholder	*(v)*	–	30
Purchase of goods from a minority shareholder	*(v)*	–	1,287
Agency fees paid to an associated company	*(vi)*	–	147
Service fees received from an associated company	*(vii)*	–	29
Professional fees paid to a related party	*(viii)*	–	67
Purchase of a motor vehicle from a director	*(ix)*	–	4

19. RELATED PARTY TRANSACTIONS (continued)

(b) (continued)

Note:

(i) Intra-group transactions that have been eliminated in the condensed consolidated financial statements are not disclosed as related party transactions above.

(ii) Sales and purchase of goods to and from related parties related to the trading of steel products. All trading transactions are made at similar terms as the Group grants to other independent third parties.

(iii) Charges paid to related parties for leasing warehouses and an office for daily operation of the Group.

(iv) Agency fee paid to a related party for handling and arranging letters of credit. The charge rate was US$10.13 per tonne of actual quantity shipped.

(v) Sales and purchase of goods to and from a minority shareholder relates to the trading of steel products. All trading transactions were made at similar terms as the Group grants to other independent third parties.

(vi) Agency fees for arranging and opening letters of credit and banking facilities were charged by an associated company. The charge rate was US$2 per tonne of actual quantity shipped.

(vii) General advice and consultancy services were rendered to an associated company, and charged at a monthly fee of HK$75,000 (equivalent to US$9,615). These services were terminated by all relevant parties effective from 1 August 2009.

(viii) Professional fees were paid to a related party, Focus Capital Investment Inc ("Focus Capital"), for provision of consultancy services (including providing advice on investor relationship management and co-ordination services on matters relating to the fund raising exercise). The charge rate was US$134,000 per annum. Focus Capital agreed to terminate the provision of their services effective rate was from 1 May 2010.

Focus Capital is co-founded by Mr. Chow Kin San, a non-executive director of the Company at the relevant time. Mr. Chow Kin San is also a chief executive officer of Focus Capital.

(ix) Consideration paid to a director for the acquisition of a second hand motor vehicle, the acquisition was transacted at a fair market value. This was a one-off transaction.

(c) Related party balances

Details of the Group's outstanding balances with related parties are set out in the condensed consolidated statement of financial position.

20. COMMITMENTS

(a) Capital commitments

As at 31 October 2010, the Group had capital commitments as follows:

	31 October 2010	30 April 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Expenditure for property, plant and equipment contracted for	**1,033**	40
Expenditure for property, plant and equipment approved by the directors but not contracted for	–	2,069
	1,033	2,109

(b) Operating lease commitments

At the end of the reporting period, the future aggregate minimum lease payments for office premises under non-cancellable operating lease are as follows:

	31 October 2010	30 April 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Not later than one year	**125**	91
Later than one year but not later than five years	**122**	7
	247	98

21. CONTINGENT LIABILITIES

At the end of reporting period, the Group had the following outstanding contingent liabilities:

(a) Bills discounted with recourse

	31 October 2010	30 April 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Discounted bills with recourse supported by letters of credit	–	20,165

(b) Guarantees

	31 October 2010	30 April 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**347,961**	309,761

The Company has issued corporate guarantees to banks for banking facilities granted to its subsidiaries. These guarantees are financial guarantee contract 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 term of the facilities drawn. The financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote and the Company does not expect to incur material losses under these corporate guarantees.

22. NON-ADJUSTING POST BALANCE SHEET EVENTS

The Company carried out a share consolidation after the close of business day on 18 November 2010, pursuant to which every four pre-consolidated ordinary shares in the issued capital of the Company were consolidated into one ordinary share, fraction share being disregarded. Following the share consolidation,170,804,269 consolidated shares have been listed and quoted on the Singapore Exchange Securities Trading Limited since 19 November 2010 and on SEHK since 6 December 2010 (Date of listing in SEHK).

On 6 May 2010, Global Wealth Trading Limited ("GWTL"), a wholly owned subsidiary of the Company, signed a legally binding memorandum of understanding ("MOU") with Mr. Lin Xiutong ("Mr. Lin"), a director and a shareholder of Iron And Steel Resources Limited which ceased to be a subsidiary of the Group after 30 April 2010, Select Best Limited ("Select Best") and Wealthy Dragon Investments Limited ("Wealthy Dragon"), both of which are controlled by Mr. Lin, whereby GWTL was granted a right of first refusal for the acquisition of 60% shareholding in Select Best and/or Wealthy Dragon which was intended to be the ultimate holding company for investing in a PRC company which is planned to engage in the scrap steel processing in Taizhou, the PRC ("Taizhou Project"). Up to the date of this report, GWTL has not exercised the right of first refusal in the aforesaid Taizhou Project. According to the MOU, there is no time limit imposed to exercise this right. Based on Directors' representation, the Group has not yet incurred any cost in the Taizhou Project up to the date of this report.

23. COMPARATIVE INFORMATION

Certain comparative information was restated to conform to current period's presentation as a result of the change in accounting policy described in note 3 above.

BOARD OF DIRECTORS

Yu Wing Keung, Dicky
(Chairman and Executive Director)
Chow Kin Wa *(Chief Executive Officer and Executive Director)*
Chow Kin San *(Executive Director)*
Foo Teck Leong
(Independent Non-executive Director)
Tang Chi Loong
(Independent Non-executive Director)
Tse To Chung, Lawrence
(Independent Non-executive Director)

AUDIT COMMITTEE

Foo Teck Leong *(Chairman)*
Tang Chi Loong
Tse To Chung, Lawrence

NOMINATING COMMITTEE

Tang Chi Loong *(Chairman)*
Foo Teck Leong
Tse To Chung, Lawrence

REMUNERATION COMMITTEE

Tang Chi Loong *(Chairman)*
Foo Teck Leong
Tse To Chung, Lawrence

INVESTMENT COMMITTEE

Chow Kin San *(Chairman)*
Tang Chi Loong
Foo Teck Leong

COMPANY SECRETARIES

Wee Woon Hong
Lee Hock Heng
Wong Tak Yee

AUTHORISED REPRESENTATIVES

Yu Wing Keung, Dicky
Chow Kin San

COMPLIANCE ADVISOR

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CORPORATE INFORMATION

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50 Raffles Place,
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Singapore 048623

BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
26/F, Tesbury Centre, 28 Queen's Road East,
Hong Kong

INDEPENDENT AUDITOR

Baker Tilly TFW LLP
15 Beach Road #03-10 Beach Centre,
Singapore 189677
Partner-in-Charge: Tiang Yii
(Appointed since the financial year ended 30 April 2009)

PRINCIPAL BANKERS

BNP Paribas, Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Overseas-Chinese Banking Corporation Limited (Hong Kong branch)
Rabobank International (Hong Kong branch)
Shanghai Commercial Bank Limited
Societe Generale
United Overseas Bank Limited
WestLB AG (Singapore branch)

STOCK CODES

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

COMPANY'S WEBSITE

www.novogroupltd.com