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NOVO GROUP LTD.
新源控股有限公司*
(Registration No. 198902648H)
(Incorporated in Singapore with limited liability)
Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

**FINAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 30 APRIL 2011**

The board (the “Board”) of the directors (the “Directors”) of Novo Group Ltd. (the “Company”) is pleased to announce the final results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 April 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2011

	<i>Note</i>	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Revenue	3	501,606	403,023
Cost of sales		<u>(467,682)</u>	<u>(347,332)</u>
Gross profit (Note 1)		33,924	55,691
Other operating income	5	2,621	4,052
Distribution and selling expenses (Note 1)	6	(23,849)	(39,592)
Administrative expenses		(6,721)	(5,595)
Other operating expenses		1,082	276
Dual listing expenses (Note 2)		(1,317)	–
Finance costs	7	(1,035)	(1,072)
Share of results of associated companies		<u>46</u>	<u>(53)</u>
Profit from operations	8	4,751	13,707
Income tax	9	(298)	(1,691)
Profit for the year		<u>4,453</u>	<u>12,016</u>

Note 1: Due to the change of trading terms in the international trading business, freight charges were paid by the suppliers.

Note 2: Other operating expenses for the current financial period reported on included the professional and related expenses of approximately US\$1.3 million in relation to the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited by way of introduction which was one-off in nature.

* For identification purpose only

	<i>Note</i>	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Profit for the year attributable to:			
Equity holders of the Company		4,521	11,775
Non-controlling interests		(68)	241
		<u>4,453</u>	<u>12,016</u>

**Earnings per share attributable to equity holders
of the Company during the year**

		<i>US Cents</i>	<i>US Cents</i>
– Basic	<i>10</i>	<u>2.65</u>	<u>7.61</u>
– Diluted	<i>10</i>	<u>2.65</u>	<u>7.61</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2011

		2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Profit for the year		4,453	12,016
Other comprehensive income:			
Exchange differences on translation of the Group's overseas operations		<u>327</u>	<u>3</u>
Other comprehensive income for the year, net of tax		<u>327</u>	<u>3</u>
Total comprehensive income for the year		<u>4,780</u>	<u>12,019</u>
Total comprehensive income attributable to:			
Equity holders of the Company		4,817	11,777
Non-controlling interests		(37)	242
		<u>4,780</u>	<u>12,019</u>

Details of the dividend payable and proposed for the year are disclosed in note 11 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2011 <i>US\$'000</i>	2010 <i>US\$'000</i> (Restated)	2009 <i>US\$'000</i> (Restated)
Assets				
Non-current assets				
Property, plant and equipment				
– interests in leasehold land held for own use under operating leases		1,167	1,135	–
– other property, plant and equipment		8,651	6,490	1,500
Investment in associated companies		510	464	26
		10,328	8,089	1,526
Current assets				
Inventories		19,347	26,528	–
Trade and other receivables	<i>12</i>	35,599	24,680	37,311
Tax recoverable		12	–	200
Cash and bank balances		35,828	32,012	20,960
		90,786	83,220	58,471
Total assets		101,114	91,309	59,997
Equity and liabilities				
Share capital		32,239	32,239	24,014
Treasury shares		–	–	(1,991)
Reserves		28,915	27,939	17,772
Total equity attributable to equity holders of the Company		61,154	60,178	39,795
Non-controlling interests		1,151	1,098	580
Total equity		62,305	61,276	40,375
Non-current liabilities				
Deferred income		184	179	–
		184	179	–
Current liabilities				
Trade and other payables	<i>13</i>	20,238	14,523	19,551
Borrowings	<i>14</i>	18,076	13,905	–
Deferred income		4	4	–
Tax payable		307	1,422	71
		38,625	29,854	19,622

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i> (Restated)	2009 <i>US\$'000</i> (Restated)
Total liabilities	38,809	30,033	19,622
Total equity and liabilities	101,114	91,309	59,997
Net current assets	52,161	53,366	38,849
Total assets less current liabilities	62,489	61,455	40,375
Net assets	62,305	61,276	40,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2011

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 Stock Exchange of Hong Kong Limited (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 1109-1111, 11th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Hong Kong.

The principal activity of the Company is that of 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

The financial statements (expressed in United States Dollars (“USD” or “US\$”) which is the Company’s functional and presentation currency), have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of 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 and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised FRSs has no material effect on the financial statements except for the adoption of the following new/revised FRS which are relevant to the Group:

(i) **FRS 103 (revised) Business Combinations**
(effective for annual periods beginning on or after 1 July 2009)

The Group adopted the revised standard on 1 May 2010 and the revised accounting policy on business combinations.

Changes in significant accounting policies resulting from the adoption of the revised FRS 103 are summarised as follows:

- Acquisition-related transactions costs would no longer be capitalised as part of the cost of acquisition but will be expensed in profit or loss when incurred;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

The effects of the adoption of the revised FRS 103 on the Group’s consolidated financial statements relating to acquisition of subsidiaries are insignificant and were not disclosed.

(ii) **FRS 27 (revised) Consolidated and Separate Financial Statements**
(effective for annual periods beginning on or after 1 July 2009)

The Group adopted the revisions to FRS 27 on 1 May 2010. Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in loss of control is accounted for as equity transactions. Such change will not have any impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary’s equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

As the changes have been implemented prospectively in accordance with the standard’s transitional provisions, the adoption of the revised standard did not require any adjustments to any amounts previously recognised in the financial statements.

The Company and the Group have also adopted the interpretations from the International Accounting Standards (IAS 1) on the clarification of a liability on current or non-current. The term loans which are subjected to review, recall, alter or cancel from time to time at the lender’s discretion are classified under current liabilities.

At the date of the balance sheet, the following FRSs and Interpretations of FRS were issued, revised or amended but not effective:

FRS 24	Related Party Disclosures
INT FRS 115	Agreements for the Construction of Real Estate
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Limited Exemption from Comparative FRS 107
	Disclosures for First-time Adopters
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 107	Disclosures – Transfer of Financial Assets
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
Improvements to FRSs 2010	

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group.

3. REVENUE

	2011	2010
	<i>US\$'000</i>	<i>US\$'000</i>
Sales of steel products	487,345	388,087
Sales of coal	14,261	9,973
Charter of vessels	–	4,963
	<u> </u>	<u> </u>
	<u>501,606</u>	<u>403,023</u>

4. 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, and 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 tinsplate.

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.

For the year ended 30 April 2011

	Raw materials <i>US\$'000</i>	Semi-finished products <i>US\$'000</i>	Finished products <i>US\$'000</i>	Others <i>US\$'000</i>	Total <i>US\$'000</i>
Revenue	<u>377,412</u>	<u>30,657</u>	<u>89,383</u>	<u>4,154</u>	<u>501,606</u>
Segment results	11,262	(452)	3,135	161	14,106
Unallocated income					2,621
Unallocated costs					(10,987)
Finance costs					(1,035)
Share of results of associated companies					<u>46</u>
Profit from operations					4,751
Income tax					<u>(298)</u>
Net profit for the financial year					<u><u>4,453</u></u>
<u>Assets and liabilities</u>					
Unallocated assets					100,604
Investments in associated companies					<u>510</u>
Total assets					<u><u>101,114</u></u>
Unallocated liabilities					<u>38,809</u>
Total liabilities					<u><u>38,809</u></u>
<u>Other segment items</u>					
Capital expenditure					2,412
Depreciation and amortisation					299
Non-cash items other than depreciation and amortisation					<u>(2)</u>

For the year ended 30 April 2010

	Raw materials US\$'000	Semi-finished products US\$'000	Finished products US\$'000	Others US\$'000	Total US\$'000
Revenue	239,220	60,276	97,798	5,729	403,023
Segment results	15,639	413	4,150	490	20,692
Unallocated income					4,052
Unallocated costs					(9,912)
Finance costs					(1,072)
Share of results of associated companies					(53)
Profit from operations					13,707
Income tax					(1,691)
Net profit for the financial year					12,016
<u>Assets and liabilities</u>					
Unallocated assets					90,845
Investment in associated companies					464
Total assets					91,309
Unallocated liabilities					30,033
Total liabilities					30,033
<u>Other segment items</u>					
Capital expenditure					6,265
Depreciation and amortisation					140
Non-cash items other than depreciation and amortisation					107

(ii) Geographical information

The turnover by geographical segments are based on the location of 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:

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
North Asia (<i>Note i</i>)	436,229	286,418
South East Asia (<i>Note ii</i>)	57,907	116,503
India and Middle East (<i>Note iii</i>)	3,384	–
Others (<i>Note iv</i>)	4,086	102
	501,606	403,023

Non-current assets by geographical markets:

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
North Asia (<i>Note i</i>)	9,803	7,601
South East Asia (<i>Note ii</i>)	12	21
India and Middle East (<i>Note iii</i>)	3	3
Others (<i>Note iv</i>)	–	–
	9,818	7,625
Investment in associated companies	510	464
	10,328	8,089

Note:

- (i) Included Hong Kong, Macau, the PRC, Taiwan and Korea etc.
- (ii) Included Philippines, Singapore, Thailand, Indonesia, Vietnam and Brunei, etc.
- (iii) Included India
- (iv) Included Costa Rica, Italy and Dominican Republic, etc.

5. OTHER OPERATING INCOME

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Amortisation of deferred income	4	1
Ballast bonus	–	200
Compensation received from suppliers and customers	2,227	2,975
Gain on disposal of a subsidiary	–	1
Rental income	18	13
Service fees received	–	29
Sundry income	56	699
Transportation income	298	110
	<hr/>	<hr/>
	2,603	4,028
Finance income		
– bank interest income	18	24
	<hr/>	<hr/>
Total	2,621	4,052
	<hr/> <hr/>	<hr/> <hr/>

6. DISTRIBUTION AND SELLING EXPENSES

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Bunker cost expenses off	–	409
Commission expenses	–	77
Compensation	41	104
Credit insurance	–	15
Cutting charges	–	12
Distribution agency fees	2,112	6,104
Freight charges	17,705	28,894
Freight insurance	194	151
I/E declaration	7	9
Inspection fee	238	189
LC agency fees	110	–
Port handling charges	1,488	2,027
Shipping handling charges	851	775
Storage insurance	12	1
Transportation charges	641	552
Warehouse charges	450	273
	<hr/>	<hr/>
	23,849	39,592
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Bank charges	456	637
Interest on bank loans	579	435
	<u>1,035</u>	<u>1,072</u>

8. PROFIT FROM OPERATIONS

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

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Auditors' remuneration	126	116
Depreciation of property, plant and equipment	299	140
Distribution agency fees	2,112	6,104
Freight charges	17,705	28,894
Loss on disposal of property, plant and equipment	2	–
(Gain)/loss on trading of derivative financial instruments	(9)	84
Material costs recognised as an expense in cost of sales	460,501	342,855
Net exchange gains	(1,208)	(385)
Net realised loss on disposal of derivative financial instruments	–	24
Operating lease expenses – vessels	–	4,477
Pre-operating expenses	–	7
Rental expenses	96	90
Staff costs (including directors' emoluments)	3,694	3,286
Written off of prepayment	135	–
	<u>135</u>	<u>–</u>

9. INCOME TAX

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	1,558
Over-provision in respect of prior years	–	5
	–	1,563
Current tax – Overseas Tax		
Provision for the year	323	110
Over-provision in respect of prior years	(25)	18
	298	128
	298	1,691

Hong Kong profits tax has been provided at the rate of 16.5% (FY2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

10. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated based on the Group's profit for the year 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 years.

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Profit for the year attributable to equity holders of the Company	4,521	11,775
	Number of ordinary shares	
	2011	2010
	'000	'000
		(Restated)
Weighted average number of ordinary shares	170,804	154,712

11. DIVIDEND PAID

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
First and final tax exempt (one-tier) dividend paid in respect of the financial year ended 30 April 2010 of 0.5 Singapore cents per share (30 April 2009: 0.5 Singapore cents)	2,520	2,090
Interim tax exempt (one-tier) dividend paid in respect of the financial year ended 30 April 2011 of 1.0 Singapore cents per consolidated share (30 April 2010: 0.5 Singapore cents per pre-consolidated share)	<u>1,324</u>	<u>2,121</u>
	<u>3,844</u>	<u>4,211</u>

At the forthcoming annual general meeting, the Directors will propose the Payment of a final tax exempt (one-tier) dividend of 2.0 Singapore cents. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2012.

12. TRADE AND OTHER RECEIVABLES

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Advance payment to suppliers	9,301	3,877
Trade and bills receivables	<u>17,428</u>	<u>10,006</u>
	26,729	13,883
Deposits	33	32
Temporary payment	130	289
Prepayments	1,101	810
Other receivables	5,314	3,934
Non-trade balances due from		
– associated companies	1,849	2,019
– minority shareholder	443	1,156
Trade balances due from	–	–
– related companies	<u>–</u>	<u>2,557</u>
	<u>8,870</u>	<u>10,797</u>
	<u>35,599</u>	<u>24,680</u>

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

As disclosed in the listing document of the Company dated 26 November 2010, the amount due from Novostal Pte. Ltd. (“Novostal”) of US\$1,412,302 as at 31 July 2010 was expected to be fully settled by Novostal on or before mid 2011. In consideration of the recent business development of Novostal and the trading relationship between Novostal and the Group, it has been agreed by the parties that the amount due from Novostal, which balance amounted to US\$1,242,568 as at 30 April 2011, would be settled by Novostal on or before 31 December 2012.

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

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i> (Restated)
Current	<u>16,965</u>	<u>8,114</u>
Less than 1 month past due	432	1,461
1 to 3 months past due	30	289
3 to 12 months past due	1	142
Over 12 months past due	<u>–</u>	<u>–</u>
Amount past due	<u>463</u>	<u>1,892</u>
	<u>17,428</u>	<u>10,006</u>

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 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 30 April 2011, trade and bills receivables amounted to US\$9,477,396 (30 April 2010: US\$2,424,684) were pledged as securities for banking facilities granted to the Group.

13. TRADE AND OTHER PAYABLES

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Trade and bills payables	<u>5,884</u>	<u>11,919</u>
Sales deposits received	11,827	436
Accrued operating expenses	1,290	674
Other payables	923	123
Non-trade balances due to		
– directors	–	738
– minority shareholder	314	402
Trade balances due to		
– minority shareholder	–	201
– related companies	<u>–</u>	<u>30</u>
	<u>14,354</u>	<u>2,604</u>
	<u>20,238</u>	<u>14,523</u>

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:

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i>
Due within 3 months or on demand	5,795	11,710
Due after 3 months but within 6 months	–	163
Due after 6 months but within 1 year	–	–
Due over 1 year	89	46
	<u>5,884</u>	<u>11,919</u>

14. BORROWINGS

	2011 <i>US\$'000</i>	2010 <i>US\$'000</i> (Restated)
<i>Secured</i>		
Bank loans	2,847	983
Import bill loans	1,039	–
Inventory loans	4,815	4,700
Mortgage loan	2,602	2,962
Trade receivables loans	1,352	–
Trust receipt loans	5,421	5,260
	<u>18,076</u>	<u>13,905</u>

The mortgage loan has been reclassified as current liabilities from non-current liabilities as described in note 2 above.

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 transactions;
- (iv) corporate cross guarantees between subsidiaries when appropriate; and
- (v) corporate guarantees of the Company.

Mortgage loan at 30 April 2010 was repayable in 96 equal monthly installments of US\$32,417 each commencing 29 April 2010. Mortgage loan at 30 April 2011 was repayable in 84 equal monthly installments of US\$32,561 each commencing 30 April 2011. Bank loan at 30 April 2010 was repayable within 167 days from the date of drawdown. Bank loans at 30 April 2011 were repayable within 90 days and 165 days from the date of drawdown. Inventory loans of 30 April 2010 and 30 April 2011 were repayable within 90 days and 90 days to 150 days from the commencement date respectively. Trust receipt loans of 30 April 2010 and of 30 April 2011 were repayable within 90 days and 60 days to 120 days from the grant date respectively. Trade receivables loans of 30 April 2011 were repayable within 90 days from the commencement date (30 April 2010: Nil). Import bill loans of 30 April 2011 were repayable within 14 days from the grant date (30 April 2010: Nil).

	2011 %	2010 %
The weighted average interest rates at the balance sheet dates were as follows:		
Bank loans	5.46	4.62
Inventory loans	2.79	2.82
Import bills loans	1.84	–
Mortgage loan	1.09	0.98
Trade receivables loans	2.30	–
Trust receipt loans	2.33	2.31

15. COMPARATIVE INFORMATION

Certain comparative information was restated to conform with the current period's presentation as a result of the change in accounting policy described in note 2 above.

DIVIDEND

Payment of Final Dividend

The Directors have resolved to recommend the payment of a final dividend of 2.0 Singapore cents per ordinary share for the year ended 30 April 2011. Subject to the approval for payment of final dividend by the shareholders of the Company at the forthcoming annual general meeting of the Company (notice of annual general meeting of the Company to be published), shareholders whose name appear on the register of members of the Company at the close of business on 8 September 2011, being the record date, are entitled to receive the final dividend, which shall be payable on 22 September 2011. In order to qualify for the proposed final dividend, the shareholders who hold their shares of the Company on the Hong Kong register of members, must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 8 September 2011.

In respect of the shareholders who hold their shares on the Singapore register of members, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Singapore share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 for registration no later than 5:00 p.m. on 8 September 2011.

Shareholders who hold their shares on the Hong Kong register of members shall receive their final dividend in Hong Kong dollars; while shareholders who hold their shares on the Singapore register of members shall receive their final dividend payment in Singapore dollars. The Company will announce the applicable Hong Kong dollars to Singapore dollars exchange rate for the final dividend on 9 September 2011.

BUSINESS REVIEW

Revenue

For the full year ended 30 April 2011 (“FY2011”), revenue increased by approximately 24.5% from approximately US\$403.0 million for the year ended 30 April 2010 (“FY2010”), to approximately US\$501.6 million. Total tonnages of steel products sold by the Group decreased to approximately 2,286,000 tonnes in FY2011 from approximately 2,486,000 tonnes in FY2010. Total tonnages of coals sold by the Group increased to approximately 216,000 tonnes in FY2011 from approximately 137,500 tonnes in FY2010.

In particular, revenue generated from the international trading increased by approximately 20.4% from approximately US\$362.2 million in FY2010 to approximately US\$436.1 million in FY2011, revenue generated from domestic trade and distribution in Hong Kong increased to approximately US\$39.3 million in FY2011 from approximately US\$23.6 million in FY2010, revenue generated from domestic trade and distribution in the PRC increased by approximately 115.6% to approximately US\$26.3 million in FY2011 from approximately US\$12.2 million in FY2010. Included in the international trading, there was the revenue from coal trading, representing an increase from approximately US\$10.0 million in FY2010 to approximately US\$14.3 million in FY2011.

The sales of raw materials still dominated the Group revenue, representing approximately 75.2% and 59.4% of total revenue of the Group in FY2011 and FY2010 respectively. Trading of raw materials contributed approximately US\$377.4 million of revenue in FY2011 which is approximately 57.8% higher than approximately US\$239.2 million in FY2010. The Group handled approximately 2,303,000 tonnes of raw materials during FY2011, a decrease of approximately 0.3% when compared with the previous year. Revenue from trading of finished products contributed approximately 17.8% and 24.3% of total revenue of the Group during FY2011 and FY2010 respectively. The revenue from trading of finished products decreased to approximately US\$89.4 million in FY2011 from approximately of US\$97.8 million in FY2010. In term of tonnage, the Group handled approximately 141,400 tonnes of finished products in FY2011 and approximately 180,500 tonnes of finished products in FY2010 which was 21.7% lower compared with correspondence period in last year. Revenue from trading of semi-finished products accounted for approximately US\$30.7 million in FY2011, which was approximately 49.1% lower than that of approximately US\$60.3 million in FY2010. Approximately 54,300 tonnes and 132,800 tonnes of semi-finished products were handled by the Group in FY2011 and FY2010 respectively. Special products contributed approximately US\$4.2 million of revenue to the Group during FY2011, while there was US\$0.8 million in FY2010. In terms of tonnage, approximately 3,700 tonnes and 1,100 tonnes of special products were sold by the Group in FY2011 and FY2010 respectively.

Geographically, North Asia and South East Asia were the Group’s principal markets during both FY2011 and FY2010. Sales to North Asia and South East Asia accounted for approximately 87.0% and 11.5% respectively of the Group’s revenue for FY2011 and approximately 71.1% and 28.9% respectively in FY2010. Sales to South East Asia dropped to approximately US\$57.9 million in FY2011 from approximately US\$116.5 million in FY2010. Sales to North Asia increased significantly to approximately US\$436.2 million in FY2011 from approximately US\$286.4 million in FY2010. Sales to India & Middle East markets contributed approximately US\$3.4 million of

revenue to the Group during FY2011, while there was no revenue from such geographical location in FY2010. Revenue from others location accounted for approximately US\$4.1 million in FY2011, which is approximately US\$4.0 million higher than FY2010.

Gross profit

The gross profit decreased to approximately US\$33.9 million in FY2011 from approximately US\$55.7 million in FY2010. Correspondingly, the gross profit margin decreased to approximately 6.8% in FY2011 from approximately 13.8% in the corresponding period in previous year. The decrease in gross profit margin in FY2011 was mainly due to the following reasons:

- (1) Change of trading terms in the international trading whereby, freight charges were paid by suppliers instead of the Group. This was also the major reason for the decrease in distribution and selling expenses.
- (2) Market price dropped on semi-finished products trading to South East Asia market, contract cannot be performed, therefore the Group reverted to other market/customers at lower price.
- (3) Operating profit margin of iron ore dropped to approximately 3.0% in FY2011 from approximately 7.0% in FY2010.

Other operating income

Other operating income decreased to approximately US\$2.6 million in FY2011 from approximately US\$4.1 million in FY2010 which was mainly attributable to more compensation claims from trading contracts and ballast bonus were recorded in FY2010. In FY2011, the Group recorded a compensation income of approximately of US\$2.2 million, which is approximately 26.7% lower than approximately US\$3.0 million in FY2010.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 39.9% from approximately US\$39.6 million for FY2010 to approximately US\$23.8 million for FY2011. The decrease was mainly due to the drop in outward freight charges, distribution agency fee 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 38.8% from approximately US\$28.9 million for FY2010 to approximately US\$17.7 million for FY2011. Distribution agency fees and port handling charges for FY2011 was dropped by approximately 65.4% and 26.6% respectively as compared to those for FY2010.

Other operating expenses

Exchange gains increased to approximately US\$1.2 million in FY2011 from approximately US\$0.4 million in FY2010. Gain arisen from foreign exchange was mainly due to strengthening of Singapore Dollar against US Dollar.

Dual listing expenses

Dual listing professional fee accounted for approximately US\$1.3 million in FY2011.

Administrative expenses

Administrative expenses increased to approximately US\$6.7 million in FY2011 from approximately US\$5.6 million in FY2010. Staff salaries and related costs amounted to approximately US\$2.5 million in FY2011 and US\$1.6 million in FY2010, the increase was mainly due to the discretionary bonus paid to staff in FY2011. Increasing in overhead cost of domestic trading and distribution in Hong Kong, higher depreciation and professional and consultancy fees were recorded when compared with FY2010.

Finance costs

Finance costs of the Group for FY2011 was approximately US\$1.0 million and FY2010 was approximately US\$1.1 million. Bank charges decreased 16.7% from approximately US\$0.6 million in FY2010 to approximately US\$0.5 million in FY2011, such decrease was off-set by the increase of total bank interests, the increase of total bank interests was mainly due to additional borrowings to finance domestic trading business in PRC and Hong Kong and the office units acquired in March 2010.

Share of results of associated companies

The Group recorded a gain of approximately US\$46,000 for FY2011, which was attributable to profit from the regional trade and distribution unit.

Income tax

Income tax decreased by approximately 82.4% from approximately US\$1.7 million in FY2010 to approximately US\$0.3 million in FY2011, which was mainly due to decrease in operating profit and lesser profit generated in countries with a higher income tax rate.

Review of financial position and cash flow

Inventories

Inventories held as at 30 April 2011 was approximately US\$19.3 million; approximately US\$17.6 million of inventories were held for Hong Kong domestic trade and distribution and the remaining of approximately US\$1.7 million was held for PRC domestic trade and distribution. Comparatively, approximately US\$24.5 million and US\$2.0 million of inventories were held for Hong Kong domestic trade and distribution and the PRC domestic trade and distribution respectively as at 30 April 2010.

Receivables

Receivables increased from approximately US\$24.7 million as at 30 April 2010 to approximately US\$35.6 million as at 30 April 2011 which were result from increased in trade and bills receivables of both Hong Kong domestic trading and distribution business and international trade business, trade deposit increased to US\$9.3 million in respect of the PRC domestic trade and distribution business in FY 2011 as compared to US\$3.9 million in FY2010.

Borrowings

Out of the total, approximately US\$14.5 million was used for financing inventories in the domestic trading and distribution and approximately US\$1.0 million was used for financing international trading business. The remaining amounting of approximately US\$2.6 million used to finance the office units acquired.

Payables

Payables increased to approximately US\$20.2 million as at 30 April 2011 from approximately US\$14.5 million as at 30 April 2010. Trade deposit received from customers were approximately US\$11.8 million as at 30 April 2011 which were approximately US\$11.4 million higher than 30 April 2010, such increase was off-set by approximately US\$6.0 million decreased in trade and bills payables. Trade and bills payables as at 30 April 2011 were approximately US\$5.9 million which is 50.4% lower than 30 April 2010.

FUTURE PROSPECTS

The PRC crude steel production for the initial months of year 2011 continued to be strong based on data from China Iron and Steel Association (CISA). In April 2011, PRC total monthly crude steel production was at 65 million tonnes, which represented an approximately 7.1% increase compared to April 2010. The PRC crude steel output for the first part of May 2011 remained high and it is forecasted that might reach to 674 million tonnes in 2011, slightly higher from 626.7 million tonnes steel production in 2010.

Iron ore demand remains strong due to strong steel output, while majority of PRC iron ore needs will still be imported. In year 2010, PRC imported 619 million tonnes of iron ore, and is expected to increase to 629 million tonnes in 2011 (ABRE Dec 2010).

However, steel production in the next coming months might face difficulty due to power shortages especially during the summer months and this is expected to affect the PRC steel industry in the short term. Demand for steel in the PRC is expected to fluctuate due to the policies implemented by the PRC government in the property sector to cool down the economy.

The property measures implemented by the PRC government since 2010 have affected other industries such as automobile sector and electric appliance sector which are some of the major sources of steel demand in the PRC. The Group has deliberately lessened its business activity and pursued development cautiously during the period.

The effect of the Japanese earthquake disaster has been felt in Asia and has also increased the economic uncertainties to the steel industry in Asian region.

With the PRC government measures in the property and the power sector and the monetary policies to taper off inflation, the Group is expecting fluctuations in the PRC steel industry in the short term. The Group will proceed cautiously in handling opportunities during this period but it is optimistic of the prospective future of the PRC steel industry.

The Group believes that the long term growth potential of the PRC steel industry is intact. The strong demand for steel in the PRC will continue to be underpinned by the 12th 5-Year Plan of the PRC government, as there will be massive social housing programs and infrastructure development in the country. In their latest announcement, the PRC government intends to spend approximately 1.3 trillion Yuan (US\$196.9 billion) to build 10 million affordable housing for low income citizens this year, which is boosting demand for steel in the PRC in the coming years.

The Group's domestic trading businesses are going along smoothly in the PRC, Hong Kong and Singapore and are contributing steadily to the Group revenue stream.

NEW BUSINESS UPDATES

Iron ore/coal warehousing and processing

In line with the Group's strategy to seize the opportunity to tap into the growing demand for raw materials in the PRC, the Group has entered into a JV with Qingdao Port Investment and Construction Group Co. Ltd, a state-owned entity, to establish a company that will engage in warehousing, processing and sale of iron ore and coal in the PRC. Further details are set out in the Company's announcement dated 11 May 2011.

This venture will leverage on the Group's experience in warehousing and trading arrangement of steel products and the experience of Qingdao Port Investment in logistic management and related infrastructure business to engage successfully in warehousing and processing of iron ore and coal so as to serve local demand for iron ore and coal which is growing significantly.

Electrolytic tin plate manufacturing

The Group has established Novowell ETP in April that will manufacture tins and sell in the PRC and international market. Tin plates are used as a packing material which is commercially used in food cans, beverage cans, pressured sprayer cans, chemical product cans and dry good cans and can caps among others. Global consumption for tin plates has reached 18 million tonnes per year and in the PRC, tin plate consumption has been growing annually to 13.7% and it is still expected to grow as disposable income and improvement in lifestyle occurs. Further details are set out in the Company's announcement dated 15 March 2011.

With these new business developments to the Group's business division, the Group expects that these divisions would contribute to increase overall profit margin.

DUAL-LISTING IN THE STOCK EXCHANGE OF HONG KONG LIMITED

On 6th of December 2010, the Company's shares started trading in the Main Board of the SEHK. 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.

SUPPLEMENTARY INFORMATION

Reconciliation between FRSs and International Financial Reporting Standards ("IFRSs")

For the year ended 30 April 2011, there were no material differences between the consolidated financial statements of the Group prepared under FRSs and IFRSs (which include all IFRS, International Accounting Standards and Interpretations).

Operational and Financial Risks

Market Risk

The major market risks of the Group include changes in the average selling and purchase prices of key products, and fluctuations in interest and exchange rates.

Commodity Price Risk

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and purchase costs.

Interest Rate Risk

The major market interest rate risk that the Group is exposed to includes the Group's borrowings which are subject to floating interest rates.

Foreign Exchange Risk

The Group's revenue and costs are primarily denominated in United States dollars. Some costs may be denominated in Hong Kong dollars, Renminbi or Singapore dollars.

Inflation and Currency Risk

According to the data released by the National Bureau of Statistics of China, the consumer price index of the PRC increased by 3.3% in the year ended 31 December 2010 as compared to a decrease of 0.7% in the same period in 2009. Such inflation in the PRC did not have a significant effect on the Group's operating results.

Liquidity Risk

The Group monitors its risk exposure to shortage of funds. The Group considers the maturity of its financial investments assets (e.g., trade receivables and other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. As at 30 April 2011, approximately US\$18.1 million (30 April 2010: US\$13.9 million (restated)), or 100% (30 April 2010: 100% (restated)) of the Group's debts will mature in less than one year based on the carrying value of the borrowings reflected in the financial statements.

Gearing Risk

The Group monitors its capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 April 2011 and 2010.

Contingent Liabilities

Contingent liabilities not provided for in the financial statements of the Group and the Company at the balance sheet date are as follows:

(a) Bills discounted with recourse

	Group	
	2011	2010
	<i>US\$'000</i>	<i>US\$'000</i>
Discounted bills with recourse supported by letter of credit	26,458	20,165

(b) Guarantees

	Company	
	2011	2010
	<i>US\$'000</i>	<i>US\$'000</i>
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	478,722	309,761

The Company has issued corporate guarantees to banks for bank 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 recognized 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.

Material Litigation and Arbitration

As at 30 April 2011, the Group was not involved in any material litigation or arbitration.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2011, the Group had total cash and bank balances of approximately US\$35.8 million (30 April 2010: US\$32.0 million). The gearing ratio, calculated as a percentage of net debt to equity, was 15% (30 April 2010: 20%) as at 30 April 2011. The current ratio was 2.35 times (30 April 2010: 2.79 times) as at 30 April 2011. 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.

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 year ended 30 April 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2011, the Group had a total of 71 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.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended 30 April 2011, including the accounting principles and practices adopted by the Group. It has also considered accounting, internal controls, and financial reporting matters of the Group, with the Company's external auditor.

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 Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"). The Company has complied with the CG Code from the date of its listing on the SEHK on 6 December 2010 to 30 April 2011, save that all the independent non-executive Directors of the Company were not appointed for a specific term as stipulated under Code Provision A.4.1

which states that non-executive Directors should be appointed for a specific term, subject to re-election. However, all the independent non-executive Directors are subject to retirement by rotation and re-election at annual general meeting according to the Articles of Association of the Company.

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”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ securities transactions. Following specific enquiries by the Company, the Directors have confirmed that they have complied 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 30 April 2011 .

PUBLICATION OF THE RESULTS ANNOUNCEMENT

This announcement shall be published on the websites of the Company (<http://www.novogroupltd.com>), SEHK (<http://www.hkex.com.hk>) and SGX-ST (<http://www.sgx.com>) in due course.

By order of the Board
Yu Wing Keung, Dicky
Executive Chairman

Hong Kong, 20 June 2011

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Yu Wing Keung, Dicky, Mr. Chow Kin Wa and Mr. Chow Kin San and three independent non-executive Directors, being Mr. Foo Teck Leong, Mr. Tang Chi Loong and Mr. Tse To Chung, Lawrence.