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Novo Group Ltd.
新源控股有限公司*
(Registration No. 198902648H)
(Incorporated in Singapore with limited liability)
Stock Code: 1048

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is a reproduction of the announcement made by Novo Group Ltd. (the “**Company**”) regarding the annual results of the Company and its subsidiary for the year ended 30 April 2011 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, The Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released on other markets, and please refer to the attached announcement on the next page issued on the Singapore Exchange Securities Trading Limited on 20 June 2011.

By order of the Board
Novo Group Ltd.
Yu Wing Keung, Dicky
Chairman

Hong Kong, 20 June 2011

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

* *for identification purpose only*

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

**UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE YEAR ENDED 30 APRIL 2011****PART I INFORMATION REQUIRED FOR ANNUAL ANNOUNCEMENT****1.(a)(i) An income statement (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.**

Income Statement for the year ended 30 April 2011

	The Group					
	3 months period ended			Year Ended		
	30 April 2011	30 April 2010	Increase/ (Decrease)	30 April 2011	30 April 2010	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	%	<i>US\$'000</i>	<i>US\$'000</i>	%
Revenue	98,570	57,315	72.0%	501,606	403,023	24.5%
Cost of sales	(93,719)	(53,324)	75.8%	(467,682)	(347,332)	34.6%
Gross profit (N1)	4,851	3,991	21.5%	33,924	55,691	-39.1%
Other operating income	54	2,009	-97.3%	2,621	4,052	-35.3%
Distribution and selling expenses (N1)	(2,571)	(1,735)	48.2%	(23,849)	(39,592)	-39.8%
Administrative expenses	(1,710)	(1,980)	-13.6%	(6,721)	(5,595)	20.1%
Other operating expenses	378	359	5.3%	1,082	276	292.0%
Dual listing expenses (N2)	-	-	NM	(1,317)	-	NM
Finance costs	(239)	(252)	-5.2%	(1,035)	(1,072)	-3.5%
Share of results of associated companies	17	5	240.0%	46	(53)	NM
Profit before income tax	780	2,397	-67.5%	4,751	13,707	-65.3%
Income tax	(6)	(513)	-98.8%	(298)	(1,691)	-82.4%
Profit for the year	774	1,884	-58.9%	4,453	12,016	-62.9%
Attributable to:						
Equity holders of the Company	868	1,643		4,521	11,775	
Non-controlling Interests	(94)	241		(68)	241	
	774	1,884		4,453	12,016	

NM – not meaningful

N1: Due to the change of trading terms in the international trading business, freight charges were paid by suppliers.

N2: Other operating expenses for current financial year ended 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.

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

Consolidated Statement of Comprehensive Income

	The Group					
	3 months period ended			Year Ended		
	30 April 2011	30 April 2010	Increase/ (Decrease)	30 April 2011	30 April 2010	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	%	<i>US\$'000</i>	<i>US\$'000</i>	%
Profit for the year	774	1,884	-58.9%	4,453	12,016	-62.9%
Other comprehensive income:						
Exchange difference on translation of the Group's overseas operations	97	13	646.2%	327	3	10800.0%
Total Comprehensive income for the year	871	1,897	-54.1%	4,780	12,019	-60.2%
Attributable to:						
Equity holders of the Company	955	1,655		4,817	11,777	
Non-controlling interests	(84)	242		(37)	242	
	871	1,897		4,780	12,019	

1.(a)(ii) Notes to the Income Statement

	The Group			
	3 months period ended		Year Ended	
	30 April 2011	30 April 2010	30 April 2011	30 April 2010
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the year is stated after charging/(crediting):				
Depreciation of property, plant and equipment	90	55	299	140
Interest on borrowings	125	128	579	435
Net exchange (gains)	(512)	(389)	(1,208)	(385)
Interest income	(7)	(5)	(18)	(24)
Loss on disposal of property, plant and equipment	-	-	2	-
Negative goodwill/(goodwill) on consolidation	3	(16)	-	-
Gain on disposal of a subsidiary	-	(1)	-	(1)
Net realised (gain)/loss on disposal of derivative financial instruments	-	20	(9)	84
Fair value loss on derivative financial instruments	-	39	-	24
Amortisation of deferred income	(2)	(1)	(4)	(1)
Written off of prepayment	135	-	135	-

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

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

	The Group			The Company	
	As at 30 April 2011	As at 30 April 2010	As at 1 May 2009	As at 30 April 2011	As at 30 April 2010
	<i>US\$'000</i>	<i>US\$'000</i> (restated)	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Non-Current assets					
Property, plant and equipment	9,818	7,625	1,500	–	–
Interest in associated companies	510	464	26	–	–
Interest in subsidiaries	–	–	–	79,589	79,589
	10,328	8,089	1,526	79,589	79,589
Current assets					
Inventories	19,347	26,528	–	–	–
Tax recoverable	12	–	200	–	–
Receivables	35,599	24,680	37,311	34,490	33,973
Cash and bank balances	35,828	32,012	20,960	332	1,865
	90,786	83,220	58,471	34,822	35,838
Total assets	101,114	91,309	59,997	114,411	115,427
Non-current liabilities					
Deferred income	184	179	–	–	–
	184	179	–	–	–
Current liabilities					
Payables	20,238	14,523	19,551	117	103
Deferred income	4	4	–	–	–
Borrowings	18,076	13,905	–	–	–
Tax payable	307	1,422	71	3	6
	38,625	29,854	19,622	120	109
Total liabilities	38,809	30,033	19,622	120	109
Net assets	62,305	61,276	40,375	114,291	115,318

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

	The Group			The Company	
	As at 30 April 2011	As at 30 April 2010	As at 1 May 2009	As at 30 April 2011	As at 30 April 2010
	<i>US\$'000</i>	<i>US\$'000</i> (restated)	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Equity					
Share capital	32,239	32,239	24,014	108,740	108,740
Treasury shares	–	–	(1,991)	–	–
Retained earnings	26,016	25,336	17,772	2,950	3,977
Foreign currency translation reserve	298	2	–	–	–
Other reserve	2,601	2,601	–	2,601	2,601
	61,154	60,178	39,795	114,291	115,318
Non-controlling Interests	1,151	1,098	580	–	–
Total equity	62,305	61,276	40,375	114,291	115,318

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

	The Group		The Group	
	As at 30 April 2011		As at 30 April 2010	
	Secured	Unsecured	Secured	Unsecured
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Amount repayable in one year or less	18,076	–	13,905	–
Amount repayable after one year	–	–	–	–

Details of any collateral:

The Group's borrowings are secured by way of:

- legal pledge of the Group's leasehold land and buildings;
- legal pledge on the Group's deposits and cash margin;
- pledge of assets (cargo and related proceeds) underlying the financed transactions;
- corporate cross guarantees between joint borrowers when appropriate; and
- corporate guarantees of Novo Group Ltd.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

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

	The Group			
	4Q	4Q	YTD	YTD
	FY2011	FY2010	FY2011	FY2010
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash flows from operating activities				
Profit before income tax	780	2,397	4,751	13,707
Adjustments for:				
Amortisation of deferred income	(2)	(1)	(4)	(1)
Depreciation of property, plant and equipment	90	55	299	140
Loss on disposal of property, plant and equipment	–	–	2	–
Fair value loss on derivative financial instruments	–	39	–	24
Gain on disposal of a subsidiary	–	(1)	–	(1)
Negative goodwill/(goodwill) on consolidation	3	(16)	–	–
Interest expense	125	128	579	435
Interest income	(7)	(5)	(18)	(24)
Share of results of associated companies	(17)	(5)	(46)	53
Written off of prepayment	135	–	135	–
Operating cash flow before movements in working capital	1,107	2,591	5,698	14,333
Inventories	(9,581)	(10,445)	7,181	(26,528)
Receivables	50,563	29,977	(11,056)	12,608
Payables	(49,075)	(17,546)	6,741	(6,367)
Currency translation differences	101	7	295	(15)
Cash (used in)/generated from operations	(6,885)	4,584	8,859	(5,969)
Income tax paid	(45)	(73)	(1,416)	(123)
Interest income received	7	5	18	24
Net cash (used in)/generated from operating activities	(6,923)	4,516	7,461	(6,068)
Cash flows from investing activities				
Purchase of property, plant and equipment	(331)	(4,314)	(2,412)	(6,082)
Acquisition of a subsidiary, net of cash acquired	–	–	(13)	47
Disposal of a subsidiary, net of cash disposal	–	(47)	–	(47)
Investment in an associated company	–	–	–	(490)
Net cash used in investing activities	(331)	(4,361)	(2,425)	(6,572)

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

	The Group			
	4Q	4Q	YTD	YTD
	FY2011	FY2010	FY2011	FY2010
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash flows from financing activities				
Advances (to)/from directors	(129)	738	(738)	738
(Increase)/decrease in fixed deposits and cash pledged	2,894	(4,199)	10,884	(14,896)
Dividend paid	–	–	(3,844)	(4,211)
Net proceeds from placement of new shares	–	–	–	8,225
Net proceeds from disposal of treasury shares	–	4,442	–	5,736
Net proceeds from short term borrowings	4,556	5,826	4,123	13,905
Interest expense paid	(125)	(128)	(579)	(435)
Acquisition of treasury shares	–	–	–	(1,144)
(Repayment to)/advances from non-controlling shareholders	(402)	(113)	(289)	603
Capital injection by non-controlling shareholders	106	–	106	275
Net cash generated from financing activities	6,900	6,566	9,663	8,796
Net (decrease)/increase in cash and cash equivalents	(354)	6,721	14,699	(3,844)
Cash and cash equivalents at beginning of quarter/year	28,101	6,327	13,048	16,892
Cash and cash equivalents at end of quarter/period	27,747	13,048	27,747	13,048
Cash and cash equivalents are represented by:				
Cash and bank balances	35,828	32,012	35,828	32,012
Less: Fixed deposits and cash subjected to restriction	(8,081)	(18,964)	(8,081)	(18,964)
	27,747	13,048	27,747	13,048

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

1.(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group	Share capital	Treasury shares	Retained earnings	Other reserve	Exchange reserve	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Balance at 1 May 2009	24,014	(1,991)	17,772	-	-	39,795	580	40,375
Placement of new shares	8,225	-	-	-	-	8,225	-	8,225
Acquisition of treasury shares	-	(1,144)	-	-	-	(1,144)	-	(1,144)
Disposal of treasury shares	-	3,135	-	2,601	-	5,736	-	5,736
Non-controlling shareholders for newly incorporated subsidiaries	-	-	-	-	-	-	275	275
Acquisition of additional interest in an associated company	-	-	-	-	-	-	(13)	(13)
Disposal of a subsidiary	-	-	-	-	-	-	14	14
Dividend paid	-	-	(4,211)	-	-	(4,211)	-	(4,211)
Total comprehensive income for the year	-	-	11,775	-	2	11,777	242	12,019
Balance at 30 April 2010	32,239	-	25,336	2,601	2	60,178	1,098	61,276
Balance at 1 May 2010	32,239	-	25,336	2,601	2	60,178	1,098	61,276
Acquisition of additional interest in a subsidiary	-	-	3	-	-	3	(16)	(13)
Non-controlling shareholder for newly incorporated subsidiary	-	-	-	-	-	-	106	106
Dividend paid	-	-	(3,844)	-	-	(3,844)	-	(3,844)
Total comprehensive income for the year	-	-	4,521	-	296	4,817	(37)	4,780
Balance at 30 April 2011	32,239	-	26,016	2,601	298	61,154	1,151	62,305

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

Company	Share capital <i>US\$'000</i>	Treasury shares <i>US\$'000</i>	Other reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
Balance at 1 May 2009	100,515	(1,991)	–	2,951	101,475
Placement of new shares	8,225	–	–	–	8,225
Acquisition of treasury shares	–	(1,144)	–	–	(1,144)
Disposal of treasury shares	–	3,135	2,601	–	5,736
Dividend paid	–	–	–	(4,211)	(4,211)
Total comprehensive income for the year	–	–	–	5,237	5,237
Balance at 30 April 2010	<u>108,740</u>	<u>–</u>	<u>2,601</u>	<u>3,977</u>	<u>115,318</u>
Balance at 1 May 2010	108,740	–	2,601	3,977	115,318
Dividend paid	–	–	–	(3,844)	(3,844)
Total comprehensive income for the year	–	–	–	2,817	2,817
Balance at 30 April 2011	<u>108,740</u>	<u>–</u>	<u>2,601</u>	<u>2,950</u>	<u>114,291</u>

1.(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 18 November 2010, the Company's shares have been consolidated on the basis that every four shares were consolidated into one consolidated share. The Company's issued and fully paid-up shares as at 30 April 2011 is 170,804,269 (30 April 2010: 683,219,640) ordinary shares, which comprised 170,804,269 (30 April 2010: 683,219,640) ordinary shares with voting rights and nil (30 April 2010: nil) treasury shares with no voting rights.

During the year ended 30 April 2010, the Company purchased 12,879,000 shares by way of on-market purchases for a consideration of US\$1,144,469, which was deducted from shareholders' equity. The Company subsequently, during the same financial year, sold 36,159,000 treasury shares and issued 51,841,000 new shares through placement.

There is no share option outstanding as at 30 April 2011.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

1.(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>As at</u> <u>30 April 2011</u>	<u>As at</u> <u>30 April 2010</u>
Total number of issued shares, excluding treasury shares	170,804,269	683,219,640

1.(d)(iv) A statement showing all sales, transfers, disposal and cancellation and/or use of treasury shares as at the end of the current financial period reported on.

No treasury shares were sold, transferred, disposed, cancelled and/or used as at the end of the current financial period reported on.

2. Where the figures has been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's external auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the most recently audited financial statements for the year ended 30 April 2010, except for the adoption of new/revised Financial Reporting Standards ("FRS") and interpretations of FRS ("INT FRS") applicable to the Group for the financial period beginning 1 May 2010.

The adoption of new/revised FRS and INT FRS have no material financial impact on the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:–

	The Group			
	4Q	4Q	YTD	YTD
	FY2011	FY2010	FY2011	FY2010
	<i>(in US Cents)</i>	<i>(in US Cents)</i>	<i>(in US Cents)</i>	<i>(in US Cents)</i>
Earnings per ordinary shares:				
(a) Based on weighted average number of ordinary shares on issued; and	0.51	0.99	2.65	7.61
(b) On a fully diluted basis	0.51	0.99	2.65	7.61
Details:				
Profit attributable to shareholders (stated in US\$'000)	868	1,643	4,521	11,775
		Number of shares (stated in '000)		
	FY2011	FY2010	FY2011	FY2010
Weighted average number of ordinary shares	170,804	165,906	170,804	154,712

For comparison purpose, the weighted average numbers of ordinary shares for the corresponding period of the immediately preceding financial year were adjusted as if the share consolidation had been effected at the beginning of the preceding financial year.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) **Current financial period reported on; and**

(b) **Immediately preceding financial year.**

	The Group		The Company	
	As at 30 April 2011	As at 30 April 2010	As at 30 April 2011	As at 30 April 2010
Net assets value per ordinary share based on issued share capital of the issuer (in US cents)	35.8	35.2	66.9	67.5
Number of shares in issue as at end of period ('000)	170,804	170,804	170,804	170,804

For comparison purpose, the weighted average numbers of ordinary shares for the corresponding period of the immediately preceding financial year were adjusted as if the share consolidation had been effected at the beginning of the preceding financial year.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:–

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

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.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

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.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

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.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results.

The results reported for the full year was in line with the profits guidance announcement dated 3 June 2011.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

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.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

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 tinplates 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.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

Name of Dividend	:	Final 1-tier tax exempt dividend
Dividend Type	:	Cash
Dividend per Share (in cents)	:	2.0 Singapore cents (per consolidated share)
Tax Rate	:	Nil

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	:	Final 1-tier tax exempt dividend
Dividend Type	:	Cash
Dividend per Share (in cents)	:	0.5 Singapore cents (per pre-consolidated share)
Tax Rate	:	Nil

(c) Date payable

22 September 2011

(d) Book closure date

8 September 2011

12. If no dividend has been declared or recommended, a statement to that effect.

Not applicable

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

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

(a) Business segments

Year ended 30 April 2011

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

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

(a) Business segments

Year ended 30 April 2010

	Finished products	Semi- finished products	Raw materials	Others	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	97,798	60,276	239,220	5,729	403,023
Segment results	4,150	413	15,639	490	20,692
Unallocated income					4,052
Unallocated costs					(9,912)
Finance costs					(1,072)
Share of results of associated companies					(53)
Profit before income tax					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

Raw materials include mainly iron ore and coal trading. Semi-finished products include mainly steel slabs and billets. Finished products mainly steel plates, hot rolled coils, cool rolled coils, wire rods and deformed bars. Others include sales of special and coated products such as galvanized steel coils, pre-painted steel coils and tinplate and income from provision of chartering service (applicable for FY2010 only).

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

Segment information (cont'd)

Secondary reporting format – geographical segments

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:

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

Non-current assets by geographical markets:

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

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

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

Please refer to item 8.

15. Breakdown of sales

	2011	2010	%
	<i>US\$'000</i>	<i>US\$'000</i>	Changes
Total income reported for first half year	207,839	217,977	-5%
Profit after tax for first half year	2,805	5,464	-49%
Total income reported for second half year	293,767	185,046	59%
Profit after tax for second half year	1,648	6,552	-75%

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

	Year ended	Year ended
	30 April 2011	30 April 2010
	<i>US\$'000</i>	<i>US\$'000</i>
Ordinary	3,844	4,211

By order of the Board

Yu Wing Keung Dicky

Executive Chairman

20 June 2011