NOVO GROUP LTD.

新源控股有限公司*

INTERIM REPORT 2012

(Incorporated in Singapore with limited liability)
(Company Registration No. 198902648H)
Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

* *For identification purpose only*

Contents

Corporate Profile

Vision

- **To become a leading global iron and steel player**
- **To maximise shareholders' value**

Corporate Spirit

"Novo" is novelty, initiative, creativity, and future. We believe success of our business lies in the people we have: the skill, professionalism and energy to push the Group to the next level in the spirit of bringing Trust, Value, Partnership and Returns to our stakeholders and business partners.

Facing the opportunities and challenges of the iron & steel and energy industry in the new era, Novo actively adapts itself to the globalisation of economies across different geographical and business areas. We enhance value by stretching our resources deployment, market exploration and customer services to all parts of the world. We strive to achieve an open-minded and win-win co-operation with our valuable partners.

Background

Novo Group Ltd. (the "**Company**" or together with its subsidiary, referred as the "**Group**" or "**Novo**") is a global steel trading, distribution, processing and manufacturing company that provides comprehensive services throughout the steel value-chain. The Group has been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") since 2008 and dual-listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**SEHK**") since 2010.

Novo plays an active and vital role within the steel industry value chain on a long-term and recurring basis. With our capability to directly source and procure in bulk from major steel mills around the world, we are able to supply a diverse range of steel products to end-users, and at the same time, assist these mills in sourcing for raw materials efficiently and cost effectively. In the process, we create value through our integrated support services that include processing, shipping and logistics, finance and insurance services, marketing and other related professional services.

Led by an energetic team of professional and well experienced executives, Novo today has successfully expanded its footprints in various sectors of the steel value chain, from global trading to domestic distribution in the People's Republic of China (the "**PRC**"), Hong Kong and Macau, steel processing and manufacturing in the PRC, iron ore and coal processing and warehousing in the PRC. Novo is headquartered in Hong Kong with subsidiaries and branch offices located at over 9 different locations and with global presence across four continents in over 30 countries.

Customers and Suppliers

Novo serves a diverse range of customers that include active and major customers in the steel and related industries from over 30 countries. These customers are from a myriad of industries that include integrated steel mills and re-rolling mills, construction and property development, engineering and fabrication, steel de-coiling centers or processing factories, importers, distributors, stockists and end-users from automobile, shipbuilding, electric appliances, petro-chemical, canning among others.

Our suppliers are top class reputable iron ore mines, steel mills and other steel producing companies that supply high quality steel products and related raw materials at competitive pricing. Among the top 40 steel producing companies in the world, over half of them are Novo's partners.

Services and Products

Novo provides steel mills and end-user customers with a wide variety of products classified under four main categories comprising raw materials, semi-finished products, finished products, coated steel and special steel items. We also offer support services to our customers that include financial and logistic services. The latter encompasses chartering, transportation and warehousing, insurance, inspection, segregation, processing and other related services which assist our business partners in strengthening their logistic flexibilities, and enhancing their overall competitive advantages.

Extensive Geographic Coverage

Head Office: Hong Kong

Major Subsidiaries and Branch Offices:

Dubai
Guangzhou
India
Indonesia#
Qingdao
Shanghai
Singapore
Taizhou
Tianjin

Agents:

Argentina, Australia, Bangladesh, Brazil, Canada, Chile, Commonwealth of Independent States, Germany, Indonesia, Italy, Japan, Mexico, New Zealand, Philippines, PRC, South Korea, Spain, Sri Lanka, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, Ukraine, United States of America, Venezuela, Vietnam

Set up in November 2011

Board of Directors

Executive Directors

Yu Wing Keung, Dicky, is the Chairman of the board (the "**Board**") of directors (the "**Directors**") and an executive Director appointed on 10 March 2008. Mr. Yu is one of the founders of the Group who co-founded the Group with Mr. Chow Kin Wa in 2005. He is responsible for formulating the Group's strategic directions, expansion and overall business development plans. He is also a director and controlling shareholder of New Page Investments Limited, which is a controlling shareholder of the Company. From 1998 to 2005, he was an executive director of a company listed on the Main Board of the SEHK. From 2001 to 2005, he was an executive director of a company listed on the Growth Enterprise Market of the SEHK. Mr. Yu started his own business in steel trading by co-founding the Group in 2005. Mr. Yu has over 20 years' experience in multinational steel manufacturing, investment and trading business and has established extensive global business networks. Mr. Yu holds a Master of Business Administration degree from the University of Durham, United Kingdom and was a member of Chartered Institute of Marketing, United Kingdom.

Chow Kin Wa, is an executive Director and Chief Executive Officer of the Group appointed on 10 March 2008. He is one of the founders of the Group who co-founded the Group with Mr. Yu Wing Keung, Dicky in 2005. He is also a director and controlling shareholder of New Page Investments Limited, which is a controlling shareholder of the Company. He is responsible for the business development and trading activities of the Group. He also assists Mr. Yu, the Chairman of the Board, in overseeing the overall management, operations and the setting of corporate directions and strategies of the Group. Mr. Chow has more than 17 years of experience in multinational steel trading and manufacturing business. He holds a Bachelor of Science degree from the University of Hong Kong and a Master of Science degree in Information Systems from Hawaii Pacific University, United States of America. He is the younger brother of Mr. Chow Kin San, an executive Director.

Chow Kin San, is an executive Director appointed on 1 June 2010. He is responsible for the Group's corporate finance, corporate strategy and development, investment, investor relations and information technology. He is also the Chairman of the Investment Committee since 1 September 2010. He joined the Group as a non-executive Director on 10 March 2008. He is the co-founder and currently a director of Focus Capital Investment Inc., and a non-executive chairman of Strategic Alliance Limited. He has over 18 years of experience in operations, finance, management and investment in trading and manufacturing environment in Asia and the United States of America. He is a graduate of Faculty of Engineering of the University of Hong Kong and holds a Master of Business Administration degree from the University of South Australia. He is currently a fellow member of Association of International Accountants, United Kingdom and Institute of Public Accountants, Australia, as well as a member of Australasian Institute of Mining and Metallurgy. He is the elder brother of Mr. Chow Kin Wa, an executive Director and Chief Executive Officer of the Group.

Independent non-executive Directors

Tang Chi Loong, is an independent non-executive Director appointed on 1 July 2009. He graduated from the Law faculty of the National University of Singapore and is an advocate and solicitor of the Supreme Court of Singapore. Mr. Tang has been a practising lawyer for more than 14 years with experience in diverse areas of the law. He is currently a partner in a law firm, Messrs Hin Tat Augustine and Partners overseeing the insurance law department of the firm. Mr. Tang also sits on the board of HLN Technologies Limited, and has been a director of Guangzhao Industrial Forest Biotechnology Group Limited up to June 2011, both listed on the SGX-ST. Since 1 July 2009, he has been the Chairman of the Remuneration Committee and Nominating Committee and a member of the Audit Committee. He is also a member of the Investment Committee since 1 September 2010.

Foo Teck Leong, is an independent non-executive Director appointed on 1 April 2010. Mr. Foo graduated from The National University of Singapore with a Degree of Accountancy in 1989 and obtained a Master of Business Administration degree at The University of Manchester, United Kingdom in 2004. Mr. Foo is a member of the Institute of Certified Public Accountants of Singapore since 1994. Mr. Foo currently manages a business consultancy firm Red Dot Consult Pte Ltd and is a director of several privately held companies and had been a director of Guangzhao Industrial Forest Biotechnology Group Limited up to June 2011, a listed company in Singapore. He held senior positions in IDS Group and Singapore's Inchcape Marketing Services Limited from 1994 to 2006 including finance director, commercial director and group financial controller. He is the Chairman of the Audit Committee since 19 November 2010, a member of the Remuneration Committee and Nominating Committee since 1 April 2010 and a member of the Investment Committee since 1 September 2010.

Tse To Chung, Lawrence, is an independent non-executive Director appointed on 19 November 2010. Mr. Tse graduated from the Faculty of Law of the University of Hong Kong in 1990. In 1996, he received a Master of Arts degree (major in Economics) from the University of Oklahoma in United States of America. Mr. Tse was admitted as a solicitor in the High Court of Hong Kong in 1993. Mr. Tse is a partner of Joyce Chan & Co, a law firm in Hong Kong. Mr. Tse has more than 17 years of legal practice experience. He is a member of the Audit Committee, Remuneration Committee and Nominating Committee since 19 November 2010.

Senior Management

Chong Wai Man
Group Financial Controller and Company Secretary

Mr. Chong, joined the Group since 2011, has over 20 years of experience in finance, accounting and taxation and is responsible for our Group's corporate finance, financial management, financial strategies, taxation, compliance and reporting, mergers and acquisitions, risk management and investor relations. He holds a Master of Business Administration degree from the University of Bradford, United Kingdom and he is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

Kwan Yee Mui, Tonette
Treasurer

Ms. Kwan, joined the Group since 2006, is responsible for the overall finance and risk management of the Group. Prior to joining the Group, she had over 20 years of corporate banking experience and was the regional head of the commodity finance divisions for several top tier foreign banks for over 12 years. Ms. Kwan is well experienced with the metal and steel industries, and commodity trade finance. During her career in banking, she has established a global banking network and reputation. She holds a Bachelor of Arts degree from the University of Hong Kong.

Ma Yiu Ming
Head of Operations

Mr. Ma, joined the Group since 2006, is responsible for the Group's business coordination and integration of various functional developments such as operations, shipping, insurance and legal. He has over 25 years of experience in the international traffic and logistics business, particularly in shipping, insurance, cargo inspection, arbitration and legal consulting. He held several managerial positions in various shipping and chartering companies and has been involved in their ships' operations and chartering functions. He holds a Bachelor degree and a Master degree of Business Administration at the Open University of Hong Kong and he is currently a fellow member of the Institute of Chartered Shipbrokers.

Lam Ying Ngor
Finance and Administration Manager

Ms. Lam, joined an associated company of the Group in 2006 and joined the Group since 2007, is responsible for the Group's financial accounting, office administration and human resource functions. She has over 25 years of accounting experience in international trading and manufacturing business, primarily in the metal and steel industries. She obtained a Degree of Bachelor of Science in Applied Accounting at the Oxford Brookes University and she is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Chu Wai Lim
Trade Finance Manager

Mr. Chu, joined the Group since 2005, is responsible for the overall bills operations and trade finance of the Group. With over 15 years of experience in several major commodity banks and trading companies, he has extensive knowledge in the documentation of letters of credit and trade finance, and he has established good relationships with many banks worldwide.

Poon Kent Wah
General Manager of Business Development Division

Mr. Poon, joined the Group since 2007, is responsible for overseeing the marketing and business development initiatives in the international markets. He had over 15 years of sales and business development experience in renowned multinational steel trading houses. During his career, he has established an extensive global network in steel trading business.

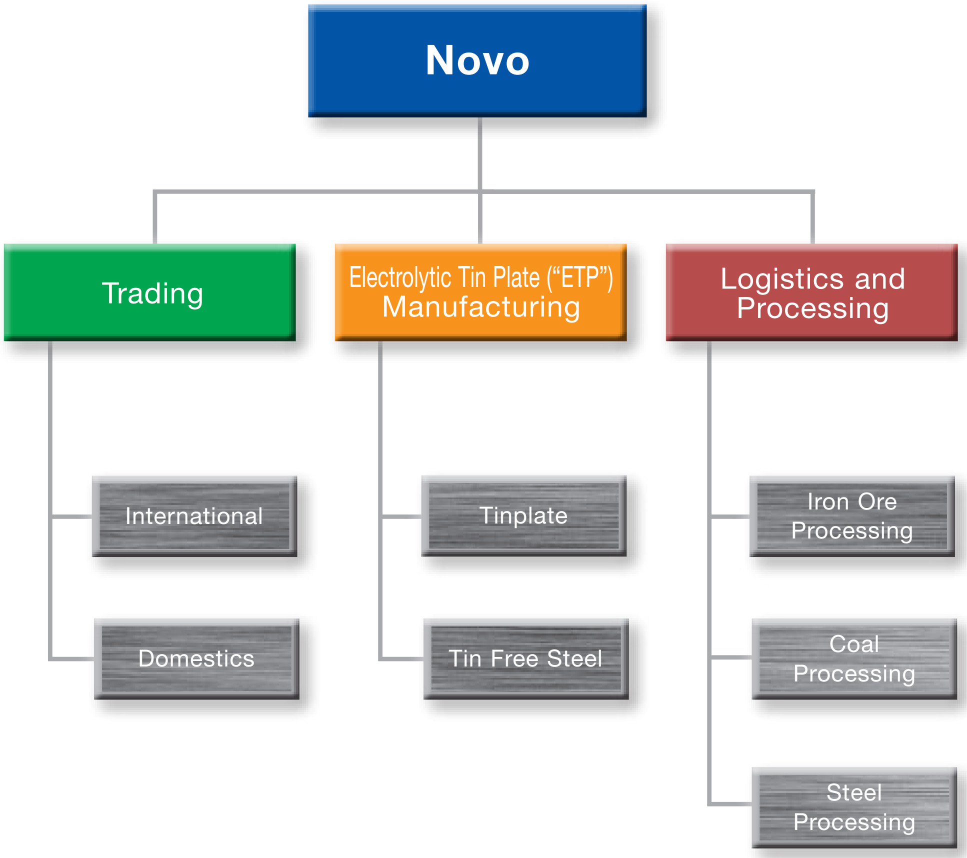
Ji Na Xin
General Manager of the PRC Division

Mr. Ji, joined the Group since 2008, is responsible for the overall management, strategic planning and business development of the Group's operations in the PRC. Backed by over 15 years of experience in multinational steel trading and manufacturing groups, he has established extensive business networks in the PRC.

Tam Hin Shi
Deputy General Manager of the PRC Division

Mr. Tam, joined the Group since 2008, is responsible for the promoting business development activities of the Group's PRC division. He has over 10 years of steel experience in the PRC and has built up wide and deep connections with steel operators and manufacturers in the countries.

Business Divisions



Steel Products

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

Amid ongoing macroeconomic uncertainties, coupling with the effect of the measures to cool down the property sector by the government of the PRC and the growing risk from the Eurozone sovereign debt crisis during the period under review, the Group operated in a disciplined and prudent manner in customers selection and seeking potential markets and business sectors to leverage the fluctuating steel price. The Group recorded revenue of approximately US$163.1 million for the six months ended 31 October 2011 ("**1HFY2012**"), representing a decrease of approximately 21.5% compared with approximately US$207.8 million for the six months ended 31 October 2010 ("**1HFY2011**").

International steel trading business was the main attribution to the Group's total revenue which contributed approximately 72.4% and 84.4% in 1HFY2012 and 1HFY2011, respectively. Domestic trading business contributed approximately 11.8% and 14.0% in 1HFY2012 and 1HFY2011 respectively, where coal trading contributed approximately 15.8% and 1.6% in 1HFY2012 and 1HFY2011 respectively.

In terms of geographical contribution, North Asia market remains the focus market of the Group, which accounted for approximately US$114.6 million or 70.3% of total revenue in 1HFY2012, compared to approximately US$154.7 million or 74.4% of total revenue in the corresponding period of last year. Revenue derived from South East Asia market accounted for approximately US$39.9 million or 24.5% of total revenue in 1HFY2012, compared to approximately US$47.5 million or 22.9% of total revenue in 1HFY2011. India market accounted for approximately US$3.3 million in 1HFY2011 (1HFY2012: Nil). Revenue contributed from others location amounted for approximately US$8.6 million or 5.2% in 1HFY2012 and approximately US$2.3 million or 1.1% in 1HFY2011.

Gross profit

The Group's gross profit for 1HFY2012 amounted to approximately US$11.8 million, representing a gross profit margin of approximately 7.3% while the Group's gross profit for 1HFY2011 amounted to approximately US$9.0 million, representing a gross profit margin of approximately 4.4% in 1HFY2011 due to the change in trading terms.

Other income

Other income decreased by approximately 60.2% from approximately US$2.5 million in 1HFY2011 to approximately US$981,000 in 1HFY2012. The decrease was mainly because no compensation income was received from suppliers or customers in 1HFY2012 (1HFY2011: approximately US$2.2 million). The effect has been offset by increase in government grants of approximately US$400,000 and increase in interest income arisen from fixed deposits during the current reporting period.

Distribution and selling expenses

The Group's distribution and selling expenses in 1HFY2012 amounted to approximately US$8.4 million, compared with approximately US$5.6 million in 1HFY2011. The additional expenses mainly came from increase in freight charges due to the change in trading terms.

Administrative expenses

The administrative expenses amounted to approximately US$3.2 million in 1HFY2012 compared with approximately US$3.0 million in 1HFY2011. A slightly increase was mainly because the increase in administrative expenses raised from business expansion and new projects in Jiangsu and Tianjin and that has been partially offset by no discretionary bonuses and decrease in professional fees in 1HFY2012.

Other operating expenses

Other operating expenses in 1HFY2012 amounted to approximately US$462,000, mainly comprised of net fair value losses of approximately US$296,000 on non-deliverable forward contracts entered by the Group for managing currency risk arising from committed new projects' capital investment. Net exchange losses amounted to approximately US$156,000 was recorded in current reporting period. In the corresponding period last year, net exchange gains of approximately US$589,000 were recorded.

Income tax

Income tax expenses decreased to approximately US$117,000 in 1HFY2012 from approximately US$203,000 in 1HFY2011, the reduction was mainly due to decrease in profit during the current reporting period. The decrease was not in line with the profit due to more assessable profit arisen from countries with higher income tax rate during the current financial period.

Review of Financial Position and Cash Flow

During 1HFY2012, the Group implemented more stringent cost control measures including review of inventory policy and strengthen credit control policy, thereby maintaining a healthy financial position.

Inventories

By avoiding over-stocking and implementing low inventory cost policies, the inventories held as at 31 October 2011 was approximately US$16.5 million, approximately US$14.9 million of inventories were held for Hong Kong domestic trade and distribution business. Approximately US$1.6 million were held for the PRC domestic trade and distribution business. Comparatively, approximately US$17.6 million and US$1.7 million of inventories were held for Hong Kong and the PRC domestic trade and distribution business as at 30 April 2011.

Receivables

Trade and other receivables increased from approximately US$35.6 million as at 30 April 2011 to approximately US$55.6 million as at 31 October 2011, this was mainly due to increase in trade receivables being recorded towards to the end of the quarter.

Payables

Payables increased in line with the receivables. Payables increased to approximately US$41.7 million as at 31 October 2011 from approximately US$20.2 million as at 30 April 2011. Trade and bills payables increased from approximately US$5.9 million as at 30 April 2011 to approximately US$35.2 million as at 31 October 2011, this was offset by the decrease in sales deposits received from approximately US$11.8 million as at 30 April 2011 to approximately US$5.1 million as at 31 October 2011.

FUTURE PROSPECTS

The PRC economy slowed down to one of its weakest pace in more than two years during the third quarter of 2011. Gross Domestic Product ("**GDP**") grew 9.1% in the third quarter of 2011, representing its third consecutive quarterly slowdown in growth for 2011 after registering GDP growth of 9.5% in the second quarter and 9.7% in the first quarter.

The slowdown was attributed to the effect of the European debt crisis and the sluggish United States economy, which has affected the demand for the PRC exports in the developed economies coupled with the continued tight monetary policy that the PRC government has implemented to curb soaring inflation.

Monetary policy remained tight as the PRC government continued to rein in inflation, it has helped to ease the housing inflation to its lowest level in September 2011.

Despite the slowdown in GDP growth in third quarter of 2011, data shows that investment in the PRC remains to be robust. During the first 3 quarters of 2011, the annualised growth of 24.9%. Industrial output also rose by approximately 13.2% in October 2011. However, the PRC real estate investment declined sharply to 25% in September as compared to 31.6% in August (National Statistics Bureau). The PRC government adopts a soft landing to cool down the economy and as forecasted by the International Monetary Fund, PRC GDP growth is expected to be 9.5% for 2011 as compared to 10.4% in 2010.

International trade

International steel trading remained stable during 1HFY2012 but weakness in raw material price, specifically iron ore, was observed. This was due to reduction of purchases by steel mills under the global economic uncertainty.

The Group believes that demand for raw materials will recover since steel production in the PRC remains firm and steel mills begin to replenish their raw material stock piles.

World Steel Association ("**WSA**") foresees the recovery in steel demand in the developed countries will slow down while most of the emerging and developing countries should continue to enjoy robust growth in steel demand.

Based on the data from WSA, the PRC steel demand in 2011 is expected to increase by 7.5% to approximately 643.2 million tonnes in 2011 from 8.5% in 2010. By 2012, the PRC steel demand is expected to maintain at 6% growth, which will bring the PRC steel demand to approximately 681.6 million tonnes.

Ministry of Industry and Information Technology ("**MIIT**") forecasted that PRC steel consumption will reach to approximately 750 million tonnes by 2015 as the PRC government pursues urbanisation and launch infrastructure projects. This will further drive and sustain the demand for raw materials in the PRC.

The PRC imported around 618 million tonnes of iron ore in 2010. According to data from the MIIT, the PRC has imported approximately 448 million tonnes of iron ore in the first 8 months of 2011, up by 3.5% as compared to the same period of last year.

The Group maintains a cautiously optimistic view of the prospects in the coming months. The Group believes that short term fluctuation in the demand for raw materials was due to global economic and industry based factors. However, a consistent recovery in demand by 2012 has been forecasted as underlying fundamental of a stable raw material demand is in place and with the projects the PRC government and hence to continue support the demand. During the period under review, the Group also secured stable supply of steam coal for power plants in the PRC, and this business is expected to grow positively in 2012.

New business update

As the landscape of the PRC steel industry continues to evolve, the Group is expanding its business base to further enhance overall profit margin. The Group has moved ahead its three existing integrated projects that are expected to further contribute to its profitability in near future.

ETP manufacturing in Jiangsu

Novowell ETP Limited is targeting to manufacture high quality tinplates for food and beverage packaging. The plant will be constructed in Jiangsu province of the PRC and it is expected to initially produce 150,000 tonnes of tinplate after Phase 1 and increase to 300,000 tonnes after Phase 2 construction by 2013. Financing for the project has been secured and construction will commence in January 2012 and the production plant is expected to be operational by late 2012. Total investment for the first phase of the project will be approximately US$52 million.

Bird-eye view of electrolytic tin plate manufacturing plant in Jiangsu

The Group is optimistic about the demand for high quality food and beverage packaging as living standards improve and lifestyle change in the PRC and other Asian countries.

Iron ore and coal warehousing and processing in Qingdao

In August 2011, the Group entered into a cooperation agreement with Qingdao Port Investment and Construction Group Co., Ltd* ("**Qingdao Port Investment**") to establish a company that will engage in iron ore and coal warehousing and processing. Qingdao Port Investment has an option to acquire 2% equity interest in the new company, which aims to tap into the growing demand for iron ore and coal in the PRC.

Signing Ceremony for Qingdao-Hong Kong Economic & Trade Cooperation Projects

The Group has secured an initial land of 300mu that has a total storage capacity of minimum 2 million tonnes and annual processing turnover of more than 10 million tonnes. With this project, the Group aims to position itself as a major integrated logistics and iron ore and coal processing centre in the PRC. The Group is negotiating with top tier iron ore and coal mines in order to set up iron ore and coal processing in Dongjiakou, Qingdao.

* *For identification only*

Steel processing plant in Tianjin

The construction of the Group's steel processing plant is located at the western district of Tianjin Economic Technological Development Area, Tianjin, the PRC, has already been completed. The Group is currently negotiating with partners for installation of equipment in order to set up the processing and printing of tinplate facility.

The steel processing plant will handle tinplate, tin free steel and other flat rolled coils that will be cut, slitted, printed and packed for distribution in the local market.

Steel processing plant in Tianjin

Regarding the future plan on the Taizhou scrap steel processing project, there is no further update up to the date of this report since the report date of the Interim Report 2011 of the Company for the six months ended 31 October 2010, however, the Group is still negotiating with partners and the local governmental authorities positively on the terms and details of the scrap steel processing project in Taizhou, and the Group has not yet incurred any cost in the said project up to the date of this report.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, aggregate cash and cash equivalents decreased from approximately US$35.8 million as at 30 April 2011 to approximately US$30.5 million as at 31 October 2011, approximately US$2.8 million was attributed to dividend and approximately US$4.6 million was attributed to repayment of bank loans, and the remaining was mainly used for land acquisition in Jiangsu and setting up of the new office in Shanghai.

Cash and cash equivalents representing approximately 50.8% of the Group's net assets value as at 31 October 2011 (57.5% of net assets value as at 30 April 2011).

The gearing ratio calculated as a percentage of net debt to equity has increased from approximately 15% as at 30 April 2011 to approximately 34% as at 31 October 2011. Such change was mainly due to the increase of payables from approximately US$20.2 million as at 30 April 2011 to approximately US$41.7 million as at 31 October 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2011, the Group had a total of 105 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 October 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the "**SFO**")), which were required to be 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 SEHK (the "**HK Listing Rules**") or which were required to be entered in the register required to be kept under Section 352 of the SFO were as follows:

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

Note 1: As at 31 October 2011, 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 31 October 2011, none of the Company's Directors and chief executives had any interests or short positions in the shares, underlying shares or 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 the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 October 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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 31 October 2011, no person, other than the Directors and chief executives of the Company, whose interests are set out in the Section "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted, for corporate governance purposes, the code provisions of the Code on Corporate Governance Practices (the "**HK CG Code**") contained in Appendix 14 of the HK Listing Rules, in additional to the Singapore Code of Corporate Governance 2005 (the "**Singapore CG Code**"). In the event of any conflict between the Singapore CG Code and the HK CG Code, the Company will comply with the more onerous code provisions.

The Company has complied with the HK CG Code for 1HFY2012 except with respect to Code A.4.1, all the independent non-executive Directors of the Company are not appointed for a specific term but they are subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

The Board recognises its responsibility for maintaining an adequate internal control system to safeguard the assets of the Group and the interests of the shareholders, semi-annual review on the Board communication procedures (the "**Procedures**") in accordance to the HK CG Code of the HK Listing Rules has been conducted by an independent professional firm, whom satisfied that the results did not indicate that there was any irregularity or material error in the Procedures.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code during 1HFY2012.

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 do not recommend the payment of an interim dividend in 1HFY2012 (1HFY2011: US$1,324,350).

LOANS AND BORROWINGS

Details of the Group's loans and borrowings at the end of reporting period are set out in Note 17 to the condensed consolidated financial statements of this interim report.

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 19 to the condensed consolidated financial statements of this interim report.

FOREIGN EXCHANGE EXPOSURE

Sales and purchases of the Group were transacted in United States dollars, Hong Kong dollars and Renminbi. 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 2011 are shown in Note 22 to the condensed consolidated financial statements of this interim report.

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 from time to time.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's unaudited interim results for 1HFY2012, including the accounting principles and practices adopted by the Group, and has discussed and reviewed auditing, internal control and financial reporting matters.

Condensed Consolidated Income Statement

For the six months ended 31 October 2011

		Six months ended 31 October	
	Note	**2011** **US$'000** **(Unaudited)**	2010 US$'000 (Unaudited)
Revenue	4	**163,087**	207,839
Cost of sales		**(151,261)**	(198,796)
Gross profit (Note 1)		**11,826**	9,043
Other income (Note 2)	6	**981**	2,466
Distribution and selling expenses (Note 1)	7	**(8,442)**	(5,603)
Administrative expenses		**(3,227)**	(3,032)
Other operating expenses (Note 3)		**(462)**	589
Finance costs	8	**(461)**	(464)
Share of results of associated companies		**28**	9
Profit before taxation	9	**243**	3,008
Income tax	10	**(117)**	(203)
Profit for the period		**126**	2,805
Attributable to:			
Owners of the Company		**112**	2,713
Non-controlling interests		**14**	92
Profit for the period		**126**	2,805
		US Cents	US Cents (Restated)
Earnings per share			
– Basic	11	**0.07**	1.59
– Diluted	11	**0.07**	1.59

Note 1: Due to the change of trading terms in the international trading business in the second quarter of the financial year 2012, most of the freight charges were paid by the Group. The profit after freight charges and distribution agency fees amounted to approximately US$4.0 million or approximately 2.5% of total revenue for the six months period ended 31 October 2011, compared to approximately US$5.5 million or approximately 2.6% of total revenue in the corresponding period of last year.

Note 2: The decrease in other income was mainly because no compensation income was received from suppliers or customers in the six months period ended 31 October 2011, compared to approximately US$2.2 million in the corresponding period of last year.

Note 3: Other operating expenses in the six months period ended 31 October 2011 amounted to approximately US$462,000, mainly comprised net fair value losses of approximately US$296,000 on non-deliverable forward contracts entered by the Group for managing the currency risk arising from committed new projects' capital investment. Net exchange losses amounted to approximately US$156,000 was recorded in current reporting period. In the corresponding period of last year, a net exchange gains of approximately US$589,000 was recorded.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2011

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Profit for the period	**126**	2,805
Other comprehensive income for the period, net of tax:		
Exchange differences on translation of the Group's overseas operations	**277**	141
Total comprehensive income for the period	**403**	2,946
Attributable to:		
Owners of the Company	**369**	2,841
Non-controlling interests	**34**	105
Total comprehensive income for the period	**403**	2,946

Details of the dividend paid are disclosed in Note 12 to the unaudited condensed consolidated interim financial statements. No interim dividend was proposed by the Directors for the six months ended 31 October 2011. The Directors declared an interim dividend of 1.0 Singapore cents per pre-consolidated ordinary share for the six months ended 31 October 2010.

Condensed Consolidated Statement of Financial Position

As at 31 October 2011

	Note	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	**12,900**	9,818
Investments in associated companies		**538**	510
		13,438	10,328
Current assets			
Inventories		**16,484**	19,347
Derivative financial instruments	14	**218**	–
Trade and other receivables	15	**55,565**	35,599
Tax recoverable		**19**	12
Pledged bank deposits		**5,807**	8,081
Cash and cash equivalents		**24,725**	27,747
		102,818	90,786
Total assets		**116,256**	101,114
Equity and liabilities			
Share capital	18	**32,239**	32,239
Reserves		**26,451**	28,915
Total equity attributable to owners of the Company		**58,690**	61,154
Non-controlling interests		**1,455**	1,151
Total equity		**60,145**	62,305
Non-current liabilities			
Deferred income		**185**	184
Current liabilities			
Trade and other payables	16	**41,714**	20,238
Deferred income		**4**	4
Derivative financial instruments	14	**514**	–
Borrowings, secured	17	**13,520**	18,076
Tax payable		**174**	307
		55,926	38,625
Total liabilities		**56,111**	38,809
Total equity and liabilities		**116,256**	101,114
Net current assets		**46,892**	52,161
Total assets less current liabilities		**60,330**	62,489
Net assets		**60,145**	62,305

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 October 2011

	Equity attributable to owners of the Company						
	Share capital US$'000 (Unaudited)	Retained earnings US$'000 (Unaudited)	Foreign currency translation reserve US$'000 (Unaudited)	Other reserve US$'000 (Unaudited)	Equity attributable to owners of the Company US$'000 (Unaudited)	Non-controlling interests US$'000 (Unaudited)	Total equity US$'000 (Unaudited)
Balance at 1 May 2010	32,239	25,336	2	2,601	60,178	1,098	61,276
Changes in equity for the period							
Total comprehensive income for the period	–	2,713	128	–	2,841	105	2,946
Acquisition of interest in a subsidiary	–	–	–	–	–	(16)	(16)
Dividend paid	–	(2,520)	–	–	(2,520)	–	(2,520)
Balance at 31 October 2010	32,239	25,529	130	2,601	60,499	1,187	61,686
Balance at 1 May 2011	**32,239**	**26,016**	**298**	**2,601**	**61,154**	**1,151**	**62,305**
Changes in equity for the period							
Total comprehensive income for the period	**–**	**112**	**257**	**–**	**369**	**34**	**403**
Capital injection	**–**	**–**	**–**	**–**	**–**	**270**	**270**
Dividend paid	**–**	**(2,833)**	**–**	**–**	**(2,833)**	**–**	**(2,833)**
Balance at 31 October 2011	**32,239**	**23,295**	**555**	**2,601**	**58,690**	**1,455**	**60,145**

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 October 2011

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**5,416**	(806)
Net cash used in investing activities	**(2,458)**	(1,283)
Net cash (used in)/generated from financing activities	**(5,966)**	12,236
Net (decrease)/increase in cash and cash equivalents	**(3,008)**	10,147
Cash and cash equivalents at beginning of the period	**27,747**	13,048
Effect of currency translation on cash and cash equivalents	**(14)**	255
Cash and cash equivalents at end of the period	**24,725**	23,450
Cash and cash equivalents are represented by:		
Cash and bank balances	**24,725**	23,450

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 primary listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 28 April 2008 and dual-listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**SEHK**") since 6 December 2010 respectively.

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 in Hong Kong 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 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 condensed consolidated interim financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the SEHK and with Singapore Financial Reporting Standard 34 "Interim Financial Reporting" issued by the Singapore Accounting Standards Council.

The unaudited condensed consolidated interim financial statements do 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 2011.

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

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis, except for the derivative financial instruments are stated at their fair values.

3. Changes in accounting policies

The adoption of the new and revised Singapore Financial Reporting Standards ("**SFRSs**") which are effective for the Group's financial statements for the annual period beginning on 1 May 2011 has had no significant financial impact on these unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation.

4. Revenue

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Sales of steel products	**137,261**	204,415
Sales of coal	**25,826**	3,424
	163,087	207,839

5. Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are raw materials, semi-finished products, finished products and others. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

(i) Business segments

The Group has four reportable segments as follows:

Raw materials

– Distribution and sales of materials such as iron ore 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 coils and cold rolled coils.

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 different segments, and accordingly these items have been disclosed as unallocated income and unallocated costs respectively.

The Group's assets and liabilities cannot be directly attributable to individual segments as it is impracticable to allocate them to the segments. 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, it is not meaningful to disclose capital expenditure, assets and liabilities by operating segments.

5. Segment information (Continued)

(i) Business segments (Continued)

For the six months ended 31 October 2011

	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	100,325	25,303	28,840	8,619	163,087
Segment results	2,589	351	861	205	4,006
Unallocated income					981
Unallocated costs					(4,311)
Finance costs					(461)
Share of results of associated companies					28
Profit before taxation					243
Income tax					(117)
Net profit for the financial period					126
As at 31 October 2011 (Unaudited)					
Assets and liabilities					
Unallocated assets					115,718
Investments in associated companies					538
Total assets					116,256
Unallocated liabilities					56,111
Total liabilities					56,111
For the six months ended 31 October 2011 (Unaudited)					
Other unallocated items					
Capital expenditure					3,212
Depreciation					227
Non-cash items other than depreciation					303

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					2,466
Unallocated costs					(4,504)
Finance costs					(464)
Share of results of associated companies					9
Profit before taxation					3,008
Income tax					(203)
Net profit for the financial period					2,805
As at 30 April 2011 (Audited)					
Assets and liabilities					
Unallocated assets					100,604
Investments in associated companies					510
Total assets					101,114
Unallocated liabilities					38,809
Total liabilities					38,809
For the six months ended 31 October 2010 (Unaudited)					
Other unallocated items					
Capital expenditure					1,270
Depreciation					132
Non-cash items other than depreciation					(9)

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 four main geographical areas. The following summary provides an analysis of the Group's sales by geographical markets, and non-current assets by geographical markets, irrespective of the origin of the goods and services.

Sales revenue by geographical markets:

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
North Asia (Note i)	**114,561**	154,653
South East Asia (Note ii)	**39,907**	47,540
India and Middle East (Note iii)	**–**	3,383
Others (Note iv)	**8,619**	2,263
	163,087	207,839

Non-current assets by geographical markets:

	As at	As at
	31 October	30 April
	2011	2011
	US$'000	US$'000
	(Unaudited)	(Audited)
North Asia (Note i)	**12,889**	9,803
South East Asia (Note ii)	**9**	12
India and Middle East (Note iii)	**2**	3
	12,900	9,818
Investments in associated companies	**538**	510
	13,438	10,328

Note:

(i) Included Hong Kong, Macau, the People's Republic of China ("**PRC**") and Taiwan, etc.
(ii) Included Philippines, Singapore, Thailand, Indonesia and Vietnam, etc.
(iii) Included India.
(iv) Included Costa Rica, Italy, Belgium and Germany, etc.

6. Other income

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Amortisation of deferred income	**2**	2
Compensation received from suppliers and a customer	**–**	2,224
Government grants and subsidies	**418**	10
Net realised gains on disposal of derivative financial instruments	**–**	9
Rental income	**–**	18
Sundry income	**235**	15
Transportation income	**215**	180
	870	2,458
Finance income		
– bank interest income	**111**	8
Total	**981**	2,466

7. Distribution and selling expenses

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Distribution agency fees	**606**	669
Freight charges	**7,214**	2,874
Freight insurance	**62**	91
I/E declaration	**2**	4
Inspection fees	**138**	104
LC agency fees	**–**	108
Port handling charges	**35**	403
Shipping handling charges	**14**	603
Storage insurance	**4**	8
Transportation charges	**260**	409
Warehouse charges	**107**	330
	8,442	5,603

8. Finance costs

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Bank charges	**152**	183
Interest on bank loans	**309**	281
	461	464

9. Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Depreciation	**227**	132
Fair value losses on derivative financial instruments	**296**	–
Loss on disposal of property, plant and equipment	**–**	2
Material costs recognised as an expense in cost of sales	**151,261**	198,796
Net exchange losses/(gains)	**156**	(589)
Net realised losses/(gains) on trading of derivative financial instruments	**9**	(9)
Rental expenses	**104**	54
Staff costs (including directors' emoluments)	**1,746**	1,845

10. Income tax

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**26**	36
Current tax – Overseas Tax		
Provision for the period	**88**	167
Over-provision in respect of prior periods	**3**	–
	91	167
	117	203

(a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

(b) Tax on profits assessable in Singapore has been calculated at 17% for the six months ended 31 October 2011 (six months ended 31 October 2010: 17%).

A subsidiary of the Company, Novo Commodities Pte. Ltd. ("**NCPL**"), was awarded the Global Trader Programme status for a period of 5 years from 1 May 2007. All income derived from qualifying trade as defined in the award was subject to concessionary income tax rate of 10%. NCPL had withdrawn from the Global Trader Programme on 13 December 2010.

(c) Hong Kong profits tax has been provided at 16.5% on the estimated assessable profits for the six months ended 31 October 2011 (six months ended 31 October 2010: 16.5%).

(d) Tax on profits assessable in the PRC has been provided at 25% for the six months ended 31 October 2011 (six months ended 31 October 2010: 25%).

(e) Pursuant to the rules and regulations of the British Virgin Islands and Dubai United Arab Emirates, the Group is not subject to any income tax in these jurisdictions.

(f) As at 31 October 2011, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately US$1,464,000 (unaudited) (30 April 2011 (audited): US$688,000) as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The tax losses do not expire under current tax legislation except for the PRC incorporated subsidiaries.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are US$28,000 (unaudited) (30 April 2011 (audited): US$39,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.

11. Earnings per share

Basic and diluted earnings per share is calculated based on the Group's profit for the period attributable to the owners of the Company divided by the weighed average number of ordinary shares outstanding during the six months ended 31 October 2011.

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**112**	2,713

	Number of ordinary shares	
	'000	'000
	(Unaudited)	(Unaudited)
		(Restated)
Weighted average number of ordinary shares	**170,804**	170,804

On 15 November 2010, the Company's ordinary shares have been consolidated on the basis that every four shares were consolidated into one consolidated share. For comparison purpose, the weighted average number 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.

There were no potentially dilutive ordinary shares in existence during the six months ended 31 October 2011 and 2010 and therefore the diluted earnings per share amounts for those periods were the same as the basic earnings per share amounts.

12. Dividends

Dividends attributable to the interim period

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Final tax exempt dividend in respect of the previous financial years, approved and paid during the period, of S$2.0 (2010: S$0.50 cents per pre-consolidated ordinary share) cents per share	**2,833**	2,520

No interim dividend was proposed by the Directors for the six months ended 31 October 2011. The Directors declared an interim dividend of 1.0 Singapore cents per pre-consolidated ordinary share for the six months ended 31 October 2010 payable to owners of the Company.

13. Property, plant and equipment

During the six months ended 31 October 2011, the Group acquired items of property, plant and equipment with cost of approximately US$3,212,000 (six months ended 31 October 2010: approximately US$1,270,000).

14. Derivative financial instruments

	As at 31 October 2011		As at 30 April 2011	
	Assets	**Liabilities**	Assets	Liabilities
	US$'000	**US$'000**	US$'000	US$'000
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Foreign currency forward contracts	**218**	**(514)**	–	–

The Group has entered into forward foreign exchange contracts to mitigate its risk of foreign exchange fluctuation arising from committed new project's capital investment. The foreign currency forward contracts have maturity within one year.

At the end of reporting period, the total notional amount of outstanding foreign currency forward contracts to which the Group is committed is as follows:

	As at 31 October 2011	As at 30 April 2011
	US$'000	US$'000
	(Unaudited)	(Audited)
Foreign currency forward contracts	**79,508**	–

At the end of reporting period, the net fair value of the Group's financial liabilities in connection with currency derivatives was estimated to be approximately US$296,000 (unaudited) (30 April 2011 (audited): Nil). These amounts were based on quoted fair value by banks at the end of reporting period.

15. Trade and other receivables

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Advance payment to suppliers	**9,650**	9,301
Trade and bills receivables	**38,485**	17,428
	48,135	26,729
Deposits	**42**	33
Temporary payment	**162**	130
Prepayments	**1,679**	1,101
Other receivables	**2,533**	4,329
Non-trade balances due from		
– associated companies	**1,749**	1,849
– a non-controlling shareholder	**429**	443
Trade balances due from		
– a related company	**836**	985
	7,430	8,870
	55,565	35,599

The receivables from associated companies, a non-controlling shareholder and a related company are unsecured, interest free and repayable on demand.

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

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Current	**36,161**	16,965
Less than 1 month past due	**1,922**	432
1 to 3 months past due	**402**	25
3 to 12 months past due	**–**	6
Amount past due	**2,324**	463
	38,485	17,428

15. Trade and other receivables (Continued)

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.

At the end of reporting period, 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 2011, trade and bills receivables amounted to US$25,825,084 (unaudited) (30 April 2011 (audited): US$9,477,396) are pledged as securities for banking facilities granted to the Group.

16. Trade and other payables

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Trade and bills payables	**35,188**	5,884
Sales deposits received	**5,073**	11,827
Accrued operating expenses	**977**	1,290
Other payables	**157**	923
Non-trade balances due to		
– a non-controlling shareholder	**314**	314
Trade balances due to		
– a related company	**5**	–
	6,526	14,354
	41,714	20,238

The amounts payable to a non-controlling shareholder and a related company are unsecured, interest free and repayable on demand.

16. Trade and other payables (Continued)

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

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Due within 3 months or on demand	**35,188**	5,795
Due after 3 months but within 6 months	**–**	–
Due after 6 months but within 1 year	**–**	–
Due over 1 years	**–**	89
	35,188	5,884

17. Borrowings, secured

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Bank loan 1	**2,421**	2,602
Bank loan 2	**751**	–
Short term bank loans	**2,197**	2,847
Import bills loans	**2,324**	1,039
Inventory loans	**1,700**	4,815
Trade receivables loans	**3,027**	1,352
Trust receipt loans	**1,100**	5,421
	13,520	18,076

The borrowings and bills payables are secured by:

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

(ii) legal pledge of the Group's deposits and cash margin;

(iii) pledge of assets (cargo and related proceeds) underlying the financial transactions;

(iv) corporate cross guarantees between joint borrowers when appropriate; and

(v) corporate guarantees of the Company.

17. Borrowings, secured (Continued)

Bank loan 1 is repayable in 96 equal monthly installments of US$32,587 (unaudited) (30 April 2011(audited): US$32,561) commencing from 29 April 2010. The remaining installments payable at the end of reporting period is 77 installments (unaudited) (30 April 2011(audited): 83 installments). Bank loan 2 is repayable in 120 equal monthly installments of US$8,935 (unaudited) (30 April 2011(audited): Nil) commencing from 22 August 2011. The remaining installments payable at the end of reporting period is 117 installments (unaudited) (30 April 2011(audited): Nil). Notwithstanding to the above, both of bank loan 1 and 2 are subjected to review, recall, alter or cancel from time to time at the lender's discretion. Accordingly, they are classified under current liabilities.

Short term bank loans at 31 October 2011 are repayable within 75 days to 161 days (unaudited) (30 April 2011(audited): within 90 days to 165 days) from the date of drawdown.

Import bills loans of 31 October 2011 are repayable within 24 days (unaudited) (30 April 2011 (audited): 14 days) from the grant date.

Inventory loans of 31 October 2011 are repayable within 178 days (unaudited) (30 April 2011(audited): within 90 days to 150 days) from the commencement date.

Trade receivables loans of 31 October 2011 (unaudited) and 30 April 2011 (audited) are repayable within 90 days from the commencement date, respectively.

Trust receipt loans of 31 October 2011 are repayable within 56 days to 61 days (unaudited) (30 April 2011 (audited): within 60 days to 120 days) from the grant date.

	As at 31 October 2011 % (Unaudited)	As at 30 April 2011 % (Audited)
The weighted average interest rates at the end of reporting period are as follows:		
Bank loan 1	**1.10**	1.09
Bank loan 2	**7.05**	–
Short term bank loans	**6.39**	5.96
Import bills loans	**1.50**	1.84
Inventory loans	**2.73**	2.77
Trade receivables loans	**2.27**	2.30
Trust receipt loans	**2.82**	2.33

18. Share capital

	Note	No. of ordinary shares	US$
Balance at 1 May 2010		683,219,640	32,238,531
Share consolidation	(a)	(512,415,371)	–
Balance at 30 April 2011, 1 May 2011 and 31 October 2011		170,804,269	32,238,531

(a) On 15 November 2010, the Company's ordinary shares have been consolidated on the basis that every four shares were consolidated into one consolidated share.

19. 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:

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Leasehold land and buildings	**5,476**	5,542
Inventories	**9,554**	6,060
Trade and bills receivables	**25,825**	9,477
Pledged bank deposits	**5,807**	8,081
	46,662	29,160

20. Related party transactions

(a) Compensation of directors and key management personnel of the Group:

	Six months ended 31 October	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Directors' fees	**47**	45
Salaries, wages, allowances and benefits in kind	**627**	605
Contributions to defined contribution plans	**13**	11
	687	661

(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	
		2011	2010
	Note	**US$'000**	US$'000
		(Unaudited)	(Unaudited)
Continuing			
Warehouse rental charges paid to a related party	(ii)	**178**	316
Office rental fees paid to a related party	(ii)	**49**	–
Handling fees paid to associated companies	(iii)	**98**	–
Discontinued			
Sales of goods to related parties	(iv)	**–**	2,744
Purchase of goods to a related party	(iv)	**–**	7,197
L/C agency fees to a related party	(v)	**–**	108
Office rental fees paid to a related party	(ii)	**–**	7

Notes:

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

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

(iii) Miscellaneous handling fees were paid to associated companies for the preparation and finalising of suppliers' contracts. The charging rate was US$2.5 per shipped quantity of the respective contracts.

(iv) 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.

(v) Agency fees 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.

20. Related party transactions (Continued)

(c) Related party balances

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

21. Commitments

(a) Capital commitments

As at 31 October 2011, the Group had capital commitments as follows:

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Expenditure for property, plant and equipment contracted for	**7,321**	1,386

(b) Operating lease commitments

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

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Not later than one year	**208**	93
Later than one year but not later than five years	**73**	98
	281	191

The Group is the lessee in respect of office premises and staff quarters held under operating leases. Most of the leases run for an initial period of one year, with an option to renew the lease when terms are renegotiated. The leases do not include contingent rental.

22. Contingent liabilities

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

(a) Bills discounted with recourse

	As at 31 October 2011 US$'000 (Unaudited)	As at 30 April 2011 US$'000 (Audited)
Discounted bills with recourse supported by letters of credit	**10,307**	26,458

(b) Guarantees

	31 October 2011 US$'000 (Unaudited)	30 April 2011 US$'000 (Audited)
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**550,022**	478,722

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

23. Reconciliation between SFRSs and International Financial Reporting Standards ("IFRSs")

For the six months ended 31 October 2011, there were no material differences between the consolidated financial statements of the Group prepared under SFRSs and IFRSs (which include all IFRS, International Accounting Standards and Interpretations).

24. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

Corporate Information

Board of Directors

Executive Directors:
Yu Wing Keung, Dicky *(Executive Chairman)*
Chow Kin Wa *(Chief Executive Officer)*
Chow Kin San

Independent non-executive Directors:
Tang Chi Loong
Foo Teck Leong
Tse To Chung, Lawrence

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
Chong Wai Man*
Lau Jeanie*

Authorised Representatives

Yu Wing Keung, Dicky
Chow Kin San

Compliance Advisor

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1 Austin Road West Kowloon
Hong Kong

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168 Connaught Road Central
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Tel: (852) 2517 7989
Fax: (852) 2915 5122

Principal Share Registrar and Transfer Office in Singapore

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, 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
CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Oversea-Chinese Banking Corporation Limited, Hong Kong Branch
Oversea-Chinese Banking Corporation Limited, Singapore Head Office
Rabobank International, Hong Kong Branch
Shanghai Commercial Bank Limited
Societe Generale, Singapore Branch
ABN AMRO Bank N.V., Singapore Branch
WestLB AG, Singapore Branch

Stock Codes

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Company's Website

www.novogroupltd.com

* Ms. Wong Tak Yee has resigned and Mr. Chong Wai Man and Ms. Lau Jeanie have been appointed as the joint company secretaries of the Company with effect from 23 December 2011.