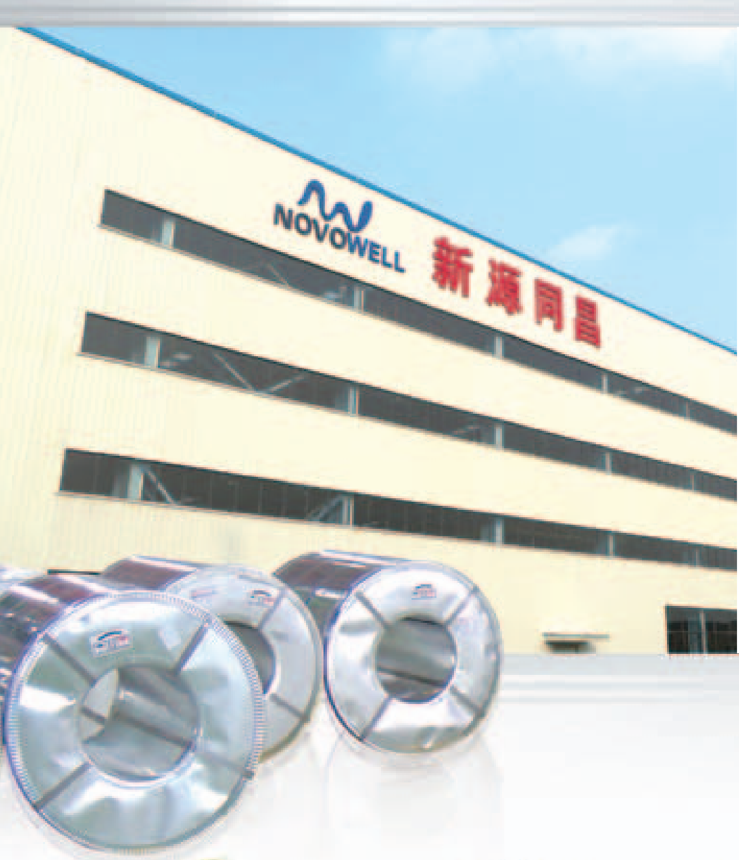
NOVO GROUP LTD.
新源控股有限公司*

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



INTERIM REPORT 2013

* *For identification purpose only*

Contents

Corporate Profile

Vision

To be the best producer for the food and beverage packaging industry and the top-in-class value chain supplier for the coal and iron & steel industries.

Mission

To attain excellence for all our stakeholders: product performance for customers, financial performance for shareholders and job dynamism for all staff members.

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.

Extensive Geographic Coverage

Head Office: Hong Kong

Major Subsidiaries and Branch Offices:

1. Dubai
2. Guangzhou
3. Hong Kong
4. India
5. Indonesia
6. Qingdao
7. Shanghai
8. Singapore
9. Taizhou
10. Tianjin

Agents:

11. Argentina
12. Australia
13. Bangladesh
14. Brazil
15. Canada
16. Chile
17. Commonwealth of Independent States
18. Germany
19. Indonesia
20. Italy
21. Japan
22. Mexico
23. New Zealand
24. Philippines
25. PRC
26. South Korea
27. Spain
28. Sri Lanka
29. Switzerland
30. Taiwan
31. Thailand
32. Turkey
33. United Kingdom
34. Ukraine
35. United States of America
36. Venezuela
37. Vietnam

The board (the "**Board**") of directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**" together with its subsidiaries "**Novo**" or the "**Group**") is pleased to present this interim report for the six months ended 31 October 2012 ("**IHFY2013**").

Board of Directors

Executive Directors

Yu Wing Keung, Dicky, is the co-founder of the Group, Executive Chairman and executive Director appointed on 10 March 2008. 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 Stock Exchange of Hong Kong Limited ("**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 of 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 the co-founder of the Group, executive Director and Chief Executive Officer appointed on 10 March 2008. He is responsible for the business development and trading activities of the Group. He also assists Mr. Yu Wing Keung, Dicky in overseeing the overall management, operations and the setting of corporate directions and strategies of the Group. He is also a director and controlling shareholder of New Page Investments Limited, which is a controlling shareholder of the Company. Mr. Chow has over 20 years of experience in multinational steel trading and manufacturing business. Mr. Chow 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 joined the Group as a non-executive Director on 10 March 2008. He is the co-founder and a director of Focus Capital Investment Inc., and a non-executive chairman of Strategic Alliance Limited. He has over 20 years of experience in operations, finance, management and investment in trading and manufacturing environment in Asia and the United States of America. He graduated from the 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 Australian Institute of Mining and Metallurgy, and founding vice chairman of its Hong Kong Branch. He is the elder brother of Mr. Chow Kin Wa, an executive Director and Chief Executive Officer.

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 15 years with experience in diverse areas of the law. He is currently a partner of a law firm, 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 Singapore Exchange Securities Trading Limited ("**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.

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 from 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 holds directorship in several privately held companies. He had been a director of Guangzhao Industrial Forest Biotechnology Group Limited, a company listed on the SGX-ST, up to June 2011. He is the Chairman of the Audit Committee since 19 November 2010, and a member of the Remuneration Committee and Nominating Committee since 1 April 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 20 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, Chief Financial Officer and Company Secretary, joined the Group since 2011 with more than 20 years of experience in finance, accounting and taxation and is responsible for the 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. 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 of the Group, joined the Group since 2006 and 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. She holds a Bachelor of Arts degree from the University of Hong Kong.

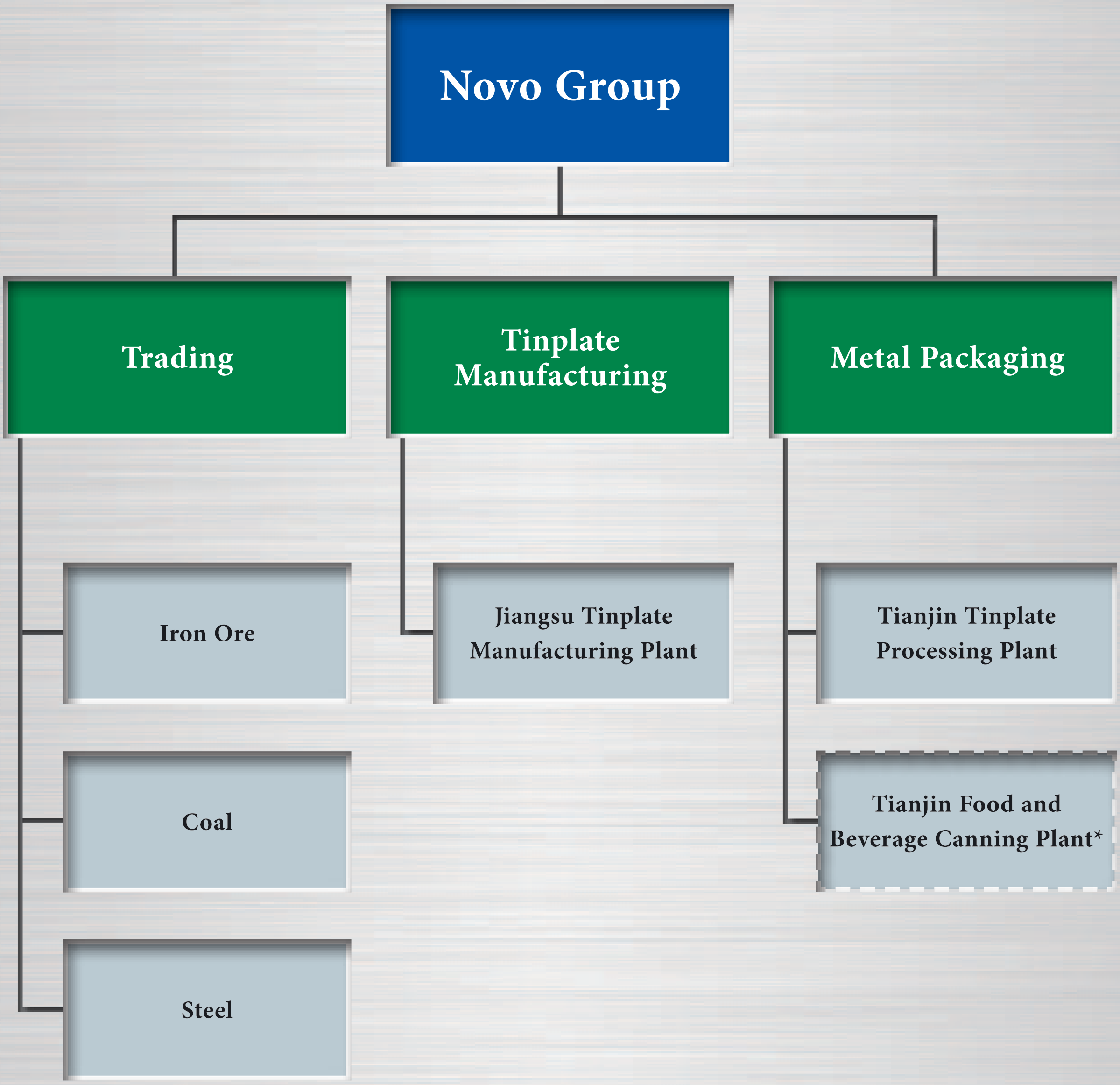
Ma Yiu Ming, Head of Operations of the Group, joined the Group since 2006 and is responsible for the Group's business coordination and integration of various functional developments such as operations, shipping, insurance and legal. He has over 25 years of experience in the international traffic and logistics business, particularly in shipping, insurance, cargo inspection, arbitration and legal consulting. Prior to joining the Group, 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 from the Open University of Hong Kong. He is currently a fellow member of the Institute of Chartered Shipbrokers.

Chu Wai Lim, Trade Finance Manager of the Group, joined the Group since 2005 and 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.

Ji Na Xin, General Manager of the People's Republic of China (the "**PRC**" or "**China**") Division, joined the Group since 2008 and 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.

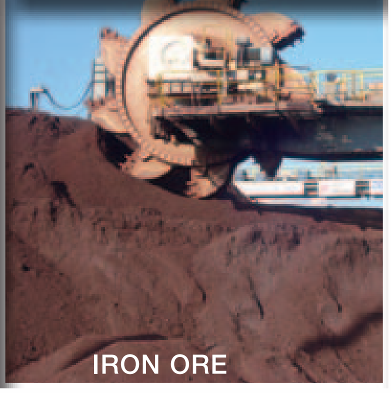
Tam Hin Shi, Deputy General Manager of the PRC Division, joined the Group since 2008 and is responsible for promoting the business development activities of the Group's PRC division. He has over 10 years of experience in steel related business in the PRC and has built up wide and deep connections with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

Business Segments



* Plan to commence construction in late 2013

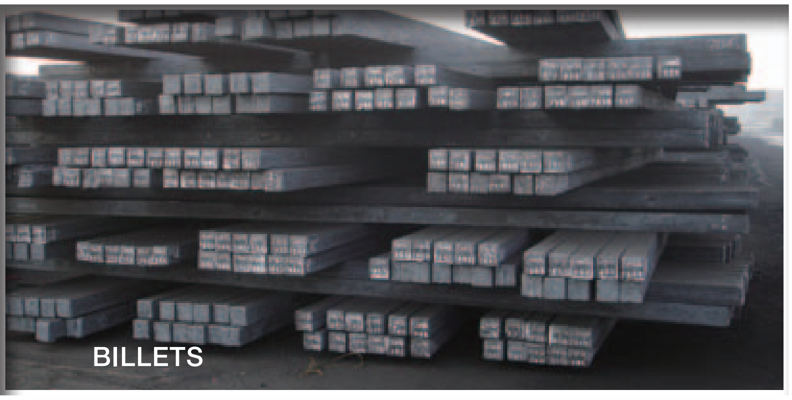
Manufacturing Process


IRON ORE


STEEL SCRAP

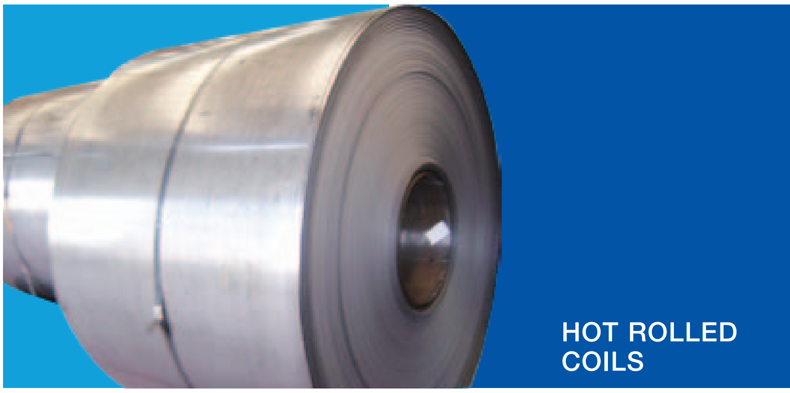
Products


COAL

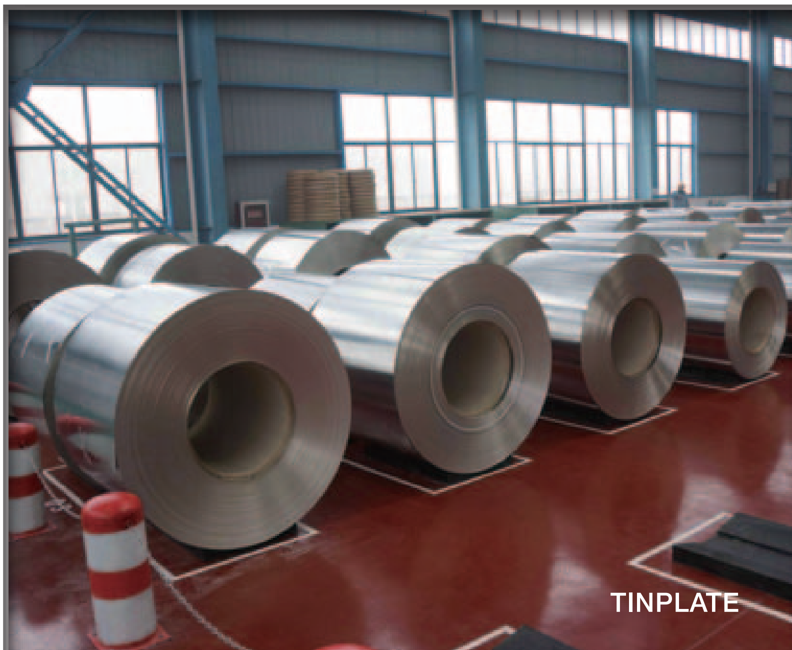

BILLETS


SLABS


COLD ROLLED COILS


HOT ROLLED COILS


WIRE RODS


TINPLATE

Management Discussion and Analysis

BUSINESS REVIEW

The stagnating global market condition, uncertainties in the economy due to the debt crisis in Europe and volatility of raw material prices all weighted on the Group's financial performance.

The Group's recorded total approximately US$2,844,000 loss after tax in 1HFY2013, which comprised approximately US$1,578,000 recorded in the first quarter and approximately US$1,266,000 recorded in the second quarter. Meanwhile there were approximately US$620,000 one-off expenses recorded in the second quarter, mainly comprised of:

i) a loss on disposal of an associated company of approximately US$98,000, representing the reversal of share of profits upon the divestment of an associated company. This divestment is in line with the Group's strategy to streamline and divest non-core investments;

ii) an impairment loss of approximately US$418,000 which was 50% of the outstanding net amount due from a chartering agent; and

iii) net exchange losses of approximately US$104,000 arising from the non-deliverable forward contracts entered by the Group for managing currency risk of the committed new project capital investment. All non-deliverable forward contracts had matured and were settled in current period.

The Group believes that it has bottomed out in the first quarter: losses has narrowed in the second quarter, where improvement is more pronounced after excluding the above one-off expenses, where losses would have been decreased to approximately US$646,000, which was significantly lower than the first quarter.

Revenue

The Group recorded revenue of approximately US$97.0 million in 1HFY2013, representing a decrease of approximately 40.5% compared with approximately US$163.1 million for the six months ended 31 October 2011 ("**1HFY2012**").

International steel trading business was the main attribution to the Group's total revenue which contributed approximately 55.9% or US$54.3 million and 72.4% or US$118.1 million in 1HFY2013 and 1HFY2012, respectively. Domestic trading business contributed approximately 15.7% or US$15.2 million and 11.8% or US$19.2 million in 1HFY2013 and 1HFY2012 respectively, where coal trading contributed approximately 28.4% or US$27.5 million and 15.8% or US$25.8 million in 1HFY2013 and 1HFY2012 respectively.

In terms of geographical contribution, North Asia market accounted for approximately US$47.5 million or 49.0% of total revenue in 1HFY2013, compared to approximately US$114.6 million or 70.2% of total revenue in the corresponding period of last year. Revenue derived from South East Asia market accounted for approximately US$49.5 million or 51.0% of total revenue in 1HFY2013, compared to approximately US$39.9 million or 24.5% of total revenue in 1HFY2012. No revenue was contributed from other location in 1HFY2013 while approximately US$8.6 million or 5.3% in 1HFY2012.

Gross Profit

To weather the continuously weakening global demand for coal and steel, the Group has been conscious in slim profit margin trading in hope of retaining quality customers and attracts new buyers. The strategy has proved to be successful as the Group was able to establish solid relationships with several new customers from the South East Asia market and maintain frequent activities with key quality customers. The Group's gross profit remained at a slim margin level. The Group's gross profit for 1HFY2013 amounted to approximately US$4.4 million, representing a gross profit margin of approximately 4.5%. While the Group's gross profit for 1HFY2012 amounted to approximately US$11.8 million, representing a gross profit margin of approximately 7.2%.

Other Income

Other income increased by approximately 73.3% from approximately US$981,000 in 1HFY2012 to approximately US$1.7 million in 1HFY2013. The increase was mainly because approximately US$813,000 compensation income received from suppliers were recorded in 1HFY2013 (1HFY2012: Nil). Resulted from the appreciation of Renminbi during the current reporting period, net exchange gains of approximately US$199,000 was recorded in 1HFY2013 whereas net exchange losses of approximately US$156,000 was recorded under other operating expenses in 1HFY2012.

Distribution and Selling Expenses

The Group's distribution and selling expenses in 1HFY2012 amounted to approximately US$8.4 million, compared with approximately US$4.7 million in 1HFY2013, such a decrease was mainly due to a drop in revenue. Follow with changes of the trading terms in the international trading business, which was the reciprocal of the change in gross profit, freight charges was decrease approximately 61.1% from approximately US$7.2 million in 1HFY2012 to approximately US$2.8 million in 1HFY2013.

Administrative Expenses

With attempt effective cost control against inflation environment the Group's administrative expenses decreased from approximately US$3.2 million in 1HFY2012 to approximately US$3.1 million in 1HFY2013.

Other Operating Expenses

During the current reporting period the Group's other operating expenses recorded totally approximately US$793,000, which comprised the following one-off expenses:

A loss on disposal of an associated company of approximately US$98,000, representing the reversal of share of profits upon the divestment of an associated company. This divestment is in line with the Group's strategy to streamline and divest non-core investments.

An impairment loss of approximately US$418,000, which was 50% of the outstanding net amount due from the agent, who acted as an intermediate party in chartering of vessels to customers and from ship-owners.

A loss on disposal of property, plant and equipment of approximately US$216,000 was recorded as the Group further fine-turned the business activities of some of its subsidiaries.

Non-deliverable forward contracts entered by the Group for managing currency risk arising from committed new project capital investment resulted net fair value losses and net realised losses of approximately US$7,000 and US$54,000 were recorded in 1HFY2013 respectively, where net fair value losses of approximately US$296,000 was recorded in 1HFY2012. All non-deliverable forward contracts had matured and were settled in current period.

Income Tax

Income tax expenses decreased from approximately US$117,000 in 1HFY2012 to approximately US$55,000 in 1HFY2013. The tax expenses incurred in 1HFY2013 are mainly related to other income recognised during the current reporting period.

Review of Financial Position and Cash Flow

Under the challenging market conditions, the Group has adopted a conservative and prudent approach to manage its businesses, in order to improve operating efficiency, maintain a sound financial and liquidity position, the group continuing effective cost control and rigorous inventory control policy.

Inventories

With implementation of strict inventory control policy to maintain high liquidity of the Group's working capital, inventories held by the Group decreased significantly from by approximately US$11.1 million from approximately US$13.7 million as at 30 April 2012 to approximately US$2.6 million as at 31 October 2012.

Trade and other receivables

Trade and other receivables increased from approximately US$41.9 million as at 30 April 2012 to approximately US$50.2 million as at 31 October 2012. Distribution of trade receivables and other receivables were approximately 28.4% (approximately US$14.3 million) and 71.6% (approximately US$35.9 million) of total receivables as at 31 October 2012, compared to approximately 40.6% (approximately US$17.0 million) and 59.4% (approximately US$24.9 million) of total receivables as at 30 April 2012. Decelerating of trade and bills receivable as at 31 October 2012 was resulted from lower revenue was recorded near to the end of the reporting date. However, such decrease was partially offset by the increase in prepaid progress payment related to the construction of the Jiangsu manufacturing plant as it accounted for an increase of approximately US$8.9 million from approximately US$7.3 million as at 30 April 2012 to approximately US$16.2 million as at 31 October 2012.

Trade and other payables

Trade and other payables decreased from approximately US$28.4 million as at 30 April 2012 to approximately US$24.1 million as at 31 October 2012. This was mainly attributable to the diminished trade and bills payable and sales deposits received in the current reporting period. Trade and bills payables decreased from approximately US$13.3 million as at 30 April 2012 to approximately US$6.6 million as at 31 October 2012, which was decreased in line with trade and bills receivables. Sales deposits received dropped from approximately US$5.0 million as at 30 April 2012 to approximately US$139,000 as at 31 October 2012. This was partially offset by the increase in accrued progress payment related to construction of the Jiangsu manufacturing plant, which recorded an increase of approximately US$5.4 million from approximately US$7.7 million as at 30 April 2012 to approximately US$13.1 million as at 31 October 2012.

Jiangsu Tinplate Manufacturing Plant (Phase One) Commissioning Ceremony

Xinghua Novo Light Industrial and Technology Park

OPERATIONS REVIEWS AND FUTURE PROSPECTS

With China's determination to maintain a slow, controlled and yet steady growth of its economy, the market is expected to improve despite persistent uncertainties in world economies including U.S. and Europe. Riding on the positivity in China, the steel industry will be on track to better market conditions in the second half of financial year 2013 despite volatilities played up by fluctuating performances of difference economic forces of the U.S. and Europe.

The Group maintains a prudent yet positive approach in the face of this challenging economic environment. The Group will continue to strive for sustainability and excellence by improving on existing businesses, removing non-core investments and most importantly identifying and developing new business segments leveraging on the Group's core strengths in the iron and steel sector.

For the trading business, iron ore and coal (as well as other steel related raw materials) will continue to be the main products.

Iron ore is expected to be trading within a narrow range after regaining some grounds post the dramatic slump in first quarter of financial year 2013. The Group is well-positioned to take advantage of the recovered iron ore market as we have newly secured an additional reliable source of iron ore on a term basis during the period under review. Coal trading will have improvement also along with the Group's efforts in strengthening the coal trading team who has already covered a lot of ground works in securing trading relations with power plants and cement plants (key users of coal) in China. We are confident that our iron ore and coal trading performance will outshine our competitors in the foreseeable future.

Jiangsu Tinplate Manufacturing Plant (Phase One)

Tinning Production Line

Electrolytic Tinplate Manufacturing Project

The tinplate manufacturing plant is strategically located in Taizhou, Jiangsu Province which will be constructed in two phases. The production capacity of phase one is approximately 150,000 tonnes of tinplate annually. Phase two is in the preparation stage, once both phases come on stream, the total production capacity will be doubled up to 300,000 tonnes annually. The construction of the phase one was completed in July 2012, and we are pleased to announce that the new plant successfully completed the trial run and has commenced commercial production in mid-December 2012. The plant, featuring state-of-the-art technology and experienced expertise, exemplifies our commitment to manufacture quality tinplate products through operation excellence and green production processes. The plant will serve the growing demands of tinplate in Eastern, Southern and Northern China. In addition, the Group endeavors to be a socially responsible enterprise supporting environmental-friendly production. In the first half of financial year 2013, Novo has invested in a sewage treatment plant to support the tinplate manufacturing plant. The sewage treatment plant has a designed treatment capacity of 2.65 million gallons per day. It will support the operations of tinplate manufacturing plant with an objective on green production, it will also serve local factories' growing needs on sewage treatment facilities. The sewage treatment plant is under construction and it is scheduled to be operational in mid-2013.

Tianjin New Projects

While the Jiangsu tinplate manufacturing project is in place to make contributions to the Group and drive future growth, we has continued to proactively identify lucrative markets with high growth potential in order to provide long-term sustainable growth for all stakeholders.

On 16 July 2012, the Group entered into a legally binding sale and purchase agreement (the "**Agreement**") for, among others, the dispose of 50% of the equity interest in 新源鋼鐵發展（天津）有限公司 (Novo Development (Tianjin) Limited) under a new partnership arrangement. The transaction(s) contemplated under the Agreement were duly completed on 6 January 2013. Through the said new partnership arrangement, our downstream business operations in China will receive a significant boost and the foundation for further growth in the tinplate processing industry will be fortified.

(1) Tinplate Processing Project

This is a downstream succession of the above mentioned electrolytic tinplate manufacturing plant. The electrolytic tinplate in sheets and coils will be the feedstock for this tinplate processing project in Tianjin: tinplate sheets/coils will be slit, cut and printed per customer order.

Located in western district of the Tianjin Economic Technological Development Area, China, it is a joint venture project which covers approximately 25,000 s.q.m in size. The total investment of this project is approximately RMB60 million and the scope of business will mainly focus on the tinplate processing for the food and beverage packaging industry. The establishment of the tinplate processing plant will help to add value to serve demand for tinplate materials in the Northern market. The installation of production lines is now under way, it is expected to be operational in early 2013.

(2) Food and Beverage Canning Project

On 16 July 2012, the Group has signed a Joint Venture Agreement with Tianjin Yida Investment Co., LTD. to develop a canning and canned food and beverage distribution project in Tianjin. The total investment of this project is approximately RMB40 million. Our joint venture partner is a renowned metal packaging corporation in China, which allow us to capture the enormous long term synergy benefits resulting from the downstream expansion. The project details are still under negotiation with the joint venture partner. Completion is conditional upon approvals by governmental bureau which is expected in 2013.

The prime objective behind establishing these two Tianjin projects is to support the Group's objective to add value to its Jiangsu tinplate manufacturing by extending to downstream operations into rapid-growing metal packaging industry.

In the months ahead, we will remain focused on improving our business performance in the iron ore/coal trading business and smooth launching of our tinplate projects in Jiangsu and Tianjin. Looking forward, we are confident that with our foundation, experienced management team and a disciplined prudent approach, the Group is well placed to deliver sustainable returns to all stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's borrowings increased by approximately US$15.4 million from approximately US$16.6 million as at 30 April 2012 to approximately US$32.0 million as at 31 October 2012. Borrowings related to the Jiangsu manufacturing plant increased by approximately US$20.2 million from approximately US$5.0 million as at 30 April 2012 to approximately US$25.2 million as at 31 October 2012, representing approximately 30.1% and 78.8% of total borrowings as at 30 April 2012 and 31 October 2012 respectively.

An aggregate of cash and cash equivalents and pledged bank deposits decreased by approximately US$5.5 million from approximately US$27.6 million as at 30 April 2012 to approximately US$22.1 million as at 31 October 2012 since the Group's operating activities utilised approximately US$3.3 million and dividend payment amounted to approximately US$1.4 million were paid in the reporting period this year.

Total cash and bank balance represents approximately 40.3% of the Group's net assets value as at 31 October 2012 (approximately 47.2% of net assets value as at 30 April 2012).

The gearing ratio calculated as a percentage of net debt to equity has increased from approximately 34% as at 30 April 2012 to approximately 49% as at 31 October 2012. Such change was mainly due to the increase of borrowings and decrease of cash and cash equivalents for developing of the Jiangsu manufacturing plant.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2012, the Group had a total of 323 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 2012, 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 2012, 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 2012, 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.

During the year 2012, New Page Investments Limited has executed an agreement (the "**Agreement**") with independent third parties (the "**Parties**") whereby New Page Investments Limited be granted by the Parties with a right to acquire 50% of all the iron ore produced by the Parties for a period of four years subject to the terms and conditions of the Agreement. Up to the date of this interim report, New Page Investments Limited has not yet exercised the said right. Save as disclosed above, none of the Company's Directors has any interests in business which competed or likely to compete, either directly or indirectly with the businesses of the Group.

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

As at 31 October 2012, 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 2012, 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 Corporate Governance Code (the "**HK Revised CG Code**") issued by the SEHK in October 2011 is the new edition of the Corporate Governance Code contained in Appendix 14 of the HK Listing Rules to replace the old Corporate Governance Code, and has been applicable to financial reports covering a period after 1 April 2012. The Company has adopted, for corporate governance purposes, the HK Revised CG Code, in addition 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 Revised CG Code, the Company will comply with the more onerous code provisions.

The Company has complied with the HK Revised CG Code for 1HFY2013, save that (i) all the independent non-executive Directors of the Company were not appointed for a specific term as stipulated under the Code Provision A.4.1 of the HK Revised CG Code which states that non-executive Directors should be appointed for a specific term, subject to re-election. However, all the independent non-executive Directors are subject to retirement by rotation and re-election at annual general meeting according to the Articles of Association of the Company; and (ii) the Company did not have formal letters of appointment for independent non-executive Directors as stipulated under the Code Provision D.1.4 of the HK Revised CG Code which states that issuers should have formal letter of appointment for Directors setting out the key terms and conditions of their appointment. However, the terms of references have set out the work scope of the Board's committees and delegation were made by the Board in respect of the responsibilities of the independent non-executive Directors in such Board's committees.

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 1HFY2013.

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 for 1HFY2013 (1HFY2012: Nil).

LOANS AND BORROWINGS

Details of the Group's loans and borrowings at the end of reporting period are set out in Note 18 to the condensed consolidated financial statements of this interim report.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

Saved as disclosed in this interim report, 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 20 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 2012 are shown in Note 23 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 1HFY2013, including the accounting principles and practices adopted by the Group, and has discussed and reviewed the financial reporting matters.

Condensed Consolidated Income Statement

For the six months ended 31 October 2012

		Six months ended 31 October	
	Note	**2012** **US$'000** **(Unaudited)**	2011 US$'000 (Unaudited)
Revenue	4	**96,991**	163,087
Cost of sales		**(92,554)**	(151,261)
Gross profit		**4,437**	11,826
Other income	6	**1,658**	981
Distribution and selling expenses	7	**(4,732)**	(8,442)
Administrative expenses		**(3,101)**	(3,227)
Other operating expenses (Note)		**(793)**	(462)
Finance costs	8	**(258)**	(461)
Share of results of associated companies		**–**	28
(Loss)/profit before taxation	9	**(2,789)**	243
Income tax	10	**(55)**	(117)
(Loss)/profit for the period		**(2,844)**	126
Attributed to:			
Owners of the Company		**(2,435)**	112
Non-controlling interests		**(409)**	14
(Loss)/profit for the period		**(2,844)**	126
		US Cents	US Cents
(Loss)/earnings per share			
– Basic	11	**(1.43)**	0.07
– Diluted	11	**(1.43)**	0.07

Note: Other operating expenses for the six months ended 31 October 2012 amounted to approximately US$793,000, comprised of:

1) a loss on disposal of an associated company of approximately US$98,000, representing the reversal of share of profits upon the divestment of an associated company. This divestment is in line with the Group's strategy to streamline and divest non-core investments;

2) an impairment loss of approximately US$418,000 which was 50% of the outstanding net amount due from a chartering agent;

3) a loss on disposal of furniture and equipment of approximately US$216,000; and

4) net exchange losses of approximately US$61,000 arising from the non-deliverable forward contracts entered by the Group for managing currency risk of the committed new project capital investment. All non-deliverable forward contracts had matured and were settled in current period.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2012

	Six months ended 31 October	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(2,844)**	126
Other comprehensive (expense)/income for the period:		
Exchange differences on translation of the Group's overseas operations, net of nil tax	**(23)**	277
Total comprehensive (expense)/income for the period	**(2,867)**	403
Attributable to:		
Owners of the Company	**(2,466)**	369
Non-controlling interests	**(401)**	34
Total comprehensive (expense)/income for the period	**(2,867)**	403

Details of the dividend paid are disclosed in note 12 to the unaudited condensed consolidated financial statements. No dividend was proposed by the Directors for the six months ended 31 October 2012 (six months ended 31 October 2011: Nil).

Condensed Consolidated Statement of Financial Position

As at 31 October 2012

	Note	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	**36,165**	19,777
Club membership		**20**	–
Goodwill	14	**98**	–
Investments in associated companies		**–**	589
		36,283	20,366
Current assets			
Inventories		**2,570**	13,665
Derivative financial instruments	15	**–**	261
Trade and other receivables	16	**50,246**	41,918
Tax recoverable		**6**	45
Pledged bank deposits		**16,258**	12,252
Cash and cash equivalents		**5,814**	15,303
		74,894	83,444
Total assets		**111,177**	103,810
Equity and liabilities			
Share capital	19	**32,239**	32,239
Reserves		**20,825**	24,680
Total equity attributable to owners of the Company		**53,064**	56,919
Non-controlling interests		**1,739**	1,465
Total equity		**54,803**	58,384
Non-current liabilities			
Borrowings, secured	18	**22,040**	5,000
Deferred income		**183**	186
		22,223	5,186
Current liabilities			
Trade and other payables	17	**24,127**	28,424
Deferred income		**4**	4
Derivative financial instruments	15	**–**	254
Borrowings, secured	18	**9,970**	11,551
Tax payable		**50**	7
		34,151	40,240
Total liabilities		**56,374**	45,426
Total equity and liabilities		**111,177**	103,810
Net current assets		**40,743**	43,204
Total assets less current liabilities		**77,026**	63,570
Net assets		**54,803**	58,384

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 October 2012

		Equity attributable to owners of the Company							
	Note	Share capital US$'000 (Unaudited)	Retained earnings US$'000 (Unaudited)	Foreign currency translation reserve US$'000 (Unaudited)	Statutory reserve US$'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 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 by a non-controlling shareholder		–	–	–	–	–	–	270	270
Dividend paid	12	–	(2,833)	–	–	–	(2,833)	–	(2,833)
Balance at 31 October 2011		32,239	23,295	555	–	2,601	58,690	1,455	60,145
Balance at 1 May 2012		**32,239**	**21,307**	**772**	**–**	**2,601**	**56,919**	**1,465**	**58,384**
Changes in equity for the period									
Total comprehensive expense for the period		**–**	**(2,435)**	**(31)**	**–**	**–**	**(2,466)**	**(401)**	**(2,867)**
Capital injection by a non-controlling shareholder		**–**	**–**	**–**	**–**	**–**	**–**	**50**	**50**
Transfer to statutory reserve		**–**	**(33)**	**–**	**33**	**–**	**–**	**–**	**–**
Acquisitions of interests in subsidiaries	**14**	**–**	**–**	**–**	**–**	**–**	**–**	**625**	**625**
Dividend paid	**12**	**–**	**(1,389)**	**–**	**–**	**–**	**(1,389)**	**–**	**(1,389)**
Balance at 31 October 2012		**32,239**	**17,450**	**741**	**33**	**2,601**	**53,064**	**1,739**	**54,803**

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 October 2012

	Six months ended 31 October	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(3,295)**	5,416
Net cash used in investing activities	**(16,202)**	(2,458)
Net cash generated from/(used in) financing activities	**10,002**	(5,966)
Net decrease in cash and cash equivalents	**(9,495)**	(3,008)
Cash and cash equivalents at beginning of the period	**15,303**	27,747
Effect of currency translation on cash and cash equivalents	**6**	(14)
Cash and cash equivalents at end of the period	**5,814**	24,725
Cash and cash equivalents are represented by:		
Cash and cash equivalents	**5,814**	24,725

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 October 2012

1. Corporate information

NOVO GROUP LTD. (the "**Company**") is a limited liability company incorporated in Singapore on 29 June 1989 under the Singapore Companies Acts (Chapter 50) of the Singapore and its shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited 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. The holding company is New Page Investments Limited, a company incorporated in the British Virgin Islands.

The registered office of the Company is located at 20 Harbour Drive, #05-01 PSA Vista, Singapore 117612 (changed to 60 Albert Street, #08-12 OG Albert Complex, Singapore 189969, with effect from 10 January 2013). The headquarter and principal place of business of the Group is at Rooms 1109-11, 11th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Hong Kong.

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

2. Basis of preparation

The unaudited condensed consolidated 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 (the "**HK Listing Rules**") and with Singapore Financial Reporting Standard 34 "Interim Financial Reporting" issued by the Singapore Accounting Standards Council.

The unaudited condensed consolidated 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 2012.

The unaudited condensed consolidated 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 financial statements have been prepared under the historical cost basis, except for the derivative financial instruments which 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 2012 has had no significant financial impact on these unaudited condensed consolidated 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.

Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

4. Revenue

	Six months ended 31 October	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Sales of steel products	**69,442**	137,261
Sales of coal	**27,549**	25,826
	96,991	163,087

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.

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 2012

	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	33,508	30,844	31,137	1,502	96,991
Segment results	940	199	(443)	16	712
Unallocated income					1,658
Unallocated costs					(4,901)
Finance costs					(258)
Loss before taxation					(2,789)
Income tax					(55)
Net loss for the financial period					(2,844)
As at 31 October 2012 (Unaudited)					
Assets and liabilities					
Unallocated assets					111,177
Total assets					111,177
Unallocated liabilities					56,374
Total liabilities					56,374
For the six months ended 31 October 2012 (Unaudited)					
Other segment information					
Capital expenditure					16,984
Depreciation					286
Non-cash items other than depreciation					737

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 30 April 2012 (Audited)					
Assets and liabilities					
Unallocated assets					103,221
Investments in associated companies					589
Total assets					103,810
Unallocated liabilities					45,426
Total liabilities					45,426
For the six months ended 31 October 2011 (Unaudited)					
Other segment information					
Capital expenditure					3,212
Depreciation					227
Non-cash items other than depreciation					294

5. Segment Information (Continued)

(ii) Geographical information

The turnover by geographical segments is based on the location of 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 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	
	2012 US$'000 (Unaudited)	2011 US$'000 (Unaudited)
North Asia (Note i)	**47,510**	114,561
South East Asia (Note ii)	**49,481**	39,907
Others (Note iv)	**–**	8,619
	96,991	163,087

Non-current assets by geographical markets:

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
North Asia (Note i)	**36,277**	19,765
South East Asia (Note ii)	**6**	10
India and Middle East (Note iii)	**–**	2
	36,283	19,777
Investments in associated companies	**–**	589
	36,283	20,366

Notes:

(i) Included Hong Kong, Macau and the People's Republic of China (the "**PRC**"), etc.

(ii) Included Philippines, Singapore, Thailand, Indonesia, Vietnam and Malaysia, etc.

(iii) Included India.

(iv) Included Costa Rica, Italy, Belgium and Germany, etc.

6. Other income

	Six months ended 31 October	
	2012	2011
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Amortisation of deferred income	**2**	2
Compensation received from suppliers	**813**	–
Government grants and subsidies	**244**	418
Net exchange gains	**199**	–
Sundry income	**87**	235
Transportation income	**113**	215
	1,458	870
Finance income		
– bank interest income	**200**	111
	1,658	981

7. Distribution and selling expenses

	Six months ended 31 October	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Agency fees	**123**	–
Distribution agency fees	**938**	606
Freight charges	**2,787**	7,214
Freight insurance	**59**	62
Handling fees	**105**	–
Inspection fees	**123**	138
Others	**51**	6
Port handling charges	**249**	35
Shipping handling charges	**153**	14
Transportation charges	**93**	260
Warehouse charges	**51**	107
	4,732	8,442

8. Finance costs

	Six months ended 31 October	
	2012 US$'000 (Unaudited)	2011 US$'000 (Unaudited)
Bank charges	138	152
Interest on bank loans	639	309
	777	461
Less: Finance costs capitalised into construction in progress (Note 13)	(519)	–
	258	461

9. (Loss)/profit before taxation

	Six months ended 31 October	
	2012 US$'000 (Unaudited)	2011 US$'000 (Unaudited)
(Loss)/profit before taxation is stated after charging the following:		
Depreciation	286	227
Fair value losses on derivative financial instruments	7	296
Impairment of a receivable	418	–
Loss on disposal of an associated company	98	–
Loss on disposal of property, plant and equipment	216	–
Material costs recognised as an expense in cost of sales	92,554	151,261
Net exchange losses	–	156
Net realised losses on derivative financial instruments	54	9
Rental expenses	149	104
Staff costs (including directors' emoluments)	1,678	1,746

10. Income tax

	Six months ended 31 October	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**–**	26
Current tax – Overseas Tax		
Provision for the period	**43**	88
Over-provision in respect of prior periods	**12**	3
	55	91
	55	117

(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) No provision for Singapore income tax has been made as the Group has no assessable profit derived in Singapore for the six months ended 31 October 2012 (six months ended 31 October 2011: Nil).

(c) No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit derived in Hong Kong for the six months ended 31 October 2012 (six months ended 31 October 2011: Nil).

(d) Tax on profits assessable in the PRC has been provided at 25% for the six months ended 31 October 2012 (six months ended 31 October 2011: 25%).

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

(f) As at 31 October 2012, the Group has not recognised accumulated tax losses of approximately US$6,045,000 (unaudited) (30 April 2012 (audited): US$3,842,000) that are available for carrying forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax assets of approximately US$1,199,000 (unaudited) (30 April 2012 (audited): US$828,000) have not been recognised in respect of these tax losses as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. 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 Nil (unaudited) (30 April 2012 (audited): Nil). 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. (Loss)/earnings per share

Basic and diluted (losses)/earnings per share is calculated based on the Group's (loss)/profit for the period attributable to the owners of the Company divided by the weighted average number of ordinary shares outstanding during the six months ended 31 October 2012.

	Six months ended 31 October	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to owners of the Company	**(2,435)**	112

	Number of ordinary shares	
	'000	'000
Weighted average number of ordinary shares	**170,804**	170,804

There were no potentially dilutive ordinary shares in existence during the six months ended 31 October 2012 and 2011 and therefore the diluted (loss)/earnings per shares amounts for those periods were the same as the basic (loss)/earnings per share amounts.

12. Dividends

Dividends attributable to the interim period

	Six months ended 31 October	
	2012	2011
	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$1.0 (2011: S$2.0) cents per share	**1,389**	2,833

No interim dividend was proposed by the Directors for the six months ended 31 October 2012 (six months ended 31 October 2011: Nil).

13. Property, plant and equipment

During the six months ended 31 October 2012, the Group acquired items of property, plant and equipment with cost of approximately US$16,984,000 (six months ended 31 October 2011: approximately US$3,212,000).

The Group's construction in progress included finance costs arising from bank loans borrowed specifically for the purpose of the construction of manufacturing plant in Jiangsu, the PRC. During the six months ended 31 October 2012, the finance costs capitalised as cost of construction in progress amounted to approximately US$519,000 (unaudited) (30 April 2012: US$19,875 (audited)). The rate used to determine the amount of finance costs eligible for capitalisation was 5.3% p.a. (unaudited) (30 April 2012: 5.3% p.a. (audited)), which is the effective interest rate of the specific borrowing.

14. Acquisitions of interests in subsidiaries

(a) On 4 July 2012, Novowell ETP Limited, a 95% owned subsidiary of the Group acquired 60% equity interest in 興化市大垛污水處理有限公司 (*Xing Hua City Daduo Sewage Treatment Co., Ltd.) ("大垛污水") which is primarily engaged in domestic sewage treatment. The acquisition was made as part of the environmental protection requirement for the project in Jiangsu at a cash consideration of RMB4,200,000 (equivalent to approximately US$664,000).

Following the acquisition, 大垛污水 became a 57% indirectly owned subsidiary of the Group.

The assets acquired and the liabilities assumed and the cash flow effect at the acquisition date were as follows:

	US$'000
Assets and liabilities recognised at the date of acquisition	
Cash and bank balances	1,100
Goodwill arising on acquisition	
Cash paid	664
Add: non-controlling interests	440
Less: net assets acquired	(1,100)
Goodwill arising on acquisition	4
Net cash inflow arising on acquisition	
Cash and bank balances acquired	1,100
Less: total cash consideration paid	(664)
Net cash inflow on acquisition of a subsidiary	436

The fair value of net assets acquired could only be determined on a provisional basis due to pending completion of the fair value appraisal process. The Group is still in the process of identifying any intangible assets that can be recognised separately from goodwill and it may be adjusted upon the completion of the initial accounting.

Since its acquisition by the Group, no revenue was contributed and a net profit of approximately US$5,000 was recorded for the period from 4 July 2012 to 31 October 2012.

Had the acquisition been completed on 1 May 2012, the acquired company has no revenue and a net loss for the six months ended 31 October 2012 would have been approximately US$2,000. These amounts have been calculated using the Group's accounting policies and by assuming the control date of a subsidiary being held remain unchanged.

No goodwill arising on the above acquisition is expected to be deductible for tax purposes.

The goodwill was not tested for impairment because there were no impairment indicators as at 31 October 2012.

* *For identification purpose only*

14. Acquisitions of interests in subsidiaries (Continued)

(b) In February 2012, the Group entered into a legally binding agreement to acquire 51% equity interest in 廣東永朋進出口貿易有限公司 (*Guang Dong Yong Peng Import And Export Trading Co., Ltd.) ("**廣東永朋**"), transfer of shares had taken place on 15 May 2012 where 廣東永朋 became a Sino-Foreign Entity Joint Venture. The acquisition was completed on 31 July 2012. 廣東永朋 is engaged in (i) steel products and coal wholesale and import/export business; and (ii) iron ore wholesale business. It holds a valid Qualification License of Coal Business (煤炭經營資格証) for the operation of its coal trading business in the PRC. The acquisition was made as part of the Group's strategy to enhance the coal business operation in the PRC at a cash consideration of RMB1,830,000 (equivalent to approximately US$288,000).

Following the acquisition, 廣東永朋 became a 51% indirectly owned subsidiary of the Group.

The assets acquired and the liabilities assumed and the cash flow effect at the acquisition date were as follows:

	US$'000
Assets and liabilities recognised at the date of acquisition	
Other receivables	189
Cash and bank balances	190
	379
Goodwill arising on acquisition	
Cash paid	288
Add: non-controlling interests	185
Less: net assets acquired	(379)
Goodwill arising on acquisition	94
Net cash outflow arising on acquisition	
Cash and bank balances acquired	190
Less: total cash consideration paid	(288)
Net cash outflow on acquisition of a subsidiary	(98)

The fair value of net assets acquired could only be determined on a provisional basis due to pending completion of the fair value appraisal process. The Group is still in the process of identifying any intangible assets that can be recognised separately from goodwill and it may be adjusted upon the completion of the initial accounting.

Since its acquisition by the Group, there was no revenue contributed and a net loss of approximately US$45,000 was recorded for the period from 1 August 2012 to 31 October 2012.

Had the acquisition been completed on 1 May 2012, the acquired company has no revenue contributed and a net loss for the six months ended 31 October 2012 would have been approximately US$129,000. These amounts have been calculated using the Group's accounting policies and by assuming the control date of a subsidiary being held remain unchanged.

No goodwill arising on the above acquisition is expected to be deductible for tax purposes.

The goodwill was not tested for impairment because there were no impairment indicators as at 31 October 2012.

* *For identification purpose only*

15. Derivative financial instruments

	As at 31 October 2012 Assets US$'000 (Unaudited)	As at 31 October 2012 Liabilities US$'000 (Unaudited)	As at 30 April 2012 Assets US$'000 (Audited)	As at 30 April 2012 Liabilities US$'000 (Audited)
Foreign currency forward contracts	–	–	261	254

The Group has entered into foreign currency forward contracts to mitigate its risk on foreign exchange fluctuation arising from committed new project's capital investment. All non-deliverable forward contracts had matured and were settled in current period.

At the end of current reporting period, the net fair value losses and net realised losses of the Group's non-deliverable forward contracts were approximately US$7,000 (unaudited) and US$54,000 (unaudited) respectively. As at 30 April 2012, the net fair value gains and net realised gains on derivative financial instruments were approximately US$7,000 (audited) and US$237,000 (audited) respectively. These amounts were based on quoted fair value by banks at the end of reporting period.

16. Trade and other receivables

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Advance payment to suppliers	9,381	10,377
Trade and bills receivables	14,293	17,015
	23,674	27,392
Deposits	353	37
Temporary payment	9	7
Prepayments	1,772	1,789
Other receivables	21,329	9,636
Non-trade balances due from		
– associated companies	1,797	1,787
– a non-controlling shareholder	434	435
Trade balances due from		
– a fellow subsidiary	460	–
– related companies	418	835
	26,572	14,526
	50,246	41,918

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

16. Trade and other receivables (Continued)

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

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Current	**14,274**	14,061
Less than 1 month past due	**–**	1,609
1 to 3 months past due	**–**	1,345
3 to 12 months past due	**19**	–
Amount past due	**19**	2,954
	14,293	17,015

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

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

As at 31 October 2012, trade and bills receivables amounted to US$6,901,772 (unaudited) (30 April 2012 (audited): US$16,751,429) are pledged as securities for banking facilities granted to the Group.

17. Trade and other payables

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Trade and bills payables	**6,644**	13,268
Sales deposits received	**139**	5,019
Accrued operating expenses	**1,444**	1,971
Other payables	**2,468**	171
Other payables for property, plant and equipment	**13,118**	7,681
Non-trade balances due to		
– a non-controlling shareholder	**314**	314
	17,483	15,156
	24,127	28,424

The amount payable to a non-controlling shareholder is unsecured, interest free and repayable on demand.

The ageing analysis of trade and bills payables as at the end of reporting period, based on invoice date, is as follows:

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Due within 3 months or on demand	**6,642**	13,266
Due over 1 year	**2**	2
	6,644	13,268

18. Borrowings

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Repayable more than one year		
Bank loan – 1	**22,040**	5,000
Repayable within one year or on demand		
Bank loan – 1	**1,960**	–
Bank loan – 2	**–**	723
Mortgage loan 1	**–**	2,239
Mortgage loan 2	**704**	735
Revolving loan	**6,116**	–
Short term loan	**1,190**	–
Trade receivables loans	**–**	3,850
Trust receipt loans	**–**	4,004
	9,970	11,551
Total	**32,010**	16,551

The Group's borrowings for trading operations 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.

The Group's borrowings for the project loan granted to one of the subsidiaries are secured by:

(i) legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;

(ii) legal pledge of land, construction in progress, plant and equipment;

(iii) share charge on a subsidiary;

(iv) floating mortgage; and

(v) corporate guarantee of the Company.

18. Borrowings (Continued)

Bank loan 1 borrowings for the project in Jiangsu, was repayable within 24 months after drawdown date. As at 31 October 2012, total US$24,000,000 was drawdown. US$1,960,000 was repayable within one year (30 April 2012: Nil (audited)), which was classified as current liability, and US$22,040,000 (30 April 2012: US$5,000,000 (audited)) was repayable more than one year which was classified as non-current liability.

Mortgage loan 2 of 31 October 2012 was repayable in 105 (30 April 2012: 111 (audited)) equal monthly instalments of US$8,854 (30 April 2012: US$9,070 (audited)) each commencing from 21 October 2012 (30 April 2012: 21 April 2012 (audited)).

Revolving loan of 31 October 2012 was repayable on the maturity date (30 April 2012: Nil (audited)).

Short term loan of 31 October 2012 was borrowings for the project in Jiangsu and repayable within 365 days (30 April 2011 (audited): Nil) from the date of drawdown.

There were no trade receivables loans, trust receipt loans, Bank loan 2 and Mortgage loan 1 as at 31 October 2012.

Trade receivables loans of 30 April 2012 (audited) were repayable within 90 days from the commencement date.

Trust receipt loans of 30 April 2012 (audited) were repayable within 90 days from the grant date.

Bank loan 2 of 30 April 2012 (audited) was repayable within 128 days from the drawdown date.

Mortgage loan 1 of 30 April 2012 (audited) were repayable in 71 monthly instalments of US$32,680 each commencing from 30 April 2012.

	As at 31 October 2012 % (Unaudited)	As at 30 April 2012 % (Audited)
The weighted average interest rates at the end of the reporting period are as follows:		
Bank loan – 1	**5.30**	5.30
Bank loan – 2	**–**	6.71
Mortgage loan – 1	**–**	1.20
Mortgage loan – 2	**6.68**	7.05
Revolving loan	**2.01**	–
Short term loan	**6.00**	–
Trade receivables loans	**–**	2.50
Trust receipt loans	**–**	3.35

19. Share capital

	No. of ordinary shares	US$
Balance at 1 May 2011, 30 April 2012, 1 May 2012 and 31 October 2012	170,804,269	32,238,531

There was no change in the Company's issued share capital during the six months ended 31 October 2012 and during the year ended 30 April 2012.

20. 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 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Leasehold land and buildings	**31,789**	15,035
Inventories	**–**	4,004
Trade and bills receivables	**6,901**	16,751
Pledged bank deposits	**16,258**	12,252
	54,948	48,042

21. Related party transactions

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

	Six months ended 31 October	
	2012	2011
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Directors' fees	**47**	47
Salaries, wages, allowances and benefits in kind	**558**	627
Contribution to defined contribution plans	**13**	13
	618	687

(b) In addition to information disclosed elsewhere in the unaudited 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	
		2012	2011
		US$'000	US$'000
	Note	**(Unaudited)**	(Unaudited)
Continuing			
Warehouse rental charges paid to a related party	(ii)	**51**	178
Office rental fees paid to a related party	(ii)	**59**	49
Handling fees paid to associated companies	(iii)	**–**	98
Discontinued			
Handling fees paid to a related party	(iv)	**104**	–
Agency fees paid to a related party	(v)	**123**	–

Notes:

(i) Intra-group transactions that have been eliminated in the unaudited condensed 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' contacts. The charges rate was US$2.5 per shipped quantity of the respective contracts.

(iv) Handling fees paid to a related party related to the exchange in size of deformed bars and handle rusty cargoes which were charged from US$22.8 to US$25.6 per tonne of quantity handled.

(v) Agency fees paid to a related party for arranging delivery and receipt of payments from the customer on behalf of the Company which was charged for US$31.8 per tonne of quantity arranged.

(c) Related party balance

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

22. Commitments

(a) Capital commitments

As at 31 October 2012, the Group had capital commitments as follows:

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Expenditure for property, plant and equipment contracted for	**9,611**	23,489

(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 leases are as follows:

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Not later than one year	**188**	248
Later than one year but not later than five years	**12**	50
	200	298

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.

23. Contingent liabilities

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

(a) Bills discounted with recourse

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Discounted bills with recourse supported by letters of credit	**6,652**	–

(b) Guarantees

	As at 31 October 2012 US$'000 (Unaudited)	As at 30 April 2012 US$'000 (Audited)
Corporate guarantees issued by the Company to banks in respect of banking facilities granted to subsidiaries	**486,205**	538,022

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 materials losses under these corporate guarantees.

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

For the six months ended 31 October 2012, 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).

25. 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

Company Secretaries

Wee Woon Hong
Lee Hock Heng
Chong Wai Man
Lau Jeanie

Authorised Representatives

Yu Wing Keung, Dicky
Chow Kin San

Compliance Advisor

CIMB Securities (HK) Limited
Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West Kowloon
Hong Kong
(the service had expired on 26 July 2012)

Stock Codes

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Company's Website

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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

Boardroom Share Registrars (HK) Limited
12th Floor, The Lee Gardens, 33 Hysan Avenue
Causeway Bay, Hong Kong

Independent Auditors

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

Principal Bankers

ABN AMRO Bank N.V., Singapore Branch
BNP Paribas, Hong Kong Branch
China Citic Bank International Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) 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, Shenzhen Branch