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 2014

* *For identification purpose only*

Contents

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.

Milestones

2005
Novo Group Founded

2008
Listed in Stock Exchange of Singapore (Singapore Stock Code: MR8)

2009
Awarded ISO9001:2008 Certificates
- Quality Management of Import and Export Trading of Scrap Steel
- Stockholding and Supply of Reinforcement Steel Bars

2010
- Invested in Tianjin Tinplate Processing Project
- Listed in Stock Exchange of Hong Kong (Hong Kong Stock Code: 1048)

2011
Invested in Jiangsu Tinplate Manufacturing Project

2012
- Commenced Operation of Tinplate Manufacturing Project
- Signed Letter of Interest for Phase 2 Tinplate Manufacturing Project
- Signed Joint Venture Agreement for Tianjin Tinplate Processing Project
- Awarded “Singapore International Top 100” Ranking

2013
- Invested in Laminated Metal Project
- Commenced Operation of Tianjin Tinplate Processing Plant

Corporate Profile

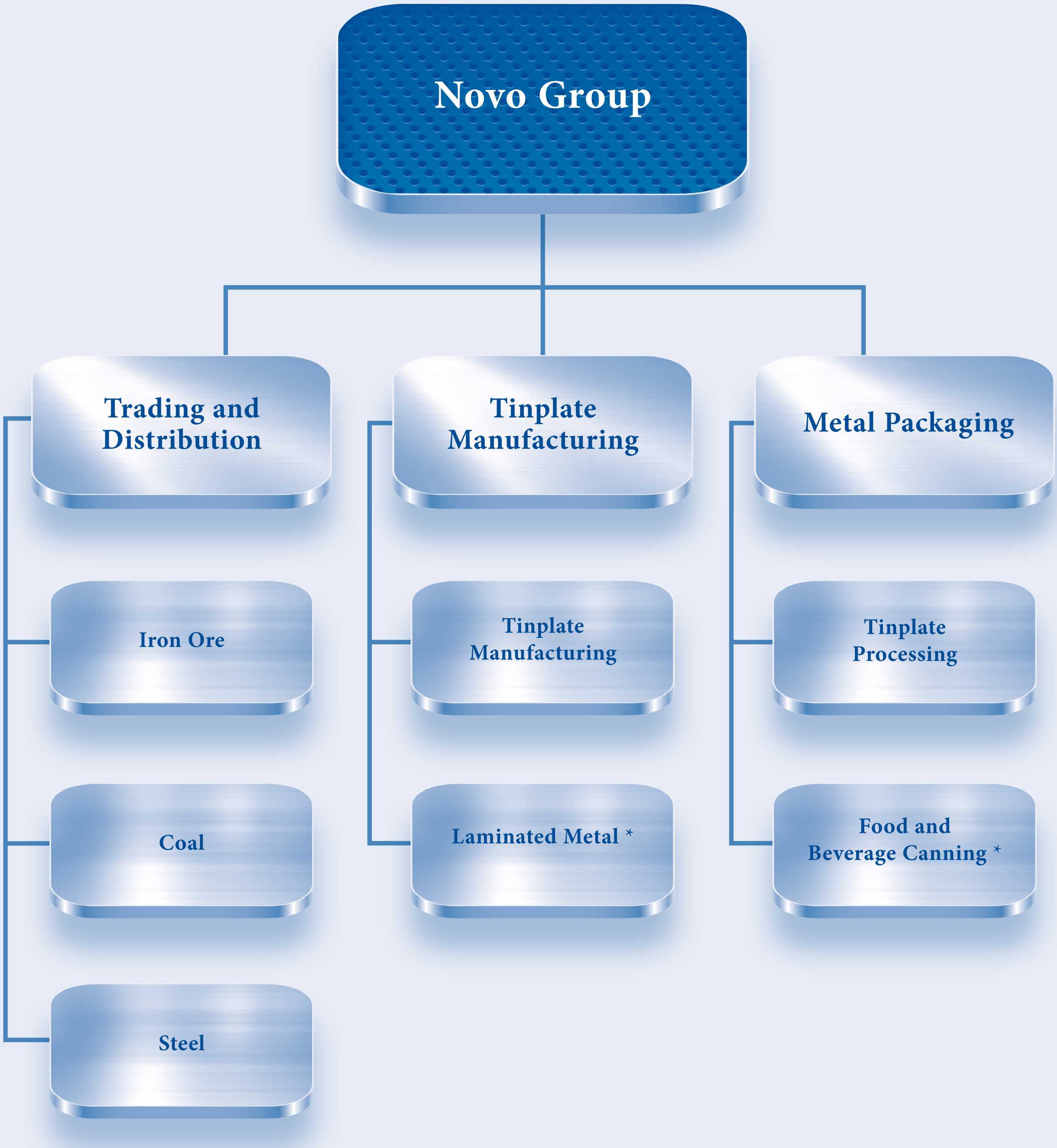
Founded in 2005 and headquartered in Hong Kong, Novo Group Ltd. (SEHK: 1048; SGX: MR8) (the "**Company**", or, together with its subsidiaries, "**Novo**" or the "**Group**") is a leading corporation which focusing on bulk commodities trading (iron ore, coal and steel products), tinplate manufacturing and downstream operations of metal packaging industry.

Led by an experienced senior management team with proven track record in the steel and coal industries, Novo has not only expanded its capabilities horizontally in the steel industry value chain but has also grown its market presence to more than 30 countries globally since the establishment. We are distinguished from our competitors by our powerful blend of deep industry knowledge, modernised management and marketing capabilities, we maintain the flexibility to adapt to changes in market conditions while take pride in serving our customers with unparalleled services and quality products.

There are three business divisions under the Group, namely:

(a) Trading and distribution;
(b) Tinplate manufacturing; and
(c) Metal packaging.

Business Segments



* Plan to commence construction in FY2015

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. China
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

Business in China

Tianjin

(1) Tinplate Processing Project
Scope: Tinplate and tin free steel processing, including coil cutting, slitting, printing and packing
(2) Food and Beverage Canning Project*
Scope: Food and beverage packing, canning and distribution

Jiangsu

(1) Tinplate Manufacturing Project
Scope: Tinplate manufacturing
(2) Laminated Metal Project*
Scope: Laminated tinplate and aluminum manufacturing

Production Facilities in China

* Plan to commence construction in FY2015

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 and investment 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 Australasian 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.

Board of Directors

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 the 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 Singapore Chartered Accountants 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 the 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, the Remuneration Committee and the 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 20 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.

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of the financial year ending 2014 ("**FY2014**"), with concerns over the slowdown economic growth in China, the global economic recovery remains slow. Amid this adverse operating environment, the Group has adopted cautious but prudent business direction and continues to focus on strengthening the tinplate manufacturing division and the tinplate processing division while striving on developing a sustainable development model for the Group.

In terms of EBITDA, the Group recorded approximately US$0.7 million profit for the 3 months ended 31 October 2013, compared with approximately US$2.6 million loss for the three months ended 31 July 2013. The Group's recorded total approximately US$3.9 million loss after tax for the six months ended 31 October 2013 ("**1HFY2014**"), net loss has been significantly narrowed down from approximately US$3.6 million in first quarter of FY2014 to approximately US$0.3 million in second quarter of FY2014.

The improvement in the net loss and EBITDA were due to (i) the Group's stronger market development efforts;(ii) an increase in government subsidies of approximately US$1.8 million; and (iii) a decrease in distribution and selling expenses. The Group believes it has bottomed out in the first half of FY2014 and it is expected to see business begin to climb in the second half of FY2014.

Revenue

The Group's revenue increased by approximately 19.3% from approximately US$97.0 million for the period ended 31 October 2012 to approximately US$115.7 million for the period ended 31 October 2013. The revenue growth was attributable to contributions from the new tinplate manufacturing plant in Jiangsu and tinplate processing plant in Tianjin as well as stronger business development efforts in North Asia market.

Revenue from international steel trade business, major business segment, accounted for approximately 57.9% and 55.9% of the Group's total revenue in 1HFY2014 and for the six months ended 31 October 2012 ("**1HFY2013**"), representing of approximately US$67.1 million and US$54.3 million in 1HFY2014 and 1HFY2013, respectively. Revenue from tinplate manufacturing contributed approximately 15.9% or US$18.4 million in 1HFY2014 while revenue from tinplate processing contributed approximately 14.2% or 16.4 million in 1HFY2014 respectively. Domestic trade business accounted for approximately 4.9% and 15.7% in 1HFY2014 and 1HFY2013, representing approximately US$5.6 million and US$15.2 million in 1HFY2014 and 1HFY2013, respectively. Resulted from the fall of coal products price and soft demand, revenue from the coal segment was approximately US$8.2 million in 1HFY2014, decreased by approximately 70.2% as compared with approximately US$27.5 million in 1HFY2013, where accounted for approximately 7.1% and 28.4% of the Group's total revenue in 1HFY2014 and 1HFY2013, respectively.

Management Discussion and Analysis

In terms of geographical contribution, North Asia market, our main focused market, contributed revenues of approximately US$109.5 million of the Group's total revenue in 1HFY2014, compared to approximately US$47.5 million in 1HFY2013, accounted for approximately 94.7% and 49.0% of total revenue in 1HFY2014 and 1HFY2013. Revenue derived from South East Asia market decreased from approximately US$49.5 million in 1HFY2013 to approximately US$4.4 million in 1HFY2014. The South East Asia market accounted for approximately 3.8% and 51.0% of Group's total revenue in 1HFY2014 and 1HFY2013, respectively. Other regions contributed approximately US$1.8 million revenue, representing approximately 1.5% of the Group's total revenue in 1HFY2014, while no revenue was derived from other regions in 1HFY2013.

Gross Profit

The Group's gross profit for 1HFY2014 amounted to approximately US$3.5 million, representing a decrease of approximately 20.5% as compared with approximately US$4.4 million in 1HFY2013. The Group's gross profit margin decreased from approximately 4.6% in 1HFY2013 to approximately 3.0% in 1HFY2014. The decrease was primarily due to the fluctuation of raw materials costs and pilot production costs incurred by the new Jiangsu tinplate manufacturing plant were recognised in the current reported period.

Other Income

Other income increased from approximately US$1.7 million in 1HFY2013 to approximately US$2.7 million in 1HFY2014. Such increase was mainly due to approximately US$1.8 million government grant and subsidies was recorded in 1HFY2014.

Distribution and Selling Expenses

The Group's distribution and selling expenses in 1HFY2014 amounted to approximately US$3.6 million, compared with approximately US$4.7 million in 1HFY2013. 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 11.6% from approximately US$2.8 million in 1HFY2013 to approximately US$2.5 million in 1HFY2014.

Administrative Expenses

Administration expenses increased from approximately US$3.1 million in 1HFY2013 to approximately US$4.5 million in 1HFY2014. Such increase was primarily due to new projects underway, expansion of management and recruitment of staff.

Finance Costs

The finance costs were up from US$258,000 in 1HFY2013 to approximately US$1.8 million in 1HFY2014, which was primarily due to increase in working capital of Jiangsu tinplate manufacturing and Tianjin tinplate processing businesses.

Management Discussion and Analysis

Other Operating Expenses

Other operating expenses incurred in the current reported period mainly comprised with a net realised loss from iron ore swap contracts for managing price fluctuation risk of international trade amounted to approximately US$181,000 while net realised loss on non-deliverable forward contracts accounted for approximately US$53,000 was recorded in 1HFY2013.

In 1HFY2013, an impairment loss of approximately US$418,000 was recorded for the net amount due from a chartering agent, while no such loss was recorded in 1HFY2014.

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.

Property, Plant and Equipment

Property, plant and equipment increased by approximately US$10.9 million from approximately US$49.6 million as at 30 April 2013 to approximately US$60.6 million as at 31 October 2013. The increase was mainly due to property, plant and equipment and construction in progress related to the Group's tinplate manufacturing plant in Jiangsu, China increased by US$8.7 million in the current reported period.

Inventories

With implementation of strict inventory control policy to maintain high liquidity of the Group's working capital, inventories held by the Group decreased from by approximately US$9.8 million from approximately US$24.8 million as at 30 April 2013 to approximately US$15.0 million as at 31 October 2013.

Trade and Other Receivables

Trade and other receivables increased from approximately US$55.0 million as at 30 April 2013 to approximately US$92.7 million as at 31 October 2013. Distribution of trade receivables and other receivables were approximately 54.4% (approximately US$50.4 million) and 45.6% (approximately US$42.3 million) of total receivables as at 31 October 2013, compared to approximately 16.6% (approximately US$9.1 million) and 83.4% (approximately US$45.9 million) of total receivables as at 30 April 2013. The increase of trade and bills receivable as at 31 October 2013 was resulted from higher revenue was recorded near to the end of the reported date.

Trade and Other Payables

Trade and other payables increased from approximately US$32.6 million as at 30 April 2013 to approximately US$84.9 million as at 31 October 2013. Distribution of trade payables and other payables were approximately 76.3% (approximately US$64.8 million) and 23.7% (approximately US$20.1 million) of total payable as at 31 October 2013 compared to approximately 44.8% (approximately US$14.6 million) and 55.2% (US$18.0 million) of total payable as at 30 April 2013. The increase of trade and other payable was mainly due to the increase of trade and bills payable which was increased in line with trade and bills receivable.

Management Discussion and Analysis

FUTURE PROSPECTS

Trading Business

According to the National Bureau of Statistics of China, the 7.8% growth of China's economy during the third quarter of 2013 is slightly up by 0.3% from the previous quarter. The China's official Purchasing Managers' Index (PMI) reached an 18-month high of 51.4 in October 2013, which implies China's manufacturing activity is gaining further steam, and the economy is regaining momentum at a solid pace. Several positive signs of economic improvement in China indicated that it will be stabilising after a certain period of slowdown as a result of Government launching new urbanisation strategies and implementing lite stimulus measures continue to boost the economy. With the aim to pursue a sustainable society and shore up steady economic growth, the Chinese Government is firmly committed to pushing ahead the reform and increase infrastructure spending in near term.

In addition, China's traders and mills (coal and steel) have been actively starting to destock their inventories in the past few months. After such heavy destocking, it is expected that demand are set to rebound for steel and coal products driven by customers restocking in the second half of FY2014. We anticipate that commodity prices will increase moderately, which will benefit the Group's pricing policy and improve the overall profitability, as a result of stable commodity prices.

Tinplate Manufacturing Project

The tinplate manufacturing project in Jiangsu is progressing on track since operation in the December of 2012. In the first half of FY2014, the Group continued to focus on expanding its market share, fine-tuning the production process and improving product quality. In respect of business development, we have devoted substantial effort in reaching new customers, introducing our quality products to the potential customers and nurturing their confidence in our products.

The Group not only believes that quality products will provide the momentum for the corporation success, but also recognised the importance of the quality of service. One of our greatest strengths lies within our technical knowledge. Our tinplate business is backed by a team of highly experienced engineers and led by Japanese tinplate experts who have deep knowledge and expertise in developing tinplate. Accordingly, we are able to provide on-site supports and comprehensive engineering solutions that assist customers in troubleshooting for smooth manufacturing processes. Leveraging these distinctive technological competencies, we have successfully widened the business base to include food and beverage corporations in China and Asia, as well as world-renowned packaging corporations in Europe and South America. It is a testimony to the quality of the businesses that make up the Group with customers whom previously placed orders from us in trial basis and have shifted to place in regular orders pattern. Commencing from the second half of FY2014, we are set to supply custom made tinplate products per customers' specifications and requirements to meet the stringent requirements in food and beverage packaging industry. We are optimistic that the orders in the second half of FY2014 will outperform the first half of FY2014 and the fulfillment of orders are expected to lead to a leap in the Group's performance in the second half of FY2014.

As part of the strategic objective to further strengthen the competitive position of the Group, we are continuing to devote resources to strengthen the tinplate manufacturing division. We are in progress of launching a technology enhancement program in near term with objectives of increasing specialty products varieties and boosting efficiency. This strategic move is expected to break through the current bottleneck of production capacity, deliver long term cost savings and improve our profit margin. In addition, we are also in the process of planning and establishing a research and development centre for tinplate technology, we intend to devote more resources into strengthening our technological edge as well as product quality and management by investing cutting edge machinery.

Management Discussion and Analysis

In the second half of FY2014, we will continue to focus on the tinplate manufacturing business and seek for ongoing development. We will intensify our efforts on improving operating margins by a series of cost control measures to lower the production overheads while reaping maximum economies of scale benefits.

Lamination Metal Project

The progress of the joint venture project on Lamination Metal is well on track. In the first quarter of FY2014, we entered into a partnership with a well-established Japanese lamination corporation which possesses both extensive experience in metal lamination and sophisticated technology to build high performance laminating machines. Focusing on developing the laminated metal market, the joint venture will take advantage of the ever growing demand on metal packaging in China and provide solid engineering solutions to satisfy all variations of customer needs.

Since the announcement of the establishment of this project, we have been making continuous progress. We have set out a strategic plan and with a full array of actions in place to grow the laminated metal business. Upon completion of the capital injection to the joint venture, the Group and the joint venture partner will hold 90.1% and 9.9% equity interests in the joint venture respectively. Meanwhile, planning and design of new plant are underway. The Group is working tightly with local authorities and construction designers to ensure the new plant will be efficient, binding with local environmental regulations and obtaining related environmental approvals from Chinese government authorities. The construction of the laminated metal project is expected to start in the second half of FY2014, with completion scheduled by the second half of the financial year ending 2015.

Tinplate Processing Project

Novo Development (Tianjin) Limited is the Group's joint venture with a state-owned conglomerate in China, with an equity split of 50%:50%. The tinplate processing plant has commenced operation in the first half of FY2014. Currently, the plant is equipped with various sophisticated slitting and cut-to-length lines which providing extensive value added services to customers including cut to length, edge trimming, slitting and de-coiling/recoiling of tinplate products. With the core focus market in Northern and Eastern China, this plant primarily focuses on serving various food and beverage packaging industry in pursuits of stringent food contact requirements. Our customer bases includes renowned canned tomatoes paste producers and leading metal can-makers in China.

With a view to better serving the Group's existing customers and capture vast businesses opportunities with new customers located in the Northern China, the Group is currently evaluating the development of the site and the expansion of the processing facilities in Tianjin. It is expected that the expansion of processing facilities will be featuring with new slitting lines and state-of-the-art metal printing lines that serves the premium metal packaging market with complex requirements and will double up the slitting capacity. We remain optimistic for the new printing lines as it builds up competences close to metal packaging end users while carries higher margins, which will in turns, improve the Group's average gross margins when sales grow up in the future.

Looking forward, the global economy is recovering moderately and the growth momentum of China's economy is expected to sustain as driven by steady progression of urbanisation and resilient domestic demand. The Group is confident that the economic reform policies implemented by the Chinese government will lift the fixed assets investment and boost the consumption demand which in turn provides a favorable position for the Group's business to regain momentum. In the second half of FY2014, we will remain focused on improving our business performance and steadily pushing forward the progress of all of existing projects while improving operational efficiency and controlling costs to strengthen our competitiveness so to create optimal value to our shareholders.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Group's borrowings decreased by approximately US$4.4 million from approximately US$64.1 million as at 30 April 2013 to approximately US$59.7 million as at 31 October 2013. Borrowings related to the Jiangsu manufacturing plant decreased by approximately US$0.9 million from approximately US$43.7 million as at 30 April 2013 to approximately US$42.8 million as at 31 October 2013, representing approximately 68.2% and 71.7% of total borrowings as at 30 April 2013 and 31 October 2013 respectively.

An aggregate of cash and cash equivalents and pledged bank deposits increased by approximately US$8.2 million from approximately US$19.2 million as at 30 April 2013 to approximately US$27.4 million as at 31 October 2013.

Total cash and bank balance represents approximately 53.6% of the Group's net assets value as at 31 October 2013 (approximately 37.0% of net assets value as at 30 April 2013).

General Information

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 2013, 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:

Name of Directors	Long/Short position	Capacity	Number of ordinary shares: Personal interest	Family interest	Corporate interest	Other interest	Total	Approximate percentage of the issued share capital of the Company
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 2013, the Company had 170,804,269 ordinary shares in issue.

Note 2: The 117,143,750 shares are held by New Page Investments Limited, a holding company of the Company, which is held 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 held by New Page Investments Limited.

Save as disclosed above, as at 31 October 2013, 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.

General Information

In 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 2013, 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 2013, 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.

General Information

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code (the "**HK CG Code**") contained in Appendix 14 of the Hong Kong Listing Rules for 1HFY2014, 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 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; (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 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; and (iii) Mr. Tse To Chung, Lawrence, an independent non-executive Director of the Company could not attend the annual general meeting held on 26 August 2013 (the "**AGM 2013**") as stipulated under the Code Provision A.6.7 of the HK CG Code, which states that independent non-executive Directors should attend general meetings. However, at the AGM 2013, there were executive Directors and all other independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders.

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 1HFY2014.

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 1HFY2014 (1HFY2013: Nil).

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 interim financial statements of this interim report.

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 interim financial statements of this interim report.

General Information

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 2013 are shown in Note 22 to the condensed consolidated interim 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 unaudited interim results for 1HFY2014 have not been reviewed by the auditor of the Company. The Audit Committee of the Company has reviewed the Group's unaudited interim results for 1HFY2014, including the accounting principles and practices adopted by the Group, and has discussed and reviewed the financial reporting matters.

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

Hong Kong, 9 December 2013

Condensed Consolidated Income Statement

For the six months ended 31 October 2013

	Note	Six months ended 31 October 2013 US$'000 (Unaudited)	2012 US$'000 (Unaudited)
Revenue	4	**115,677**	96,991
Cost of sales		**(112,167)**	(92,554)
Gross profit		**3,510**	4,437
Other income	6	**2,749**	1,658
Distribution and selling expenses	7	**(3,649)**	(4,732)
Administrative expenses		**(4,525)**	(3,101)
Other operating expenses		**(181)**	(793)
Finance costs	8	**(1,823)**	(258)
Loss before taxation	9	**(3,919)**	(2,789)
Income tax	10	**(5)**	(55)
Loss for the period		**(3,924)**	(2,844)
Attributed to:			
Owners of the Company		**(4,209)**	(2,435)
Non-controlling interests		**285**	(409)
Loss for the period		**(3,924)**	(2,844)
		US Cents	US Cents
Loss per share			
– Basic	11	**(2.46)**	(1.43)
– Diluted	11	**(2.46)**	(1.43)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2013

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss for the period	**(3,924)**	(2,844)
Other comprehensive income/(expenses) for the period, net of tax:		
Exchange differences on translation of the Group's overseas operations	**344**	(23)
Total comprehensive expenses for the period	**(3,580)**	(2,867)
Attributable to:		
Owners of the Company	**(3,921)**	(2,466)
Non-controlling interests	**341**	(401)
Total comprehensive expenses for the period	**(3,580)**	(2,867)

Details of the dividend paid are disclosed in note 12 to the unaudited condensed consolidated interim financial statements. No dividend was proposed by the Directors for the six months ended 31 October 2013 and 31 October 2012.

Condensed Consolidated Statement of Financial Position

As at 31 October 2013

	Note	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	**60,569**	49,649
Goodwill		**98**	98
		60,667	49,747
Current assets			
Inventories		**15,022**	24,831
Derivative financial instruments	14	**214**	–
Trade and other receivables	15	**92,660**	54,988
Tax recoverable		**–**	6
Pledged bank deposits		**22,059**	9,178
Cash and cash equivalents		**5,326**	9,972
		135,281	98,975
Total assets		**195,948**	148,722
Equity and liabilities			
Share capital	18	**32,239**	32,239
Reserves		**12,911**	17,977
Total equity attributable to owners of the Company		**45,150**	50,216
Non-controlling interests		**5,960**	1,542
Total equity		**51,110**	51,758
Non-current liabilities			
Borrowings, secured	17	**12,490**	18,650
Deferred income		**184**	184
		12,674	18,834
Current liabilities			
Trade and other payables	16	**84,914**	32,628
Deferred income		**4**	4
Borrowings, secured	17	**47,239**	45,492
Tax payable		**7**	6
		132,164	78,130
Total liabilities		**144,838**	96,964
Total equity and liabilities		**195,948**	148,722
Net current assets		**3,117**	20,845
Total assets less current liabilities		**63,784**	70,592
Net assets		**51,110**	51,758

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 October 2013

	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)
		Equity attributable to owners of the Company							
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 expenses 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	–	–	–	–
Acquisition of interest in subsidiaries		–	–	–	–	–	–	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
Balance at 1 May 2013		**32,239**	**14,307**	**1,036**	**33**	**2,601**	**50,216**	**1,542**	**51,758**
Changes in equity for the period									
Total comprehensive (expenses)/income for the period		**–**	**(4,209)**	**288**	**–**	**–**	**(3,921)**	**341**	**(3,580)**
Changes in ownership interest in a subsidiary that do not result in loss of control		**–**	**208**	**–**	**–**	**–**	**208**	**4,077**	**4,285**
Dividend paid	**12**	**–**	**(1,353)**	**–**	**–**	**–**	**(1,353)**	**–**	**(1,353)**
Balance at 31 October 2013		**32,239**	**8,953**	**1,324**	**33**	**2,601**	**45,150**	**5,960**	**51,110**

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 October 2013

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**22,446**	(3,295)
Net cash used in investing activities	**(10,043)**	(16,202)
Net cash (used in)/generated from financing activities	**(17,059)**	10,002
Net decrease in cash and cash equivalents	**(4,656)**	(9,495)
Cash and cash equivalents at beginning of the period	**9,972**	15,303
Effect of currency translation on cash and cash equivalents	**10**	6
Cash and cash equivalents at end of the period	**5,326**	5,814
Cash and cash equivalents are represented by:		
Cash and bank balances	**5,326**	5,814

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

1. Corporate information

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

The registered office of the Company is located at 60 Albert Street, #08-12 OG Albert Complex, Singapore 189969. The headquarter and principal place of business of the Group is at Rooms 1109-1111, 11th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaging in (1) trading and distribution of iron ore, coal and steel products; and (2) manufacturing, sales and distribution of electrolytic tinplates and related products for metal packaging industry in the People's Republic of China (the "**PRC**"). The Group has been continuously expanding its businesses into value-added downstream segments, including but not limited to the growing and high potential food and beverage packaging and canning market.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Main Board Listing 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 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 2013.

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 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 2013 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

4. Revenue

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Sales of iron ore, steel products and coal	**80,900**	96,991
Tinplate manufacturing	**18,351**	–
Tinplate processing	**16,426**	–
	115,677	96,991

5. Segment information

The Group is organised into business units based on its business segments purposes. The reportable segments are trading, tinplate manufacturing and tinplate processing. 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 three reportable segments as follows:

Trading

Trading and distribution of a comprehensive product portfolio in the areas of:

i) Iron ore;

ii) Coal; and

iii) Steel products which include semi-finished steel products (such as billets and slabs used for producing deformed steel bars), finished steel products (including long products: such as deformed bars, wire rods, tube, section, angle channels; flat products: such as hot rolled coils and cold rolled coils) and others (such as galvanised steel coils and pre-painted galvanised steel coils).

Tinplate manufacturing

Manufacturing and trading of tinning line products, including tinplate, tin-free steel and scraps.

Tinplate processing

Processing, distribution and sales of tinplate products through variety types of processing (such as slitting, cutting and printing).

During the second half of year ended 30 April 2013 and current period, the Group reclassified its business units to trading, tinplate manufacturing and tinplate processing in order to better reflect the development of the Group. Corresponding segment information has been restated accordingly. The change has no impact on total reported revenue and profit.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

5. Segment information (Continued)

(i) Business segments (Continued)

For the six months ended 31 October 2013 (unaudited)

	Trading US$'000 (Unaudited)	Tinplate manufacturing US$'000 (Unaudited)	Tinplate processing US$'000 (Unaudited)	Eliminations US$'000 (Unaudited)	Total US$'000 (Unaudited)
Segment revenue to					
– sales to external customers	80,900	18,351	16,426	–	115,677
– intersegment sales	8,699	19,238	3,318	(31,255)	–
	89,599	37,589	19,744	(31,255)	115,677
Segment results	369	(386)	79	–	62
Other income	348	2,112	4	–	2,464
Other costs	(3,384)	(990)	(248)	–	(4,622)
Finance costs	(482)	(1,096)	(245)	–	(1,823)
Loss before taxation	(3,149)	(360)	(410)	–	(3,919)
Income tax credit/(expenses)	1	(6)	–	–	(5)
Net loss for the period	(3,148)	(366)	(410)	–	(3,924)
As at 31 October 2013 (Unaudited)					
Assets and liabilities					
Segment assets	69,812	111,080	31,992	(16,936)	195,948
Total assets	69,812	111,080	31,992	(16,936)	195,948
Segment liabilities	22,981	109,950	28,843	(16,936)	144,838
Total liabilities	22,981	109,950	28,843	(16,936)	144,838
For the six months ended 31 October 2013 (Unaudited)					
Other segment information					
Capital expenditure	133	9,840	420	(722)	9,671
Depreciation	212	100	20	–	332
Non-cash items other than depreciation	2	–	–	–	2

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

5. Segment information (Continued)

(i) Business segments (Continued)

For the six months ended 31 October 2012 (unaudited)

	Trading US$'000 (Unaudited)	Tinplate manufacturing US$'000 (Unaudited)	Tinplate processing US$'000 (Unaudited)	Eliminations US$'000 (Unaudited)	Total US$'000 (Unaudited)
Segment revenue to					
– sales to external customers	96,991	–	–	–	96,991
– intersegment sales	306	–	–	(306)	–
	97,297	–	–	(306)	96,991
Segment results	712	–	–	–	712
Other income	1,009	446	4	–	1,459
Other costs	(3,741)	(793)	(168)	–	(4,702)
Finance costs	1	(14)	(245)	–	(258)
Loss before taxation	(2,019)	(361)	(409)	–	(2,789)
Income tax expenses	(13)	(42)	–	–	(55)
Net loss for the period	(2,032)	(403)	(409)	–	(2,844)
As at 30 April 2013 (Audited)					
Assets and liabilities					
Segment assets	58,705	97,122	4,655	(11,760)	148,722
Total assets	58,705	97,122	4,655	(11,760)	148,722
Segment liabilities	7,417	95,867	5,440	(11,760)	96,964
Total liabilities	7,417	95,867	5,440	(11,760)	96,964
For the six months ended 31 October 2012 (Unaudited)					
Other segment information					
Capital expenditure	35	16,947	2	–	16,984
Depreciation	212	60	14	–	286
Non-cash items other than depreciation	(737)	–	–	–	(737)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

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 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	
	2013 US$'000 (Unaudited)	2012 US$'000 (Unaudited)
North Asia (Note i)	**109,470**	47,510
South East Asia (Note ii)	**4,440**	49,481
India and Middle East (Note iii)	**–**	–
Others (Note iv)	**1,767**	–
	115,677	96,991

Non-current assets by geographical markets:

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
North Asia (Note i)	**60,629**	49,742
South East Asia (Note ii)	**38**	5
India and Middle East (Note iii)	**–**	–
Others (Note iv)	**–**	–
	60,667	49,747
Investment in associated companies	**–**	–
	60,667	49,747

Notes:

(i) Included Hong Kong, Macau and 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

6. Other income

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Amortisation of deferred income	**2**	2
Compensation received from suppliers	**–**	813
Exchange gains	**285**	199
Government grants and subsidies	**1,838**	244
Sundry income	**438**	87
Transportation income	**–**	113
	2,563	1,458
Finance income		
– bank interest income	**186**	200
Total	**2,749**	1,658

7. Distribution and selling expenses

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Agency fee	**–**	123
Distribution agency fee	**702**	938
Freight charges	**2,464**	2,787
Freight insurance	**53**	59
Handling fee	**–**	105
Inspection fees	**61**	123
Others	**3**	51
Port handling charges	**231**	249
Shipping handling charges	**91**	153
Transportation charges	**–**	93
Warehouse charges	**44**	51
	3,649	4,732

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

8. Finance costs

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Bank charges	**126**	138
Interest on bank loans	**2,419**	639
	2,545	777
Less: Finance costs capitalised into property, plant and equipment and construction in progress (Note 13)	**(722)**	(519)
	1,823	258

9. Loss before taxation

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss before taxation is stated after charging the followings:		
Depreciation	**338**	286
Fair value losses on derivative financial instruments	**–**	7
Impairment of a receivable	**–**	418
Loss on disposal of an associated company	**–**	98
Losses on disposal of property, plant and equipment	**–**	216
Material costs recognised as an expense in cost of sales	**112,167**	92,554
Net realised losses on derivative financial instruments	**181**	54
Rental expenses	**145**	149
Staff costs (including directors' emoluments)	**2,576**	1,678

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

10. Income tax

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**–**	–
Current tax – Overseas Income Tax		
Provision for the period	**5**	43
Over-provision in respect of prior periods	**–**	12
	5	55
	5	55

(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 2013 (six months ended 31 October 2012: Nil).

(c) Hong Kong Profits tax has been provided at 16.5% on the estimated assessable profits for the six months ended 31 October 2013 (six months ended 31 October 2012: 16.5%). No provision for Hong Kong Profits tax for current period is due to sufficient tax losses bought forward in prior years.

(d) Tax on profits assessable in the PRC has been provided at 25% for the six months ended 31 October 2013 (six months ended 31 October 2012: 25%).

(e) Pursuant to the rules and regulations of the BVI, 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 2013, the Group has recognised tax losses of approximately US$10,296,000 (unaudited) (30 April 2013 (audited): approximately US$6,718,000) 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$2,005,000 (unaudited) (30 April 2013 (audited): approximately US$1,340,000) 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

11. Loss per share

Basic and diluted loss per share are calculated based on the Group's loss 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 2013.

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	**(4,209)**	(2,435)

	Number of ordinary shares	
	'000	'000
	(Unaudited)	(Unaudited)
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 2013 and 2012 and therefore the diluted loss per shares amounts for those periods were the same as the basic loss per share amounts.

12. Dividends

Dividends attributable to the interim period

	Six months ended 31 October	
	2013	2012
	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 (2012: S$1.0) cent per share	**1,353**	1,389
	1,353	1,389

No interim dividend was proposed by the Directors for the six months ended 31 October 2013 and 2012.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

13. Property, plant and equipment

During the six months ended 31 October 2013, the Group acquired items of property, plant and equipment with cost of approximately US$9,670,000 (six months ended 31 October 2012: approximately US$16,984,000).

The Group's construction work in progress included finance costs arising from bank loans borrowed specifically for the purpose of the construction of manufacturing plants in the PRC. During the interim period ended 31 October 2013, the finance costs capitalised as cost of construction work in progress amounted to approximately US$722,000 (unaudited) (30 April 2013 (audited): approximately US$1,183,000). The rate used to determine the amount of finance costs eligible for capitalisation was 5.3% per annum (unaudited) (30 April 2013: 5.3%), which was the effective interest rate of the specific borrowing.

14. Derivative financial instruments

	As at 31 October 2013		As at 30 April 2013	
	Assets US$'000 (Unaudited)	**Liabilities US$'000 (Unaudited)**	Assets US$'000 (Audited)	Liabilities US$'000 (Audited)
Iron ore swap contracts	**214**	**–**	–	–

The Group has entered into iron ore swap contracts for managing price fluctuation risk of international trade.

At the end of current reporting period, the net realised losses of the Group's iron ore swap contracts was approximately US$180,650 (unaudited). These amounts were based on quoted fair value by an approved Inter-Dealer Broker (IDB) with SGX-ST Asiaclear at the end of the reporting periods.

15. Trade and other receivables

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Advance payment to suppliers	**9,957**	13,544
Trade and bills receivables	**50,380**	9,146
	60,337	22,690
Deposits	**283**	119
Temporary payment	**1**	3
Prepayments	**1,876**	1,837
Other receivables	**8,793**	7,193
Advance payment for property, plant and equipment	**20,925**	22,707
Non-trade balances due from a non-controlling shareholder (Note)	**445**	439
	32,323	32,298
	92,660	54,988

Note: The balances due from a non-controlling shareholder is unsecured, interest free and repayable on demand.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

15. Trade and other receivables (Continued)

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

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Current	**47,211**	9,105
Less than 1 month past due	**1,424**	41
1 to 3 months past due	**1,568**	–
3 to 12 months past due	**177**	–
Amount past due but not impaired	**3,169**	41
	50,380	9,146

The Group conducts settlement by letter of credit and deposits in advance for most international trading and the PRC domestic trading and distribution.

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 2013, trade and bills receivables amounted to approximately US$35,874,000 (unaudited) (30 April 2013 (audited): approximately US$6,298,000) are pledged as securities for banking facilities granted to the Group.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

16. Trade and other payables

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Trade and bills payables	**64,750**	14,597
Sales deposits received	**1,133**	382
Accrued operating expenses	**3,720**	3,489
Other payables	**5,404**	3,037
Other payables for property, plant and equipment	**9,593**	10,809
Non-trade balances due to a non-controlling shareholder (Note)	**314**	314
	20,164	18,031
	84,914	32,628

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

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

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Due within 3 months or on demand	**48,029**	12,116
Due after 3 months but within 6 months	**16,721**	2,481
	64,750	14,597

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

17. Borrowings, secured

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Repayable more than one year		
Bank loan	**12,490**	18,650
Repayable within one year or on demand		
Bank loan	**9,550**	5,350
Working capital loans	**36,438**	28,475
Mortgage loan	**659**	682
Trust receipt loans	**592**	2,585
Inventory loan	**–**	8,400
	47,239	45,492
Total	**59,729**	64,142

The Group's borrowings for trading operations are secured by way of:

(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 way of:

(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 guarantees of the Company.

Bank loan was repayable within 15 months (30 April 2013 (audited): 21 months) after drawdown date.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

17. Borrowings, secured (Continued)

Mortgage loan was repayable in 93 (30 April 2013 (audited): 99 months) equal monthly instalments of US$9,082 (30 April 2013 (audited): US$8,967) each commencing from 21 October 2013 (30 April 2013 (audited): 22 April 2013).

	As at 31 October 2013 % (Unaudited)	As at 30 April 2013 % (Audited)
The weighted average interest rates at the end of the reporting period are as follows:		
Bank loan	**5.30**	5.30
Working capital loans	**6.82**	6.60
Mortgage loan	**6.55**	6.57
Trust receipt loans	**2.71**	2.30
Inventory loan	**–**	2.58

18. Share capital

	No. of ordinary shares	US$
Balance at 1 May 2012, 30 April 2013, 1 May 2013 and 31 October 2013	170,804,269	32,238,531

There was no change in the Company's share capital during the six months ended 31 October 2013 and during the year ended 30 April 2013.

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 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Leasehold land and buildings	**10,744**	8,668
Construction work in progress	**42,291**	34,561
Inventories	**4,208**	22,175
Trade and bills receivables	**35,874**	6,298
Pledged bank deposits	**22,059**	9,178
Others	**2,259**	41,307
	117,435	122,187

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

20. Related party transactions

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

	Six months ended 31 October	
	2013	2012
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Directors' fee	**46**	47
Salaries, wages, allowances and benefits in kind	**611**	558
Contributions to defined contribution plans	**14**	13
	671	618

(b) In addition to information disclosed elsewhere in the unaudited condensed consolidated interim 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	
		2013	2012
	Note	**US$'000**	US$'000
		(Unaudited)	(Unaudited)
Continuing			
Warehouse rental charges paid to a related party	(ii)	**–**	51
Rental Office fee paid to a related party	(ii)	**59**	59
Discontinued			
Handling fees paid to a related company	(iii)	**–**	104
Agency fee paid to a related company	(iv)	**–**	123

Notes:

(i) Intra-group transactions that have been eliminated in the unaudited condensed consolidated interim 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) 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.

(iv) 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

21. Commitments

(a) Capital commitments

Capital commitments not provided for in the condensed consolidated interim financial statements as follows:

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Expenditure for property, plant and equipment contracted for	**1,591**	1,924

(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 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Not later than one year	**251**	81
Later than one year but not later than five years	**92**	17
	343	98

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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

22. Contingent liabilities

Contingent liabilities not provided for in the financial statements of the Group and the Company at the end of the reporting periods are as follows:

(a) Bills discounted with recourse

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Discounted bills with recourse supported by letters of credit	**1,270**	8,501

(b) Guarantees

	As at 31 October 2013 US$'000 (Unaudited)	As at 30 April 2013 US$'000 (Audited)
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**409,898**	489,706

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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2013

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

For the six months ended 31 October 2013, there were no material differences between the unaudited condensed consolidated interim 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

Company Secretaries

Wee Woon Hong *(resigned on 8 July 2013)*
Lee Hock Heng
Chong Wai Man
Lau Jeanie

Authorised Representatives

Yu Wing Keung, Dicky
Chow Kin San

Stock Codes

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Company's Website

www.novogroupltd.com

Registered Office

60 Albert Street
#08-12 OG Albert Complex
Singapore 189969
Tel: (65) 6323 2213
Fax: (65) 6323 2667

Headquarter and Principal Place of Business in Hong Kong

Rooms 1109-1111, 11th Floor
China Merchants Tower, Shun Tak Centre
168 Connaught Road Central
Hong Kong
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

Boardroom Share Registrars (HK) Limited
On or before 23 June 2013:
12th Floor, The Lee Gardens, 33 Hysan Avenue
Causeway Bay, Hong Kong

Since 24 June 2013:
31/F., 148 Electric Road, North Point, Hong Kong

Independent Auditor

Baker Tilly TFW LLP
15 Beach Road #03-10 Beach Centre
Singapore 189677
Partner-in-Charge: Lim Kok Heng
(be appointed for the year ended 30 April 2014)

Principal Bankers

(Listed in alphabetical order)
ABN AMRO Bank N.V., Hong Kong Branch
BNP Paribas, Hong Kong Branch
Bank of China Ltd., Xinghua Sub-Branch
China CITIC Bank Corporation Limited, Taizhou Branch
China CITIC Bank Corporation Limited, Xinghua Sub-Branch
China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Ltd., Xinghua Sub-Branch
Jiangsu Xinghua Rural Commercial Bank Co. Ltd., Daduo Sub-Branch
Oversea-Chinese Banking Corporation Limited, Hong Kong Branch
Shanghai Commercial Bank Limited, Shenzhen Branch
Shanghai Pudong Development Bank Co. Ltd., Taizhou Branch
Shanghai Pudong Development Bank Co. Ltd., Tianjin Branch
Wei Hai City Commercial Bank, He Xi Sub-Branch, Tianjin