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 **2015**

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

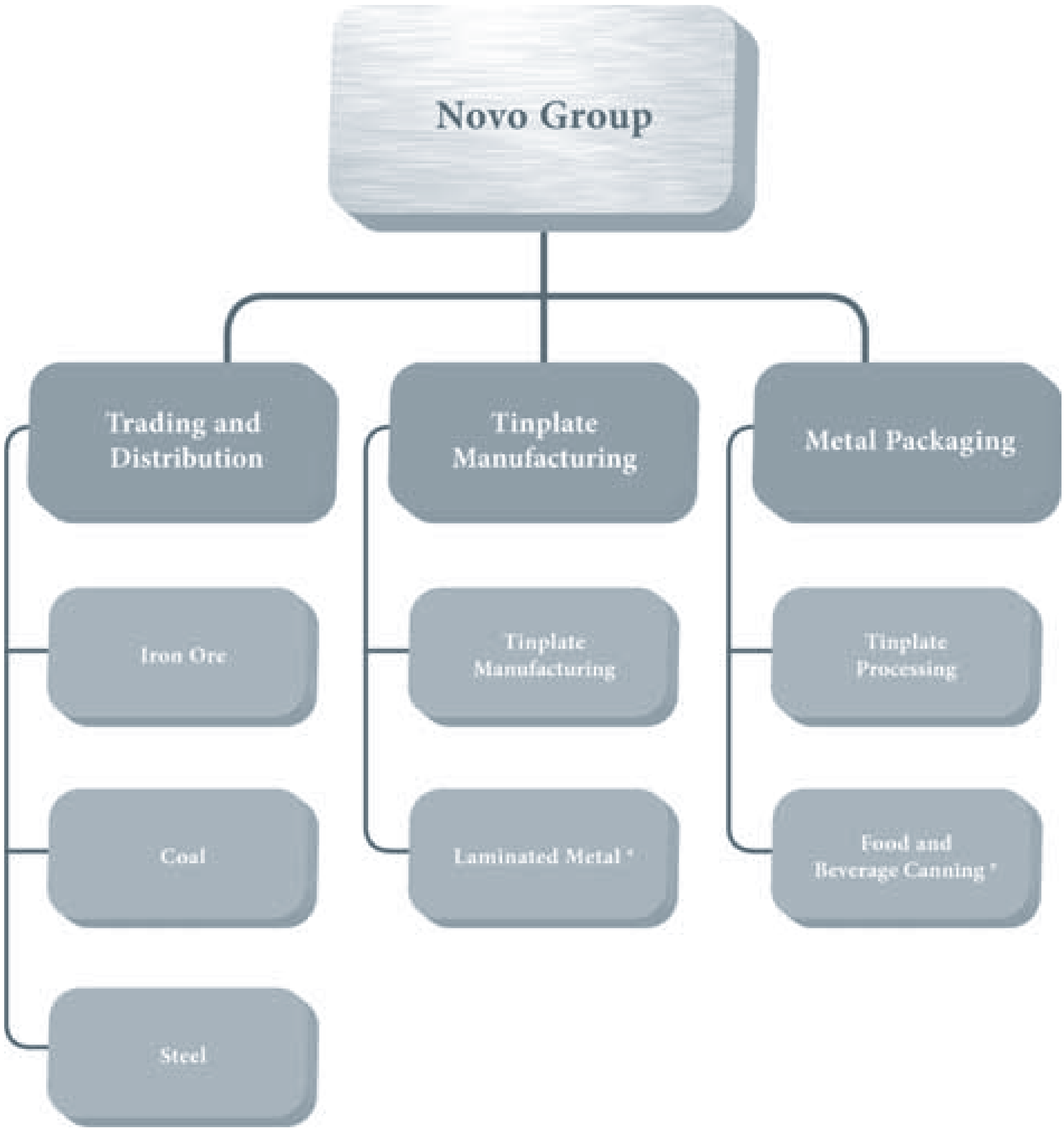
Founded in 2005 and headquartered in Hong Kong, Novo Group Ltd. (SEHK: 1048; SGX: MR8) (the "**Company**", and, together with its subsidiaries, "**Novo**" or the "**Group**") is a leading corporation which focusing on bulk commodities trading (iron ore, coal and steel products), tinplate manufacturing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



* Future development plan

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. China
18. Commonwealth of Independent States
19. Germany
20. Indonesia
21. Italy
22. Japan
23. Mexico
24. New Zealand
25. Philippines
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

* Future development plan

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.

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 sits on the board of Sinjia Land Limited (formerly known as HLN Technologies Limited), and was 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 was 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

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 ("**PRC**") 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

For the six months ended 31 October 2014 ("**1HFY2015**"), 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.

The Group's recorded total approximately US$10.0 million loss after tax for 1HFY2015, which comprised approximately US$5.4 million recorded in the first quarter and approximately US$4.6 million recorded in the second quarter. The Group believes it has bottomed out and it is expected to see business begin to climb in the second half of FY2015.

Revenue

The Group's revenue increased by approximately 37.0% from approximately US$115.7 million for the six months ended 31 October 2013 ("**1HFY2014**") to approximately US$158.5 million for 1HFY2015. 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 62.5% and approximately 57.9% of the Group's total revenue for 1HFY2015 and 1HFY2014, representing of approximately US$99.0 million and approximately US$67.1 million for 1HFY2015 and 1HFY2014, respectively. Revenue from tinplate manufacturing contributed approximately 18.1% and approximately 15.9% for 1HFY2015 and 1HFY2014, representing approximately US$28.7 million and approximately US$18.4 million for 1HFY2015 and 1HFY2014, respectively. Revenue from tinplate processing contributed approximately 6.0% and approximately 14.2% for 1HFY2015 and 1HFY2014, representing approximately US$9.6 million and approximately US$16.4 million for 1HFY2015 and 1HFY2014 respectively. Domestic trade business accounted for approximately 6.3% and approximately 4.9% for 1HFY2015 and 1HFY2014, representing approximately US$10.0 million and US$5.6 million for 1HFY2015 and 1HFY2014, respectively. Revenue from the coal segment was approximately US$11.3 million for 1HFY2015 as compared with approximately US$8.2 million for 1HFY2014, where accounted for approximately 7.1% and approximately 7.1% of the Group's total revenue for 1HFY2015 and 1HFY2014, respectively.

In terms of geographical contribution, North Asia market, our main focused market, contributed revenues of approximately US$141.2 million of total revenue for 1HFY2015, compared to approximately US$109.5 million for 1HFY2014, accounted for approximately 89.1% and approximately 94.7% of total revenue for 1HFY2015 and 1HFY2014. Revenue derived from South East Asia market increased from approximately US$44.4 million for 1HFY2014 to approximately US$9.8 million for 1HFY2015. The South East Asia market accounted for approximately 6.2% and approximately 3.8% of Group's total revenue for 1HFY2015 and 1HFY2014, respectively. Other regions contributed approximately US$7.5 million revenue, representing approximately 4.7% of the Group's total revenue for 1HFY2015, while approximately US$1.8 million or approximately 1.5% for 1HFY2014.

Gross profit

The Group's gross loss was approximately US$1.1 million for 1HFY2015 as compared with gross profit of approximately US$3.5 million for 1HFY2014, which was due to trial production manufacturing costs incurred from Jiangsu tinplate manufacturing plant during the reported period (the "**TPM Costs**") were classified as expenses which could not be capitalised after 30 April 2014 and the TPM Costs were partially offset by gross profit contributed by other subsidiaries of the Company.

Management Discussion and Analysis

Other income

Other income decreased from approximately US$2.7 million for 1HFY2014 to approximately US$1.8 million for 1HFY2015. Such decrease was mainly due to approximately US$1.8 million government grant and subsidies was recorded in 1HFY2014 as compared with approximately US$0.7 million for 1HFY2015.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately US$0.8 million from approximately US$3.6 million for 1HFY2014 to approximately US$2.8 million for 1HFY2015. Follow with changes of the trading terms in the international trading business, freight charges decrease approximately 24% from approximately US$2.5 million for 1HFY2014 to approximately US$1.9 million for 1HFY2015.

Administrative expenses

Administration expenses remain steady, accounted for approximately US$4.3 million for 1HFY2015 as compared with approximately US$4.5 million for 1HFY2014.

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$132,000 which were offset by net realised gain on non-deliverable forward contracts accounted for approximately US$67,000 while net realised loss on non-deliverable forward contracts accounted for approximately US$181,000 was recorded for 1HFY2014.

Finance costs

Finance costs were up form approximately US$1.8 million for 1HFY2014 to approximately US$3.5 million for 1HFY2015, which was primarily due to increase in borrowings of Jiangsu tinplate manufacturing business for working capital purposes.

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 decreased by approximately US$1.4 million from approximately US$73.3 million as at 30 April 2014 to approximately US$71.9 million as at 31 October 2014.

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$4.0 million from approximately US$16.6 million as at 30 April 2014 to approximately US$12.6 million as at 31 October 2014.

Management Discussion and Analysis

Trade and other receivables

Trade and other receivables increased from approximately US$40.0 million as at 30 April 2014 to approximately US$69.4 million as at 31 October 2014. Distribution of trade receivables and other receivables were approximately 62.7% (approximately US$43.5 million) and approximately 37.3% (approximately US$25.9 million) of total receivables as at 31 October 2014, compared to approximately 65.0% (approximately US$26.0 million) and approximately 35.0% (approximately US$14.0 million) of total receivables as at 30 April 2014. The increase of trade and bills receivable as at 31 October 2014 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$71.7 million as at 30 April 2014 to approximately US$100.5 million as at 31 October 2014. Distribution of trade payables and other payables were approximately 75.7% (approximately US$76.1 million) and approximately 24.3% (approximately US$24.4 million) of total payable as at 31 October 2014 compared to approximately 80.6% (approximately US$57.8 million) and approximately 19.4% (US$13.9 million) of total payable as at 30 April 2014. 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.

FUTURE PROSPECTS

Trading Business

Facing a slowdown in the world's economy, the price of iron ore in China is expected to slide due to high inventories, soft demand and production cuts, resulting from inspections against environmental protection. International Iron ore price is also expected to stablise and softly decline.

China, being the world's biggest coal consumer and producer, will reintroduce import tariffs on the fuel with a view to support money-losing domestic miners and cause high coal cost in China. Nevertheless, international coal price is expected to remain stable as it is still cheaper and less polluting to import coal internationally than to dig up domestically. Accordingly, the total amount of international coal exports is expected to increase.

While Asian steel output being dominated by the development of Chinese steel production and Asia contains some of the world's largest steel exporting and importing nations, it is expected that steel export from China will continue to be profitable accompanied with growing international demands and stablised markets. If urbanisation project continues, accompanied by a strong growing economy and a growing middle class, the demand for steel is expected to stimulate in the coming year. Global supply and demand for steel will largely follow economic growth recovery around the world.

The Group believes the rising exports and infrastructure projects of China provide opportunities to steel and raw materials trading business in Asia, in particular, there are positive views on growth in Asian countries outside China. Therefore, the Group will stay close to the market on such changes and will react positively to capture any lead advantage opportunities.

Management Discussion and Analysis

Tinplate Manufacturing Project

The tinplate manufacturing project in Jiangsu, the key development is the focus on the Group's agenda, continues to progressing on track. Noting that quality is the lifeblood of the corporate's future success, the Group is strongly committed to provide quality tinplate to our customers in food and beverage and premium packaging industry. The Group's commitment to quality has established a positive reputation among metal packaging suppliers. The repeat and continuous orders from major players in the industry are the best testimony to our credentials. The Group has successfully widened the business base to include food and beverage corporations in China and overseas markets customer base include certain world-renowned packaging corporations from Europe, Middle East, South East Asia, South America and North America. The Group will continue to place considerable emphasis on developing business opportunities in these regions, which are expected to experience huge future growth.

In the meantime, the Group continues to see good opportunities stemming from the metal packaging industry resulting in the prosperity in the food and beverage sector in the global market. In order to build a higher competitive edge, the Group will continue to focus on implementing cost reduction program and adjusting product profile in order to keep evolving along with the market. With these strategic objectives, the Group is fully confident that the tinplate manufacturing business will be able to boost higher profit margins and further increase the percentage of revenue contribution so as generating sustainable profitable growth for the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's borrowings increased by approximately US$11.3 million from approximately US$68.5 million as at 30 April 2014 to approximately US$79.8 million as at 31 October 2014. Borrowings related to the Jiangsu manufacturing plant decreased by approximately US$0.8 million from approximately US$48.8 million as at 30 April 2014 to approximately US$48.0 million as at 31 October 2014, representing approximately 71.2% and approximately 60.2% of total borrowings as at 30 April 2014 and 31 October 2014 respectively.

An aggregate of cash and cash equivalents and pledged bank deposits increased by approximately US$5.6 million from approximately US$46.8 million as at 30 April 2014 to approximately US$52.4 million as at 31 October 2014.

Total cash and bank balance represents approximately 169.5% of the Group's net assets value as at 31 October 2014 (approximately 114.4% of net assets value as at 30 April 2014).

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 2014, 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 of 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 2014, 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 Wing Keung, Dicky is deemed to be interested in all the shares held by New Page Investments Limited.

Save as disclosed above, as at 31 October 2014, 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

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

As at 31 October 2014, 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 Sau Ching, Tailianna is deemed to have interests in the 125,415,281 shares of the Company in which Mr. Yu Wing Keung, Dicky has interests.

Save as disclosed above, as at 31 October 2014, no person, other than the Directors and chief executives of the Company, whose interests are set out in the Section "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code (the "**HK CG Code**") contained in Appendix 14 of the HK Listing Rules for 1HFY2015, 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 delegations 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 29 August 2014 (the "**AGM 2014**") 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 2014, 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.

General Information

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 1HFY2015.

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 1HFY2015 (1HFY2014: 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.

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 2014 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.

General Information

AUDIT COMMITTEE

The unaudited interim results for 1HFY2015 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 1HFY2015, 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, 15 December 2014

Condensed Consolidated Income Statement

For the six months ended 31 October 2014

	Note	Six months ended 31 October 2014 US$'000 (Unaudited)	2013 US$'000 (Unaudited)
Revenue	4	**158,518**	115,677
Cost of sales		**(159,602)**	(112,167)
Gross (loss)/profit		**(1,084)**	3,510
Other income	6	**1,802**	2,749
Distribution and selling expenses	7	**(2,813)**	(3,649)
Administrative expenses		**(4,285)**	(4,525)
Other operating expenses		**(65)**	(181)
Finance costs	8	**(3,540)**	(1,823)
Loss before tax	9	**(9,985)**	(3,919)
Income tax expenses	10	**(43)**	(5)
Loss for the period		**(10,028)**	(3,924)
Attributable to:			
Owners of the Company		**(9,137)**	(4,209)
Non-controlling interests		**(891)**	285
Loss for the period		**(10,028)**	(3,924)
Loss per share		**US Cents**	US Cents
– Basic	11	**(5.35)**	(2.46)
– Diluted	11	**(5.35)**	(2.46)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2014

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss for the period	**(10,028)**	(3,924)
Other comprehensive income for the period, that may be reclassified subsequently to profit or loss, net of tax:		
Exchange differences on translation of the Group's overseas operations	**48**	344
Total comprehensive expenses for the period	**(9,980)**	(3,580)
Attributable to:		
Owners of the Company	**(8,969)**	(3,921)
Non-controlling interests	**(1,011)**	341
Total comprehensive expenses for the period	**(9,980)**	(3,580)

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 2014 and 2013.

Condensed Consolidated Statement of Financial Position

As at 31 October 2014

	Note	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	71,899	73,269
Land use rights		6,472	6,133
Goodwill		4	4
		78,375	79,406
Current assets			
Inventories		12,550	16,571
Trade and other receivables	14	69,356	40,004
Pledged bank deposits		39,171	34,041
Cash and cash equivalents		13,262	12,780
		134,339	103,396
Total assets		212,714	182,802
Equity and liabilities			
Share capital	18	32,239	32,239
Reserves		(5,188)	3,781
Total equity attributable to owners of the Company		27,051	36,020
Non-controlling interests		3,886	4,897
Total equity		30,937	40,917

Condensed Consolidated Statement of Financial Position

As at 31 October 2014

	Note	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Non-current liabilities			
Borrowings	17	**12,375**	–
Deferred income		**1,145**	1,311
		13,520	1,311
Current liabilities			
Trade and other payables	15	**100,522**	71,730
Deferred income		**309**	294
Derivative financial instruments	16	**–**	37
Borrowings	17	**67,421**	68,480
Tax payable		**5**	33
		168,257	140,574
Total liabilities		**181,777**	141,885
Total equity and liabilities		**212,714**	182,802
Net current liabilities		**33,918**	37,178
Total assets less current liabilities		**44,457**	42,228
Net assets		**30,937**	40,917

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 October 2014

	Equity attributable to owners of the Company							
	Share capital US$'000	Retained earnings/ (accumulated losses) US$'000	Foreign currency translation reserve US$'000	Statutory reserve US$'000	Other reserves US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 May 2013 (Audited)	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	–	(1,353)	–	–	–	(1,353)	–	(1,353)
Balance at 31 October 2013 (Unaudited)	32,239	8,953	1,324	33	2,601	45,150	5,960	51,110
Balance at 1 May 2014 (Audited)	**32,239**	**(191)**	**1,259**	**33**	**2,680**	**36,020**	**4,897**	**40,917**
Changes in equity for the period								
Total comprehensive (expenses)/income for the period	**–**	**(9,137)**	**168**	**–**	**–**	**(8,969)**	**(1,011)**	**(9,980)**
Balance at 31 October 2014 (Unaudited)	**32,239**	**(9,328)**	**1,427**	**33**	**2,680**	**27,051**	**3,886**	**30,937**

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 October 2014

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(1,832)**	22,446
Net cash used in investing activities	**(697)**	(10,043)
Net cash generated from/(used in) financing activities	**3,007**	(17,059)
Net increase/(decrease) in cash and cash equivalents	**478**	(4,656)
Cash and cash equivalents at beginning of the period	**12,780**	9,972
Effect of currency translation on cash and cash equivalents	**4**	10
Cash and cash equivalents at end of the period	**13,262**	5,326
Cash and cash equivalents are represented by:		
Cash and bank balances	**13,262**	5,326

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

1. Corporate information

NOVO GROUP LTD. (the "**Company**") 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 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 engaged 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**" or "**China**").

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 2014.

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.

The Group incurred a net loss of US$10,028,000 (six months ended 31 October 2013 (unaudited): US$3,924,000) for the six months ended 31 October 2014 and as at that date, the Group's current liabilities exceeded its current assets by US$33,918,000. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

At 31 October 2014, the Group has breached certain banks' financial covenants as disclosed in Note 17. However, the bank has granted waiver retrospective to its period ended 31 October 2014 in relation to the breach of financial covenants subsequent to the reporting period and has not requested for any immediate repayment up to the date of waiver letter, which is 12 December 2014. Due to these breaches of financial covenants, the outstanding non-current bank loan amounting to US$22,750,000 is presented under current liabilities on the condensed consolidated statement of financial position as at 31 October 2014.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

2. Basis of preparation (Continued)

The financial statements have been prepared on a going concern basis as the Directors are satisfied that:

(i) the continuing financial support from the holding company to procure the necessary finance and support for a period of not less than twelve months from the end of the reporting period;

(ii) the banking facilities from its bankers for its working capital requirements for the next twelve months will be available as and when required; and

(iii) the Group is able to generate sufficient cash flows from its operations to meet its current and future obligations.

Management has taken the following measures to improve the Group's operational performance and financial position:

(i) Source for new customers and held discussions with the Group's major customers to seek higher sales volume and negotiate for better prices. Management believes that the selling prices for the Group's products are gradually improving; and

(ii) Continuously seeking improvements in the production efficiency of the Group's production facilities through technological enhancements and system re-engineering in order to further reduce the costs of production.

After considering the measures taken described above, the Group believes that it has adequate resources to continue its operations as a going concern. For these reasons, the Group continues to adopt the going concern assumption in the preparation of the financial statements.

The financial statements did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

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 2014 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 2014

4. Revenue

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Sales of goods:		
– Sales of iron ore, coal and steel products	**120,290**	80,900
– Tinplate manufacturing	**28,644**	18,351
– Tinplate processing	**9,584**	16,426
	158,518	115,677

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 a variety of processing (such as slitting, cutting and printing).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

5. Segment information (Continued)

(i) Business segments (Continued)

For the six months ended 31 October 2014 (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	120,290	28,644	9,584	–	158,518
– intersegment sales	45,626	26,651	–	(72,277)	–
	165,916	55,295	9,584	(72,277)	158,518
Segment results	1,069	(1,487)	(770)	(2,407)	(3,595)
Other income	443	1,339	20	–	1,802
Other costs	(3,272)	(1,054)	(326)	–	(4,652)
Finance costs	(1,301)	(1,634)	(605)	–	(3,540)
Loss before tax	(3,061)	(2,836)	(1,681)	(2,407)	(9,985)
Income tax expenses	(26)	(17)	–	–	(43)
Net loss for the period	(3,087)	(2,853)	(1,681)	(2,407)	(10,028)
As at 31 October 2014 (Unaudited)					
Assets and liabilities					
Segment assets	206,507	151,190	47,235	(192,218)	212,714
Total assets	206,507	151,190	47,235	(192,218)	212,714
Segment liabilities	90,054	157,830	47,467	(113,574)	181,777
Total liabilities	90,054	157,830	47,467	(113,574)	181,777
For the six months ended 31 October 2014 (Unaudited)					
Other segment information					
Capital expenditure	–	569	65	–	634
Depreciation	184	1,316	117	–	1,617
Non-cash items other than depreciation	81	(137)	(17)	–	(73)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

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 tax	(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 30 April 2014 (Audited)					
Assets and liabilities					
Segment assets	147,411	142,281	45,010	(151,900)	182,802
Total assets	147,411	142,281	45,010	(151,900)	182,802
Segment liabilities	54,165	146,107	43,568	(101,955)	141,885
Total liabilities	54,165	146,107	43,568	(101,955)	141,885
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 2014

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	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
North Asia (Note i)	**141,235**	109,470
South East Asia (Note ii)	**9,777**	4,440
India and Middle East	**23**	–
Others (Note iii)	**7,483**	1,767
	158,518	115,677

Non-current assets by geographical markets:

	31 October	30 April
	2014	2014
	US$'000	US$'000
	(Unaudited)	(Audited)
North Asia (Note i)	**78,375**	79,371
South East Asia (Note ii)	**–**	35
	78,375	79,406

Notes:

(i) Included the PRC or China, Hong Kong and Macau, where approximately 89.1% (six months ended 31 October 2013: approximately 94.6%) of the Group's revenue derived from these areas with majority in China.

(ii) Included Philippines, Singapore, Thailand, Indonesia, Vietnam and Malaysia, where approximately 6.2% (six months ended 31 October 2013: approximately 3.8%) of the Group's revenue derived from these area with majority in Thailand.

(iii) Included America, Belgium, Italy, Mozambique and Ukraine, etc.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

6. Other income

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Amortisation of deferred income	**154**	2
Demurrage income	**11**	–
Exchange gains	**7**	285
Freight income	**79**	–
Government grants and subsidies	**666**	1,838
Fair value gains on derivative financial instruments	**11**	–
Sundry income	**354**	438
	1,282	2,563
Finance income		
– bank interest income	**520**	186
Total	**1,802**	2,749

7. Distribution and selling expenses

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Distribution agency fee	**746**	702
Freight charges	**1,905**	2,464
Freight insurance	**28**	53
Inspection fees	**44**	61
Others	**35**	3
Port handling charges	**43**	231
Shipping handling charges	**1**	91
Warehouse charges	**11**	44
	2,813	3,649

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

8. Finance costs

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Bank charges	**408**	126
Interest on bank loans	**3,132**	2,419
	3,540	2,545
Less: Finance costs capitalised into property, plant and equipment and construction in progress (Note 13)	**–**	(722)
	3,540	1,823

9. Loss before tax

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss before tax is stated after charging/(crediting) the following:		
Amortisation of land use rights	**54**	34
Depreciation of property, plant and equipment	**1,563**	304
Fair value gains on derivative financial instruments	**(11)**	–
Losses on disposal of property, plant and equipment	**26**	–
Material costs recognised as an expense in cost of sales	**149,975**	112,167
Net realised losses on derivative financial instruments	**65**	181
Rental expenses	**130**	145
Staff costs (including directors' emoluments)	**2,428**	2,576

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

10. Income tax

	Six months ended 31 October	
	2014	2013
	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	**23**	5
Under-provision in respect of prior periods	**20**	–
	43	5

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

(b) Tax on profits assessable in Singapore has been calculated at 17% for the six months ended 31 October 2014 (six months ended 31 October 2013: Nil).

(c) No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived in Hong Kong for the six months ended 31 October 2014 (six months ended 31 October 2013: Nil).

(d) Tax on profits assessable in the PRC has been provided at 25% for the six months ended 31 October 2014 (six months ended 31 October 2013: 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 2014, the Group has recognised tax losses of approximately US$26,879,000 (unaudited) (30 April 2014 (audited): US$18,478,000) 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$5,664,000 (unaudited) (30 April 2014 (audited): US$3,814,000) 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

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 2014.

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	**(9,137)**	(4,209)

	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 2014 and 2013 and therefore the diluted loss per share amounts for those periods were the same as the basic loss per share amounts.

12. Dividend

Dividends attributable to the interim period

	Six months ended 31 October	
	2014	2013
	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$Nil (2013: S$1.0) cent per share	**–**	1,353
	–	1,353

No interim dividend was proposed by the Directors for the six months ended 31 October 2014 and 2013.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

13. Property, plant and equipment

During the six months ended 31 October 2014, the Group acquired items of property, plant and equipment with cost of approximately US$430,000 (six months ended 31 October 2013: approximately US$9,670,000).

The Group's construction work in progress included finance costs arising from bank loans borrowed specifically for the purpose of the construction of manufacturing plant in the PRC. During the interim period ended 31 October 2014, no finance costs capitalised as cost of construction work in progress (30 April 2014 (audited): approximately US$971,000). During the year ended 30 April 2014, the interest rate used to determine the amount of finance costs eligible for capitalisation was ranged from 5.2% to 5.3% per annum, which was the effective interest rate of the specific borrowing.

14. Trade and other receivables

	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Advance payment to suppliers	**15,513**	11,422
Trade and bills receivables	**27,982**	14,569
	43,495	25,991
Deposits	**578**	741
Temporary payment	**4**	1
Prepayments	**1,571**	1,618
Other receivables	**21,837**	10,260
Advance payment for property, plant and equipment	**1,871**	1,311
Non-trade balances due from a non-controlling shareholder (Note)	**–**	82
	25,861	14,013
	69,356	40,004

Note: The balance 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 2014

14. Trade and other receivables (Continued)

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

	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Current	20,093	10,344
Less than 1 month past due	1,281	2,762
1 to 3 months past due	5,572	1,156
3 to 12 months past due	1,036	307
Amount past due but not impaired	7,889	4,225
	27,982	14,569

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 2014, trade and bills receivables amounted to US$20,704,000 (30 April 2014 (audited): US$2,924,791) 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 2014

15. Trade and other payables

	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Trade and bills payables	**9,185**	12,358
Bills payable to banks	**66,907**	45,437
	76,092	57,795
Sales deposits received	**4,103**	1,464
Accrued operating expenses	**4,320**	4,069
Other payables	**10,493**	2,364
Other payables for property, plant and equipment	**5,200**	5,724
Non-trade balance due to a non-controlling shareholder (Note)	**314**	314
	24,430	13,935
	100,522	71,730

Note: The amount payable to 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 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Due within 3 months or on demand	**75,728**	44,804
Due after 3 months but within 6 months	**364**	12,991
	76,092	57,795

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

16. Derivative financial instruments

	As at 31 October 2014		As at 30 April 2014	
	Assets US$'000 (Unaudited)	**Liabilities US$'000 (Unaudited)**	Assets US$'000 (Audited)	Liabilities US$'000 (Audited)
Foreign currency time option contracts	**–**	**–**	–	37

There is no outstanding foreign currency time option contracts as at 31 October 2014.

17. Borrowings

	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Repayable more than one year		
Other loan, unsecured	**12,375**	–
Repayable within one year or on demand		
Bank loan, secured	**24,000**	24,000
Working capital loans, secured	**42,830**	43,856
Mortgage loan, secured	**591**	624
	67,421	68,480
Total	**79,796**	68,480

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 financed transactions;

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

(v) corporate guarantees of the Company.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

17. Borrowings (Continued)

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.

Other loan is unsecured, interest free and not repayable within 12 months from the end of the reporting period.

Bank loan was repayable within 24 months from December 2014, however, this loan included repayable on demand clause. At the end of the reporting period, the Group has breached certain financial covenants. Accordingly, the bank loan is classified under current liabilities.

Mortgage loan was repayable in 81 (30 April 2014 (audited): 87 months) equal monthly instalments of US$9,082 (30 April 2014 (audited): US$8,967) each commencing from 21 October 2014 (30 April 2014 (audited): 22 April 2014).

	As at 31 October 2014 % (Unaudited)	As at 30 April 2014 % (Audited)
The weighted average interest rates at the end of the reporting period are as follows:		
Bank loan	**5.05**	5.05
Working capital loans	**6.68**	5.40
Mortgage loan	**6.55**	6.55

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

17. Borrowings (Continued)

Breached of loan covenants

(i) Bank loan

The Group's bank loan agreement is subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The Group breached the financial covenants as required in relation to maintain the required minimum consolidated net worth and minimum consolidated current assets to consolidated current liabilities ratio.

At the end of the reporting period, the Group had drawndown the amount of US$24 million.

Due to these breaches of the covenants clauses, the bank is contractually entitled to request for immediate repayment of the outstanding loans. The outstanding loans are presented as current liabilities as at 31 October 2014.

Subsequent to the end of the reporting period, the Group obtained waiver letter in relation to the breach of financial covenants from the bank retrospective to its financial year ended 31 October 2014 and the bank has agreed not to demand payment as a consequence of these breaches of covenant clauses at 31 October 2014 up to the date of waiver letter, which is 12 December 2014.

(ii) Working capital loan

The Group's loan agreement for certain working capital loans are also subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The Group breached the financial covenants in relation to maintain minimum consolidated tangible net worth and minimum consolidated working capital.

At the end of the reporting period, the Group had utilised the amount totalling US$18,313,000 being bills receivables discounted to bank as disclosed in Note 22(a).

Subsequent to the end of the reporting period, the bank has informed the Group that despite of the non-compliance of certain financial covenants, the bank will continue provide credit facilities to the Group to meet its current and future credit requirements, subject to acceptable terms and conditions by the bank and usual vetting of the merits of the relevant requests.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

18. Share capital

	No. of ordinary shares	US$
Balance at 1 May 2013, 30 April 2014, 1 May 2014 and 31 October 2014	170,804,269	32,238,531

There was no change in the Company's share capital during the six months ended 31 October 2014 and the year ended 30 April 2014.

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 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Leasehold land and buildings	**11,772**	13,280
Construction work in progress	**288**	439
Plant and machinery	**56,551**	51,245
Land use rights	**2,683**	2,709
Inventories	**5,765**	8,580
Trade and bills receivables	**20,704**	2,925
Cash at bank and fixed deposits	**39,171**	34,041
Others	**56,956**	50,616
	193,890	163,835

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

20. Related party transactions

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

	Six months ended 31 October	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Directors' fee	**47**	46
Salaries, wages, allowances and benefits in kind	**571**	611
Contributions to defined contribution plans	**21**	14
	639	671

(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	
		2014	2013
		US$'000	US$'000
		(Unaudited)	(Unaudited)
Continuing			
Rental Office fee paid to related party	Note	**59**	59

Note: Charges paid to related parties for an office for daily operation of the Group.

(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.

21. Commitments

(a) Capital commitments

Capital commitments not provided for in the consolidated financial statements:

	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Expenditure for property, plant and equipment contracted for	**13,309**	15,438

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

21. Commitments (Continued)

(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 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Not later than one year	176	186
Later than one year but not later than five years	21	21
	197	207

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

22. Contingent liabilities

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

(a) Bills discounted with recourse

	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Discounted bills with recourse supported by letter of credit	18,313	4,881

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 October 2014

22. Contingent liabilities (Continued)

(b) Guarantees

	As at 31 October 2014 US$'000 (Unaudited)	As at 30 April 2014 US$'000 (Audited)
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**324,303**	356,221
Amounts utilised by subsidiaries	**82,312**	84,063

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.

23. Reconciliation between SFRSs and international financial reporting standards ("IFRSs")

For the six months ended 31 October 2014, there were no material differences between the consolidated financial statements of the Group prepared under SFRSs and IFRSs (which include all IFRS, International Accounting Standards and Interpretations).

24. Comparative figures

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

Corporate Information

Board of Directors

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

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

Audit Committee

Foo Teck Leong *(Chairman)*
Tang Chi Loong
Tse To Chung, Lawrence

Nominating Committee

Tang Chi Loong *(Chairman)*
Foo Teck Leong
Tse To Chung, Lawrence

Remuneration Committee

Tang Chi Loong *(Chairman)*
Foo Teck Leong
Tse To Chung, Lawrence

Company Secretaries

Lee Hock Heng
Chong Wai Man *(resigned on 1 July 2014)*
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

On or before 11 January 2015:
60 Albert Street
#08-12 OG Albert Complex
Singapore 189969
Tel: (65) 6323 2213
Fax: (65) 6323 2667

Since 12 January 2015:
20 Malacca Street
#06-00 Malacca Centre
Singapore 048979
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
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
(Appointed since 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
Jiangsu Xinghua Rural Commercial Bank Co. Ltd., Daduo Sub-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, Tianjin He Xi Sub-Branch