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NOVO GROUP LTD.
新源控股有限公司 *

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

UNAUDITED FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2014

The board (the "Board") of the directors (the "Directors") of Novo Group Ltd. (the "Company") is pleased to announce the unaudited final results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2014.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2014

	Note	**2014** ***US$'000*** **(Unaudited)**	2013 *US$'000* (Audited)
Revenue	*3*	**272,998**	284,203
Cost of sales		**(268,304)**	(270,726)
Gross profit		**4,694**	13,477
Other income	*5*	**3,327**	2,509
Distribution and selling expenses	*6*	**(6,143)**	(11,326)
Administrative expenses		**(9,029)**	(7,461)
Other operating expenses		**(1,962)**	(2,612)
Finance costs	*7*	**(5,292)**	(923)
Loss from operations	*8*	**(14,405)**	(6,336)
Income tax expense	*9*	**(45)**	(21)
Loss for the year		**(14,450)**	(6,357)
Loss for the year attributable to:			
Owners of the Company		**(13,213)**	(5,578)
Non-controlling interests		**(1,237)**	(779)
		(14,450)	(6,357)
Loss per share attributable to owners of the Company		***US Cents***	*US Cents*
– Basic and diluted	*10*	**(7.74)**	(3.27)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2014

	2014 *US$'000* (Unaudited)	2013 *US$'000* (Audited)
Loss for the year	**(14,450)**	(6,357)
Other comprehensive income:		
Exchange differences on translation of the Group's overseas operations, net of nil tax	**272**	295
Total comprehensive expense for the year	**(14,178)**	(6,062)
Total comprehensive expense attributable to:		
Owners of the Company	**(13,050)**	(5,314)
Non-controlling interests	**(1,128)**	(748)
	(14,178)	(6,062)

Details of the dividend for the year are disclosed in note 11 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2014 US$'000 (Unaudited)	2013 US$'000 (Audited) (Restated)	2012 US$'000 (Audited) (Restated)
Assets				
Non-current assets				
Property, plant and equipment		**73,269**	46,558	16,648
Land use right		**6,133**	3,091	3,129
Goodwill		**4**	98	–
Investment in associated companies		**–**	–	589
		79,406	49,747	20,366
Current assets				
Inventories		**16,571**	24,831	13,665
Derivative financial instruments		**–**	–	261
Trade and other receivables	*12*	**40,004**	54,988	41,918
Tax recoverable		**–**	6	45
Pledged bank deposits		**34,041**	9,178	12,252
Cash and cash equivalents		**12,780**	9,972	15,303
		103,396	98,975	83,444
Total assets		**182,802**	148,722	103,810
Equity and liabilities				
Share capital		**32,239**	32,239	32,239
Reserves		**3,781**	17,977	24,680
Total equity attributable to owners of the Company		**36,020**	50,216	56,919
Non-controlling interests		**4,897**	1,542	1,465
Total equity		**40,917**	51,758	58,384
Non-current liabilities				
Borrowings (secured)	*14*	**22,750**	18,650	5,000
Deferred income		**1,311**	184	186
		24,061	18,834	5,186
Current liabilities				
Trade and other payables	*13*	**71,730**	32,628	28,424
Deferred income		**294**	4	4
Derivative financial instruments		**37**	–	254
Borrowings (secured)	*14*	**45,730**	45,492	11,551
Tax payable		**33**	6	7
		117,824	78,130	40,240
Total liabilities		**141,885**	96,964	45,426
Total equity and liabilities		**182,802**	148,722	103,810
Net (current liabilities)/current assets	*15*	**(14,428)**	20,845	43,204
Total assets less current liabilities		**64,978**	70,592	63,570
Net assets		**40,917**	51,758	58,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2014

1. CORPORATE INFORMATION

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. 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

These consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the SEHK ("Hong Kong Listing Rules") and with Singapore Financial Reporting Standards (which include all Singapore Financial Reporting Standards ("SFRSs") and Interpretations of Singapore Financial Reporting Standard ("INT SFRSs") issued by the Singapore Accounting Standards Council.

These consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments which are stated at their fair values. These consolidated financial statements are presented in United States dollars ("US$") and all values in the tables are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

The adoption of the new and revised SFRSs and INT 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 consolidated financial statements and there have been no significant changes to the accounting policies applied in these consolidated financial statements as a result of these developments.

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

3. REVENUE

	2014	2013
	US$'000	*US$'000*
Sales of iron ore, steel products and coal	**196,770**	274,451
Tinplate manufacturing	**44,151**	9,752
Tinplate processing	**32,077**	–
	272,998	284,203

4. 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).

The Group has 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.

For the year ended 30 April 2014

	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	196,770	44,151	32,077	–	272,998
– intersegment sales	35,527	32,729	10,049	(78,305)	–
	232,297	76,880	42,126	(78,305)	272,998
Segment results	1,259	(1,946)	(182)	–	(869)
Other income	872	2,416	39	–	3,327
Other costs	(7,580)	(3,085)	(906)	–	(11,571)
Financial costs	(1,227)	(3,014)	(1,051)	–	(5,292)
Loss before taxation	(6,676)	(5,629)	(2,100)	–	(14,405)
Income tax credit/(expenses)	3	(48)	–	–	(45)
Net loss for the year	(6,673)	(5,677)	(2,100)	–	(14,450)

As at 30 April 2014

	Trading	Tinplate manufacturing	Tinplate processing	Eliminations	Total
Assets and liabilities					
Segment assets	147,412	142,281	45,010	(151,901)	182,802
Total assets	147,412	142,281	45,010	(151,901)	182,802
Segment liabilities	54,164	146,107	43,568	(101,954)	141,885
Total liabilities	54,164	146,107	43,568	(101,954)	141,885
Other segment information					
Capital expenditure	205	24,968	1,907	–	27,080
Depreciation	411	1,181	175	–	1,767
Non-cash items other than depreciation	366	(222)	339	–	483

For the year ended 30 April 2013

	Trading *US$'000*	Tinplate manufacturing *US$'000*	Tinplate processing *US$'000*	Eliminations *US$'000*	Total *US$'000*
Segment revenue to					
– sales to external customers	274,451	9,752	–	–	284,203
– intersegment sales	10,187	4,807	–	(14,994)	–
	284,638	14,559	–	(14,994)	284,203
Segment results	4,184	74	–	(544)	3,714
Other income	1,599	906	4	–	2,509
Other costs	(10,052)	(1,158)	(426)	–	(11,636)
Financial costs	(670)	(253)	–	–	(923)
Loss before taxation	(4,939)	(431)	(422)	(544)	(6,336)
Income tax expenses	(13)	(8)	–	–	(21)
Net loss for the year	(4,952)	(439)	(422)	(544)	(6,357)

As at 30 April 2013

	Trading *US$'000*	Tinplate manufacturing *US$'000*	Tinplate processing *US$'000*	Eliminations *US$'000*	Total *US$'000*
Assets and liabilities					
Segment assets	166,173	97,122	4,654	(119,227)	148,722
Total assets	166,173	97,122	4,654	(119,227)	148,722
Segment liabilities	36,417	95,867	5,440	(40,760)	96,964
Total liabilities	36,417	95,867	5,440	(40,760)	96,964
Other segment information					
Capital expenditure	2	30,177	13	–	30,192
Depreciation	425	128	29	–	582
Non-cash items other than depreciation	2,699	(551)	210	–	2,358

(ii) Geographical information

The turnover by geographical segments are based on the location of customers regardless of where the goods are produced.

The Group's operations are located in three 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:

	2014	2013
	US$'000	*US$'000*
North Asia *(Note i)*	**247,963**	180,539
South East Asia *(Note ii)*	**11,932**	103,576
Others *(Note iii)*	**13,103**	88
	272,998	284,203

Non-current assets by geographical markets:

	2014	2013
	US$'000	*US$'000*
North Asia *(Note i)*	**79,367**	49,644
South East Asia *(Note ii)*	**35**	5
	79,402	49,649
Goodwill	**4**	98
	74,406	49,747

Notes:

(i) Included the People's Republic of China (the "PRC" or "China"), Hong Kong and Macau, where approximately 90.8% (2013: approximately 57.8%) of the Group's revenue derived from the PRC.

(ii) Included Philippines, Singapore, Thailand, Indonesia, Vietnam and Malaysia, where approximately 4.4% (2013: approximately 28.0%) of the Group's revenue derived from Thailand.

(iii) Included Costa Rica, Italy and Mozambique etc.

5. OTHER INCOME

	2014	2013
	US$'000	*US$'000*
Amortisation of deferred income	**175**	4
Compensation received from suppliers and customers *(Note i)*	**257**	1,112
Government grants *(Note ii)*	**1,192**	554
LC agency income	**18**	–
Other freight income	**47**	–
Rental income	**–**	32
Sundry income	**1,242**	376
Transportation income	**–**	113
	2,931	2,191
Bank interest income	**396**	318
Total	**3,327**	2,509

Note:

(i) It represents one-off compensation received from customers and suppliers for price differences and demurrage claims derived from normal course of business.

(ii) Subsidiaries incorporated in the PRC received one-off incentive from the government of the People's Government of Daduo, Xing Hua Shi, the PRC as appreciation of project contribution. The grant is recognised as income upon receipt.

6. DISTRIBUTION AND SELLING EXPENSES

	2014	2013
	US$'000	*US$'000*
Agency fees	**–**	123
Compensation	**65**	98
Distribution agency fees	**1,495**	2,610
Freight charges	**4,057**	7,153
Freight insurance	**73**	127
Inspection fee	**68**	252
Others	**–**	106
Port handling charges	**250**	555
Shipping handling charges	**91**	155
Transportation charges	**–**	93
Warehouse charges	**44**	54
	6,143	11,326

7. FINANCE COSTS

	2014	2013
	US$'000	*US$'000*
Bank charges	**561**	349
Interest on bank loans	**5,702**	1,756
Less: finance costs capitalised in construction in progress *(Note)*	**(971)**	(1,182)
	5,292	923

Note: The Group's construction in progress included finance costs arising from bank loan borrowed specifically for the construction of manufacturing plant in Jiangsu, the PRC. During the current year, the finance costs of US$971,407 (2013: US$1,182,589) at the rates of 5.2% to 5.3% (2013: 5.2% – 5.3%) per annum have been capitalised.

8. LOSS FROM OPERATIONS

Loss from operations is stated after charging/(crediting) the following:

	2014	2013
	US$'000	*US$'000*
Auditor's remuneration	**193**	166
Amortisation of land use right	**89**	155
Depreciation of property, plant and equipment	**1,678**	427
Fair value loss on derivative financial instruments	**37**	7
Impairment loss of receivable	**314**	835
Written off of inventories	**278**	–
Written down of inventories	**616**	–
Loss on disposal of an associated company	**–**	98
Loss on disposal of property, plant and equipment	**1**	217
Material costs recognised as an expense in cost of sales	**268,304**	269,566
Net exchange gains	**(68)**	(471)
Net realised loss on derivative financial instruments	**196**	172
Pre-operating expenses	**1**	1
Rental expenses	**288**	285
Staff costs (including directors' emoluments)	**5,195**	4,220
Written off of amount due from associated companies	**–**	1,759
Written off of goodwill	**94**	–
Written off of property, plant and equipment	**–**	41

9. INCOME TAX EXPENSE

	2014	2013
	US$'000	*US$'000*
Current tax – Overseas Tax		
Provision for the year	**49**	15
(Over)/under provision in respect of prior years	**(4)**	6
	45	21

The Company is incorporated in Singapore and no assessable profit is derived for the years ended 30 April 2014 and 2013. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

10. LOSS PER SHARE

Basic and diluted loss per share is calculated based on the Group's loss for the year attributable to the owners of the Company divided by the weighted average number of ordinary shares outstanding during the years ended 30 April 2014 and 2013.

	2014	2013
	US$'000	*US$'000*
Loss for the year attributable to owners of the Company	**(13,213)**	(5,578)

	Number of ordinary shares	
	2014	2013
	'000	*'000*
Weighted average number of ordinary shares	**170,804**	170,804

There were no potentially dilutive ordinary shares in existence during the years ended 30 April 2014 and 2013 and therefore the diluted loss per share amounts for those years were the same as the basic loss per share amounts.

11. DIVIDEND

	2014	2013
	US$'000	*US$'000*
Final tax exempt (one-tier) dividend paid in respect of the previous financial year ended 30 April 2013, approved and paid during the year, of 1.0 Singapore cent per share (2013: 1.0 Singapore cent per share in respect of the financial year ended 30 April 2012)	**1,354**	1,389

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2014 (30 April 2013: 1.0 Singapore cent per share).

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	US$'000	*US$'000*
Advance payment to suppliers	**11,422**	13,544
Trade and bills receivables	**14,569**	9,146
	25,991	22,690
Deposits	**742**	119
Temporary payment	**1**	3
Prepayments	**1,618**	1,837
Other receivables and deposits for property, plant and equipment	**11,571**	29,900
Non-trade balances due from a non-controlling shareholder	**81**	439
	14,013	32,298
	40,004	54,988

The receivables from a non-controlling shareholder is unsecured, interest free and repayable on demand.

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

	2014	2013
	US$'000	*US$'000*
Current	**8,850**	9,105
Less than 1 month past due	**3,430**	41
1 to 3 months past due	**1,981**	–
3 to 12 months past due	**308**	–
Amount past due	**5,719**	41
	14,569	9,146

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

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

As at 30 April 2014, trade and bills receivables amounted to US$2,924,791 (30 April 2013: US$6,298,406) are pledged as securities for banking facilities granted to the Group.

13. TRADE AND OTHER PAYABLES

	2014	2013
	US$'000	*US$'000*
Trade and bills payables	**57,795**	14,597
Sales deposits received	**1,464**	382
Accrued operating expenses	**4,069**	3,489
Other payables	**–**	3,037
Other payables for property, plant and equipment	**8,088**	10,809
Non-trade balances due to a non-controlling shareholder	**314**	314
	13,935	18,031
	71,730	32,628

The 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 was as follows:

	2014 *US$'000*	2013 *US$'000*
Due within 3 months or on demand	**44,804**	12,116
Due after 3 months and within 6 months	**12,991**	2,481
	57,795	14,597

14. BORROWINGS (SECURED)

	2014 *US$'000*	2013 *US$'000*
Repayable more than one year		
Bank loan	**22,750**	18,650
Payable within one year or on demand		
Bank loan	**1,250**	5,350
Inventory loans	**–**	8,400
Mortgage loan	**624**	682
Revolving loan	**19,020**	7,979
Term loans – 1	**24,836**	19,692
Term loan – 2	**–**	804
Trust receipt loans	**–**	2,585
	45,730	45,492
Total	**68,480**	64,142

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

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

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

- legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;
- legal pledge of leasehold land, construction in progress, plant and equipment;
- share charge on a subsidiary;
- floating mortgage; and
- corporate guarantees of the Company.

The bank borrowings as at 30 April 2014 are repayable as follows:

Bank loan as at 30 April 2014 and 2013 was repayable within 24 months after drawdown date, US$1.25 million was repayable within one year (2013: approximately US$5.35 million).

Mortgage loan – this mortgage loan is repayable in 87 (2013: 99) equal monthly instalments of US$8,967 (US$8,967) each commencing from 22 April 2014 (2013: 21 April 2013).

Term loans – 1 as at 30 April 2014 were repayable within 154 days to 365 days from the grant dates.

Revolving loan as at 30 April 2014 was repayable within 3 months from drawdown date.

There were no inventory loans, term loan 2 and trust receipt loans as at 30 April 2014. Inventory loans at 30 April 2013 were repayable within 42 days from the withdraw date. Term loan – 2 at 30 April 2013 was repayable within 181 days from the withdraw date. Trust receipt loans at 30 April 2013 were repayable within 60 days to 90 days from the withdraw date.

	2014	2013
	%	%
The weighted average interest rates at the end of the reporting period were as follows:		
Bank loans	**5.05**	5.30
Inventory loans	**N/A**	2.58
Mortgage loan	**6.55**	6.57
Revolving loan	**2.57**	2.11
Term loans – 1	**5.81**	6.55
Term loan – 2	**N/A**	7.20
Trust receipt loans	**N/A**	2.30

15. SUBSEQUENT EVENT

Subsequent to 30 April 2014, the Company successfully obtained a long-term credit facility of up to US$12 million from its strategic partner to facilitate the working capital requirement of the Group and the strategic partner will not demand repayment of this US$12 million within 12 months from the year end date. The full amount had been received by the Company in June 2014.

16. COMPARATIVE FIGURES

During the financial year, the Group reclassifies the land use rights from property, plant and equipment and present it as a separate line item on the statement of financial position. Certain comparative figures have been reclassified to conform with the current year's presentation.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2014. (30 April 2013: 1.0 Singapore cent per share)

BUSINESS REVIEW

Review of Performance

Revenue

The Group's revenue was approximately US$273.0 million for the year ended 30 April 2014 ("FY2014"), representing a decrease of approximately 3.9% as compared with approximately US$284.2 million for the year ended 30 April 2013 ("FY2013").

Revenue from international steel trade business, major business segment, accounted for approximately 64.5% or US$176.0 million and 71.9% or US$204.5 million of the Group's total revenue in FY2014 and FY2013, respectively. Revenue from tinplate manufacturing contributed approximately 16.2% or US$44.2 million in FY2014 while revenue from tinplate processing contributed approximately 11.8% or US$32.1 million in FY2014. Domestic trade business accounted for approximately 3.5% and 5.3% in FY2014 and FY2013, representing approximately US$9.8 million and US$15.0 million in FY2014 and FY2013, respectively. Resulted from the fall of coal products price and soft demand, revenue from the coal segment was approximately US$10.9 million and US$12.0 million in FY2014 and FY2013, where accounted for approximately 4.0% and 4.2% of the Group's total revenue in FY2014 and FY2013, respectively.

In terms of geographical contribution, North Asia market remains the Group's main market, and accounted for approximately US$248.0 million of the Group's total revenue in FY2014, compared to approximately US$180.5 million in FY2013. North Asia market contributed approximately 90.8% and 63.5% of total revenue in FY2014 and FY2013 respectively. Revenue derived from South East Asia market decreased from approximately US$103.6 million in FY2013 to approximately US$11.9 million in FY2014. The South East Asia market accounted for approximately 4.4% and 36.5% of Group's total revenue in FY2014 and FY2013, respectively. Other regions contributed approximately US$13.1 million revenue, representing approximately 4.8% of the Group's total revenue in FY2014.

Gross Profit

The Group's gross profit for FY2014 amounted to approximately US$4.7 million, representing a decrease of approximately 65.2% as compared with approximately US$13.5 million in FY2013. The Group's gross profit margin decreased from approximately 4.7% in FY2013 to approximately 1.7% in FY2014. 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$2.5 million in FY2013 to approximately US$3.3 million in FY2014. Such an increase was mainly arising from increase in approximately US$0.6 million of government grant and subsidies recorded in FY2014.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 45.8% from approximately US$11.3 million in FY2013 to approximately US$6.1 million in FY2014, such a decrease was mainly due to the changes of the trading terms in the international trading business, caused by the reciprocal change in gross profit. Freight charges was decreased by approximately 43.0% from approximately US$7.2 million in FY2013 to approximately US$4.1 million in FY2014.

Administrative expenses

Administration expenses increased from approximately US$7.5 million in FY2013 to approximately US$9.0 million in FY2014. Such an increase was primarily due to the increase in staff costs as a result of new projects being developed, namely tinplate manufacturing project in Jiangsu and tinplate processing in Tianjin, as well as the expanded management team.

Finance costs

The finance costs were up from US$0.9 million in FY2013 to approximately US$5.3 million in FY2014, which was primarily due to increase in working capital of Jiangsu tinplate manufacturing and Tianjin tinplate processing businesses.

Review of Financial Position

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$26.7 million from approximately US$46.6 million as at 30 April 2013 to approximately US$73.3 million as at 30 April 2014. 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$22.1 million in the current reporting 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 significantly by approximately US$8.2 million from approximately US$24.8 million as at 30 April 2013 to approximately US$16.6 million as at 30 April 2014.

Trade and other receivables

Trade and other receivables decreased from approximately US$55.0 million as at 30 April 2013 to approximately US$40.0 million as at 30 April 2014. Distribution of trade receivables and other receivables were approximately 36.3% (approximately US$14.5 million) and 63.7% (approximately US$25.5 million) of total receivables as at 30 April 2014, 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 receivables as at 30 April 2014 was resulted from higher revenue was recorded near to the end of the reporting date.

Trade and other payables

Trade and other payables increased from approximately US$32.6 million as at 30 April 2013 to approximately US$71.7 million as at 30 April 2014. Distribution of trade payables and other payables were approximately 80.6% (approximately US$57.8 million) and 19.4% (approximately US$13.9 million) of total payables as at 30 April 2014 compared to approximately 44.8% (approximately US$14.6 million) and 55.2% (US$18.0 million) of total payables as at 30 April 2013. The increase of trade and other payables was mainly due to the increase of trade and bills payables.

Liquidity and financial resources

The Group's borrowings increased by approximately US$4.4 million from approximately US$64.1 million as at 30 April 2013 to approximately US$68.5 million as at 30 April 2014. Borrowings related to the Jiangsu manufacturing plant increased by approximately US$5.1 million from approximately US$43.7 million as at 30 April 2013 to approximately US$48.8 million as at 30 April 2014, representing approximately 68.2% and 71.2% of total borrowings as at 30 April 2013 and 2014 respectively.

An aggregate of cash and cash equivalents and pledged bank deposits increased by approximately US$27.6 million from approximately US$19.2 million as at 30 April 2013 to approximately US$46.8 million as at 30 April 2014.

Total cash and bank balance represents approximately 114.4% of the Group's net assets value as at 30 April 2014 (30 April 2013: approximately 37.0%).

FUTURE PROSPECTS

Looking forward, the Group anticipates an improved, though very mixed, operating environment in the financial year ending 2015 ("FY2015"). In order to response to the market, we have adjusted our business strategy in accordance with the current state of operation. We aim to maintain our competitive edge through astute expansion, careful strategic planning and vigilant cost control. We have full confidence in the prospects of the Group in the middle term. In the future, the Group will remain focused on its core business. While preparing for market rebound through enhancing the Group's competitiveness, the Group will be staying close with the market and firmly grasp the enormous opportunities brought by burgeoning food and beverage sector to continuously develop the metal packaging operations.

BUSINESS UPDATE

Trading business

With the Europe's fundamental economic problems remain unresolved, economy of United States ("US") is still overshadowed by a considerable uncertainty as well as the concerns of ongoing slowdown in Mainland China's economic growth, the Group will continue to expect challenges in the first half of FY2015. Nevertheless, there are positive signs that the recovery of the global economy is underway at a modest pace. Europe is emerging from recession steadily, US economy continues its recovery which has a stabilising effect on exports in China, the Group believes these may provide opportunities to steel and raw materials trading business in global market. In the past few months, China's traders and power plants have been trying best to reduce their inventories. The Group believes that after such heavy destocking, the demand of steel and coal products are likely to improve modestly in the first half of FY2015 and range-bound steel and commodity prices are expected. The Group is staying close to the market on such changes and will react positively to capture any lead advantage opportunities.

Tinplate manufacturing business

The tinplate manufacturing project in Jiangsu, the key development 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 Asia. Meanwhile, we have broadened our customer base to include world-renowned packaging corporations in 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, in the coming months, 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.

Lamination metal project

Over the last few months, the Group has been making continuous progress. The capital injection of the Group's subsidiary, Novowell Lamination Technology (Taizhou) Limited ("Novowell Lamination"), was completed in February 2014. The Group and the Japanese joint venture partner are holding 90.1% and 9.9% equity interests in Novowell Lamination respectively.

The Group is applying official licenses from various government authorities and once all approval obtained, the construction of project will commence. Meanwhile, planning and design of new plant and equipment are underway. The Group is working tightly with local authorities, construction designers and joint venture partner to ensure the new project will be binding with local environmental regulations and best fitted to market demand. The Group anticipates that the commencement of construction will start soon, with the aim to sustain business growth and become a new profit driver for the Group.

Tinplate processing business

Tianjin Shifa Novo Technology Development Limited (formerly known as Novo Development (Tianjin) Limited) has been progressing well since commencement in the first half of the financial year ended 2014. With the core focus market in Northern China, the plant is primarily focusing on serving various food and beverage packaging industry in pursuits of stringent food content requirements. The opportunities in Northern China, like Shandong province and Tianjin, are particularly attractive as these regions are the manufacturing base for food and beverage in China, where the demand for tinplate processing is expected to grow strongly. The key customer groups are can-makers and food and beverage manufacturers. The Group has customers engaged in long term contract that has a regular demand for quality food and beverage products and services. Those customers include renowned canned tomato puree producers and leading metal can-makers in China. Novo understands the importance of quality products, flexibility and promptness delivery. The Group's marketing team is constantly in-touch with the customers while engineers and technical specialists offer professional advice and engineering solutions. The Group's in-depth product knowledge, service engineering expertise and years of tinplate processing experience, enable the Group to respond quickly and accurately to the needs of our customers.

With a view to capture the lucrative business opportunity in the Northern China, the Group is currently evaluating the development of the second phase and expansion of the processing facilities in Tianjin during FY2015. It is expected that the expansion of the processing facilities will feature new slitting lines and state-of-the-art metal printing lines that serves the premium metal packaging market with complex requirements. The Group is optimistic for the value added services provided by the new printing lines as it builds up competence close to metal packaging end users while carries higher margins. Through such expansion, the Group will be able to fulfill market demands with a broader range of products and services which will help attract more customers and in turn enhance the market share and profit margins.

SUPPLEMENTARY INFORMATION

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

For the year ended 30 April 2014, there were no material differences between the consolidated financial statements of the Group prepared under SFRSs and IFRSs (which include all IFRSs, International Accounting Standards and Interpretations).

Operational and Financial Risks

Market Risk

The major market risks of the Group include changes in the average selling and purchase prices of key products, and fluctuations in interest and exchange rates.

Commodity Price Risk

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and purchase costs.

Interest Rate Risk

The major market interest rate risk that the Group is exposed to includes the Group's borrowings which are subject to floating interest rates.

Foreign Exchange Risk

The Group's revenue and costs are primarily denominated in United States dollars. Some costs may be denominated in Hong Kong dollars, Renminbi or Singapore dollars.

Inflation and Currency Risk

According to the data released by the National Bureau of Statistics of China, the consumer price index (CPI) went up by 1.8% in the year ended 30 April 2014, as compared to 2.4% in the year ended 30 April 2013. Such inflation in the PRC did not have a significant effect on the Group's operating results.

Liquidity Risk

The Group monitors its risk exposure to shortage of funds. The Group regular review the maturity of its financial investments assets (e.g., trade receivables and other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of available bank loans and bank facilities.

Gearing Risk

The Group monitors its capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 April 2014 and 2013.

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

	Group	
	2014	2013
	US$'000	*US$'000*
Discounted bills with recourse supported by letter of credit	**4,881**	8,501

(b) Guarantees

	Company	
	2014	2013
	US$'000	*US$'000*
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**356,221**	489,706

The Company has issued corporate guarantees to banks for bank 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 recognized in the financial statements of the Company as the requirements to reimburse are remote and the Company does not expect to incur material losses under these corporate guarantees.

Material Litigation and Arbitration

As at 30 April 2014, the Group was not involved in any material litigation or arbitration.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2014, the Group had total cash and bank balances of approximately US$46.8 million (30 April 2013: US$19.2 million). The gearing ratio, calculated as a percentage of net debt to equity, was 78% (30 April 2013: 63%) as at 30 April 2014. In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future.

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 year ended 30 April 2014.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2014, the Group had a total of 418 (30 April 2013: 339) full-time employees. The Group determines its staff's remuneration based on factors such as qualifications, years of experience, market conditions and performance of the individual employees. The Company does not have share option scheme for its employees.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended 30 April 2014, including the accounting principles and standards adopted by the Group. It has also discussed and review accounting, internal controls, and financial reporting matters of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code (the "HK CG Code") contained in Appendix 14 of the Hong Kong Listing Rules for the year ended 30 April 2014, 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 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code for the year ended 30 April 2014.

PUBLICATION OF THE RESULTS ANNOUNCEMENT

This unaudited final results announcement shall be published on the websites of the Company (www.novogroupltd.com), SEHK (www.hkex.com.hk) and SGX-ST (www.sgx.com).

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

Hong Kong, 24 June 2014

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