

**NOVO GROUP LTD.**  
(Incorporated in Singapore)  
(Company Registration No. 198902648H)

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 JULY 2015**

**PART I INFORMATION REQUIRED FOR FIRST QUARTER ANNOUNCEMENT**

The board of directors (the “Board”) of Novo Group Ltd. (the “Company”, and, together with its subsidiaries, the “Group”) wishes to announce the following unaudited results of the Group for the first quarter ended 31 July 2015.

1. (a)(i) **An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Income Statement for the First Quarter ended 31 July 2015**

	<b>The Group</b>		
	<b>3 months period ended</b>		
	<b>31 July 2015</b>	<b>31 July 2014</b>	<b>Increase/ (Decrease)</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>%</i>
Revenue	<b>22,895</b>	62,607	-63.4%
Cost of sales	<b>(22,933)</b>	(63,055)	-63.6%
Gross loss	<b>(38)</b>	(448)	-91.5%
Other income	<b>963</b>	851	13.2%
Distribution and selling expenses	<b>(571)</b>	(1,896)	-69.9%
Administrative expenses	<b>(2,792)</b>	(2,333)	19.7%
Other expenses	–	(147)	NM
Finance costs	<b>(921)</b>	(1,419)	-35.1%
Loss before tax	<b>(3,359)</b>	(5,392)	-37.7%
Income tax expenses	<b>(6)</b>	(9)	-33.3%
Loss for the period	<b><u>(3,365)</u></b>	<b><u>(5,401)</u></b>	<b><u>-37.7%</u></b>
<b>Attributable to:</b>			
Owners of the Company	<b>(3,166)</b>	(5,058)	
Non-controlling interests	<b>(199)</b>	(343)	
	<b><u>(3,365)</u></b>	<b><u>(5,401)</u></b>	

NM – not meaningful

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**Consolidated Statement of Comprehensive Income**

	<b>The Group</b>		
	<b>3 months period ended</b>		
	<b>31 July 2015</b>	31 July 2014	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	%
Loss for the period	(3,365)	(5,401)	-37.7%
<b>Other comprehensive loss:</b>			
<b>Item that may be reclassified subsequently   to profit or loss:</b>			
Exchange differences on translation of the Group's foreign operations, net of tax	(51)	(273)	-81.3%
Total comprehensive loss for the period	(3,416)	(5,674)	-39.8%
<b>Attributable to:</b>			
Owners of the Company	(3,214)	(5,212)	
Non-controlling interests	(202)	(462)	
	(3,416)	(5,674)	

**1. (a)(ii) Notes to the Income Statement and Statement of Comprehensive Income**

	<b>The Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2015</b>	31 July 2014
	<i>US\$'000</i>	<i>US\$'000</i>
Loss for the period is stated after charging/(crediting):		
Amortisation of deferred income	(68)	(77)
Amortisation of land use rights	27	27
Bad debts written off	8	–
Depreciation of property, plant and equipment	733	572
Fair value gain on derivative financial instruments	–	(11)
Interest expense	879	1,167
Interest income	(241)	(294)
Loss on disposal of property, plant and equipment	–	26
Net foreign exchange (gains)/losses	(48)	55
Net realised gains on derivative financial instruments	–	104
Reversal of inventories written down	(195)	–

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1. (b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**Statements of Financial Position**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 31 July 2015 US\$'000</b>	<b>As at 30 April 2015 US\$'000</b>	<b>As at 31 July 2015 US\$'000</b>	<b>As at 30 April 2015 US\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	72,518	73,131	–	–
Land use rights	5,670	5,701	–	–
Goodwill	4	4	–	–
Investments in subsidiaries	–	–	<b>121,815</b>	123,429
	<b>78,192</b>	78,836	<b>121,815</b>	123,429
<b>Current assets</b>				
Inventories	3,215	3,920	–	–
Trade and other receivables	45,411	42,373	23	23
Derivative financial instruments	–	11	–	–
Cash and cash equivalents	33,369	33,458	10	41
	<b>81,995</b>	79,762	<b>33</b>	64
<b>Total assets</b>	<b>160,187</b>	158,598	<b>121,848</b>	123,493
<b>Non-current liabilities</b>				
Borrowings	5,280	18,445	–	–
Deferred income	895	964	–	–
	<b>6,175</b>	19,409	–	–
<b>Current liabilities</b>				
Trade and other payables	65,991	63,451	<b>10,899</b>	12,368
Deferred income	310	310	–	–
Borrowings	74,513	58,821	–	–
Tax payable	82	75	–	–
	<b>140,896</b>	122,657	<b>10,899</b>	12,368
<b>Total liabilities</b>	<b>147,071</b>	142,066	<b>10,899</b>	12,368
<b>Net assets</b>	<b>13,116</b>	16,532	<b>110,949</b>	111,125

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	The Group		The Company	
	As at 31 July 2015 <i>US\$'000</i>	As at 30 April 2015 <i>US\$'000</i>	As at 31 July 2015 <i>US\$'000</i>	As at 30 April 2015 <i>US\$'000</i>
<b>Equity</b>				
Share capital	32,239	32,239	108,740	108,740
Accumulated losses	(25,650)	(22,446)	(392)	(216)
Foreign currency translation reserve	1,391	1,439	–	–
Statutory reserve	33	33	–	–
Other reserve	2,870	2,832	2,601	2,601
Total equity attributable to owners of the Company	10,883	14,097	110,949	111,125
Non-controlling interests	2,233	2,435	–	–
<b>Total equity</b>	<b>13,116</b>	<b>16,532</b>	<b>110,949</b>	<b>111,125</b>

**1. (b)(ii) Aggregate amount of group's borrowings and debt securities**

	The Group		The Group	
	As at 31 July 2015		As at 30 April 2015	
	Secured	Unsecured	Secured	Unsecured
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Amount repayable in one year or less	60,911	13,602	58,821	–
Amount repayable after one year	–	5,280	–	18,445

Details of any collateral:

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 fixed deposits;
- 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.

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The Group's borrowings for the project loan granted to one of the 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 work-in-progress, plant and machinery;
- share charge on a subsidiary;
- floating mortgage; and
- corporate guarantees of the Company.

**1. (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statement of Cash Flows**

	<b>The Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2015</b>	<b>31 July 2014</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Cash flows from operating activities</b>		
Loss before tax	(3,359)	(5,392)
Adjustments for:		
Amortisation of deferred income	(68)	(77)
Amortisation of land use rights	27	27
Bad debts written off	8	–
Depreciation of property, plant and equipment	733	572
Fair value gains on derivative financial instruments	–	(11)
Interest expense	879	1,167
Interest income	(241)	(294)
Loss on disposal of property, plant and equipment	–	26
Net realised gains on derivative financial instruments	–	(104)
Reversal of inventories written down	(195)	–
	(2,216)	(4,086)
Operating cash flows before movements in working capital	(2,216)	(4,086)
Inventories	900	1,928
Trade and other receivables	(3,045)	(12,595)
Trade and other payables	2,395	18,954
Currency translation differences	2	(200)
	2	(200)

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	<b>The Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2015</b>	<b>31 July 2014</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Cash (used in)/generated from operations</b>	<b>(1,964)</b>	4,001
Income tax paid, net	<b>(32)</b>	(34)
Interest income received	<b>241</b>	294
	<b>(1,755)</b>	4,261
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	–	2
Purchase of property, plant and equipment	<b>(119)</b>	(3,067)
Acquisition of land use rights	–	(382)
Net cash received from realised derivative financial instruments	<b>11</b>	104
	<b>(108)</b>	(3,343)
<b>Cash flows from financing activities</b>		
Repayment to non-controlling shareholder	<b>(63)</b>	–
Increase in pledged deposits	<b>(166)</b>	(5,952)
Net proceeds from/(settlement of) short-term borrowings and bills payable	<b>2,966</b>	(2,233)
Drawdown of long-term bank borrowings	–	16,844
Repayments of long-term bank borrowings	<b>(250)</b>	(1,250)
Interest expense paid	<b>(879)</b>	(1,167)
	<b>1,608</b>	6,242
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(255)</b>	7,160
Cash and cash equivalents at beginning of period	<b>1,074</b>	12,780
	<b>819</b>	19,940
<b>Cash and cash equivalents at end of period</b>	<b>819</b>	19,940
Cash and cash equivalents are represented by:		
Cash and bank balances and fixed deposits	<b>33,369</b>	59,933
Less: Fixed deposits pledged	<b>(32,550)</b>	(39,993)
	<b>819</b>	19,940
	<b>819</b>	19,940

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1. (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**Statement of Changes in Equity**

	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Other Reserve US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>Group</b>								
Balance at 1 May 2014	32,239	(190)	1,258	33	2,680	36,020	4,897	40,917
Total comprehensive loss for the period	–	(5,058)	(154)	–	–	(5,212)	(462)	(5,674)
<b>Balance at 31 July 2014</b>	<b>32,239</b>	<b>(5,248)</b>	<b>1,104</b>	<b>33</b>	<b>2,680</b>	<b>30,808</b>	<b>4,435</b>	<b>35,243</b>
Balance at 1 May 2015	32,239	(22,446)	1,439	33	2,832	14,097	2,435	16,532
Transfer to other reserve	–	(38)	–	–	38	–	–	–
Total comprehensive loss for the period	–	(3,166)	(48)	–	–	(3,214)	(202)	(3,416)
<b>Balance at 31 July 2015</b>	<b>32,239</b>	<b>(25,650)</b>	<b>1,391</b>	<b>33</b>	<b>2,870</b>	<b>10,883</b>	<b>2,233</b>	<b>13,116</b>

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	Share capital <i>US\$'000</i>	(Accumulated losses)/ Retained earnings <i>US\$'000</i>	Other Reserve <i>US\$'000</i>	Total equity <i>US\$'000</i>
<b><u>Company</u></b>				
<b>Balance at 1 May 2014</b>	108,740	594	2,601	111,935
Loss and total comprehensive loss for the period	—	(89)	—	(89)
<b>Balance at 31 July 2014</b>	<b><u>108,740</u></b>	<b><u>505</u></b>	<b><u>2,601</u></b>	<b><u>111,846</u></b>
<b>Balance at 1 May 2015</b>	108,740	(216)	2,601	111,125
Loss and total comprehensive loss for the period	—	(176)	—	(176)
<b>Balance at 31 July 2015</b>	<b><u>108,740</u></b>	<b><u>(392)</u></b>	<b><u>2,601</u></b>	<b><u>110,949</u></b>

1. (d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There was no change in the Company's share capital since the end of the previous period reported on. As at 31 July 2015 and 30 April 2015, the Company's issued and fully paid-up shares were 170,804,269 ordinary shares with voting rights.

There were no outstanding convertibles as at 31 July 2015 and 31 July 2014.

There were neither treasury shares nor share option outstanding as at 31 July 2015 and 31 July 2014.

1. **(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	<b>The Company</b>	
	<b>As at 31 July 2015</b>	<b>As at 30 April 2015</b>
Total number of issued shares, excluding treasury shares	<b>170,804,269</b>	170,804,269

There were no treasury shares as at 31 July 2015 and 30 April 2015.

1. **(d)(iv) A statement showing all sales, transfers, disposal and cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

2. **Where the figures has been audited or reviewed, and in accordance with which auditing standard or practice**

The financial information as set out in section 1, 4, 5 and 6 of this announcement have been extracted from the consolidated condensed interim financial information that have been reviewed in accordance with Singapore Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

3. **Where the figures have been audited or reviewed, the auditor’s report (including any qualifications or emphasis of a matter)**

Please refer to the review report from the Independent Auditor as enclosed in Annexure 1.

4. **Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the most recently audited financial statements for the year ended 30 April 2015, except for the adoption of new/revised Financial Reporting Standards (“FRS”) and interpretations of FRS (“INT FRS”) applicable to the Group for the financial period beginning on or after 1 May 2015.

The adoption of new/revised FRS and INT FRS have no material financial impact on the financial statements for the current and prior reporting periods.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Please refer to Item 4 above.

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6. **(Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	<b>The Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2015</b>	<b>31 July 2014</b>
	<i>(in US Cents)</i>	<i>(in US Cents)</i>
Loss per ordinary shares:		
(a) Based on weighted average number of ordinary shares on issued; and	<b>(1.85)</b>	(2.96)
(b) On a fully diluted basis	<b>(1.85)</b>	(2.96)
Details:		
Loss attributable to shareholders (stated in US\$'000)	<b>(3,166)</b>	(5,058)

	<b>Number of shares (stated in '000)</b>	
	<b>3 months period ended</b>	
	<b>31 July 2015</b>	<b>31 July 2014</b>
Weight average number of ordinary shares	<b>170,804</b>	170,804

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **Current financial period reported on; and**  
(b) **Immediately preceding financial year**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 31 July 2015</b>	<b>As at 30 April 2015</b>	<b>As at 31 July 2015</b>	<b>As at 30 April 2015</b>
	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>
Net assets value per ordinary share based on issued share capital of the issuer	<b>7.7</b>	9.7	<b>65.0</b>	65.1
Number of shares in issue as at end of period ('000)	<b>170,804</b>	170,804	<b>170,804</b>	170,804

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### **Review of Performance**

For the first quarter ended 31 July 2015 ("1QFY2016"), the trading segment maintains usual active business status, the tinplate manufacturing segment is dormant for temporary suspension and it is expected to resume to normal operation once the additional funding comes in, whereas the tinplate processing segment continues.

The Group's recorded total approximately US\$3.4 million loss after tax for 1QFY2016, the Group believes that with the potential strategic investment in the near future, the Group's business will resume to climb in the next half of FY2016.

### **Revenue**

The Group's revenue decreased by approximately 63.4% from approximately US\$62.6 million for the three months period ended 31 July 2014 ("1QFY2015") to approximately US\$22.9 million for 1QFY2016. The revenue was attributable to contributions from the international trading and tinplate processing plant in Tianjin, and 1% sales comes from selling of closing stocks from tinplate manufacturing segment.

Revenue from international steel trade business, major business segment, accounted for approximately 73.6% of the Group's total revenue for 1QFY2016, representing approximately US\$16.6 million. Revenue from tinplate processing contributed approximately 26.3% for 1QFY2016, representing approximately US\$6 million.

### **Gross loss**

The Group's gross loss was approximately US\$38,000 for 1QFY2016 as compared with gross loss of approximately US\$448,000 for 1QFY2015, which was mainly due to tinplate manufacturing production is still dormant and the production and manufacturing overhead costs were saved, while the Group continued its trading activities.

### **Other income**

Other income increased from approximately US\$851,000 for 1QFY2015 to approximately US\$963,000 for 1QFY2016 because of reversal of inventories written down of approximately US\$195,000.

### **Distribution and selling expenses**

The Group's distribution and selling expenses decreased by approximately US\$1.3 million from approximately US\$1.9 million for 1QFY2015 to approximately US\$0.6 million for 1QFY2016, mainly due to the big drop of freight charges by US\$1.4 million owing to reduced revenue for 1QFY2016.

### **Administrative expenses**

Administrative expenses increased from approximately US\$2.3 million for 1QFY2015 to approximately US\$2.8 million for 1QFY2016, primarily due to the increase in depreciation charge of US\$0.2 million from property, plant and equipment.

### **Other expenses**

No other expenses incurred in the current reported period.

### **Finance costs**

The finance costs were reduced from approximately US\$1.4 million for 1QFY2015 to approximately US\$0.9 million for 1QFY2016, primarily due to lower discounted bills charges.

## **Review of Financial Position and Cash Flows**

### **Inventories**

For 1QFY2016, inventory decreased from approximately US\$3.9 million to approximately US\$3.2 million because of closing stock sales without production in Jiangsu plant.

### **Trade and other receivables**

Trade and other receivables increased to US\$45.4 million at 31 July 2015 from approximately US\$42.4 million at 30 April 2015, due to trade receivables from Tianjin tinplate processing business.

### **Trade and other payables**

Trade and other payables increased from approximately US\$63.5 million at 30 April 2015 to approximately US\$66.0 million at 31 July 2015, mainly due to increase of trade payable from Tianjin tinplate processing business.

### **Liquidity and financial resources**

The Group's total borrowings increased by approximately US\$2.5 million from approximately US\$77.3 million at 30 April 2015 to approximately US\$79.8 million at 31 July 2015. The said increase in borrowing was mainly due to the controlling shareholder's financial support.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

### **FUTURE PROSPECTS**

On 14 August 2015, a sale and purchase agreement was entered into between Golden Star Group Limited and the controlling shareholders of the Company for the disposal of an aggregate of approximately 54.87% shares in the issued share capital of the Company, which, if completed, will lead to a takeover offer of shares in the Company. For details, please refer to the Company's announcements released on 13 August 2015, 17 August 2015 and 1 September 2015.

### **FUTURE PROSPECTS**

#### **Trading Business**

Iron ore led declines among metals this year due to oversupply while demand remains weak. The Group expects the iron ore prices will remain at low level. Given the aforesaid factor, the Group will make use of all viable procurements and marketing opportunities while utilise of different marketing platforms and operating prudently to achieve better results.

The Group expects steel export from China will continue to recover accompanied with growing international demands and stabilised markets. If urbanisation project continues, accompanied by a recovering economy and a growing middle class, the demand for steel is expected to develop in the coming year. Global supply and demand for steel will follow economic growth recovery around the world.

While the new initiative of “Belt and Road” and the establishment of “The Asian Infrastructure Investment Bank” are widely anticipated to provide opportunities to steel and raw materials trading business in Asia, in particular, great potential of raw material consumption on growth in Asian countries outside China, the Group will strive to increase sales orders, boost sales volume and raise gross profit per ton in order to maximise profits, and stay close to the market on such changes for lead advantage opportunities.

### **Tinplate Manufacturing Project**

The tinplate manufacturing project in Jiangsu is expected to resume to normal operation once additional funding comes in. It will concentrate on export markets, directly to end-users in canning sectors. 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 response among metal packaging suppliers.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None.

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

### **(c) Date payable**

Not applicable.

### **(d) Books closure date**

Not applicable.

## **12. If no dividend has been declared or recommended, a statement to that effect**

The Directors do not declare or recommend any dividend for the first quarter ended 31 July 2015.

- 13. If the Group has obtained a general mandate from shareholders for interested person transaction, the aggregate value of such transactions as required under Rule 920(1)(a) (ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited. If no interested person transaction mandate has been obtained, a statement to that effect**

The Company has not obtained any general mandate from shareholders pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

- 14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

On behalf of the Board, Mr. Yu Wing Keung Dicky and Mr. Chow Kin Wa, the Executive Directors of the Company, confirm to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements of the Group for 1QFY2016 to be false or misleading in any material aspect.

**By order of the Board**

**Yu Wing Keung Dicky**  
*Executive Chairman*

**Chow Kin Wa**  
*Executive Director and CEO*

14 September 2015

**TO THE BOARD OF DIRECTORS OF  
NOVO GROUP LTD.**

**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 JULY 2015**

**Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Novo Group Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 31 July 2015, and the related condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows of the Group, and condensed statement of changes in equity of the Company for the three months period then ended and other explanatory notes (collectively referred to as the “unaudited condensed interim financial statements”) as set out on pages 5 to 28.

Management is responsible for the preparation and presentation of these unaudited condensed interim financial statements in accordance with Singapore Financial Reporting Standard 34 *Interim Financial Reporting*.

Our responsibility is to express a conclusion on these unaudited condensed interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Qualified Conclusion**

*1. Comparative information*

The comparative unaudited condensed interim financial statements for the three months ended 31 July 2014 have not been audited or reviewed. In our auditor’s report dated 31 July 2015, we disclaimed an opinion on the statements of financial position of the Group and the Company as at 30 April 2015 which are the comparative figures in the condensed statements of financial position. The basis for disclaimer of opinion on the financial statements for the financial year ended 30 April 2015 are disclosed in Note 20 to the unaudited condensed interim financial statements.

Our conclusion on the unaudited condensed interim financial statements for the three months ended 31 July 2015 is also modified because of the possible effect of these matters on the comparability of the current period's figures and the corresponding figures.

2. *Investments in subsidiaries and amounts due from subsidiaries*

As disclosed in Note 10 to the unaudited condensed interim financial statements, the Company's investments in subsidiaries and amounts due from subsidiaries are carried at cost amounted to US\$79,460,000 and US\$42,355,000 respectively. Management determined that there is no impairment to the Company's investments in subsidiaries and amounts due from subsidiaries as their recoverable amounts exceed the net carrying values as at 31 July 2015.

Based on the information available to us, we are unable to obtain sufficient appropriate evidence about the recoverable amounts of the Company's investments in subsidiaries and amounts due from subsidiaries as at 31 July 2015. Consequently, we are unable to determine whether any adjustments in respect of the net carrying values of the Company's investments in subsidiaries and amounts due from subsidiaries as at 31 July 2015 are necessary.

**Qualified Conclusion**

Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the accompanying unaudited condensed interim financial statements are not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard 34 *Interim Financial Reporting*.

**Emphasis of Matter**

1. *Going concern*

We draw attention to Note 2(a) to the unaudited condensed interim financial statements with respect to the Group's ability to continue as a going concern. The Group incurred a net loss of US\$3,365,000 (three months ended 31.7.2014: US\$5,401,000) and reported net cash outflows from operating activities of US\$1,755,000 (three months ended 31.7.2014: net cash inflows of US\$4,261,000) during the financial period ended 31 July 2015. As at that date, the Group's current liabilities exceeded its current assets by US\$58,901,000 (30.4.2015: US\$42,895,000).

As disclosed in Note 13 to the unaudited condensed interim financial statements, the Group breached the financial covenants of certain borrowings during the financial period. In addition, the Group also defaulted on the repayment of certain borrowings on the respective due dates.

As disclosed in Note 8 to the unaudited condensed interim financial statements, a subsidiary within the tinsplate manufacturing segment has suspended its operations since February 2015 and yet to resume its operations as of the date of this report.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The unaudited condensed interim financial statements have been prepared on a going concern basis and did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. The validity of the going concern basis on which the unaudited condensed interim financial statements are prepared depends on management's assessment of the Group's ability to operate as a going concern as set forth in Note 2(a) to the unaudited condensed interim financial statements. This assumption is premised on future events, the outcome of which is inherently uncertain.

In the event that the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ from the amounts at which they are currently recorded in the condensed statements of financial position. In addition, the Group may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these unaudited condensed interim financial statements.

2. *Recoverable amount of property, plant and equipment*

We draw attention to the significant disclosure in Note 8 to the unaudited condensed interim financial statements which describes the material estimation uncertainty surrounding the management's assessment for expected recoverable amount of property, plant and equipment. As at 31 July 2015, the net carrying value of property, plant and equipment amounted to US\$72,518,000 (30.4.2015: US\$73,131,000) and no allowance for impairment is provided as at 31 July 2015. The estimation of the expected recoverable amount involves significant assumptions on the expected future cash flows and pre-tax discount rate used in value-in-use calculations. Changes in these assumptions and estimations could affect the determination of the expected recoverable amount of property, plant and equipment, and therefore there is a significant risk that a material adjustment to the allowance for impairment on the Group's property, plant and equipment as at 31 July 2015 may be required in the future periods.

**Restriction on Use**

Our review report is provided on the basis that it is solely for the information of the directors of the Company to enable the directors of the Company to fulfil their responsibilities under Rule 25 of the Singapore Code on Take-overs and Mergers and the requirements of the Listing Rules of the Singapore Exchange Securities Trading Limited. Our review report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purpose. We do not assume any responsibility or liabilities for losses occasioned to the directors of the Company or any other party as a result of the circulation, publication, reproduction or use of the report contrary to the provision of this paragraph.

**Baker Tilly TFW LLP**  
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**Singapore**