

NOVO GROUP LTD.

(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 JANUARY 2015

PART I INFORMATION REQUIRED FOR THIRD 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 third quarter ended 31 January 2015.

- (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 Third Quarter ended 31 January 2015

	The Group					
	3 months period ended			9 months period ended		
	31 January 2015	31 January 2014	Increase/ (Decrease) %	31 January 2015	31 January 2014	Increase/ (Decrease) %
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	68,189	83,277	-18.1%	226,707	198,954	13.9%
Cost of sales	(63,978)	(81,129)	-21.1%	(223,580)	(193,296)	15.7%
Gross profit	4,211	2,148	96.0%	3,127	5,658	-44.7%
Other income	697	918	-24.1%	2,499	3,667	-31.9%
Distribution and selling expenses	(859)	(1,678)	-48.8%	(3,672)	(5,327)	-31.1%
Administrative expenses	(2,248)	(2,386)	-5.8%	(6,533)	(6,911)	-5.5%
Other operating expenses	(45)	(15)	200.0%	(110)	(196)	-43.9%
Finance costs	(1,883)	(1,749)	7.7%	(5,423)	(3,572)	-51.8%
Loss before tax	(127)	(2,762)	-95.4%	(10,112)	(6,681)	51.4%
Income tax expenses	(21)	(35)	-40.0%	(64)	(40)	60.0%
Loss for the period	<u>(148)</u>	<u>(2,797)</u>	<u>-94.7%</u>	<u>(10,176)</u>	<u>(6,721)</u>	<u>51.4%</u>
Attributable to:						
Owners of the Company	(83)	(2,485)		(9,220)	(6,694)	
Non-controlling interests	(65)	(312)		(956)	(27)	
	<u>(148)</u>	<u>(2,797)</u>		<u>(10,176)</u>	<u>(6,721)</u>	

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Consolidated Statement of Comprehensive Income

	The Group					
	3 months period ended			9 months period ended		
	31 January	31 January	Increase/	31 January	31 January	Increase/
	2015	2014	(Decrease)	2015	2014	(Decrease)
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Loss for the period	(148)	(2,797)	-94.7%	(10,176)	(6,721)	51.4%
Other comprehensive income:						
Exchange differences on translation of the Group's overseas operations, net of nil tax	193	373	-48.3%	241	718	-66.4%
Total comprehensive income/(expense) for the period	<u>45</u>	<u>(2,424)</u>	-101.9%	<u>(9,935)</u>	<u>(6,003)</u>	65.5%
Attributable to:						
Owners of the Company	(47)	(2,129)		(9,016)	(6,049)	
Non-controlling interests	92	(295)		(919)	46	
	<u>45</u>	<u>(2,424)</u>		<u>(9,935)</u>	<u>(6,003)</u>	

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

	The Group			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2015	2014	2015	2014
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Loss for the period is stated after charging/(crediting):				
Amortisation of deferred income	(77)	(1)	(231)	(3)
Amortisation of land use rights	28	17	82	51
Depreciation of property, plant and equipment	825	152	2,388	456
Fair value (gain)/losses on derivative financial instruments	(43)	15	(80)	15
Interest expense	1,783	1,494	4,915	3,191
Interest income	(160)	(133)	(680)	(319)
Losses on disposal of property, plant and equipment	-	-	26	-
Net exchange losses/(gains)	18	(149)	11	(434)
Net realised losses on derivative financial instruments	34	1	99	187

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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

Statement of Financial Position

	The Group		The Company	
	As at 31 January 2015 <i>US\$'000</i>	As at 30 April 2014 <i>US\$'000</i>	As at 31 January 2015 <i>US\$'000</i>	As at 30 April 2014 <i>US\$'000</i>
Non-current assets				
Property, plant and equipment	73,507	73,269	–	–
Land use right	6,454	6,133	–	–
Goodwill	4	4	–	–
Investments in subsidiaries	–	–	79,460	79,460
	<u>79,965</u>	<u>79,406</u>	<u>79,460</u>	<u>79,460</u>
Current assets				
Inventories	8,527	16,571	–	–
Trade and other receivables	70,006	40,004	45,386	41,271
Derivative financial instruments	43	–	–	–
Pledged bank deposits	32,191	34,041	–	–
Cash and cash equivalents	3,476	12,780	100	115
	<u>114,243</u>	<u>103,396</u>	<u>45,486</u>	<u>41,386</u>
Total assets	<u>194,208</u>	<u>182,802</u>	<u>124,946</u>	<u>120,846</u>
Non-current liabilities				
Borrowings	13,025	–	–	–
Deferred income	1,069	1,311	–	–
	<u>14,094</u>	<u>1,311</u>	<u>–</u>	<u>–</u>
Current liabilities				
Trade and other payables	86,580	71,730	13,600	8,911
Deferred income	309	294	–	–
Derivative financial instruments	–	37	–	–
Borrowings	62,227	68,480	–	–
Tax payable	16	33	–	–
	<u>149,132</u>	<u>140,574</u>	<u>13,600</u>	<u>8,911</u>
Total liabilities	<u>163,226</u>	<u>141,885</u>	<u>13,600</u>	<u>8,911</u>
Net assets	<u>30,982</u>	<u>40,917</u>	<u>111,346</u>	<u>111,935</u>
Equity				
Share capital	32,239	32,239	108,740	108,740
(Accumulated losses)/retained earnings	(9,411)	(191)	5	594
Foreign currency translation reserve	1,463	1,259	–	–
Statutory reserve	33	33	–	–
Other reserve	2,680	2,680	2,601	2,601
Total equity attributable to owners of the Company	<u>27,004</u>	<u>36,020</u>	<u>111,346</u>	<u>111,935</u>
Non-controlling interests	3,978	4,897	–	–
Total equity	<u>30,982</u>	<u>40,917</u>	<u>111,346</u>	<u>111,935</u>

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

	The Group		The Company	
	As at 31 January 2015		As at 30 April 2014	
	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	62,227	–	68,480	–
Amount repayable after one year	13,025	–	–	–

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 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 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 in progress, plant and equipment;
- share charge on a subsidiary;
- floating mortgage; and
- corporate guarantees of the Company.

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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

	The Group			
	3 months period ended		9 months period ended	
	31 January 2015	31 January 2014	31 January 2015	31 January 2014
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash flows from operating activities				
Loss before tax	(127)	(2,762)	(10,112)	(6,681)
Adjustments for:				
Amortisation of deferred income	(77)	(1)	(231)	(3)
Amortisation of land use right	28	17	82	51
Depreciation of property, plant and equipment	825	152	2,388	456
Fair value (gains)/losses on derivative financial instruments	(43)	15	(80)	15
Interest expense	1,783	1,494	4,915	3,191
Interest income	(160)	(133)	(680)	(319)
Losses on disposal of property, plant and equipment	-	-	26	-
Net realised losses on derivative financial instruments	34	1	99	187
	-	-	26	-
Operating cash flow before movements in working capital	2,263	(1,217)	(3,593)	(3,103)
Inventories	4,023	(1,537)	8,044	8,272
Trade and other receivables	(1,790)	30,720	(31,319)	(7,309)
Trade and other payables	(14,395)	(13,526)	14,729	38,760
Currency translation differences	144	190	102	269
	-	-	26	-
Cash (used in)/generated from operations	(9,755)	14,630	(12,037)	36,889
Income tax paid, net	(9)	(12)	(80)	(11)
Interest income received	160	133	680	319
	-	-	26	-
Net cash (used in)/generated from operating activities	(9,604)	14,751	(11,437)	37,197

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	The Group			
	3 months period ended		9 months period ended	
	31 January 2015	31 January 2014	31 January 2015	31 January 2014
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	-	2	28
Purchase of property, plant and equipment	(747)	(1,858)	(1,001)	(11,529)
Acquisition of land use rights	-	-	(380)	-
Net cash received from realised derivative financial instruments	(34)	-	(99)	(400)
Net cash used in investing activities	(781)	(1,858)	(1,478)	(11,901)
Cash flows from financing activities				
Decrease/(increase) in fixed deposits and cash pledged	6,979	(8,887)	1,850	(21,768)
Net proceed from/(repayment to) short term borrowings	295	(6,109)	(811)	(7,998)
Drawdown of bank borrowings	22,901	7,310	41,245	7,310
Repayments of bank borrowings	(27,751)	(16)	(33,720)	(2,818)
Interest expense paid	(1,783)	(1,707)	(4,915)	(4,127)
Capital injection by a non-controlling shareholder	-	407	-	4,692
Dividend paid	-	-	-	(1,352)
Net cash generated from/(used in) financing activities	641	(9,002)	3,649	(26,061)
Net (decrease)/increase in cash and cash equivalents	(9,744)	3,891	(9,266)	(765)
Cash and cash equivalents at beginning of period	13,262	5,326	12,780	9,972
Effect of currency translation on cash and cash equivalents	(42)	(40)	(38)	(30)
Cash and cash equivalents at end of period	3,476	9,177	3,476	9,177
Cash and cash equivalents are represented by:				
Cash and bank balances	35,667	40,123	35,667	40,123
Less: Fixed deposits and cash subjected to restriction	(32,191)	(30,946)	(32,191)	(30,946)
	3,476	9,177	3,476	9,177

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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

<u>Group</u>	Share capital US\$ '000	Retained earnings 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
Balance at 1 May 2013	32,239	14,307	1,036	33	2,601	50,216	1,542	51,758
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)
Total comprehensive (expense)/income for the period	–	(4,209)	288	–	–	(3,921)	341	(3,580)
Balance at 31 October 2013	<u>32,239</u>	<u>8,953</u>	<u>1,324</u>	<u>33</u>	<u>2,601</u>	<u>45,150</u>	<u>5,960</u>	<u>51,110</u>
Capital injection by a non-controlling shareholder in a subsidiary	–	–	–	–	–	–	406	406
Total comprehensive (expense)/income for the period	–	(2,484)	356	–	–	(2,128)	(295)	(2,423)
Balance at 31 January 2014	<u>32,239</u>	<u>6,469</u>	<u>1,680</u>	<u>33</u>	<u>2,601</u>	<u>43,022</u>	<u>6,071</u>	<u>49,093</u>
Balance at 1 May 2014	32,239	(191)	1,259	33	2,680	36,020	4,897	40,917
Total comprehensive (expense)/income for the period	–	(9,137)	168	–	–	(8,969)	(1,011)	(9,980)
Balance at 31 October 2014	<u>32,239</u>	<u>(9,328)</u>	<u>1,427</u>	<u>33</u>	<u>2,680</u>	<u>27,051</u>	<u>3,886</u>	<u>30,937</u>
Total comprehensive (expense)/income for the period	–	(83)	36	–	–	(47)	92	45
Balance at 31 January 2015	<u>32,239</u>	<u>(9,411)</u>	<u>1,463</u>	<u>33</u>	<u>2,680</u>	<u>27,004</u>	<u>3,978</u>	<u>30,982</u>

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<u>Company</u>	Share capital <i>US\$ '000</i>	Retained earnings <i>US\$ '000</i>	Other Reserve <i>US\$ '000</i>	Total equity <i>US\$ '000</i>
Balance at 1 May 2013	108,740	2,480	2,601	113,821
Dividend paid	–	(1,353)	–	(1,353)
Total comprehensive expense for the period	–	(311)	–	(311)
Balance at 31 October 2013	<u>108,740</u>	<u>816</u>	<u>2,601</u>	<u>112,157</u>
Total comprehensive expense for the period	–	(69)	–	(69)
Balance at 31 January 2014	<u>108,740</u>	<u>747</u>	<u>2,601</u>	<u>112,088</u>
Balance at 1 May 2014	108,740	594	2,601	111,935
Total comprehensive expense for the period	–	(398)	–	(398)
Balance at 31 October 2014	<u>108,740</u>	<u>196</u>	<u>2,601</u>	<u>111,537</u>
Total comprehensive expense for the period	–	(191)	–	(191)
Balance at 31 January 2015	<u>108,740</u>	<u>5</u>	<u>2,601</u>	<u>111,346</u>

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. At 31 January 2015 and 31 October 2014, 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 January 2015 and 31 January 2014.

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

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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**

	The Company	
	As at 31 January 2015	As at 30 April 2014
Total number of issued shares, excluding treasury shares	170,804,269	170,804,269

There were no treasury shares as at 31 January 2015 and 30 April 2014.

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 figures have not been audited or reviewed by the Company's auditor.

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

Not applicable

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 2014, 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 2014.

The adoption of new/revised FRS and INT FRS have no material financial impact on the financial statements.

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. Earnings/(loss) 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:

	The Group			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2015	2014	2015	2014
	<i>(in US Cents)</i>	<i>(in US Cents)</i>	<i>(in US Cents)</i>	<i>(in US Cents)</i>
(Loss)/earnings per ordinary share:				
(a) Based on weighted average number of ordinary shares on issued; and	(0.09)	(1.45)	(5.40)	(3.92)
(b) On a fully diluted basis	(0.09)	(1.45)	(5.40)	(3.92)
Details:				
Loss attributable to shareholders (stated in US\$'000)	(148)	(2,485)	(9,220)	(6,694)

	Number of shares (stated in '000)			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2015	2014	2015	2014
	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>
Weight average number of ordinary shares	170,804	170,804	170,804	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

	The Group		The Company	
	As at	As at	As at	As at
	31 January	30 April	31 January	30 April
	2015	2014	2015	2014
	<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	18.1	24.0	65.2	65.5
Number of shares in issue as at end of period ('000)	170,804	170,804	170,804	170,804

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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

Revenue

With concerns over the ongoing slowdown economic growth in China and the global economic recovery remains slow, all these factors weighted on the Group financial performance. Amid this adverse operating environment, the Group has adopted cautious but prudent business direction and continues to focus on strengthening the tinsplate manufacturing division and the tinsplate processing division while striving on developing a sustainable development model for the Group. The Group's revenue decreased by approximately 18.1% from approximately US\$83.3 million for the three months period ended 31 January 2014 ("3QFY2014") to approximately US\$68.2 million for the three months period ended 31 January 2015 ("3QFY2015").

Revenue from international steel trading business, major business segment, accounted for approximately 67.8% and approximately 78.6% of the Group's total revenue in 3QFY2015 and 3QFY2014, representing of approximately US\$46.2 million and approximately US\$65.4 million in 3QFY2015 and 3QFY2014, respectively. Revenue from tinsplate manufacturing contributed approximately 13.0% or approximately US\$8.9 million in 3QFY2015 as compared with approximately 11.1% or approximately US\$9.3 million in 3QFY2014 while revenue from tinsplate processing contributed approximately 8.2% or approximately US\$5.6 million in 3QFY2015 as compared with approximately 7.0% or approximately US\$5.8 million in 3QFY2014. Domestic trading business accounted for approximately 11.0% of the Group's total revenue, representing approximately US\$7.5 million in 3QFY2015, while no revenue was derived from domestic trading business in 3QFY2014. Resulted from the fall of coal prices and soft demand, there was no revenue from the coal segment in 3QFY2015 while revenue was approximately 3.3% or approximately US\$2.7 million in 3QFY2014

In terms of geographical contribution, the Group revenue was mainly contributed from North Asia and South East Asia market. North Asia market remains the Group's major markets in the current reporting period, and accounted for approximately US\$54.2 million of total revenue in 3QFY2015, compared to approximately US\$78.1 million in 3QFY2014. North Asia market accounted for approximately 79.5% and approximately 93.8% of total revenue in 3QFY2015

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and 3QFY2014, respectively. Revenue derived from South East Asia market accounted for approximately US\$6.5 million or approximately 9.6% of total revenue in 3QFY2015, compared to approximately US\$3.7 million or approximately 4.4% of total revenue in 3QFY2014. Other regions contributed approximately US\$7.5 million or approximately 10.9% of total revenue in 3QFY2015, compared to approximately US\$1.4 million or approximately 1.7% of total revenue in 3QFY2014.

Gross Profit

The Group's gross profit for 3QFY2015 amounted to approximately US\$4.2 million, representing an increase of approximately 96.0% as compared with approximately US\$2.1 million in 3QFY2014. The Group's gross profit margin increased from approximately 2.6% in 3QFY2014 to approximately 6.2% in 3QFY2015.

Other income

Other income decreased from approximately US\$918,000 in 3QFY2014 to approximately US\$697,000 in 3QFY2015. Such decrease was mainly arising from approximately US\$449,000 government grant was recorded in 3QFY2014.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 48.8% from approximately US\$1.7 million in 3QFY2014 to approximately US\$0.9 million in 3QFY2015. The decrease mainly came from a drop in revenue couple with the changes in trading terms of the Group's trading business.

Administrative expenses

Administrative expenses remain steady, accounted for approximately US\$2.3 million and approximately US\$2.4 million in 3QFY2014 and 3QFY2015 respectively.

Finance costs

Finance costs were up from approximately US\$1.7 million in 3QFY2014 to approximately US\$1.8 million in 3QFY2015, which was primarily due to increase in borrowings of Jiangsu tinplate manufacturing tinplate businesses for working capital purposes.

Income tax

Income tax expenses incurred in 3QFY2015 are mainly related to income recognised during the reporting period this year.

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Review of Financial Position and Cash Flow

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\$8.0 million from approximately US\$16.5 million as at 30 April 2014 to approximately US\$8.5 million as at 31 January 2015.

Trade and other receivables

Trade and other receivables increased from approximately US\$40.0 million as at 30 April 2014 to approximately US\$70.0 million as at 31 January 2015. Distribution of trade receivables and other receivables were approximately 62.0% (approximately US\$43.4 million) and 38.0% (approximately US\$26.6 million) of total receivables as at 31 January 2015, 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 January 2015 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\$86.6 million as at 31 January 2015. Distribution of trade payables and other payables were approximately 71.5% (approximately US\$61.9 million) and 28.5% (approximately US\$24.7 million) of total payables as at 31 January 2015, compared to approximately 80.6% (approximately US\$57.8 million) and approximately 19.4% (approximately US\$13.9 million) of total payables as at 30 April 2014. 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\$6.8 million from approximately US\$68.5 million as at 30 April 2014 to approximately US\$75.3 million as at 31 January 2015. Borrowings related to the Jiangsu manufacturing plant decreased by approximately US\$6.0 million from approximately US\$48.8 million as at 30 April 2014 to approximately US\$42.8 million as at 31 January 2015, representing approximately 71.2% and 56.8% of total borrowings as at 30 April 2014 and 31 January 2015 respectively.

An aggregate of cash and cash equivalents and pledged bank deposits decreased from approximately US\$46.8 million as at 30 April 2014 to approximately US\$35.7 million as at 31 January 2015.

Total cash and bank balance represents approximately 115.1% of the Group's net assets value as at 31 January 2015 (approximately 114.4% of net assets value as at 30 April 2014).

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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

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 stabilise and softly decline.

China, being the world's biggest coal consumer and producer, to 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 imports 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 stabilised 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.

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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.

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 third quarter ended 31 January 2015.

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- 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 the third quarter ended 31 January 2015 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

17 March 2015