

## Appendix 4E

### Preliminary Final Report

Name of entity: **NOVARISE RENEWABLE RESOURCES INTERNATIONAL LTD**

#### 1. Details of the reporting period

**Current Period:** 1 January 2010 – 31 December 2010  
**Previous Corresponding Period:**

#### 2. Results for announcement to the market

|   | <b>\$A'000</b> |             |           |
|---|----------------|-------------|-----------|
| 2.1   |                |             |           |
| Revenue from continuing operations                                | Up             | 17.78 % to  | \$ 74,627 |
| Other income  | Up             | 315.98 % to | \$ 668    |
| Total revenue and other income from ordinary activities           | Up             | 18.53 % to  | \$ 75,295 |
| 2.2   |                |             |           |
| Profit from ordinary activities after tax attributable to Members | Up             | 14.65 % to  | \$ 15,265 |
| 2.3   |                |             |           |
| Profit for the period attributable to members                     | Up             | 62.77 % to  | \$ 11,010 |

| 2.4 Dividends / Distributions                     | Amount per security | Franked amount per security |
|---|---------------------|-----------------------------|
| <i>Current Period:</i>                            |                     |                             |
| Final distribution for the year ended 31 December | 1.00 Cent           | Nil                         |
| Interim distribution for the period ended 30 June | 0                   | Nil                         |
| <i>Previous Corresponding Period:</i>             |                     |                             |
| Final distribution for the year ended 31 December | 1.90 Cents          | Nil                         |
| Interim distribution for the period ended 30 June | 0                   | Nil                         |

2.5 Record date for determining entitlements to dividends 13 December 2010

### 3. Consolidated Statement of Comprehensive Income

|   | 12 Months Ended           |                           |
|---|---------------------------|---------------------------|
|   | 31 December<br>2010<br>\$ | 31 December<br>2009<br>\$ |
| Revenue   | 74,627,039                | 63,363,547                |
| Cost of sales   | (51,349,404)              | (45,423,720)              |
| <b>Gross profit</b>   | <b>23,277,635</b>         | <b>17,939,827</b>         |
| Other income  | 667,883                   | 160,555                   |
| Distribution expenses   | (247,101)                 | (208,356)                 |
| Marketing expenses  | (181,743)                 | (158,273)                 |
| Administration expenses   | (3,404,618)               | (2,229,247)               |
| Occupancy expenses  | (104,250)                 | (73,550)                  |
| Finance costs   | (1,045,075)               | (1,663,377)               |
| Other expenses  | (1,090,795)               | (171,418)                 |
| <b>Profit before income tax expense</b>                               | <b>17,871,936</b>         | <b>13,596,161</b>         |
| Income tax expense  | (2,606,496)               | (281,875)                 |
| <b>Profit after income tax expense</b>                                | <b>15,265,440</b>         | <b>13,314,286</b>         |
| <b>Other comprehensive income</b>                                     |                           |                           |
| Foreign currency translation differences                              | (4,255,375)               | (6,550,204)               |
| <b>Total Other comprehensive income for the 12 months, net of tax</b> | <b>(4,255,375)</b>        | <b>(6,550,204)</b>        |
| <b>Total comprehensive income for the 12 months</b>                   | <b>11,010,065</b>         | <b>6,764,082</b>          |
| <b>Profit for the 12 months is attributable to:</b>                   |                           |                           |
| Equity holders of Novarise Renewable Resources International Limited  | 15,265,440                | 13,314,286                |
|   | 15,265,440                | 13,314,286                |

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**Total comprehensive income for the 12 months is attributable to:**

|  |             |             |
|--|-------------|-------------|
| Equity holders of Novarise Renewable Resources International Limited | 11,010,065  | 6,764,082   |
|  | <hr/>       | <hr/>       |
|  | 11,010,065  | 6,764,082   |
|  | <hr/> <hr/> | <hr/> <hr/> |
| Basic Earnings per Share   | 3.8 Cents   | 3.3 Cents   |
| Diluted Earnings per Share   | 3.8 Cents   | 3.3 Cents   |

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**4. Consolidated Statement of Financial Position**

|   | As at 31 December<br>2010<br>\$ | As at 31 December<br>2009<br>\$ |
|---|---------------------------------|---------------------------------|
| <b>CURRENT ASSETS</b>                         |                                 |                                 |
| Cash and cash equivalents                     | 6,600,751                       | 4,236,477                       |
| Term Deposits With Maturity over three months | 50,968,916                      | 20,625,621                      |
| Trade and other receivables                   | 6,572,854                       | 8,063,075                       |
| Inventories                                   | 5,855,258                       | 3,611,472                       |
| Other assets                                  | 9,664,900                       | 7,195,251                       |
| <b>TOTAL CURRENT ASSETS</b>                   | <b>79,662,679</b>               | <b>43,731,896</b>               |
| <b>NON-CURRENT ASSETS</b>                     |                                 |                                 |
| Property, plant and equipment                 | 15,860,331                      | 13,039,651                      |
| Leasehold land use rights, net                | 4,456,858                       | 322,388                         |
| Deferred tax assets                           | 99,833                          | 42,532                          |
| Long-term prepayment for PPE                  | 4,872,321                       | 0                               |
| <b>TOTAL NON-CURRENT ASSETS</b>               | <b>25,289,343</b>               | <b>13,404,571</b>               |
| <b>TOTAL ASSETS</b>                           | <b>104,952,022</b>              | <b>57,136,467</b>               |
| <b>CURRENT LIABILITIES</b>                    |                                 |                                 |
| Trade and other payables                      | 8,535,770                       | 7,087,009                       |
| Borrowings                                    | 37,293,995                      | 26,534,605                      |
| Current tax liabilities                       | 2,021,318                       | 250,750                         |
| Other liabilities                             | 4,739,875                       | 2,593,088                       |
| <b>TOTAL CURRENT LIABILITIES</b>              | <b>52,590,958</b>               | <b>36,465,452</b>               |

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**NON-CURRENT LIABILITIES**

|                          |       |        |
|--------------------------|-------|--------|
| Deferred tax liabilities | 4,859 | 30,060 |
|--------------------------|-------|--------|

|                                      |              |               |
|--------------------------------------|--------------|---------------|
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>4,859</b> | <b>30,060</b> |
|--------------------------------------|--------------|---------------|

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| <b>TOTAL LIABILITIES</b> | <b>52,595,817</b> | <b>36,495,512</b> |
|--------------------------|-------------------|-------------------|

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| <b>NET ASSETS</b> | <b>52,356,205</b> | <b>20,640,955</b> |
|-------------------|-------------------|-------------------|

**EQUITY**

|                    |            |           |
|--------------------|------------|-----------|
| Contributed equity | 32,012,492 | 7,314,758 |
|--------------------|------------|-----------|

|          |         |           |
|----------|---------|-----------|
| Reserves | 960,487 | 2,401,342 |
|----------|---------|-----------|

|                   |            |            |
|-------------------|------------|------------|
| Retained earnings | 19,383,226 | 10,924,855 |
|-------------------|------------|------------|

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| <b>TOTAL EQUITY</b> | <b>52,356,205</b> | <b>20,640,955</b> |
|---------------------|-------------------|-------------------|

## 5. Consolidated Statement of Cash Flows

|  | 12 Months ended     |                     |
|--|---------------------|---------------------|
|  | 31 December<br>2010 | 31 December<br>2009 |
|  | \$                  | \$                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                     |                     |
| Receipts from customers                                    | 86,682,200          | 74,268,455          |
| Payments to suppliers and employees                        | (71,950,004)        | (60,202,980)        |
| Receipts of subsidy income for successful IPO              | 532,158             | 0                   |
| Interest received  | 329,352             | 1,670,899           |
| Interest paid  | (1,034,351)         | (1,663,376)         |
| Income tax paid  | (759,707)           | (515,254)           |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>           | <b>13,799,648</b>   | <b>13,557,744</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |                     |                     |
| Payments for property, plant & equipment                   | (7,889,126)         | (6,658,779)         |
| Proceeds from property, plant & equipment                  | 60,801              | 134,469             |
| Increase in term deposits with maturity over three months  | 0                   | (16,203,015)        |
| Repayment of loans from/(loans to) related parties         | 0                   | 22,988,765          |
| Increase of short-term deposits                            | (34,807,901)        | 0                   |
| Payments for land use rights                               | (4,595,910)         | 0                   |
| Related party repaid loans                                 | 742,380             | 0                   |
| <b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b> | <b>(46,489,756)</b> | <b>261,440</b>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |                     |                     |
| Receipts from shareholders, net off costs                  | 22,354,447          | 0                   |
| Proceeds from borrowings                                   | 68,704,015          | 39,938,593          |
| Repayment of borrowings                                    | (54,286,358)        | (45,332,981)        |
| Proceeds from shareholders' equity contribution            | 0                   | 98,938              |
| Repayment to shareholders' equity contribution             | 0                   | (4,334,168)         |

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|  |                   |                     |
|--|-------------------|---------------------|
| Dividend distribution  | (1,240,754)       | 0                   |
| (Repayment of loans to) / loans from related parties                             | 0                 | (1,098,549)         |
| Loans from related parties   | 130,187           | 0                   |
| <hr/>  |                   |                     |
| <b>NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES</b>                       | <b>35,661,537</b> | <b>(10,728,167)</b> |
| <hr/>  |                   |                     |
| <b>NET INCREASE IN CASH HELD</b>   | <b>2,971,429</b>  | <b>3,091,017</b>    |
| Effects of exchange rate changes on the balance of cash held in foreign currency | (607,153)         | (1,192,894)         |
| Cash and cash equivalents at beginning of the year                               | 4,236,477         | 2,338,354           |
| <b>CASH AT END OF YEAR</b>   | <b>6,600,751</b>  | <b>4,236,477</b>    |
| <hr/> <hr/>  |                   |                     |

## 6. Consolidated Statement of Changes in Equity

|  | Contributed<br>Equity | Retained<br>Earnings | Surplus<br>Reserves | Foreign<br>Currency<br>Translation<br>Reserve | Total              |
|--|-----------------------|----------------------|---------------------|---|--------------------|
|  | \$                    | \$                   | \$                  | \$  | \$                 |
| <b>At 1 January 2009</b>                                   | <b>11,554,898</b>     | <b>5,544,710</b>     | <b>1,460,880</b>    | <b>5,273,002</b>                              | <b>23,833,490</b>  |
| <b>Total comprehensive income for the year</b>             |                       |                      |                     |   |                    |
| Profit for the year  | -                     | 13,314,286           | -                   | -   | 13,314,286         |
| <i>Other comprehensive income</i>                          |                       |                      |                     |   |                    |
| Exchange differences on translation of foreign operations  | -                     | -                    | -                   | (6,550,204)                                   | (6,550,204)        |
| <b>Total comprehensive income for the 12 months</b>        | <b>-</b>              | <b>13,314,286</b>    | <b>-</b>            | <b>(6,550,204)</b>                            | <b>6,764,082</b>   |
| <b>Transaction with owners in their capacity as owners</b> |                       |                      |                     |   |                    |
| Contributions of equity, net of transaction costs          | 94,028                | -                    | -                   | -   | 94,028             |
| Repayment to shareholders' equity contribution             | (4,334,168)           | -                    | -                   | -   | (4,334,168)        |
| Appropriation to surplus reserve                           | -                     | (2,217,664)          | 2,217,664           | -   | -                  |
| Dividends paid   | -                     | (5,716,477)          | -                   | -   | (5,716,477)        |
|  | <b>(4,240,140)</b>    | <b>(7,934,141)</b>   | <b>2,217,664</b>    | <b>-</b>                                      | <b>(9,956,617)</b> |
| <b>At 31 December 2009</b>                                 | <b>7,314,758</b>      | <b>10,924,855</b>    | <b>3,678,544</b>    | <b>(1,277,202)</b>                            | <b>20,640,955</b>  |
| <b>Total comprehensive income for the year</b>             |                       |                      |                     |   |                    |
| Profit for the year  | -                     | 15,265,440           | -                   | -   | 15,265,440         |
| <i>Other comprehensive income</i>                          |                       |                      |                     |   |                    |
| Exchange differences on translation of foreign operations  | -                     | -                    | -                   | (4,255,375)                                   | (4,255,375)        |
| <b>Total comprehensive income for the year</b>             | <b>-</b>              | <b>15,265,440</b>    | <b>-</b>            | <b>(4,255,375)</b>                            | <b>11,010,065</b>  |
| <b>Transaction with owners in their capacity as owners</b> |                       |                      |                     |   |                    |
| Contributions of equity, net of transaction costs          | 21,853,223            | -                    | -                   | -   | 21,853,223         |

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|  |                   |                    |                  |                    |                   |
|--|-------------------|--------------------|------------------|--------------------|-------------------|
| Repayment to shareholders' equity contribution | -                 | -                  | -                | -                  | -                 |
| Appropriation to surplus reserve               | -                 | (2,814,520)        | 2,814,520        | -                  | -                 |
| Dividends paid                                 | -                 | (3,992,549)        | -                | -                  | (3,992,549)       |
| Dividends reinvested by shareholders           | 2,844,511         | -                  | -                | -                  | 2,844,511         |
|  | <b>24,697,734</b> | <b>(6,807,069)</b> | <b>2,814,520</b> | <b>-</b>           | <b>20,705,185</b> |
| <b>At 31st December 2010</b>                   | <b>32,012,492</b> | <b>19,383,226</b>  | <b>6,493,064</b> | <b>(5,532,577)</b> | <b>52,356,205</b> |

## 7. Details of dividends/distributions

On 5 November 2010, the Company announced an annual unfranked dividend of \$0.01 per share, payable on 13 December 2010.

- Total Dividend declared = A\$3,992,549
- Total Dividend paid by Cash = A\$1,148,038

## 8. Details of dividends/distribution reinvestment plan

Total Dividend Reinvestment Plan: A\$2,844,511  
Including:-

- Great Rises International Investment Ltd and Great Rises New Resources Technology Co Ltd reinvested their dividends on the 13 December 2010.
- Great Rises International Investment: 254,150,000 shares\*A\$0.01 /per share=A\$2,541,500
- Great Rises New Resources Technology Co Ltd: 29,900,000 shares\*A\$0.01 /per share=A\$299,000

## 9. Net tangible assets per security

|   | Current Period | Previous corresponding period |
|---|----------------|-------------------------------|
| Net tangible asset backing per ordinary security (excluding minority interest)* | \$0.12         | \$0.05                        |

\* Calculated net of goodwill and other intangibles.

## 10. Control gained or lost over entities during the year

|   |     |
|---|-----|
| 10.1 Name of entity (or group of entities) over which control was gained or lost.   | N/A |
| 10.2 Date control was gained or lost.   | N/A |
| 10.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of controlled entity (or group of entities) since the date in the current period on which control was acquired or for the current period to the date of loss of control. | N/A |
| Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.  | N/A |

## 11. Details of associates and joint venture entities

|   |     |
|---|-----|
| 11.1 Name of the entity.  | N/A |
| 11.2 The date of the gain or loss of control.   | N/A |
| 11.3 Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period. | N/A |

## 12. Other significant information

Refer to commentary on result below.

## 13. Accounting standards used by foreign entities

All consolidated foreign entities prepared financial information under International Financial Reporting Standards which are consistent with Australian Accounting Standards.

## 14. Commentary on results

The company achieved its significant milestone when it became a listed company on 29 April, 2010 and after it raised approximately \$25 million from its initial public offerings.

Revenue during the reporting period grew by 17.78% compared to previous corresponding period. NPAT rose from \$13,314,286 in FY 2009 to \$15,265,440 in FY 2010. The management forecast for NPAT contained in Section 9.3(b) of its Prospectus dated 4 February 2010 was RMB 86,997,000. The actual NPAT for FY2010 was RMB 94,663,525, 8.81% above the prospectus forecast.

Revenue grew significantly during the period due to the reduction in unit costs achieved through economies of scale, strong demand and growing sales from domestic and international buyers. Manufacturing and process improvements which increased productivity and efficiency also contributed to unit cost reduction and improved overall gross profit margins.

Sales in recycled PP yarn and PP webbing products grew due to growing market acceptance of Novarise's products and quality. Overall demand for PP yarn expanded in China and internationally in 2010 driven by the global economic recovery. Sale prices of PP yarn and webbing products maintained and grew as the result of this strong demand. Consistent with its intent to be an integrated manufacturer and profitability, the Company began to develop finished products such as notebook bags, shopping bags, hotel slippers and work clothing. These products are expected to be launched for sale by second or third quarter in 2011.

Procurement of post consumer PP products grew by volume and expanded geographically as the company's demand for PP waste and feedstock increased in 2010. The supply and procurement costs for PP waste and feedstock remained stable during the time.

During 2010, Novarise was granted 4 industrial patents. Novarise is the first and only PP recycling manufacturer awarded the certification from the Chinese Ministry of Environment Protection that comply with technical requirements for environmental labelling for PP filament yarn, PP consumer webbing and green bags.

The company paid its maiden dividend in December 2010 as part of its undertaking to provide sustainable returns to its investors. Overall, the financial year just ended has been monumental year in the history of Novarise and one which the management and the board are confident has laid a strong foundation in the growth and life of Novarise.

## 15. Outlook

The Company anticipates that its sales and revenue for 2011 will grow due to increased sales, higher sale price and the gradual introduction of finished products. The company also expects to expand its domestic and international sales to more regions, countries and buyers.

Demand and market acceptance of Novarise's recycled products are expected to grow in China and internationally as governments and consumer behaviours encourage the wider use of Green PP products such as green shopping bags.

Following its IPO, Novarise commenced the construction for its new facilities at Nan'an in the third quarter of 2010. The development of the new production facilities, which have adopted the integrated, advanced and 'green' manufacturing processes, is being divided into 3 stages. Stage 1 of the development is anticipated to be completed in the third quarter of 2011 and will have a production capacity of 75,000 tonnes of PP yarn per annum. Following the ultimate completion of Stages 2 and 3, the Nan'an facility is anticipated to have an annual production capacity of 140,000 tonnes per annum. The proposed timing of completion of Stages 2 and 3 will be decided by the board dependent on product demand forecasts.

Gross margins of Novarise's products are expected to improve with the introduction of new production from the Nan'an facility. This will include new finished products with higher margins and the lowering of costs through manufacturing and process improvements.

Continuous R&D investments in the manufacturing and industrial process underpin Novarise's ongoing intent to become the industry leader in PP recycling. The company will continue to invest in R&D in its manufacturing and industrial process, quality improvement and new product development.

The company plans to establish an international office in Xiamen to oversee its international operations and pursue its international objectives. The international objectives include expanding its international sales and procurement of post consumer feedstock. The company will also work to develop, grow and enhance its corporate brand and profile as an emerging international recycler and manufacturer of PP yarn.

With the growth and expansion of its business, the company will need to raise more capital to fund its growth. The company is currently undertaking a technical feasibility study to raise additional capital via the Taiwan Depository Receipts. The company is also looking at raising more capital through options such as private placements.

The company wish to highlight the following factors that might adversely and materially affect its outlook for 2011:

- Core inflation pressures and further tightening of China's monetary and macro-economic policies that may impact demand for and sales of Novarise's products and thereby erode profit margins;
- The continued rise of the RMB will invariably affect the profit margins of international sales denominated in USD as not all of the rise of RMB can be passed to all international buyers; and
- The global economic recovery remains erratic and volatile and may be interrupted by "shock" factors such as sudden and rapid rise of the price of crude oil due to, for example, political unrest in the Middle East.

**16. Audit / review of accounts upon which this report is based**

This report is based on accounts to which one of the following applies (tick one)

|                                     |  |  |   |
|-------------------------------------|--|--|---|
|                                     | The accounts have been audited. (refer attached financial statements)  |  | The accounts have been subject to review. (refer attached financial statements) |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. |  | The accounts have not yet been audited or reviewed.                             |

**17. Accounts not yet audited or reviewed**

N/A

**18. Qualification of audit / review**

No