

ASX Release

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The Manager
Companies Announcement Office
Australian Securities Exchange
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Market Update: Six months' financial results and Nan'an Facility

Novarise is pleased to advise that the revenue on a consolidated basis for the six months to June 2011 was \$34 million (RMB 227 million)* compared to previous corresponding period of \$33 million (RMB 193 million)**. On a functional currency (RMB) basis, revenue grew by 17% from the previous corresponding period. The growth was attributed to strong demand for all of Novarise's recycled PP products and the consequent increased sales volume, underpinned by a stable pricing structure.

Novarise is pleased to advise that the NPAT for the six months to June 2011 is expected to be between \$7 to \$7.3 million (RMB 48 to RMB 50 million)*. On a RMB basis, the NPAT grew by approximately 50 %. The underlying gross profit has grown significantly with increased volume, improved margins and also due to the non-recurring of the "one-off" IPO and associated costs incurred in six months to June 2010.

While trading conditions for the last 6 months have been positive and encouraging, the Company advise that trading conditions is becoming challenging in the six months to December due to anticipated softer demands for its products, declining consumer confidence which will impact sales and the general economic volatility in China and globally.

The Company wishes to advise that due to unseasonal monsoon rain and unfavorable weather conditions which affected construction and progress of the new Nan'an facility, the production of that facility has been delayed to the fourth quarter 2011, with initial production expected to commence in October. The Company's current facility at Quanzhou continues to operate normally and at full capacity so the delay is expected to have limited impacts on the full year earnings.

* Exchange rate as at 30 June, 2011 of 1RMB= \$0.146

** Exchange rate as at 30 June, 2010 of 1RMB= \$0.1714

Progress of Nan'an Facility





About Novarise

Based in Quanzhou City, Fujian Province, China, the Group is a leading integrated manufacturer of recycled polypropylene (**PP**) fibre-based products.

Novarise uses proprietary patent-pending technology to process 33 different types of PP waste materials, such as CD cases, agricultural twine, safety nets, fishing nets, PP yarn and straps, into fibre-grade PP pellets. The recycled PP pellets are then used to produce PP filament yarn, PP consumer webbing products and agricultural twine. Its PP yarn, straps and consumer webbing products are used to produce bags for global brands including Dell, IBM, Samsonite, Columbia, Nintendo, Disney, Apple, Fila, Umbro and Sony.

Novarise utilises up to 100 per cent of recycled PP waste materials to produce PP filament yarn and other products. The cost of processing PP waste materials into recycled fibre-grade PP pellets is estimated to be 20% lower than the cost of using virgin (non-recycled) PP pellets.

Novarise's recyclable PP fibre-based products also reduces the amount of PP waste materials to be disposed of in landfills, or requiring incineration.

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