



INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

Financial Statement & Dividend Announcement for the Half Year and Second Quarter ended 30 June 2014 (Unaudited)

1(a) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP			GROUP		
	6 months ended			Q2		
	30 Jun 2014	30 Jun 2013		1.4.2014 to 30.6.2014	1.4.2013 to 30.6.2013	
	S\$'000	S\$'000	+/(-) %	S\$'000	S\$'000	+/(-) %
Revenue	441	6,054	(92.7)	316	1,320	(76.1)
Cost of sales	(606)	(5,918)	(89.8)	(423)	(1,175)	(64.0)
Gross (loss)/profit	(165)	136	(221.3)	(107)	145	(173.8)
Other operating (expenses) / income						
-Net (losses) / gains from investment trading activities	(5,653)	6,884	(182.1)	(3,206)	1,599	(300.5)
-Fair value gain on derivative receivables	1,666	-	n.m.*	564	-	n.m.*
-Net (losses) / gains from derivative receivables and other assets	(1,288)	569	(326.4)	(714)	(205)	(248.3)
Administrative expenses	(777)	(742)	4.7	(412)	(438)	(5.9)
Other expenses	(370)	(1,351)	(72.6)	(165)	(604)	(72.7)
Finance costs	(2)	(3)	(33.3)	(1)	(2)	(50.0)
Share of loss of associates (net of tax)	-	(2)	(100.0)	-	(2)	(100.0)
(Loss) / Profit before income tax	(6,589)	5,491	(220.0)	(4,041)	493	(919.7)
Income tax expenses	(7)	-	n.m.*	(7)	-	n.m.*
(Loss)/ Profit for the period	(6,596)	5,491	(220.1)	(4,048)	493	(921.1)
Other comprehensive income / (loss), net of tax						
Items that may be reclassified subsequently to profit or loss :						
Exchange differences on translation of foreign operations	(138)	(31)	(345.2)	(58)	(46)	(26.1)
Items that will not be reclassified subsequently to profit or loss :	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(6,734)	5,460	(223.3)	(4,106)	447	(1018.6)
(Loss) / Profit attributable to :						
Owners of the Company	(6,544)	5,491	(219.2)	(4,020)	493	(915.4)
Non-controlling interests	(52)	-	n.m.*	(28)	-	n.m.*
Total comprehensive (loss) / income attributable to :						
Owners of the Company	(6,682)	5,460	(222.4)	(4,078)	447	(1012.3)
Non-controlling interests	(52)	-	n.m.*	(28)	-	n.m.*

* n.m. : not meaningful.

1(b)(i) Statements of financial position for the Issuer and Group, together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30 Jun 2014 S\$'000	31 Dec 2013 S\$'000	30 Jun 2014 S\$'000	31 Dec 2013 S\$'000
ASSETS				
Non-current Assets :				
Subsidiaries	-	-	24,504	24,504
Property, plant and equipment	804	902	35	34
Investment property	13,398	13,376	-	-
Land use rights	3,053	3,053	-	-
Goodwill	13,709	13,709	-	-
Available-for-sale investments	6,142	6,142	6,142	6,142
Total non-current assets	37,106	37,182	30,681	30,680
Current Assets :				
Inventories	10	13	-	-
Derivative receivables and other assets	22,297	20,723	22,274	20,629
Investments held for trading	6,586	12,478	3,513	6,257
Other receivables and prepayments	1,315	1,318	1,671	1,972
Cash and cash equivalents	2,147	2,751	45	139
Total current assets	32,355	37,283	27,503	28,997
TOTAL ASSETS	69,461	74,465	58,184	59,677
LIABILITIES AND EQUITY				
Non-Current Liabilities :				
Finance lease liabilities	46	72	-	-
Deferred tax liabilities	475	468	-	-
Total non-current liabilities	521	540	-	-
Current Liabilities :				
Trade and other payables	4,686	3,675	8,556	8,220
Derivative payables & other liabilities	9,054	8,374	8	7
Provision for directors' fees	144	87	144	87
Finance lease liabilities	51	51	-	-
Total current liabilities	13,935	12,187	8,708	8,314
Equity :				
Share capital	112,588	112,588	112,588	112,588
Assets revaluation reserve	3,046	3,046	-	-
Share options reserve	546	546	546	546
Foreign currency translation reserve	643	781	-	-
Accumulated losses	(62,904)	(56,360)	(63,658)	(61,771)
Equity attributable to owners of the Company	53,919	60,601	49,476	51,363
Non-controlling interests	1,086	1,137	-	-
Total equity	55,005	61,738	49,476	51,363
TOTAL LIABILITIES AND EQUITY	69,461	74,465	58,184	59,677

1(b)(ii) Group Borrowings	GROUP		COMPANY	
	30 Jun 2014 S\$'000	31 Dec 2013 S\$'000	30 Jun 2014 S\$'000	31 Dec 2013 S\$'000
Amount repayable within one year	51	51	-	-
Amount repayable after one year	46	72	-	-

The borrowing relates to finance lease liabilities secured on the fixed asset purchased.

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.

	GROUP		GROUP	
	6 months ended		Q2	
	30 Jun 2014 S\$'000	30 Jun 2013 S\$'000	1.4.2014 to 30.06.2014 S\$'000	1.4.2013 to 30.6.2013 S\$'000
Cash flows from operating activities :				
(Loss)/ profit before income tax	(6,589)	5,491	(4,041)	493
Adjustments for :				
Fair value loss/ (gain) on investments held for trading	5,653	(6,884)	3,206	(1,599)
Fair value loss /(gain) on derivative investments	772	(702)	447	119
Fair value gain on derivative receivables	(1,666)	-	(564)	-
Written back of allowance for impairment loss on property, plant and equipment	(78)	-	(26)	-
Fair value gain on investment property	(22)	-	(22)	-
Write off of inventories	-	3	-	-
Write off of property, plant and equipment	-	8	-	-
Reversal of provision for doubtful trade and other receivables	-	(118)	-	-
Depreciation of property, plant and equipment	137	50	69	24
Provision for unutilized leave	31	21	18	21
Provision for directors' fee	57	37	35	37
Share of loss of associate	-	2	-	2
Finance costs	544	188	278	96
Operating cash flow before working capital changes	(1,161)	(1,904)	(600)	(804)
Inventories	3	-	-	-
Trade and other receivables & prepayments	3	70	(158)	(4)
Derivative receivables and other assets	-	15	1	23
Investments held for trading	238	2,149	170	1,142
Trade and other payables	358	(565)	420	(478)
Derivative payables and other liabilities	(1)	-	(3)	-
Cash used in operations	(560)	(235)	(170)	(121)
Interest paid	(2)	(3)	(1)	(2)
Net cash used in operating activities	(562)	(238)	(171)	(123)
Cash flows from investing activities :				
Purchase of property, plant and equipment	(16)	(16)	(16)	(16)
Net cash used in investing activities	(16)	(16)	(16)	(16)
Cash flows from financing activities :				
Repayment of finance lease	(26)	(27)	(13)	(13)
Proceeds from exercise of share options	-	125	-	125
Net cash (used in)/ from financing activities	(26)	98	(13)	112
Net decrease in cash and cash equivalents	(604)	(156)	(200)	(27)
Cash and cash equivalents at the beginning of the period	2,751	232	2,347	103
Cash and cash equivalents at the end of the period	2,147	76	2,147	76

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.

	Share capital S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated profit/(losses) S\$'000	Asset Revaluation reserve S\$'000	Attributable to equity holders of the Company S\$'000	Non-controlling interest S\$'000	Total S\$'000
GROUP								
Balance as at 1.1.2014	112,588	546	781	(56,360)	3,046	60,601	1,137	61,738
Loss for the period	-	-	-	(6,544)	-	(6,544)	(52)	((6,596))
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	(138)	-	-	(138)	-	(138)
Total other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive Loss for the period	-	-	(138)	(6,544)	-	(6,682)	(52)	(6,734)
Contributions by Owners:								
Balance as at 30.06.2014	112,588	546	643	(62,904)	3,046	53,919	1,086	55,005
Balance as at 1.1.2013	69,671	546	535	(1,977)	1,493	70,268	-*	70,268
Reversal of deferred tax liabilities	-	-	-	(43)	-	(43)	-	(43)
Transfer of revaluation reserve to accumulated losses due to valuation of investment properties at fair value				140	(140)	-	-	-
Restated balance as 1.1.2013	69,671	546	535	(1,880)	1,353	70,225	-*	70,225
Profit for the period	-	-	-	5,491	-	5,491	-	5,491
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	(31)	-	5	(26)	-	(26)
Adjustment				51	1,688	1,739	-	1,739
Total other comprehensive income for the financial period, net of tax	-	-	(31)	51	1,693	1,713	-	1,713
Total comprehensive income for the period			(31)	5,542	1,693	7,204	-	7,204
Contributions by Owners:								
Issue of ordinary shares related to:								
-Exercise of share options	125	-	-	-	-	125	-	125
-Issue of shares to acquire investment properties	3,103	-	-	-	-	3,103	-	3,103
Balance as at 30.6.2013	72,899	546	504	3,662	3,046	80,657	-	80,657

* Below \$1,000. Applicable to two (2) subsidiaries

	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
COMPANY				
Balance as at 1.1.2014	112,588	546	(61,771)	51,363
(Loss) for the financial period	-	-	(1,887)	(1,887)
Other comprehensive (loss) / profit for the financial period	-	-	-	-
Total comprehensive (loss) / profit for the financial period	-	-	(1,887)	(1,887)
Balance as at 30.06.2014	112,588	546	(63,658)	49,476
COMPANY				
Balance as at 1.1.2013	69,671	546	(28,506)	41,711
Profit for the financial period	-	-	4,362	4,362
Other comprehensive profit for the financial period	-	-	-	-
Total comprehensive profit for the financial period	-	-	4,362	4,362
Contributions by owners:				
Issue of ordinary shares related to :				
- Acquisition of investment properties	3,103	-	-	3,103
- Exercise of share options	125	-	-	125
Balance as at 30.06.2013	72,899	546	(24,144)	49,301

- 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.

On 23 January 2014, a total of 68,300,000 share awards were granted under the Innopac Performance Share Scheme. The market price of the Company's shares on the date of grant was S\$0.024.

The number of share awards granted to directors were:

- | | |
|-----------------------------|------------|
| 1. Dato' Moehamad Izat Emir | 12,000,000 |
| 2. Wong Chin Yong | 40,000,000 |
| 3. Ong Kah Hock | 12,000,000 |

The vesting of the share awards is subject to achievement of pre-determined performance targets over the performance period and or other terms and conditions being met. None of the shares awards have been vested at the date of this report.

- 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.

GROUP / COMPANY	No. of shares
Balance as at 1 Jan 2014 and as at 30 Jun 2014	3,465,182,495
Balance as at 1 Jan 2013	2,590,079,085
Issue of ordinary shares relating to:	
– share based payment on acquisition of investment properties	320,103,410
– exercise of share options	5,000,000
– share placement	250,000,000
– acquisition of 81.82% of a subsidiary company	300,000,000
Balance as at 31 Dec 2013	3,465,182,495

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

There was no treasury share in issue during the period under review and its previous corresponding period.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' 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 accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements, except for those as disclosed under paragraph 5.

5. If there are any changes in 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.

The Group has adopted the same accounting policies and method of computations in the financial statements for the current financial period reported as in the last audited financial statements, as well as all the applicable new/revised/amended Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2014, namely as follows:.

Description	Effective for annual period beginning on or after
FRS 27 (Revised) Separate Financial Statements	1 January 2014
FRS 28 (Revised) Investments in Associates and Joint Ventures	1 January 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
FRS 110 Consolidated Financial Statements	1 January 2014
FRS 111 Joint Arrangements	1 January 2014
FRS 112 Disclosure of Interests in Other Entities	1 January 2014

The adoption of these new and revised FRS has no material effect for the current financial period.

6. (Losses)/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 preferential dividends.

	GROUP	
	30 Jun 2014 Cents	30 Jun 2013 Cents
(Losses)/Earnings per ordinary share based on net profit attributable to shareholders calculated on :		
(i) weighted average number of ordinary shares on issue	(0.19)	0.19
(ii) a fully diluted basis	(0.19)	0.19

Earnings per ordinary share is calculated based on the weighted average number of shares of 3,465,182,495 (H1 2013: 2,891,120,811) in issue during the period.

The fully diluted earnings per ordinary share is calculated based on the weighted average number of shares of 3,533,482,495 (H1 2013: 2,894,988,214) in issue during the period.

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.

	GROUP		COMPANY	
	30 Jun 2014 Cents	31 Dec 2013 Cents	30 Jun 2014 Cents	31 Dec 2013 Cents
Net asset value per ordinary share based on existing issued share capital	1.59	1.78	1.43	1.48

Computation of net asset value per ordinary share was based on 3,465,182,495 issued ordinary shares at the end of the period under review (FY2013: 3,465,182,495 ordinary shares).

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) seasonable 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.**

Comments on the Statements of Comprehensive Income – H1 2014 vs H1 2014

The Group's revenue decreased to S\$0.4 million for the six months period ended 30 June 2014 ("H1 2014"), compared to S\$6.1 million for the previous corresponding six months period ended 30 June 2013 ("H1 2013"). In H1 2014, the Group had sold an insignificant amount of marketable securities.

The Group realised a loss of S\$0.2 million in H1 2014, compared to a gain of S\$0.1 million in H1 2013.

In H1 2014 the Group's investment trading activities had an unrealised fair value loss of S\$5.7 million, compared to an unrealised fair value gain of S\$6.9 million in H1 2013. The Group had an unrealised fair value gain of S\$1.7 million from its derivative receivables in H1 2014 (H1 2013: nil). A loss of S\$1.3 million arose from the Group's investment in derivative receivables and other assets in H1 2014, compared to a gain of S\$0.6 million in H1 2013.

Administrative expenses was S\$0.77 million in H1 2014 compared to S\$0.74 million in H1 2013, an increase of 4.7%.

Other expenses decreased to S\$0.4 million in H1 2014 from S\$1.4 million in H1 2013. The decrease was mainly due to absence of expenses incurred in H1 2013 for the takeover offer exercise for the entire issued and paid up share capital of Merlin Diamonds Limited.

Loss before income tax was S\$6.6 million in H1 2014, compared to a profit of S\$5.5 million in the H1 2013.

Comments on the Statements of Comprehensive Income – Q2 2014 Vs Q2 2013

The Group's revenue decreased to S\$0.3 million for the three months period ended 30 June 2014 ("Q2 2014"), compared to S\$1.3 million for the previous corresponding three months period ended 30 June 2013 ("Q2 2013"). In Q2 2014, the Group had sold an insignificant amount of marketable securities.

The Group realised a loss of S\$0.1 million in Q2 2014, compared to a gain of S\$0.1 million in Q2 2013.

In Q2-2014 the Group's investment trading activities had an unrealised fair value loss of S\$3.2 million, compared to an unrealised fair value gain of S\$1.6 million in Q2 2013. The Group had an unrealised fair value gain of S\$0.6 million from its derivative receivables in Q2 2014 (Q2 2013: nil). The loss of S\$0.7 million arose from the Group's investment in derivative receivables and other assets in Q2 2014, compared to a loss of S\$0.2 million in Q2 2013.

Administrative expenses remain unchanged at S\$0.4 million in Q2 2014.

Other expenses decreased to S\$0.2 million in Q2 2014 from S\$0.6 million in Q2 2013. The decrease was mainly due to absence of expenses incurred in Q2 2013 for the takeover offer exercise for the entire issued and paid up share capital of Merlin Diamonds Limited.

Loss before income tax was S\$4.0 million in Q2 2014, compared to a profit of S\$0.5 million in the Q2 2013.

Review of the Statements of Financial Position as at 30 June 2014 compared with 31 December 2013 ("FY 2013")

Property, plant and equipment decreased to S\$0.8 million as at 30 June 2014 from S\$0.9 million as at 31 December 2013. The decrease was mainly due to provision of depreciation for the period under review.

The value of the investment properties of the Group remains unchanged at S\$13.4 million as at 30 June 2014, comprised of (i) residential units in Cendana Condominium and Clear Water Residence, both located in Kuala Lumpur, Malaysia, (ii) shophouses located in Kota Kinabalu, Sabah, Malaysia, and (iii) a commercial leasehold land situated at Tanjong Malim, Malaysia.

Goodwill of S\$13.7 million arose from the acquisition of 81.82% equity interest in Extera Pte Ltd ("Extera") in 2013, resulting in Extera becoming a subsidiary of the Group. The Company recognised the excess of the value of the purchase consideration over the value of its net identifiable assets on completion of the acquisition as goodwill. As the necessary market valuations and other calculations have not been finalised, the initial accounting for the acquisition of Extera has been provisionally determined based on the Group's best estimate of the likely fair valuation of the identifiable assets and liabilities which approximate to the carrying amounts at the date of acquisition. The recorded amount of goodwill is therefore provisional and subject to change (within one year) to reflect changes in estimates.

Dezhou Sheng Rong Gas Co. Ltd., a 90% owned subsidiary of Extera, entered into an agreement with a third party to acquire land use rights for the construction of a compressed natural gas refilling station, for a total consideration of approximately S\$3.1 million. The construction of the refilling station has been completed and operating but the title of the land use rights has not been transferred to Sheng Rong.

The Group's available-for-sale investments comprised of:

- (i) the Group and the Company's rights to receive the net proceeds of 60 finished lots of land situated at Sawyer Falls, Pierce County, Washington State, USA, amounting to \$4.6 million; and
- (ii) the Group and the Company's equity investment in Trackplus Sdn Bhd, the carrying value of which as at 30 June 2014 was S\$1.5 million.

Derivative receivables and other assets increased to S\$22.3 million as at 30 June 2014 from S\$20.7 million as at 31 December 2013. The increase was mainly due to fair value gain of S\$1.7 million during the period under review.

Investments held for trading decreased to S\$6.6 million as at 30 June 2014 from S\$12.5 million as at

31 December 2013, mainly due to fair value loss of approximately S\$5.7 million and sale of investments held for trading of S\$0.2 million.

Other receivables and prepayments remain unchanged at S\$1.3 million as at 30 June 2014.

Cash and cash equivalent decreased to S\$2.1 million as at 30 June 2014, compared to S\$2.8 million as at 31 December 2013.

Deferred tax liabilities represent the estimated tax payable calculated on the difference between the carrying amount of the revalued leasehold land situated at Tanjong Malim and its cost. The Group deems the future recovery of the carrying amount of the leasehold land will result in a taxable flow of economic benefits to the Group and the amount that will be deductible for tax purposes will differ from the amount of the economic benefits. A deferred tax liability is computed in respect of the revaluation surplus at the tax rate of the country in which the subsidiary concerned is domiciled. Any actual tax liability will crystallise upon disposal of the revalued asset.

Trade and other payables increased to S\$4.7 million as at 30 June 2014 from S\$3.7 million as at 31 December 2013, mainly due to advance due to a director and accrued finance costs.

The derivative payable and other liabilities increased to S\$9.1 million as at 30 June 2014 from S\$8.4 million as at 31 December 2013. The increase was mainly due to a fair value loss of S\$0.8 million during the period under review.

Current assets and current liabilities stood at S\$32.4 million and S\$13.9 million, respectively. Current ratio of the Group was 2.3 times (3.1 times as at 31 December 2013).

The non-current liability and total equity of the Group stood at S\$0.5 million and S\$55.0 million, respectively. The non-current liability to equity ratio was 0.01 as at 30 June 2014 and as at 31 December 2013.

Comments on Cashflow – H1 2014 vs H1 2013

Operating cash outflows before working capital changes during H1 2014 were S\$1.2 million. These outflows were partly financed by sale of investments held for trading of S\$0.2 million and increase in trade and other payables of S\$0.4 million. Net cash outflows arising from operating activities was \$0.6 million.

Operating cash outflows before working capital changes during H1 2013 were S\$1.9 million. These outflows were mainly financed by sale of investments held for trading of S\$2.1 million, but partly offset by decrease in trade and other payables of S\$0.6 million. Net cash outflows arising from operating activities was \$0.2 million.

Comments on Cashflow – Q2 2014 vs Q2 2013

Operating cash outflows before working capital changes during Q2 2014 were S\$0.6 million. These outflows were mainly financed by sale of investments held for trading of S\$0.2 million and increase in trade and other payables of S\$0.4 million, but partly offset by an increase of S\$0.2 million in trade and other receivables and prepayments. Net cash outflows arising from operating activities was \$0.2 million.

Operating cash outflows before working capital changes during Q2 2013 were S\$0.8 million. These outflows were financed by the sale of investments held for trading of S\$1.1 million, but partly offset by decrease in trade and other payables of S\$0.5 million. Net cash outflows arising from operating activities was \$0.1 million.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any 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 twelve months.**

The Group's main business activities are in investments, investments holding, provision of management services to related companies, and technology and trading.

Portfolio Management in Investments Held for Trading and Financial Instruments

The Group invests its surplus cash not immediately required for operations in marketable securities and financial instruments. The fair value of the Group's marketable securities in investments held for trading and other financial instruments is subject to factors beyond the control of the Group. The future changes in the value of the marketable securities and financial instruments will have an impact of the reported profit or loss of the Group.

Investments in Investment Properties

The Group's investment properties are residential and commercial properties held for income and capital gain. The Group has reviewed its investments and business and have decided to dispose these investment properties which are in Malaysia. Barring changes in political stability and economic outlook for Malaysia, the Group does not expect the disposal of these investment properties to have any material impact on its FY2014 financial results.

Technology and trading

The Group's wholly owned subsidiary, PG Communications Sdn Bhd ("PGSB"), provides energy saving and smart technology solutions and trading in such products.

PGSB had opened a showroom in October 2013 in Kuala Lumpur for its energy efficient and saving products and solutions such as LED lightings, solar devices, etc. PGSB distributes, retails and sells such products and solutions as well as provision of total energy solutions consultancy and project management. The Group is assessing this business which has not been performing and does not expect PGSB to make any significant contribution in the full financial year ending 31 December 2014.

New Investments and/or Acquisitions

The Group continues to seek investment and acquisition opportunities, particularly in the natural resources sector. The Group is actively looking for meaningful investments and acquisitions that can deliver consistent profits, cashflow and growth potentials.

The Group is currently reviewing and in negotiations to acquire and/or invest in several opportunities. However, there is no assurance that a successful investment or acquisition will materialise thereof.

The Company will comply with the SGX-ST listing rules and in particular rule 703, regarding the disclosure of material information and will keep shareholders updated if such negotiations do result in an investment or acquisition.

Proposed Rights Shares cum Warrants Issue

On 20 June 2014, the Company announced that it is proposing a renounceable non-underwritten rights issue of up to 6,930,364,990 new ordinary shares in the capital of the Company and up to 3,465,182,495 free detachable warrants (the "Rights Shares cum Warrants Issue"), on the basis of two (2) rights shares and one (1) free detachable warrant for every one (1) issued ordinary share in the capital of the Company held by shareholders, fractional entitlement to be disregarded, as at a books closure date to be determined by the Directors for the purpose of determining the shareholders' entitlements.

On 12 August 2014, the Singapore Exchange Securities Trading Limited (SGX-ST) gave its approval-in-principle for the listing and quotation of up to 6,930,364,990 Rights Shares, up to 3,465,182,495 Warrants and up to 3,465,182,495 New Shares in connection with the proposed Rights Shares cum Warrants Issue. See the Company's new release on the SGX-NET.

The SGX-ST Approval In-Principle is not to be taken as an indication of the merits of the Rights Shares cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries.

The Company will be seeking shareholders' approval for the proposed Rights Shares cum Warrants Issue at an Extraordinary General Meeting to be convened.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

Not applicable.

(b) (i) Amount per share

Not applicable.

(ii) Previous corresponding period

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which registrable transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividends have been recommended for the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained, and there is no such transaction during the reported financial period.

14. Confirmation pursuant to Rule 705(5) of the listing manual

Wong Chin Yong and Ong Kah Hock, being two directors of Innopac Holdings Limited, do hereby confirm on behalf of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's first half 2014 unaudited financial statements to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Wong Chin Yong
Director

Ong Kah Hock
Director

BY ORDER OF THE BOARD
Stanley Chu Kam Po
Company Secretary

Date: 13 Aug 2013