



INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

Financial Statement & Dividend Announcement for the Full Year Ended 31 December 2016 (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 Q4			GROUP 12 months		
	1.10.2016 to 31.12.2016 S\$'000	1.10.2015 to 31.12.2015 S\$'000	+/(-) %	1.1.2016 to 31.12.2016 S\$'000	1.1.2015 to 31.12.2015 S\$'000	+/(-) %
Net gain/(loss) on trading of marketable securities	70	(49)	(242.9)	2	(24)	(108.3)
Other operating (expenses) / income						
- Net losses from investment trading activities	(564)	(107)	(427.1)	(112)	(1,408)	(92.0)
- Net losses from derivative instruments and other assets/liabilities	(3)	(219)	(98.6)	(165)	(1,237)	(86.7)
Other income/(losses)	37	(9)	(511.1)	320	132	142.4
Administrative expenses	(279)	(743)	(62.4)	(1,619)	(2,449)	(33.9)
Other expenses	(1,086)	(29,615)	(96.3)	(1,848)	(30,912)	(94.0)
Finance income	2	214	(99.1)	96	219	(56.2)
Finance costs	-	(1)	(100.0)	(2)	(5)	(60.0)
Share of loss of joint ventures	(22)	-	n.m	(22)	-	n.m
Loss before tax	(1,845)	(30,529)	(94.0)	(3,350)	(35,684)	(90.6)
Tax credit/(expenses)	17	(13)	(230.8)	(11)	(13)	(15.4)
Loss from continuing operations	(1,828)	(30,542)	(94.0)	(3,361)	(35,697)	(90.6)
Discontinued operations						
Loss from discontinued operations	-	(13,465)	(100.0)	-	(13,465)	(100.0)
Total (loss)	(1,828)	(44,007)	(95.8)	(3,361)	(49,162)	(93.2)
Other comprehensive (loss) / income, net of tax						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	(137)	82	(267.1)	(172)	(1,419)	(87.9)
Total comprehensive loss	(1,965)	(43,925)	(95.5)	(3,533)	(50,581)	(93.0)
(Loss)/profit attributable to:						
Owners of the Company	(1,913)	(43,846)	(95.6)	(3,404)	(48,984)	(93.1)
Non-controlling interests	85	(161)	(152.8)	43	(178)	(124.2)
Total comprehensive (loss)/profit attributable to:						
Owners of the Company	(2,050)	(43,764)	(95.3)	(3,576)	(50,403)	(92.9)
Non-controlling interests	85	(161)	(152.8)	43	(178)	(124.2)

*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	
	31 Dec 2016 (Unaudited) S\$'000	31 Dec 2015 (Audited) S\$'000	31 Dec 2016 (Unaudited) S\$'000	31 Dec 2015 (Audited) S\$'000
<u>ASSETS</u>				
Non-current Assets :				
Subsidiaries	-	-	4,607	10,765
Property, plant and equipment	30	64	30	31
Investment properties	9,707	9,540	-	-
Investment in joint ventures	767	707	-	-
Available-for-sale investments	6,142	6,142	6,142	6,142
	16,646	16,453	10,779	16,938
Current Assets :				
Investments held for trading	83	308	66	111
Investment in fixed income instruments	-	5,213	-	5,213
Trade receivables	-	1,332	-	1,331
Other receivables and prepayments	8,451	3,720	8,846	3,051
Cash and cash equivalents	1,584	2,578	136	954
	10,118	13,151	9,048	10,660
TOTAL ASSETS	26,764	29,604	19,827	27,598
<u>LIABILITIES AND EQUITY</u>				
Non-Current Liabilities :				
Deferred tax liabilities	378	376	-	-
	378	376	-	-
Current Liabilities :				
Trade and other payables	13,801	13,494	8,189	8,138
Derivative payables and other liabilities	6	-	6	-
Provision for directors' fees	340	211	340	211
Finance lease liabilities	-	21	-	-
	14,147	13,726	8,535	8,349
Equity :				
Share capital	121,571	121,571	121,571	121,571
Assets revaluation reserve	3,099	3,099	-	-
Share awards reserve	752	678	752	678
Share options reserve	1,154	958	1,154	958
Foreign currency translation reserve	(743)	(571)	-	-
Accumulated losses	(114,210)	(110,806)	(112,185)	(103,958)
Equity attributable to owners of the Company	11,623	14,929	11,292	19,249
Non-controlling interests	616	573	-	-
	12,239	15,502	11,292	19,249
TOTAL LIABILITIES AND EQUITY	26,764	29,604	19,827	27,598

1(b)(ii) Group Borrowings

	GROUP		COMPANY	
	31 Dec 2016 (Unaudited) S\$'000	31 Dec 2015 Audited S\$'000	31 Dec 2016 (Unaudited) S\$'000	31 Dec 2015 Audited S\$'000
Amount repayable within one year	-	21	-	-

The borrowing in 2015 was related to finance lease liabilities secured on a 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	
	Q4		12 months	
	1.10.2016 to 31.12.2016 S\$'000	1.10.2015 to 31.12.2015 S\$'000	1.1.2016 to 31.12.2016 S\$'000	1.1.2015 to 31.12.2015 S\$'000
Cash flows from operating activities :				
Loss for the period	(1,828)	(44,007)	(3,361)	(49,162)
Adjustments for :				
Tax (credit)/expenses recognised in profit or loss	(17)	13	11	13
Share of loss of joint ventures	22	-	22	-
Net losses from investments held for trading	564	107	112	1,408
Net losses from derivative instruments and other assets / liabilities	3	219	165	1,237
Fair value loss/(gain) on investment property	3	(43)	(383)	(43)
Write back impairment of property, plant & equipment	-	(12)	-	(12)
Impairment of trade and other receivables	883	29,524	1,014	29,524
Impairment of goodwill	-	13,709	-	13,709
Write off of property, plant and equipment	-	2	-	2
Write off of inventories	-	7	-	7
Write off of other debtor, deposit & prepayment	-	-	4	-
Write back of losses on assets classified as held for sale	-	(244)	-	(244)
Loss on disposal of property, plant and equipment	-	10	-	10
Depreciation of property, plant and equipment	-	21	36	82
Provision for unutilised leave	1	6	48	46
Provision for directors' fee	32	31	130	125
Trade and other creditors written back	(1)	-	(1)	(3)
Net unrealised foreign exchange loss/(gain)	26	(97)	147	617
Share awards	-	247	74	678
Share options	-	153	196	412
Finance income	(2)	(214)	(96)	(219)
Finance costs	-	1	2	5
Operating cash flows before working capital changes	(314)	(567)	(1,880)	(1,808)
Investments held for trading	13	5,681	113	5,350
Investment in fixed income instruments	-	(5,000)	5,000	(5,000)
Trade and other receivables and prepayments	34	(531)	(4,516)	(854)
Trade and other payables	128	(64)	102	(162)
Derivative payables and other liabilities	6	-	6	-
Provision for directors' fees	-	(20)	-	(110)
Cash used in operations	(133)	(501)	(1,175)	(2,584)
Interest paid	-	(1)	(2)	(5)
Tax paid	-	-	(1)	(2)
Net cash used in operating activities	(133)	(502)	(1,178)	(2,591)
Cash flows from investing activities :				
Interest received	-	1	290	6
Purchase of property, plant and equipment	(3)	(3)	(3)	(3)
Payments for joint venture investment	(12)	-	(82)	(707)
Proceeds from disposal of property, plant and equipment	-	2	-	2
Proceeds from disposal of investment property	-	-	-	758
Net cash (used in)/generated from investing activities	(15)	-	205	56
Cash flows from financing activities				
Repayment of finance lease	-	(13)	(21)	(51)
Net cash used in financing activities	-	(13)	(21)	(51)
Net decrease in cash and cash equivalents	(148)	(515)	(994)	(2,586)
Cash and cash equivalents at the beginning of the year	1,732	3,093	2,578	5,164
Cash and cash equivalents at the end of the year	1,584	2,578	1,584	2,578

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 awards reserve S\$'000	Share options reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated (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 1.1.2016	121,571	678	958	(571)	(110,806)	3,099	14,929	573	15,502
(Loss)/profit for the year	-	-	-	-	(3,404)	-	(3,404)	43	(3,361)
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	(172)	-	-	(172)	-	(172)
Total other comprehensive (loss)/profit for the period, net of tax	-	-	-	(172)	-	-	(172)	-	(172)
Total comprehensive (loss)/profit for the period	-	-	-	(172)	(3,404)	-	(3,576)	43	(3,533)
Grant of share awards	-	74	-	-	-	-	74	-	74
Grant of share options	-	-	196	-	-	-	196	-	196
Balance as at 31.12.2016	121,571	752	1,154	(743)	(114,210)	3,099	11,623	616	12,239
Balance as at 1.1.2015	121,571	-	546	848	(61,765)	3,046	64,246	751	64,997
Loss for the year	-	-	-	-	(48,984)	-	(48,984)	(178)	(49,162)
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	(1,419)	-	-	(1,419)	-	(1,419)
Total other comprehensive loss for the period, net of tax	-	-	-	(1,419)	-	-	(1,419)	-	(1,419)
Total comprehensive loss for the period	-	-	-	(1,419)	(48,984)	-	(50,403)	(178)	(50,581)
Reclassification of reserves	-	-	-	-	(57)	53	(4)	-	(4)
Grant of share awards	-	678	-	-	-	-	678	-	678
Grant of share options	-	-	412	-	-	-	412	-	412
Balance as at 31.12.2015	121,571	678	958	(571)	(110,806)	3,099	14,929	573	15,502

	Share capital S\$'000	Share awards reserve S\$'000	Share options reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
COMPANY					
Balance as at 1.1.2016	121,571	678	958	(103,958)	19,249
Loss for the period	-	-	-	(8,227)	(8,227)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(8,227)	(8,227)
Grant of share awards	-	74	-	-	74
Grant of share options	-	-	196	-	196
Balance as at 31.12.2016	121,571	752	1,154	(112,185)	11,292
COMPANY					
Balance as at 1.1.2015	121,571	-	546	(57,939)	64,178
Loss for the period	-	-	-	(46,019)	(46,019)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(46,019)	(46,019)
Grant of share awards	-	678	-	-	678
Grant of share options	-	-	412	-	412
Balance as at 31.12.2015	121,571	678	958	(103,958)	19,249

- 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.**

The share awards, share options, and warrants outstanding during the period under review were as follows:-

GROUP / COMPANY	No. of share awards	No. of share options	No. of warrants
Balance at 1 Jan 2016	94,000,000	93,500,000	465,783,822
Issue of shares upon vesting of share awards	(64,000,000)	-	-
Balance at 31 Dec 2016	30,000,000	93,500,000	465,783,822

64,000,000 shares were allotted and issued upon vesting of share awards on 19 Apr 2016.

- 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 ordinary shares
Balance at 1 Jan 2016	4,396,750,145
Issue of shares upon vesting of share awards	64,000,000
Balance at 31 Dec 2016	4,460,750,145

- 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.

- 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.

- 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 methods of computations for the period under review as in the last audited financial statements, except the presentation of revenue as stated in paragraph 8 herein.

6. (Losses) 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		GROUP	
	1.10.2016 to 31.12.2016 Cents	1.10.2015 to 31.12.2015 Cents	1.1.2016 to 31.12.2016 Cents	1.1.2015 to 31.12.2015 Cents
(Losses) per ordinary share based on net loss attributable to shareholders calculated on:				
(i) weighted average number of ordinary shares	(0.05)	(1.00)	(0.08)	(1.12)
(ii) a fully diluted basis	(0.05)	(1.00)	(0.08)	(1.12)

Losses per ordinary share was calculated based on the weighted average number of shares of 4,441,690,036 (2015: 4,396,750,145) in issue during the period. The fully diluted losses per ordinary share for 2016 was calculated based on the weighted average number of shares of 4,441,690,036 (2015: 4,396,750,145) in issue during the period.

Diluted loss per share was calculated based on the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares. Shares awards granted but not vested, share options granted but not exercised, and warrants in issue at the end of the period under review, were excluded from the calculation of the diluted weighted average number of ordinary shares, as their effects are anti-dilutive.

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	
	31 Dec 2016 Cents	31 Dec 2015 Cents	31 Dec 2016 Cents	31 Dec 2015 Cents
Net asset value per ordinary share based on existing issued share capital	0.27	0.35	0.25	0.44

Computation of net asset value per ordinary share was based on 4,460,750,145 issued ordinary shares at the end of the period under review (31 Dec 2015: 4,396,750,145 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

Q4 2016 vs Q4 2015

A change of presentation of the revenue recognition from *trading of marketable securities* from gross proceeds to net gain/(loss) is adopted in 2016. There was a *net gain* of S\$0.07 million on *trading of marketable securities* in the quarter ended 31 December 2016 ("Q4 2016"), as compared to a *net loss* of S\$0.05 million in the previous corresponding quarter ended 31 December 2015 ("Q4 2015").

The unrealised loss from *investment trading activities* was S\$0.6 million in Q4 2016, as compared to an unrealised loss of S\$0.1 million in Q4 2015. These unrealised fair value losses reflected the changes in the market value of the Group's investments in marketable securities.

The unrealised loss from *derivative instruments and other asset/liabilities* in Q4 2016 declined to S\$0.003 million from S\$0.2 million in Q4 2015. The unrealised loss was mainly due to fair value changes arising from the Group's investments in derivatives instruments. These fair value loss reflected the changes in market value of the underlying assets.

Administrative expenses decreased to S\$0.3 million in Q4 2016 from S\$0.7 million in Q4 2015. The decrease was mainly due to absence of non-cash expenses arising from grant of share awards and share options in Q4 2016.

Other expenses decreased to S\$1.1 million in Q4 2016 from S\$29.6 million in Q4 2015. The decrease was mainly due to lower provision for impairment of receivable in Q4 2016. The provision for impairment in Q4 2015 was related to trade receivable representing the net receivable arising from the completion of the Sale and Purchase Agreement dated 7 September 2013 entered into by the Group to sell certain marketable securities.

Finance income decreased to S\$0.002 million in Q4 2016 from S\$0.2 in Q4 2015, mainly due to absence of interest income derived from the Company's investment in fixed income instruments.

Share of loss of joint-ventures arose from the expenses incurred by the Group in its joint venture investments.

Loss before tax arising from continuing operations declined to S\$1.8 million in Q4 2016 from S\$30.5 million in Q4 2015. The decrease was mainly due to lower provision for impairment of receivable in Q4 2016.

There was no gain or loss deriving from discontinuing operations in Q4 2016 as compared to a loss of S\$13.5 million in Q4 2015 which was mainly due to an impairment of goodwill.

There was an exchange loss of S\$0.1 million on *translation of foreign operations* in Q4 2016 compared to an exchange gain of S\$0.08 million in Q4 2015. The exchange differences were mainly due to the change of exchange rate of the Malaysian Ringgit against the Singapore Dollar. The Group recorded these exchange differences when it translated the financial statements of its Malaysian subsidiaries into Singapore Dollar for reporting purposes.

FY 2016 vs FY 2015

Business segments	Location	FY2016 S\$'000	FY2015 S\$'000	Variance %
Net gains/(losses) on trading of marketable securities	Singapore	2	(24)	(108.3)
<i>Revenue from Continuing operations</i>		2	(24)	(108.3)
Products trading	Other Asian countries	-	486	(100.0)
<i>Revenue from Discontinued operations</i>		-	486	(100.0)

Revenue contributed from *continuing operations* was S\$0.002 million in the year ended 31 December 2016 ("FY 2016"), mainly due to a *net gain arising from trading of marketable securities*, as compared to a *net loss* of S\$0.024 million in the year ended 31 December 2015 ("FY 2015").

Revenue from *discontinued operations* was S\$0.486 million from the CNG refilling stations business in the PRC, in FY 2015. The Group ceased to derive income from this business since FY 2015. Gross loss from *discontinued operations* was S\$0.1 million in FY 2015.

There was an unrealised loss from *investment trading activities* of S\$0.1 million in FY 2016, as compared to an unrealised loss of S\$1.4 million in FY 2015. The unrealised fair value gain/(loss) reflected the changes in the market value of the Group's investments in marketable securities.

Net loss from *derivative instruments and other assets/liabilities* decreased to S\$0.2 million in FY 2016 from S\$1.2 million in FY 2015. The decrease was mainly due to fair value losses from the Group's investments in derivative instruments. The net fair value loss reflected the changes in market value of the underlying assets.

Other income increased to S\$0.3 million in FY 2016 from S\$0.1 million in FY 2015, mainly due to the unrealised gain on investment property, but partly offset by a net realised loss in forex trading.

Administrative expenses decreased to S\$1.6 million in FY 2016 from S\$2.4 million in FY 2015. The decrease was mainly due to decrease of non-cash expenses arising from grant of share awards and share options.

Other expenses decreased to S\$1.8 million in FY 2016 from S\$30.9 million in FY 2015, mainly due to lower provision for impairment of receivable in FY 2016.

Finance income decreased to S\$0.1 million in FY 2016 from S\$0.2 in FY 2015, mainly due to decrease in interest income from the Company's investment in fixed income instruments.

Loss from continuing operations decreased to S\$3.4 million in FY 2016 from S\$35.7 million in FY 2015. The decrease was mainly due to lower provision for impairment of receivable in FY 2016.

There was no gain or loss from discontinuing operations in FY 2016 as compared to a loss of S\$13.5 million in FY 2015 which was mainly due to an impairment of goodwill.

The exchange loss on *translation of foreign operations* decreased to S\$0.2 million in FY 2016 from S\$1.4 million in FY 2015. The exchange differences were mainly due to changes of the Malaysian Ringgit against the Singapore Dollar. The Group recorded these exchange differences when it translated the financial statements of its Malaysian subsidiaries into Singapore Dollar for reporting purposes.

Review of the Statements of Financial Position as at 31 December 2016 compared with 31 December 2015

There was no material change for *property, plant and equipment* during FY 2016.

Investment properties comprised residential and commercial properties which were held for income and capital gain, increased to S\$9.7 million as at 31 December 2016 from S\$9.5 million as at 31 December 2015. The increase was mainly due to fair value gain.

Investment in joint venture which represents the Group's 50% participating interest in a gold exploration and exploitation concession in the Kyrgyz Republic, increased to S\$0.8 million as at 31 December 2016 from S\$0.7 million as at 31 December 2015. The increase was mainly due to the Group's funding of the 2015 work program for the concession during FY 2016.

The Group's *available-for-sale investments* as at both 31 December 2016 and 31 December 2015 was S\$6.1 million, comprising:

- (i) the rights to receive the net proceeds of 60 finished lots of land situated at Sawyer Falls, Pierce County, Washington State, USA, amounting to S\$4.6 million; and
- (ii) an equity investment in Trackplus Sdn Bhd with a valuation of S\$1.5 million.

Overall, non-current assets increased to S\$16.6 million as at 31 December 2016 from S\$16.5 million as at 31 December 2015, mainly due to increases in investment properties and investment in joint venture.

Current assets decreased to S\$10.1 million as at 31 December 2016 from S\$13.2 million as at 31 December 2015. The changes were due to:

- *Investment held for trading* decreased to S\$0.08 million as at 31 December 2016 from S\$0.3 million as at 31 December 2015, mainly due to disposal of investment held for trading and changes in fair value during FY 2016.
- *Investment in fixed income instruments* decreased to zero as at 31 December 2016 from S\$5.2 million as at 31 December 2015, due to redemption of fixed income instruments during FY 2016.
- *Trade receivables* decreased to zero as at 30 September 2016 from S\$1.3 million as at 31 December 2015, as the trade debtor made a settlement of S\$1.2 million in FY 2016. The S\$1.3 million *trade receivables* as at 31 December 2015 was secured by a third party pledged shares in a Singapore listed company ("Pledged Shares") and a deed of Shares Pledge for 25,000 shares, representing 50% of the issued share capital of an overseas private company held under an escrow in favour of the Company.

The Company had entered into a Sale and Purchase Agreement ("S&P") to sell certain marketable securities ("Securities") to a counterparty for S\$65.5 million in 2013. The counterparty paid S\$7.2 million in December 2013. On 31 December 2014, the Company entered into a further agreement with the counterparty to repurchase the Securities for S\$0.8 million. S\$57.5 million remained unsettled. The Company had estimated that the value of the Pledged Shares as at 31 December 2015 amounted to S\$1.3 million and had made a total allowance of impairment of

S\$56.2 million against this receivable in its FY 2015 audited financial statements. The Company had not attributed any value to the 25,000 shares in the overseas private company as there was limited marketability for these shares. The market value of the Pledged Shares in September 2016 was around S\$0.7 million. Pursuant to discussions with the Company, the counterparty proposed to pay S\$1.2 million for the release and return of the Pledged Shares and the 25,000 shares of the overseas private company.

After considering the earlier payment of S\$7.2 million that the counterparty had made under the S&P, and the drop in value of the Pledged Shares, the Company agreed to the proposal.

The Company provided for a further S\$0.1 million against the trade receivable, bringing the total impairment to S\$56.3 million which represented the amount of trade receivable not secured by collateral.

- *Other receivables and prepayments* increased to S\$8.5 million as at 31 December 2016 from S\$3.7 million as at 31 December 2015. The increase was mainly due to an advance of S\$6.0 million for microalgae cultivation and oil extraction joint-venture.
- *Cash and cash equivalents* decreased to S\$1.6 million as at 31 December 2016 from S\$2.6 million as at 31 December 2015.

There were no material changes in non-current liabilities as at 31 December 2016 as compared to 31 December 2015. Non-current liabilities comprised mainly of deferred tax liabilities. Deferred tax liabilities represented the estimated tax payable calculated on the difference between the carrying amount of the Group's investment properties and its costs.

There were no material changes for *trade and other payables*, *provision for directors' fees*, and *finance lease liabilities* as at 31 December 2016 as compared to 31 December 2015.

As at 31 December 2016, current liabilities increased to S\$14.1 million from S\$13.7 million as at 31 December 2015.

Current liabilities exceeded current assets by S\$4.0 million as at 31 December 2016.

As at 31 December 2016, the Group's current ratio was 0.72 times, as compared to 0.96 times as at 31 December 2015.

Total equity decreased to S\$12.2 million as at 31 December 2016 from S\$15.5 million as at 31 December 2015. The decrease was mainly due to the total comprehensive loss of S\$3.5 million for FY 2016.

Comments on Cashflow

Q4 2016 vs Q4 2015

Operating cash outflows before working capital changes in Q4 2016 were S\$0.3 million. These outflows were partly financed by an increase in trade and other payables of S\$0.1 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.1 million.

Operating cash outflows before working capital changes in Q4 2015 were S\$0.6 million. These outflows were partly financed by sale of investment held for trading of S\$5.7 million, but partially offset by investment in fixed income instruments of S\$5.0 million, and an increase in trade and other receivables and prepayments of S\$0.5 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.5 million.

FY 2016 vs FY 2015

Operating cash outflows before working capital changes in FY 2016 were S\$1.9 million. These outflows were partly financed by redemption of investment in fixed income instruments of S\$5.0 million, but partially offset by an increase in trade and other receivables and prepayments of S\$4.5 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$1.2 million. The net outflow was partly offset by an inflow of S\$0.2 million from the Group's investing activities.

Operating cash outflows before working capital changes in FY 2015 were S\$1.8 million. These outflows were partly financed by sale of investment held for trading of S\$5.4 million, but partially offset by investment in fixed income instruments of S\$5.0 million, and an increase in trade and other receivables and prepayments of S\$0.8 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$2.6 million. The Group has made a payment of S\$0.7 million for its investments in joint ventures.

Use of proceeds of the 2013 share placement and 2014 rights issue

As at 31 December 2016, the use of proceeds from the 2014 rights issue and the 2013 share placement are as follows.

	2014 Rights Issue S\$'000	2013 Share Placement S\$'000
General working capital	1,022	2,500
Business expansion	7,961	9,066
Investments at cost, and held in cash and cash equivalents	-	18,223
Total	8,983	29,789

The breakdown of usage for general working capital as at 31 December 2016 as follows.

Payroll and employee expenses	644	1,307
General administrative and service expenses	330	1,086
Listing expenses and corporate matter expenses	48	107
General working capital	1,022	2,500

S\$18.2 million from the 2013 share placement was invested in marketable securities pending deployment for the intended purposes of the placement. As disclosed in the 2013, 2014, and 2015 Annual Reports, the Company had in 2013 contracted to sell certain marketable securities. The Company had been expecting to collect this trade receivable under the S&P and had this trade receivable been fully recovered, this S\$18.2 million investment in marketable securities would have been realised in cash and available for business expansion. The Company is not optimistic of further recoverability of the outstanding receivable and full provision had been made.

The Company had used S\$1.0 million from the 2014 rights issue proceeds for working capital. This was S\$0.1 million more than originally intended for working capital.

The Company had previously adopted the first-in-first-out basis to allocate the fund deployed for business expansion to the respective sources of fund from the 2013 share placement and 2014 rights issue. The Company considers that that the allocation in accordance with the timing of payments should more accurately reflect the utilisation of fund raised from the 2013 share placement and 2014 rights issue.

Save as disclosed above, the proceeds from the 2013 share placement and 2014 rights issue have been fully utilised in accordance with the stated purposes.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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 is primarily engaged in investments and provision of management services to related companies.

Investments held for trading and financial instruments

The Group has investment in marketable securities and financial instruments. The fair value of the Group's portfolio of marketable securities and financial instruments is subject to market factors at the time of valuation and this may have an impact on the profit or loss of the Group for the reporting period. As at 31 December 2016, the Group's investment in marketable securities and marketable instruments comprise an insignificant percentage of the Group's total assets and any changes in market factors will have negligible impact on the Group's profit or loss.

Investments in investment properties

The Group's investment properties are residential and commercial properties held for income and capital gain. The Group had reviewed its investments in investment properties and had decided to dispose of its investment properties in Malaysia.

Investments in Joint-Ventures

The Company has three joint ventures as follows: (i) microalgae cultivation and extraction of oil, (ii) gold exploration and exploitation, and (iii) recovered carbon black.

- (i) *Microalgae cultivation and extraction of oil*
The Company and its joint-venture partner, have agreed in October 2016 to roll-out the project in three phases due to Company's inability to provide the financing of US\$12.5 million as originally contemplated. Phase 1 of the project has commenced and expects to start commercial operation and generate revenue in 2017. The profitability of this joint venture is subject to fluctuations in crude palm oil prices and foreign exchange rates as prices for crude microalgae oil is benchmarked to crude palm oil prices.
- (ii) *Gold exploration and exploitation*
In 2016, mapping work were conducted in the north-west sector of the concession area at the Kuramator area #2. Work program for 2017 is being prepared by local geologists for review by Artel and subsequent submission to the Geological Agency of the Kyrgyz Republic for approval. One of the main objective of the proposed 2017 work program is to include a test production and to upgrade the alluvial gold reserves and have it registered in the State balance which will enable Artel to start mining the alluvial gold. The Company cannot ascertain the timing when such approvals may be obtained. The profitability of this joint venture is dependent on the success of its exploration and gold prices and cost of production in the Kyrgyz Republic.
- (iii) *Recovered carbon black*
The Group is sourcing for the necessary financing for the project. The availability of financing will have an impact on the timing of project commencement and revenue generation.

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

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended)**
No dividend has been declared.
- (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 unaudited financial statements for the fourth quarter and twelve months ended 31 December 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors
Wong Chin Yong
Director
Date: 1 March 2017

Ong Kah Hock
Director
Date: 1 March 2017

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

16. Segment information

Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Analysis by business segment

	<u>Products</u> <u>trading</u> <u>S\$'000</u>	<u>Investment</u> <u>trading</u> <u>S\$'000</u>	<u>Investment</u> <u>holding</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Group 2016				
Segment revenue	-	2	-	2
Segment results	1,096	(1,017)	(3,427)	(3,348)
Finance cost				(2)
Income tax				(11)
Loss for the financial year				(3,361)
Segment assets	4,333	113	22,318	26,764
Segment liabilities	(498)	(12,368)	(1,281)	(14,147)
Deferred tax liabilities				(378)
Total liabilities				(14,525)
Other information				
Capital expenditure	-	-	3	3
Depreciation of property, plant and equipment	1	32	3	36
Group 2015				
Segment revenue	-	(24)	-	(24)
Segment results	(793)	(32,271)	(16,080)	(49,144)
Finance cost				(5)
Income tax				(13)
Loss for the financial year				(49,162)
Segment assets	7,997	1,708	19,899	29,604

	Products trading S\$'000	Investment trading S\$'000	Investment holding S\$'000	Total S\$'000
Segment liabilities	(461)	(12,223)	(1,042)	(13,726)
Deferred tax liabilities				(376)
Total liabilities				(14,102)
Other information				
Capital expenditure	2	-	1	3
Depreciation of property, plant and equipment	2	77	3	82

(b) *Analysis by geographical segment*

Segment revenue: Segment revenue was analysed based on the location of customers regardless of where the goods were produced.

Segment assets and capital expenditure: Segment assets and capital expenditure were analysed based on the location of those assets. Capital expenditure included the total cost incurred to acquire property, plant and equipment, and intangible assets.

	Group	
	2016 S\$'000	2015 S\$'000
Segment revenue by geographical market:		
Singapore	2	(24)
Total	2	(24)
Segment non-current assets by geographical location:		
Singapore	797	771
Other Asian countries	9,707	9,540
Total	10,504	10,311
Segment capital expenditure by geographical location:		
Singapore	3	1
Other Asian countries	-	2
Total	3	3

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to section 8 above.

18. **A breakdown of sales as follows:-**

	GROUP		
	Latest Financial Year S\$'000	Previous Financial Year S\$'000	% increase/ (decrease)
(a) Revenue reported for first half year	(68)	67	(201.5)
(b) Operating (loss) after tax before deducting minority interests reported for first half year	(1,053)	(3,162)	(66.7)
(c) Revenue reported for second half year	70	(91)	(176.9)
(d) Operating (loss) / profit after tax before deducting minority interests reported for second half year	(2,308)	(46,000)	(95.0)

19. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

- (a) Ordinary
- (b) Preference
- (c) Total

Not applicable

- 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the SGX Listing Manual, the Company wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**By order of the Board
Stanley Chu Kam Po
Company Secretary
Date: 1 March 2017**