



INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

Financial Statement & Dividend Announcement for the third quarter (Q3) and the 9 months (9M) ended 30 September 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 Q3			GROUP 9 months		
	1.7.2016 to 30.9.2016 S\$'000	1.7.2015 to 30.9.2015 S\$'000	+ / (-) %	1.1.2016 to 30.9.2016 S\$'000	1.1.2015 to 30.9.2015 S\$'000	+ / (-) %
Revenue	-	15	(100.0)	32	737	(95.7)
Cost of sales	-	(57)	(100.0)	(100)	(712)	(86.0)
Gross (loss)/profit	-	(42)	(100.0)	(68)	25	(372.0)
Other operating (expenses)/income						
- Net gain/(loss) from investment trading activities	355	(475)	(174.7)	452	(1,301)	(134.7)
- Net loss from derivative instruments and other assets/liabilities	(3)	(284)	(98.9)	(162)	(1,018)	(84.1)
Other (losses)/ income	(201)	154	(230.5)	283	141	100.7
Administrative expenses	(322)	(724)	(55.5)	(1,340)	(1,706)	(21.5)
Other expenses	(311)	(622)	(50.0)	(762)	(1,297)	(41.2)
Finance income	3	1	200.0	94	5	1,780.0
Finance costs	-	(1)	(100.0)	(2)	(4)	(50.0)
Loss before tax	(479)	(1,993)	(76.0)	(1,505)	(5,155)	(70.8)
Tax expenses	(1)	-	n.m	(28)	-	n.m
Loss for the period	(480)	(1,993)	(75.9)	(1,533)	(5,155)	(70.3)
Other comprehensive (loss) / income, net of tax						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	(84)	(468)	(82.1)	(35)	(1,501)	(97.7)
Total comprehensive loss	(564)	(2,461)	(77.1)	(1,568)	(6,656)	(76.4)
Loss attributable to:						
Owners of the Company	(479)	(1,990)	(75.9)	(1,491)	(5,138)	(71.0)
Non-controlling interests	(1)	(3)	(66.7)	(42)	(17)	147.1
Total comprehensive loss attributable to:						
Owners of the Company	(563)	(2,458)	(77.1)	(1,526)	(6,639)	(77.1)
Non-controlling interests	(1)	(3)	(66.7)	(42)	(17)	147.1

*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 Sep 2016 (Unaudited) S\$'000	31 Dec 2015 (Audited) S\$'000	30 Sep 2016 (Unaudited) S\$'000	31 Dec 2015 (Audited) S\$'000
ASSETS				
Non-current Assets :				
Subsidiaries	-	-	10,765	10,765
Property, plant and equipment	29	64	29	31
Investment properties	9,918	9,540	-	-
Investment in joint venture	777	707	-	-
Available-for-sale investments	6,142	6,142	6,142	6,142
	16,866	16,453	16,936	16,938
Current Assets :				
Investments held for trading	661	308	644	111
Investment in fixed income instruments	-	5,213	-	5,213
Trade receivables	-	1,332	-	1,331
Other receivables and prepayments	9,329	3,720	8,896	3,051
Cash and cash equivalents	1,732	2,578	225	954
	11,722	13,151	9,765	10,660
TOTAL ASSETS	28,588	29,604	26,701	27,598
LIABILITIES AND EQUITY				
Non-Current Liabilities :				
Deferred tax liabilities	402	376	-	-
	402	376	-	-
Current Liabilities :				
Trade and other payables	13,674	13,494	8,131	8,138
Provision for directors' fees	308	211	308	211
Finance lease liabilities	-	21	-	-
	13,982	13,726	8,439	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	(606)	(571)	-	-
Accumulated losses	(112,297)	(110,806)	(105,215)	(103,958)
Equity attributable to owners of the Company	13,673	14,929	18,262	19,249
Non-controlling interests	531	573	-	-
	14,204	15,502	18,262	19,249
TOTAL LIABILITIES AND EQUITY	28,588	29,604	26,701	27,598

1(b)(ii) Group Borrowings

	GROUP		COMPANY	
	30 Sep 2016 (Unaudited) S\$'000	31 Dec 2015 Audited S\$'000	30 Sep 2016 (Unaudited) S\$'000	31 Dec 2015 Audited S\$'000
Amount repayable within one year	-	21	-	-

The borrowing in 2015 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	
	Q3		9 months	
	1.7.2016 to 30.9.2016 S\$'000	1.7.2015 to 30.9.2015 S\$'000	1.1.2016 to 30.9.2016 S\$'000	1.1.2015 to 30.9.2015 S\$'000
Cash flows from operating activities :				
Loss for the period	(480)	(1,993)	(1,533)	(5,155)
Adjustments for :				
Tax expenses recognised in profit or loss	1	-	28	-
Fair value (gain) / loss from investments held for trading	(355)	475	(452)	1,301
Fair value loss from derivative instruments and other assets / liabilities	3	284	162	1,018
Fair value loss / (gain) on investment property	1	-	(386)	-
Impairment of trade receivable	131	-	131	-
Write off of other debtor, deposit & prepayment	-	-	4	-
Depreciation of property, plant and equipment	1	20	36	61
Provision for unutilized leave	17	13	47	40
Provision for directors' fee	34	31	98	94
Trade and other creditors written back	-	-	-	(3)
Net unrealised foreign exchange loss	72	442	121	715
Share awards	-	254	74	431
Share options	-	153	196	259
Finance income	(3)	(1)	(94)	(5)
Finance costs	-	1	2	4
Operating cash flows before working capital changes	(578)	(321)	(1,566)	(1,240)
Investments held for trading	-	(155)	100	(330)
Investment in fixed income instruments	400	-	5,000	-
Trade and other receivables and prepayments	(300)	(355)	(4,550)	(323)
Trade and other payables	(33)	161	(26)	(188)
Derivative payables and other liabilities	-	-	-	-
Cash used in operations	(511)	(670)	(1,042)	(2,081)
Interest paid	-	(1)	(2)	(4)
Tax paid	(1)	-	(1)	(2)
Net cash used in operating activities	(512)	(671)	(1,045)	(2,087)
Cash flows from investing activities :				
Interest received	289	1	290	5
Payments for joint venture investment	-	(154)	(70)	(709)
Proceeds from disposal of investment property	-	165	-	758
Net cash generated from investing activities	289	12	220	54
Cash flows from financing activities				
Repayment of finance lease	-	(13)	(21)	(38)
Net cash used in financing activities	-	(13)	(21)	(38)
Net decrease in cash and cash equivalents	(223)	(672)	(846)	(2,071)
Cash and cash equivalents at the beginning of the period	1,955	3,765	2,578	5,164
Cash and cash equivalents at the end of the period	1,732	3,093	1,732	3,093

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	Share awards reserve	Share options reserve	Foreign currency translation reserve	Accumulated (losses)	Asset revaluation reserve	Attributable to equity holders of the Company	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP									
Balance as at 1.1.2016	121,571	678	958	(571)	(110,806)	3,099	14,929	573	15,502
Loss for the period	-	-	-	-	(1,491)	-	(1,491)	(42)	(1,533)
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	(35)	-	-	(35)	-	(35)
Total other comprehensive loss for the period, net of tax	-	-	-	(35)	-	-	(35)	-	(35)
Total comprehensive loss for the period	-	-	-	(35)	(1,491)	-	(1,526)	(42)	(1,568)
Grant of share awards	-	74	-	-	-	-	74	-	74
Grant of share options	-	-	196	-	-	-	196	-	196
Balance as at 30.9.2016	121,571	752	1,154	(606)	(112,297)	3,099	13,673	531	14,204
Balance as at 1.1.2015	121,571	-	546	848	(61,765)	3,046	64,246	751	64,997
Loss for the period	-	-	-	-	(5,138)	-	(5,138)	(17)	(5,155)
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	(1,501)	-	-	(1,501)	-	(1,501)
Total other comprehensive loss for the period, net of tax	-	-	-	(1,501)	-	-	(1,501)	-	(1,501)
Total comprehensive loss for the period	-	-	-	(1,501)	(5,138)	-	(6,639)	(17)	(6,656)
Reclassification of reserves	-	-	-	-	(57)	53	(4)	-	(4)
Grant of share awards	-	431	-	-	-	-	431	-	431
Grant of share options	-	-	259	-	-	-	259	-	259
Balance as at 30.9.2015	121,571	431	805	(653)	(66,960)	3,099	58,293	734	59,027

	Share capital	Share awards reserve	Share options reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
COMPANY					
Balance as at 1.1.2016	121,571	678	958	(103,958)	19,249
Loss for the period	-	-	-	(1,257)	(1,257)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,257)	(1,257)
Grant of share awards	-	74	-	-	74
Grant of share options	-	-	196	-	196
Balance as at 30.9.2016	121,571	752	1,154	(105,215)	18,262
COMPANY					
Balance as at 1.1.2015	121,571	-	546	(57,939)	64,178
Loss for the period	-	-	-	(2,069)	(2,069)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,069)	(2,069)
Grant of share awards	-	431	-	-	431
Grant of share options	-	-	259	-	259
Balance as at 30.9.2015	121,571	431	805	(60,008)	62,799

- 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 30 Sep 2016	30,000,000	93,500,000	465,783,822

64,000,000 shares have been 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 30 Sep 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.

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	
	1.7.2016 to 30.9.2016 Cents	1.7.2015 to 30.9.2015 Cents	1.1.2016 to 30.9.2016 Cents	1.1.2015 to 30.9.2015 Cents
(Losses) per ordinary share based on net loss attributable to shareholders calculated on:				
(i) weighted average number of ordinary shares	(0.01)	(0.05)	(0.03)	(0.12)
(ii) a fully diluted basis	(0.01)	(0.05)	(0.03)	(0.12)

Losses per ordinary share was calculated based on the weighted average number of shares of 4,435,290,291 (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 4,435,290,291 (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	
	30 Sep 2016 Cents	31 Dec 2015 Cents	30 Sep 2016 Cents	31 Dec 2015 Cents
Net asset value per ordinary share based on existing issued share capital	0.32	0.35	0.41	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

Q3 2016 vs Q3 2015

Revenue in the quarter ended 30 September 2016 ("Q3 2016") was nil compared to S\$0.02 million in the previous corresponding quarter ended 30 September 2015 ("Q3 2015"). **The Group recognizes the following as Revenue: Sale proceeds from disposal of investments held for trading, Sale of goods or Rendering of services.**

The unrealised gain from *investment trading activities* was S\$0.4 million in Q3 2016, as compared to an unrealized loss of S\$0.5 million in Q3 2015. These unrealised fair value gain/(loss) reflected the changes in the market value of the Group's investments in marketable securities.

The unrealised loss deriving from *derivative instruments and other asset/liabilities* in Q3 2016 declined to S\$0.003 million from S\$0.3 million in Q3 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.

There was *other loss* of S\$0.2 million in Q3 2016 as compared to *other income* of S\$0.2 million in Q3 2015, mainly due to (i) absence of net realized investment gain, and (ii) the Group's loss in forex trade.

Administrative expenses decreased to S\$0.3 million in Q3 2016 from S\$0.7 million in Q3 2015. The decrease was mainly due to absence of non-cash expenses arising from grant of share awards and share options in Q3 2016.

Other expenses decreased to S\$0.3 million in Q3 2016 from S\$0.6 million in Q3 2015. The decrease was mainly due to decrease of unrealized exchanged loss in Q3 2016.

Finance income increased to S\$0.003 million in Q3 2016 from S\$0.001 in Q3 2015, mainly due to interest income derived from the Company's investment in fixed income instruments.

There was a loss of S\$0.5 million in Q3 2016 as compared to a loss of S\$2.0 million in Q3 2015. This was mainly due to gains derived from investment trading activities, decrease of loss derived from derivative instruments and other assets/liabilities, absence of non-cash expenses arising from grant of share awards and share options, and decrease of unrealized exchange loss in Q3 2016.

The exchange loss on *translation of foreign operations* decreased to S\$0.08 million in Q3 2016, from S\$0.5 million in Q3 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.

First 9 months 2016 vs first 9 months 2015

Revenue decreased to S\$0.03 million in the first 9 months ended 30 September 2016 ("9M 2016") from S\$0.7 million in the first 9 months ended 30 September 2015 ("9M 2015"), mainly due to decrease in sale of marketable securities. There was a *gross loss* of S\$0.07 million in 9M 2016 as compared to a gross profit of S\$0.03 in 9M 2015.

There was an unrealised gain from *investment trading activities* of S\$0.5 million in 9M 2016, as compared to an unrealised loss of S\$1.3 million in 9M 2015. These unrealised fair value gain/(loss) reflected the changes in the market value of the Group's investments in marketable securities.

Unrealised losses from *derivative instruments and other assets/liabilities* decreased to S\$0.2 million in 9M 2016 from S\$1.0 million in 9M 2015. These were mainly due to fair value losses from the Group's investments in derivative instruments. These fair value losses reflected changes in market value of the underlying assets.

Other income increased to S\$0.3 million in 9M 2016 from S\$0.1 million in 9M 2015, mainly due to (i) the unrealized gain on investment property, but partly offset by absence of net realized investment gain.

Administrative expenses decreased to S\$1.3 million in 9M 2016 from S\$1.7 million in 9M 2015. The decrease was mainly due to decrease of non-cash expenses arising from grant of share awards and share options in 9M 2016.

Other expenses decreased to S\$0.8 million in 9M 2016 from S\$1.3 million in 9M 2015, mainly due to decrease in unrealized exchange loss in 9M 2016.

Finance income increased to S\$0.1 million in 9M 2016 from S\$0.005 in 9M 2015, mainly due to interest income derived from the Company's investment in fixed income instruments.

Loss for the period decreased to S\$ 1.5 million in 9M 2016 from S\$5.2 million in 9M 2015. This was mainly due to gain derived from investment trading activities, decrease of loss derived from derivative instruments and other assets/liabilities, unrealized gain on investment property, decrease of non-cash expenses arising from grant of share awards and share options, and decrease of unrealized exchange loss in Q3 2016.

There was an exchange gain on *translation of foreign operations* of S\$0.004 million in 9M 2016 as compared to an exchange loss of S\$1.5 million in 9M 2015. The exchange differences were mainly due to movements 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 the Singapore Dollar for reporting purposes.

Review of the Statements of Financial Position as at 30 September 2016 compared with 31 December 2015

There was no material change for *property, plant and equipment* during 9M 2016.

Investment properties comprised residential and commercial properties which were held for income and capital gain, increased to S\$9.9 million as at 30 September 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 30 September 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 9M 2016.

The Group's *available-for-sale investments* as at both 30 September 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\$16.9 million as at 30 September 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\$11.7 million as at 30 September 2016 from S\$13.2 million as at 31 December 2015. The changes were due to:

- *Investment held for trading* increased to S\$0.7 million as at 30 September 2016 from S\$0.3 million as at 30 December 2015, mainly due to changes in fair value during 9M 2016.
- *Investment in fixed income instruments* decreased to zero as at 30 September 2016 from S\$5.2 million as at 30 December 2015, due to redemption of fixed income instruments during 9M 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 Q3 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 remains 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 2015 audited financial statements. The Company had not attributed any value to the 25,000 shares in the overseas private company as there is 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, thereby bringing the total impairment to S\$56.3 million which represents the amount of trade receivable not secured by collateral. Though the Company understands the slim prospect of full recovery of the trade receivable, it will continue to engage the counterparty for collection of further payment from the counterparty.

- *Other receivables and prepayments* increased to S\$9.3 million as at 30 September 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\$1.7 million as at 30 September 2016 from S\$2.6 million as at 31 December 2015.

There were no material changes in non-current liabilities as at 30 September 2016 as compared to 31 December 2015. Non-current liabilities comprised mainly of deferred tax liabilities. Deferred tax liabilities represent 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 30 September 2016 as compared to 31 December 2015.

As at 30 September 2016, current liabilities increased to S\$14.0 million from S\$13.7 million as at 31 December 2015.

Current liabilities exceeded current assets by S\$2.3 million as at 30 September 2016.

As at 30 September 2016, the Group's current ratio was 0.84 times, as compared to 0.96 times as at 31 December 2015.

Total equity decreased to S\$14.2 million as at 30 September 2016 from S\$15.5 million as at 31 December 2015. The decrease was mainly due to the total comprehensive loss of S\$1.6 million.

Comments on Cashflow

Q3 2016 vs Q3 2015

Operating cash outflows before working capital changes in Q3 2016 were S\$0.6 million. These outflows were partly financed by redemption of fixed income instruments of S\$0.4 million, but partly offset by increase in trade, other receivables and prepayments of S\$0.3 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.5 million. Cashflow from investing activities was S\$0.3 million, representing interest received from investment in fixed income instruments.

Operating cash outflows before working capital changes in Q3 2015 were S\$0.3 million. There was net purchase of investments held for trading of S\$0.2 million, and increase in trade, other receivables and prepayments of S\$0.4 million, but partly offset by increase in trade and other payables of S\$0.2 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.7 million. Net cashflow from investing activities was insignificant, as the proceeds from disposal of investment property of S\$0.2 million was offset by payment of S\$0.2 million for the Group's investment in joint venture project.

9M 2016 vs 9M 2015

Operating cash outflows before working capital changes in 9M 2016 were S\$1.6 million. These outflows were financed by redemption of fixed income instruments of S\$5.0 million, and sale of investments held for trading of S\$0.1 million, but partly offset by increase in trade, other receivables and prepayments of S\$4.6 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$1.0 million. Cashflow from investing activities was S\$0.3 million, representing interest received from investment in fixed income instruments.

Operating cash outflows before working capital changes in 9M 2015 were S\$1.2 million. The net purchase of investments held for trading of S\$0.3 million, increase in trade, other receivables and prepayments of S\$0.3 million, and payment of S\$0.2 million for trade and other payables contributed to the increase in operating cash outflows after working capital to S\$2.1 million. The Group paid S\$0.7 million for its investment in joint venture project. The Group has disposed part of its investment properties for S\$0.8 million.

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

As at 30 September 2016, the use of proceeds of 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	898	2,500
Business expansion	-	17,027
Investments at cost, and held in cash and cash equivalents	8,085	10,262
Total	8,983	29,789

The breakdown of usage for general working capital as at 30 September 2016 as follows.

Payroll and employee expenses	207	1,307
General administrative and service expenses	691	1,086
Listing expenses and corporate matter expenses	-	107
General working capital	898	2,500

S\$8.1 million from the 2014 rights issue and S\$10.3 million from the 2013 share placement have been invested in investments or cash and cash equivalents, pending deployment of funds. The rest of the proceeds from the 2014 rights issue and 2013 share placement have been utilised in accordance with the stated purposes.

The Company will provide further updates on the use of the proceeds from the 2014 rights issue and 2013 share placement as and when such proceeds are further disbursed and whether such use is in accordance with the stated use.

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 invests surplus cash that are not immediately required for operations in marketable securities and financial instruments. The fair value of the Group's portfolio of marketable securities and financial instruments is subject to external 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.

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 entered into 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 partners have agreed to roll-out the project in phases. Phase 1 of the project has commenced and expects to start commercial operation by end of

January 2017. The Company expects this joint venture to generate revenue in 2017. The profitability of this JV 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*

Work program for 2016 is being prepared by local geologists for submission to the Geological Agency of the Kyrgyz Republic for approval. One of the main objective of the proposed 2016 work program is 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 JV is subject to fluctuations in international gold prices and cost of production in the Kyrgyz Republic.

(iii) *Recovered carbon black*

The Group is in the process of sourcing for the necessary financing for the project. The availability of financing will have an impact on the timing of revenue being generated at the joint venture level and their contribution to the bottom line and cashflow of the Group.

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 third quarter and nine months ended 30 September 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wong Chin Yong
Director

11 Nov 2016

Ong Kah Hock
Director

11 Nov 2016

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).

By order of the Board

Stanley Chu
Company Secretary

11 Nov 2016