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# INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

**Financial Statement & Dividend Announcement for the Half Year and Second Quarter ended 30 June 2015 (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 2015 | 30 Jun 2014 | | 1.4.2015 to 30.6.2015 | 1.4.2014 to 30.6.2014 | |
| | S$'000 | S$'000 | +/(-) % | S$'000 | S$'000 | +/(-) % |
| Revenue | 722 | 441 | 63.7 | 234 | 316 | (25.9) |
| Cost of sales | (655) | (606) | 8.1 | (252) | (423) | (40.4) |
| **Gross profit / (loss)** | **67** | **(165)** | **140.6** | **(18)** | **(107)** | **(83.2)** |
| Other operating (expenses) / income | | | | | | |
| - Net (loss) / gain from investment trading activities | (826) | (5,653) | (85.4) | 87 | (3,206) | 102.7 |
| - Net gain from derivative receivables | - | 1,666 | (100.0) | - | 564 | (100.0) |
| - Net losses from derivative instruments and other assets/liabilities | (743) | (1,288) | (42.3) | (379) | (714) | (46.9) |
| Administrative expenses | (982) | (777) | 26.4 | (625) | (412) | 51.7 |
| Other expenses | (675) | (370) | 82.4 | (421) | (165) | 155.2 |
| Finance costs | (3) | (2) | 50.0 | (2) | (1) | 100.0 |
| **Loss before tax** | **(3,162)** | **(6,589)** | **(52.0)** | **(1,358)** | **(4,041)** | **(66.4)** |
| Tax (expense) / credit | - | (7) | (100.0) | 2 | (7) | (128.6) |
| **Loss for the period** | **(3,162)** | **(6,596)** | **(52.1)** | **(1,356)** | **(4,048)** | **(66.5)** |
| **Other comprehensive loss, net of tax** | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences on translation of foreign operations | (1,033) | (138) | 648.6 | (279) | (58) | 381.0 |
| **Total comprehensive loss for the period** | **(4,195)** | **(6,734)** | **(37.7)** | **(1,635)** | **(4,106)** | **(60.2)** |
| Loss attributable to: | | | | | | |
| Owners of the Company | (3,148) | (6,544) | (51.9) | (1,343) | (4,020) | (66.6) |
| Non-controlling interests | (14) | (52) | (73.1) | (13) | (28) | (53.6) |
| Total comprehensive loss attributable to : | | | | | | |
| Owners of the Company | (4,181) | (6,682) | (37.4) | (1,622) | (4,078) | (60.2) |
| Non-controlling interests | (14) | (52) | (73.1) | (13) | (28) | (53.6) |

**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 2015 (Unaudited) S$'000 | 31 Dec 2014 (Audited) S$'000 | 30 Jun 2015 (Unaudited) S$'000 | 31 Dec 2014 (Audited) S$'000 |
| **ASSETS** | | | | |
| **Non-current Assets :** | | | | |
| Subsidiaries | - | - | 24,504 | 24,504 |
| Goodwill | 13,709 | 13,709 | - | - |
| Property, plant and equipment | 103 | 144 | 30 | 32 |
| Investment property | 10,265 | 11,803 | - | - |
| Investment in joint venture | 555 | - | - | - |
| Available-for-sale investments | 6,142 | 6,142 | 6,142 | 6,142 |
| | 30,774 | 31,798 | 30,676 | 30,678 |
| **Current Assets :** | | | | |
| Inventories | 8 | 9 | - | - |
| Derivative receivables and other assets | - | 10 | - | 2 |
| Investments held for trading | 6,416 | 7,066 | 5,829 | 6,330 |
| Trade receivables | 30,856 | 30,856 | 30,855 | 30,855 |
| Other receivables and prepayments | 712 | 743 | 2,246 | 1,726 |
| Cash and cash equivalents | 3,765 | 5,164 | 1,762 | 3,148 |
| | 41,757 | 43,848 | 40,692 | 42,061 |
| Assets classified as held for sale | 4,766 | 5,112 | - | - |
| | 46,523 | 48,960 | 40,692 | 42,061 |
| **TOTAL ASSETS** | **77,297** | **80,758** | **71,368** | **72,739** |
| **LIABILITIES AND EQUITY** | | | | |
| **Non-Current Liabilities :** | | | | |
| Finance lease liabilities | - | 21 | - | - |
| Deferred tax liabilities | 393 | 428 | - | - |
| | 393 | 449 | - | - |
| **Current Liabilities :** | | | | |
| Trade and other payables | 3,325 | 2,889 | 8,123 | 8,365 |
| Derivative payables and other liabilities | 9,544 | 9,491 | - | - |
| Provision for directors' fees | 168 | 196 | 168 | 196 |
| Finance lease liabilities | 46 | 51 | - | - |
| | 13,083 | 12,627 | 8,291 | 8,561 |
| Liabilities directly associated with assets classified as held for sale | 2,736 | 2,685 | - | - |
| | 15,819 | 15,312 | 8,291 | 8,561 |
| **Equity :** | | | | |
| Share capital | 121,571 | 121,571 | 121,571 | 121,571 |
| Assets revaluation reserve | 3,046 | 3,046 | - | - |
| Share awards and share options reserve | 829 | 546 | 829 | 546 |
| Foreign currency translation reserve | (185) | 848 | - | - |
| Accumulated losses | (64,913) | (61,765) | (59,323) | (57,939) |
| Equity attributable to owners of the Company | 60,348 | 64,246 | 63,077 | 64,178 |
| Non-controlling interests | 737 | 751 | - | - |
| | 61,085 | 64,997 | 63,077 | 64,178 |
| **TOTAL LIABILITIES AND EQUITY** | **77,297** | **80,758** | **71,368** | **72,739** |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **1(b)(ii) Group Borrowings** | 30 Jun 2015 (Unaudited) S$'000 | 31 Dec 2014 Audited S$'000 | 30 Jun 2015 (Unaudited) S$'000 | 31 Dec 2014 Audited S$'000 |
| Amount repayable within one year | 46 | 51 | - | - |

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 2015 S$'000 | 30 Jun 2014 S$'000 | 1.4.2015 to 30.06.2015 S$'000 | 1.4.2014 to 30.06.2014 S$'000 |
| **Cash flows from operating activities :** | | | | |
| Loss before income tax | (3,162) | (6,589) | (1,358) | (4,041) |
| Adjustments for : | | | | |
| Fair value loss /(gain) on investments held for trading | 826 | 5,653 | (87) | 3,206 |
| Fair value loss on derivative instruments and other assets/liabilities | 743 | 1,288 | 379 | 714 |
| Fair value gain on derivative receivables | - | (1,666) | - | (564) |
| Fair value gain on investment property | - | (22) | - | (22) |
| Allowance for impairment loss on property, plant and equipment written back | - | (78) | - | (26) |
| Depreciation of property, plant and equipment | 41 | 137 | 21 | 69 |
| Provision for unutilized leave | 28 | 31 | 15 | 18 |
| Provision for directors' fee | 63 | 57 | 32 | 35 |
| Trade and other creditors written back | (3) | - | - | - |
| Share awards and share options reserve | 283 | - | 283 | - |
| Finance costs | 3 | 2 | 2 | 1 |
| Operating cash flows before working capital changes | (1,178) | (1,187) | (713) | (610) |
| Inventories | 1 | 3 | 1 | - |
| Trade and other receivables and prepayments | 32 | 3 | 2 | (158) |
| Derivative receivables and other assets | - | - | - | 1 |
| Investments held for trading | (175) | 238 | (88) | 170 |
| Trade and other payables | (85) | 384 | 170 | 430 |
| Derivative payables and other liabilities | (1) | (1) | - | (3) |
| Cash used in operations | (1,406) | (560) | (628) | (170) |
| Interest paid | (3) | (2) | (2) | (1) |
| Tax paid | (2) | - | - | - |
| **Net cash used in operating activities** | **(1,411)** | **(562)** | **(630)** | **(171)** |
| **Cash flows from investing activities :** | | | | |
| Purchase of property, plant and equipment | - | (16) | - | (16) |
| Payments for joint venture investment | (555) | - | (555) | - |
| Proceed from disposal of investment property | 593 | - | - | - |
| **Net cash generated /(used in) from investing activities** | **38** | **(16)** | **(555)** | **(16)** |
| **Cash flows from financing activities :** | | | | |
| Repayment of finance lease | (26) | (26) | (13) | (13) |
| **Net cash used in financing activities** | **(26)** | **(26)** | **(13)** | **(13)** |
| Net decrease in cash and cash equivalents | (1,399) | (604) | (1,198) | (200) |
| Cash and cash equivalents at the beginning of the period | 5,164 | 2,751 | 4,963 | 2,347 |
| Cash and cash equivalents at the end of the period | 3,765 | 2,147 | 3,765 | 2,147 |

**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$'000 | Accumulated (losses) S$'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* 1.1.2015** | **121,571** | **546** | **848** | **(61,765)** | **3,046** | **64,246** | **751** | **64,997** |
| Loss for the period | - | - | - | (3,148) | - | (3,148) | (14) | (3,162) |
| **Other comprehensive loss:** Exchange differences on translating foreign operations | - | - | (1,033) | - | - | (1,033) | - | (1,033) |
| **Total other comprehensive loss for the period, net of tax** | - | - | (1,033) | - | - | (1,033) | - | (1,033) |
| **Total comprehensive loss for the period** | - | - | (1,033) | (3,148) | - | (4,181) | (14) | (4,195) |
| **Share awards and share options reserve** | - | 283 | - | - | - | 283 | - | 283 |
| **Balance as at 30.6.2015** | **121,571** | **829** | **(185)** | **(64,913)** | **3,046** | **60,348** | **737** | **61,085** |
| **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 loss:** Exchange differences on translating foreign operations | - | - | (138) | - | - | (138) | 1 | (137) |
| **Total other comprehensive loss for the financial period, net of tax** | - | - | (138) | - | - | (138)) | 1 | (137) |
| **Total comprehensive loss for the period** | - | - | (138) | (6,544) | - | (6,682) | (51) | (6,733) |
| **Balance as at 30.6.2014** | **112,588** | **546** | **643** | **(62,904)** | **3,046** | **53,919** | **1,086** | **55,005** |

| | Share capital S$'000 | Share option reserve S$'000 | Accumulated losses S$'000 | Total S$'000 |
|---|---|---|---|---|
| **COMPANY** **Balance as at 1.1.2015** | **121,571** | **546** | **(57,939)** | **64,178** |
| Loss for the financial period | - | - | (1,384) | (1,384) |
| **Other comprehensive income for the financial period** | - | - | - | - |
| **Total comprehensive loss for the financial period** | - | - | (1,384) | (1,384) |
| **Share awards and share options reserve** | - | 283 | - | 283 |
| **Balance as at 30.6.2015** | **121,571** | **829** | **(59,323)** | **63,077** |
| **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 income for the financial period** | - | - | - | - |
| **Total comprehensive loss for the financial period** | - | - | (1,887) | (1,887) |
| **Balance as at 30.6.2014** | **112,588** | **546** | **(63,658)** | **49,476** |

**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.**

CANCELLATION OF 2014 SHARE AWARDS

On 8 April 2015, the Company's Remuneration Committee decided that the 68,300,000 share awards granted on 23 January 2014 under the Innopac Performance Share Scheme (the "PSS") to its directors and employees would not vest. The RC had considered, among other things, (i) the impact to the income statement of the Group, (ii) the share price performance of the Company since January 2014, and (iii) the value of such shares in the hands of the recipients when vested, and have deemed it inappropriate that such share awards be allowed to vest.

GRANT OF SHARE AWARDS AND SHARE OPTIONS IN APRIL 2015

On 28 April 2015, the Company granted 95,000,000 share awards and 95,000,000 share options described below pursuant to the rules of the Innopac Share Performance Share Scheme and Innopac Share Option Scheme.

**Share Awards**

| | | |
|---|---|---|
| a | Number of share awards granted | 95,000,000 |
| b | Market price of its securities on the date of grant | S$0.008 |
| c | Number of share awards granted to directors | 84,000,000 |

The share awards are subject to achieving pre-determined performance targets during one financial year performance period and / or other terms and conditions being met.

**Share Options**

| | | |
|---|---|---|
| a | Exercise price of options granted | S$0.008 |
| b | Number of options granted | 95,000,000 |
| c | Market price of its securities on the date of grant | S$0.008 |
| d | Number of options granted to directors | 74,000,000 |
| e | Validity period of the options granted to Group Executives and Group Directors | 28 April 2015 – 27 April 2025 |
| f | Validity period of the options granted to Non-Executive Directors | 28 April 2015 – 27 April 2020 |

**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 2015 and 30 Jun 2015 | 4,396,750,145 |

| | |
|---|---|
| Balance as at 1 Jan 2014 | 3,465,182,495 |
| Issue of rights shares | 931,567,650 |
| Balance as at 31 Dec 2014 | 4,396,750,145 |

**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 year under review and its previous corresponding year.

**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.

**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 2015 Cents** | **30 Jun 2014 Cents** |
| (Losses) per ordinary share based on net loss attributable to shareholders calculated on : | | |
| (i) weighted average number of ordinary shares on issue | (0.07) | (0.19) |
| (ii) a fully diluted basis | (0.07) | (0.19) |

Losses per ordinary share is calculated based on the weighted average number of shares of 4,396,750,145 (Q2 2014: 3,465,182,495) in issue during the period. The fully diluted losses per ordinary share is calculated based on the weighted average number of shares of 4,396,750,145 (2014: 3,465,182,495) in issue during the period.

Diluted loss per share is calculated based on the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares. Shares awards and share options granted and warrants issued 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 Jun 2015 Cents | 31 Dec 2014 Cents | 30 Jun 2015 Cents | 31 Dec 2014 Cents |
| Net asset value per ordinary share based on existing issued share capital | 1.39 | 1.48 | 1.43 | 1.46 |

Computation of net asset value per ordinary share is based on 4,396,750,145 issued ordinary shares at the end of the period under review (2014: 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 – H1 2015 vs H1 2014*

Group revenue increased to S$0.7 million for the half year ended 30 June 2015 ("H1 2015"), from S$0.4 million for the half year ended 30 June 2014 ("H1 2014") due to increased sales of marketable securities. The Group realised a gross gain of S$0.1 million in H1 2015, compared to a gross loss of S$0.2 million in H1 2014.

Unrealised losses from investment trading activities narrowed from S$5.7 million in H1 2014 to S$0.8 million in H1 2015. The unrealised losses from investment trading activities was mainly due to fair value losses of the Group's investments in marketable securities. These fair value losses reflect the changes in the market value of the Group's investments in marketable securities.

Unrealised gain arising from derivative receivables amounted to S$1.7 million in H1 2014. This was due to a Sale and Purchase Agreement dated 7 September 2013 ("S&P") entered into by the Group, wherein the Group had agreed to sell certain marketable securities. A Variation Agreement to the S&P was entered on 25 March 2014 to extend the completion date to 31 December 2014. The transaction was subsequently completed in December 2014.

Unrealised losses from derivative instruments and other assets decreased from S$1.3 million in H1 2014 to S$0.7 million in H1 2015. These were mainly due to fair value losses from the Group's investments in derivatives. These fair value losses reflect changes in market value of the underlying assets.

Administrative expenses was S$1.0 million in H1 2015 compared to S$0.8 million in H1 2014. The increase was mainly due to non-cash expenses of S$0.3 million arising from the grant of 95,000,000 share awards and 95,000,000 share options on 28 April 2015.

Other expenses increased to S$0.7 million in H1 2015 from S$0.4 million in H1 2014. The increase was mainly due to unrealized loss of S$0.3 million arising from foreign currency translation.

Loss before income tax decreased to S$3.2 million in H1 2015, from S$6.6 million in H1 2014. The decrease in loss was mainly due to (i) the decrease in losses arising from the Group's investment trading activities, (ii) decrease in losses from derivative instruments and other assets, but partly offset by (iii) the absence of gain from derivative receivables.

*Comments on the Statements of Comprehensive Income – Q2 2015 Vs Q2 2014*

Group revenue decreased to S$0.2 million for the quarter ended 30 June 2015 ("Q2 2015"), from S$0.3 million for the quarter ended 30 June 2014 ("Q2 2014"). The Group realised a gross loss of S$0.02 million in Q2 2015, compared to a gross loss of S$0.1 million in Q2 2014.

There was an unrealised gain of S$0.1 million arising from investment trading activities in Q2 2015, as compared to an unrealised loss of S$3.2 million in Q2 2014. This was mainly due to fair value gain/loss of the Group's investments in marketable securities. These fair value gain/loss reflect the changes in the market value of the Group's investments in marketable securities.

Unrealised gain arising from derivative receivables amounted to S$0.6 million in Q2 2014. This was due to the Sale and Purchase Agreement dated 7 September 2013 ("S&P") entered into by the Group. The transaction was subsequently completed in December 2014.

Unrealised losses from derivative instruments and other assets decreased from S$0.7 million in Q2 2014 to S$0.4 million in Q2 2015. These were mainly due to fair value losses from the Group's investments in derivatives. These fair value losses reflect changes in market value of the underlying assets.

Administrative expenses was S$0.6 million in Q2 2015 compared to S$0.4 million in Q2 2014. The increase was mainly due to non-cash expenses of S$0.3 million arising from the grant of 95,000,000 share awards and 95,000,000 share options on 28 April 2015.

Other expenses increased to S$0.4 million in Q2 2015 from S$0.2 million in Q2 2014. The increase was mainly due to unrealized loss of S$0.3 million arising from foreign currency translation.

Loss before income tax decreased to S$1.4 million in Q2 2015, from S$4.0 million in Q2 2014. The decrease in loss was mainly due to (i) the decrease in losses arising from the Group's investment trading activities, (ii) decrease in losses from derivative instruments and other assets, but partly offset by (iii) the absence of gain from derivative receivables.

*Review of the Statements of Financial Position as at 30 June 2015 compared with 31 December 2014*

Non-current assets decreased to S$30.8 million as at 30 June 2015 from S$31.8 million as at 31 December 2014.

Goodwill of S$13.7 million arose from the acquisition of an 81.82% equity interest in Extera Pte Ltd ("Extera") in 2013. Based on the directors' 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 Group has determined that the carrying value of the goodwill associated with the Group's acquisition of Extera was not impaired.

There was no material change for property, plant and equipment in H1 2015 as compared to H1 2014.

Investment property comprises residential and commercial properties which are held for income and capital gain, decreased to S$10.3 million as at 30 June 2015 from S$11.8 million as at 31 December 2014. The decrease was mainly due to (i) reclassification from investment properties to assets classified as held for sale, and (ii) exchange rate translation difference.

Investment in joint venture represents a 50% interest in Artel Trade LLC ("Artel") by a wholly-owned subsidiary, Golden Eagle Mining Pte Ltd. Artel, a company established under the laws of the Kyrgyz Republic, has a gold exploration and mining license in a concession in the Kyrgyz Republic. The license expires on 22 May 2019 and is extendable for a further period of 20 years. The concession area is in Kuramator region and covers 63.72 sq.km. This concession area was first explored in 1970 and 1986-87 by Soviet geologists. From these explorations results, the geologists had estimated that Kuramator concession contains 3.75 tonnes of hard rock gold. The Kyrgyz State Geology Agency also reported that the area contains up to 447 kilos of recoverable alluvial gold. 2015 work program is underway with the objective of proving the gold reserves that will be added onto the Kyrgyz State balance.

The Group's available-for-sale investments as at 30 June 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.

Current assets decreased to S$46.5 million as at 30 June 2015 from S$49.0 million as at 31 December 2014. The changes were due to:

- Investments held for trading decreased to S$6.4 million as at 30 June 2015 from S$7.1 million as at 31 December 2014. This was mainly due to fair value loss of approximately S$0.8 million during the period under review.

- Cash and cash equivalents decreased to S$3.8 million as at 30 June 2015, compared to S$5.2 million as at 31 December 2014.

- Assets classified as held for sale decreased to S$4.8 million as at 30 June 2015 from S$5.1 million as at 31 December 2014. This was mainly due to (i) net disposal of assets held for sale and (ii) exchange rate translation difference.

There were no material change in inventories, derivative receivables and other assets, trade receivables, and other receivables and prepayments as at 30 June 2015, as compared to 31 December 2014.

There was no material change for non-current liabilities as at 30 June 2015, as compared to 31 December 2014. Non-current liabilities comprised mainly 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.

Current liabilities as at 30 June 2015 increased to S$15.8 million from S$15.3 million as at 31 December 2014.

Trade and other payables increased to S$3.3 million as at 30 June 2015, from S$2.9 million as at 31 December 2014. The increase was mainly due to increase in accrued finance charges due to a brokerage house on unsettled accounts balance.

There was no material change for derivatives payables and other liabilities, provision for directors' fees, finance lease liabilities, and liabilities directly associated with assets classified as held for sale as at 30 June 2015 as compared to 31 December 14. Liabilities directly associated with assets classified as held for sale arose as the Group had entered into an agreement to sell its CNG refilling station operating assets which is denominated in foreign currency.

As at 30 June 2015, the Group's current ratio was 2.9 times, as compared to 3.2 times as at 31 December 2014.

Total equity decreased to S$61.1 million as at 30 June 2015 from S$65.0 million as at 31 December 2014. The decrease was mainly due to the total comprehensive loss of S$4.2 million incurred, partly offset by reserve of $0.3 million related to share awards and share options during the period under review.

*Comments on Cashflow – H1 2015 vs H1 2014*

Operating cash outflows before working capital changes in H1 2015 were S$1.2 million. There was purchase of investments held for trading of S$0.2 million. Net cash outflows arising from operating activities (after movement in working capital) was S$1.4 million. The payment for investment in joint venture of S$0.6 million was financed by proceeds from disposal of investment property of S$0.6 million.

Operating cash outflows before working capital changes in 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.

*Comments on Cashflow – Q2 2015 vs Q2 2014*

Operating cash outflows before working capital changes in Q2 2015 were S$0.7 million. These outflows were partly financed by increase in trade and other payables of S$0.2 million, but partly offset by purchase of investments held for trading of S$0.1 million. Net cash outflows arising from operating activities (after movement in working capital) was S$0.6 million. There was payment for investment in joint venture of S$0.6 million.

Operating cash outflows before working capital changes in Q2 2014 were S$0.6 million. These outflows were partly financed by increase in trade and other payables of S$0.4 million. Net cash outflows arising from operating activities (after movement in working capital) was S$0.2 million.

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

As at 30 June 2015, 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 | - | 2,500 |
| Business expansion | - | 10,127 |
| Invest in investments held for trading | 8,983 | 17,162 |
| **Total** | **8,983** | **29,789** |

The breakdown of usage for general working capital as at 30 June 2015 as follows.

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

The proceeds from the 2014 rights issue and S$17.2 million from the 2013 share placement have not yet been fully utilised but have been invested in investments held for trading pending deployment of funds. The rest of the proceeds from the 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.**

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

**Portfolio management in 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. It constantly evaluates opportunities for such investments. 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 has reviewed its investments and businesses, and has decided to dispose of its investment properties in Malaysia. The Group does not expect the disposal of its investment properties in Malaysia to have any significant impact on its financial results in 2015.

**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 and cashflow as well as growth potential. The Group is currently reviewing and in negotiations to pursue such investments and acquisitions. However, there is no assurance that a successful investment or acquisition will materialise thereof.

The Group 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.

**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 year.

**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 year.

**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 2015 unaudited financial statements to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

| | |
|---|---|
| **Wong Chin Yong**<br>**Director** | **Ong Kah Hock**<br>**Director** |
| **Date: 6 Aug 2015** | **Date: 6 Aug 2015** |

**By order of the Board**

**Stanley Chu Kam Po**
**Company Secretary**

**Date: 6 Aug 2015**