



INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

Financial Statement & Dividend Announcement for the Second Quarter (Q2) and Half Year (H1) ended 30 June 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 Q2 | | | GROUP H1 | | |
|---|--|--|---------------|--|--|----------------|
| | 1.4.2016 to 30.6.2016 S\$'000 | 1.4.2015 to 30.6.2015 S\$'000 | + / (-) % | 1.1.2016 to 30.6.2016 S\$'000 | 1.1.2015 to 30.6.2015 S\$'000 | + / (-) % |
| Revenue | 23 | 234 | (90.2) | 32 | 722 | (95.6) |
| Cost of sales | (80) | (252) | (68.3) | (100) | (655) | (84.7) |
| Gross (loss)/profit | (57) | (18) | 216.7 | (68) | 67 | (201.5) |
| Other operating (expenses)/income | | | | | | |
| - Net gain/(loss) from investment trading activities | 246 | 87 | 182.8 | 97 | (826) | (111.7) |
| - Net loss from derivative instruments and other assets/liabilities | - | (344) | (100.0) | (159) | (734) | (78.3) |
| Other income/(losses) | 119 | (36) | (430.6) | 484 | (13) | (3,823.1) |
| Administrative expenses | (406) | (625) | (35.0) | (1,018) | (982) | 3.7 |
| Other expenses | (401) | (421) | (4.8) | (451) | (675) | (33.2) |
| Finance income | 8 | 1 | 700.0 | 91 | 4 | 2,175.0 |
| Finance costs | (1) | (2) | (50.0) | (2) | (3) | 33.3 |
| Loss before tax | (492) | (1,358) | (63.8) | (1,026) | (3,162) | (67.6) |
| Tax credit/(expenses) | - | 2 | (100.0) | (27) | - | n.m |
| Loss for the period | (492) | (1,356) | (63.7) | (1,053) | (3,162) | (66.7) |
| Other comprehensive (loss) / income, net of tax | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences on translation of foreign operations | (156) | (279) | (44.1) | 49 | (1,033) | (104.7) |
| Total comprehensive loss | (648) | (1,635) | (60.4) | (1,004) | (4,195) | (76.1) |
| Loss attributable to: | | | | | | |
| Owners of the Company | (469) | (1,343) | (65.1) | (1,012) | (3,148) | (67.9) |
| Non-controlling interests | (23) | (13) | 76.9 | (41) | (14) | 192.9 |
| Total comprehensive loss attributable to: | | | | | | |
| Owners of the Company | (625) | (1,622) | (61.5) | (963) | (4,181) | (77.0) |
| Non-controlling interests | (23) | (13) | 76.9 | (41) | (14) | 192.9 |

*n.m : not meaningful

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

| | GROUP | | COMPANY | |
|--|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| | 30 Jun 2016 (Unaudited) S\$'000 | 31 Dec 2015 (Audited) S\$'000 | 30 Jun 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 | 10,099 | 9,540 | - | - |
| Investment in joint venture | 777 | 707 | - | - |
| Available-for-sale investments | 6,142 | 6,142 | 6,142 | 6,142 |
| | 17,047 | 16,453 | 16,936 | 16,938 |
| Current Assets : | | | | |
| Investments held for trading | 306 | 308 | 272 | 111 |
| Investment in fixed income instruments | 687 | 5,213 | 686 | 5,213 |
| Trade receivables | 1,331 | 1,332 | 1,331 | 1,331 |
| Other receivables and prepayments | 7,809 | 3,720 | 7,461 | 3,051 |
| Cash and cash equivalents | 1,955 | 2,578 | 245 | 954 |
| | 12,088 | 13,151 | 9,995 | 10,660 |
| TOTAL ASSETS | 29,135 | 29,604 | 26,931 | 27,598 |
| LIABILITIES AND EQUITY | | | | |
| Non-Current Liabilities : | | | | |
| Deferred tax liabilities | 409 | 376 | - | - |
| | 409 | 376 | - | - |
| Current Liabilities : | | | | |
| Trade and other payables | 13,684 | 13,494 | 8,146 | 8,138 |
| Provision for directors' fees | 274 | 211 | 274 | 211 |
| Finance lease liabilities | - | 21 | - | - |
| | 13,958 | 13,726 | 8,420 | 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 | (522) | (571) | - | - |
| Accumulated losses | (111,818) | (110,806) | (104,966) | (103,958) |
| Equity attributable to owners of the Company | 14,236 | 14,929 | 18,511 | 19,249 |
| Non-controlling interests | 532 | 573 | - | - |
| | 14,768 | 15,502 | 18,511 | 19,249 |
| TOTAL LIABILITIES AND EQUITY | 29,135 | 29,604 | 26,931 | 27,598 |

1(b)(ii) Group Borrowings

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

The borrowing relates 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 | |
|--|--|--|---|---|
| | Q2 | | H1 | |
| | 1.4.2016 to 30.6.2016 S\$'000 | 1.4.2015 to 30.6.2015 S\$'000 | 1.1.2016 to 30.06.2016 S\$'000 | 1.1.2015 to 30.06.2015 S\$'000 |
| Cash flows from operating activities : | | | | |
| Loss for the period | (492) | (1,356) | (1,053) | (3,162) |
| Adjustments for : | | | | |
| Tax (credit)/expenses recognised in profit or loss | - | (2) | 27 | - |
| Fair value (gain)/loss on investments held for trading | (246) | (87) | (97) | 826 |
| Fair value loss on derivative instruments and other assets/liabilities | - | 344 | 159 | 734 |
| Fair value gain on investment property | (3) | - | (387) | - |
| Write off of other debtor, deposit & prepayment | 4 | - | 4 | - |
| Depreciation of property, plant and equipment | 14 | 21 | 35 | 41 |
| Provision for unutilized leave | 17 | 15 | 30 | 28 |
| Provision for directors' fee | 33 | 32 | 64 | 63 |
| Trade and other creditors written back | - | - | - | (3) |
| Net unrealised foreign exchange loss | 167 | 230 | 49 | 273 |
| Share awards | - | 177 | 74 | 177 |
| Share options | 45 | 106 | 196 | 106 |
| Finance income | (8) | (1) | (91) | (4) |
| Finance costs | 1 | 2 | 2 | 3 |
| Operating cash flows before working capital changes | (468) | (519) | (988) | (918) |
| Inventories | - | 1 | - | 1 |
| Investments held for trading | 80 | (88) | 100 | (175) |
| Investment in fixed income instruments | 800 | - | 4,600 | - |
| Trade and other receivables and prepayments | (807) | 2 | (4,250) | 32 |
| Trade and other payables | 10 | (25) | 7 | (349) |
| Derivative payables and other liabilities | - | - | - | (1) |
| Cash used in operations | (385) | (629) | (531) | (1,410) |
| Interest paid | (1) | (2) | (2) | (3) |
| Tax paid | - | - | - | (2) |
| Net cash used in operating activities | (386) | (631) | (533) | (1,415) |
| Cash flows from investing activities : | | | | |
| Interest received | - | 1 | 1 | 4 |
| Payments for joint venture investment | (49) | (555) | (70) | (555) |
| Proceeds from disposal of investment property | - | - | - | 593 |
| Net cash (used in)/generated from investing activities | (49) | (554) | (69) | 42 |
| Cash flows from financing activities | | | | |
| Repayment of finance lease | (8) | (13) | (21) | (26) |
| Net cash used in financing activities | (8) | (13) | (21) | (26) |
| Net decrease in cash and cash equivalents | (443) | (1,198) | (623) | (1,399) |
| Cash and cash equivalents at the beginning of the period | 2,398 | 4,963 | 2,578 | 5,164 |
| Cash and cash equivalents at the end of the period | 1,955 | 3,765 | 1,955 | 3,765 |

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 | - | - | - | - | (1,012) | - | (1,012) | (41) | (1,053) |
| Other comprehensive income: Exchange differences on translating foreign operations | - | - | - | 49 | - | - | 49 | - | 49 |
| Total other comprehensive income for the period, net of tax | - | - | - | 49 | - | - | 49 | - | 49 |
| Total comprehensive income/(loss) for the period | - | - | - | 49 | (1,012) | - | (963) | (41) | (1,004) |
| Grant of share awards | - | 74 | - | - | - | - | 74 | - | 74 |
| Grant of share options | - | - | 196 | - | - | - | 196 | - | 196 |
| Balance as at 30.6.2016 | 121,571 | 752 | 1,154 | (522) | (111,818) | 3,099 | 14,236 | 532 | 14,768 |
| 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) |
| Grant of share awards | - | 177 | - | - | - | - | 177 | - | 177 |
| Grant of share options | - | - | 106 | - | - | - | 106 | - | 106 |
| Balance as at 30.6.2015 | 121,571 | 177 | 652 | (185) | (64,913) | 3,046 | 60,348 | 737 | 61,085 |

| | 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 | - | - | - | (1,008) | (1,008) |
| Other comprehensive loss for the period | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | (1,008) | (1,008) |
| Grant of share awards | - | 74 | - | - | 74 |
| Grant of share options | - | - | 196 | - | 196 |
| Balance as at 30.6.2016 | 121,571 | 752 | 1,154 | (104,966) | 18,511 |
| COMPANY | | | | | |
| Balance as at 1.1.2015 | 112,588 | - | 546 | (57,939) | 64,178 |
| Loss for the period | - | - | - | (1,384) | (1,384) |
| Other comprehensive loss for the period | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | (1,384) | (1,384) |
| Grant of share awards | - | 177 | - | - | 177 |
| Grant of share options | - | - | 106 | - | 106 |
| Balance as at 30.6.2015 | 121,571 | 177 | 652 | (59,323) | 63,077 |

- 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 Jun 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 Jun 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 method 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 Q2 | | GROUP H1 | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 1.4.2016 to 30.6.2016 Cents | 1.4.2015 to 30.6.2015 Cents | 1.1.2016 to 30.6.2016 Cents | 1.1.2015 to 30.6.2015 Cents |
| (Losses) per ordinary share based on net loss attributable to shareholders calculated on: | | | | |
| (i) weighted average number of ordinary shares | (0.01) | (0.03) | (0.02) | (0.07) |
| (ii) a fully diluted basis | (0.01) | (0.03) | (0.02) | (0.07) |

Losses per ordinary share for H1 2016 was calculated based on the weighted average number of shares of 4,422,420,475 (H1 2015: 4,396,750,145) in issue during the period. The fully diluted losses per ordinary share for H1 2016 was calculated based on the weighted average number of shares of 4,422,420,475 (H1 2015: 4,396,750,145) 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 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 Jun 2016 Cents | 31 Dec 2015 Cents | 30 Jun 2016 Cents | 31 Dec 2015 Cents |
| Net asset value per ordinary share based on existing issued share capital | 0.33 | 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

Q2 2016 vs Q2 2015

Revenue in the quarter ended 30 June 2016 ("Q2 2016") decreased to S\$0.02 million from S\$0.2 million in the previous corresponding quarter ended 30 June 2015 ("Q2 2015"), due to decreased sales of marketable securities. The Group realised a *gross loss* of S\$0.06 million in Q2 2016 as compared to a gross loss of S\$0.02 million in Q2 2015.

Unrealised gain from *investment trading activities* increased to S\$0.2 million in Q2 2016 from S\$0.09 million in Q2 2015. These unrealised fair value gain from the Group's investments trading activities reflect 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 Q2 2016 declined to zero from S\$0.3 million in Q2 2015. The unrealised loss was mainly due to fair value changes arising from the Group's investments in derivatives. These fair value loss reflects the changes in market value of the underlying assets.

There was *other income* of S\$0.1 million in Q2 2016 as compared to *other loss* of S\$0.04 million in Q2 2015 which mainly comprised of the Group's net gain or loss in forex trade.

Administrative expenses decreased to S\$0.4 million in Q2 2016 from S\$0.6 million in Q2 2015. The decrease was mainly due to decrease of non-cash expenses arising from grant of share awards and share options.

Other expenses remained stable at S\$0.4 million for both Q2 2016 and Q2 2015.

Finance income of S\$0.008 million in Q2 2016 represents mainly interest income derived from the Company's investment in fixed income instruments.

There was a loss of S\$0.5 million in Q2 2016 as compared to a loss of S\$1.4 million in Q2 2015. This was mainly due to a gain deriving from investment trading activities and forex trading activities, an absence of loss deriving from derivative instruments and other assets/liabilities, and decrease in administrative expenses in Q2 2016.

The exchange loss on *translation of foreign operations* decreased to S\$0.2 million in Q2 2016, from S\$0.3 million in Q2 2015. The exchange differences were mainly due to the 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.

H1 2016 vs H1 2015

Revenue decreased to S\$0.03 million in the half year ended 30 June 2016 ("H1 2016") from S\$0.7 million in the half year ended 30 June 2015 ("H1 2015"), mainly due to decrease in sale of marketable securities. There was a *gross loss* of S\$0.07 million in H1 2016 as compared to a gross profit of S\$0.07 in H1 2015.

There was an unrealised gain from *investment trading activities* of S\$0.1 million in H1 2016, as compared to an unrealised loss of S\$0.8 million in H1 2015. These fair value losses reflect 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 H1 2016 from 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.

Other income was S\$0.5 million in H1 2016 as compared to *other loss* of S\$0.01 million in H1 2015. The increase was mainly due to fair value gain of investment properties and a net gain in forex trade.

Administrative expenses remained stable at S\$1.0 million for both H1 2016 and H1 2015.

Other expenses decreased to S\$0.5 million in H1 2016 from S\$0.7 million in H1 2015, mainly due to decrease in unrealized exchange loss in H1 2016.

Finance income of S\$0.1 million in H1 2016 represents mainly interest income derived from the Company's investment in fixed income instruments.

Loss for the period decreased to S\$ 1.0 million in H1 2016 from S\$3.2 million in H1 2015, mainly due to fair value gain from investment trading activities, decrease in loss from derivative instruments and other assets/liabilities, fair value gain of investment properties and a net gain in forex trade.

There was an exchange gain on *translation of foreign operations* of S\$0.05 million in H1 2016 as compared to an exchange loss of S\$1.0 million in H1 2015. The exchange differences were mainly due to movement 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 June 2016 compared with 31 December 2015

There was no material change for *property, plant and equipment* during H1 2016.

Investment properties comprised residential and commercial properties which were held for income and capital gain, increased to S\$10.1 million as at 30 June 2016 from S\$9.5 million as at 31 December 2015. The increase was mainly due to fair value gain and foreign exchange translation gain.

Investment in joint venture 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 June 2016 from S\$0.7 million as at 31 December 2015. The increase was mainly due to the Group's funding of the balance of the 2015 work program for the concession during H1 2016.

The Group's *available-for-sale investments* as at both 30 June 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\$17.0 million as at 30 June 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\$12.1 million as at 30 June 2016 from S\$13.2 million as at 31 December 2015. The changes were due to:

- *Investment in fixed income instruments* decreased to S\$0.7 million as at 30 June 2016 from S\$5.2 million as at 30 December 2015, mainly due to partial redemption of fixed income instruments during H1 2016.
- *Other receivables and prepayments* increased to S\$7.8 million as at 30 June 2016 from S\$3.7 million as at 31 December 2015. The increase was mainly due to an advance of S\$4.6 million for the joint venture project for microalgae cultivation and oil extraction.
- *Cash and cash equivalents* decreased to S\$2.0 million as at 30 June 2016 compared to S\$2.6 million as at 31 December 2015.

There was no material change in investments held for trading and trade receivables at 30 June 2016 as compared to 31 December 2015.

There were no material changes for *trade and other payables provision for directors' fees*, and *finance lease liabilities* as at 30 June 2016 as compared to 31 December 2015.

As at 30 June 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\$1.9 million as at 30 June 2016.

As at 30 June 2016, the Group's current ratio was 0.87 times, as compared to 0.96 times as at 31 December 2015.

There were no material changes for non-current liabilities as at 30 June 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.

Total equity decreased to S\$14.8 million as at 30 June 2016 from S\$15.5 million as at 31 December 2015. The decrease was mainly due to the total comprehensive loss of S\$1.0 million.

Comments on Cashflow

Q2 2016 vs Q2 2015

Operating cash outflows before working capital changes in Q2 2016 were S\$0.5 million. These outflows were partly financed by partial redemption of fixed income instruments of S\$0.8 million, and sale of investments held for trading of S\$0.08 million, but partly offset by increase in trade, other receivables and prepayments of S\$0.8 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.4 million.

Operating cash outflows before working capital changes in Q2 2015 were S\$0.5 million. There was net purchase of investments held for trading of S\$0.09 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.6 million. The Group paid S\$0.6 million for its investment in joint venture project.

H1 2016 vs H1 2015

Operating cash outflows before working capital changes in H1 2016 were S\$1.0 million. These outflows were partly financed by partial redemption of fixed income instruments of S\$4.6 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\$4.3 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.5 million.

Operating cash outflows before working capital changes in H1 2015 were S\$0.9 million. There was net purchase of investments held for trading of S\$0.2 million, and a net payment of S\$0.3 million for trade and other payables. Net cash outflows arising from operating activities (after movement in working capital) was S\$1.4 million. The Group paid S\$0.6 million for its investment in joint venture project. The Group has disposed part of its investment properties for S\$0.6 million.

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

As at 30 June 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 | - | 15,544 |
| Investments at cost, and held in cash and cash equivalents | 8,085 | 11,745 |
| Total | 8,983 | 29,789 |

The breakdown of usage for general working capital as at 30 June 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\$11.7 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

1. Microalgae cultivation JV

On 22 September 2015, the Company entered into a Joint Venture Agreement ("JVA") with Primeforth Renewable Energy Limited ("Primeforth"), to establish a joint-venture company for microalgae cultivation and oil extraction project. The budget for the microalgae cultivation and oil extraction project is US\$12.5 million on a turnkey basis. A suitable site in Malaysia for the project has been identified and site preparation has commenced in May 2016 as well as orders for equipment have been placed. Applications for the necessary permits and licences have also been made. As of 30 June 2016, the Company has advanced S\$4.6 million out of the US\$12.5 million budget.

The Company and Primeforth are in discussion on the funding of the total requirement of US\$12.5 million for the project and to roll out this project in 3 phases. Phase 1 is targeted to commence operation and generate revenue by November 2016.

2. Gold exploration and exploitation JV

The Company's wholly owned subsidiary, Golden Eagle Mining Pte Ltd ("GEM"), had in 2015 acquired a 50% participating interest in an exploration and mining concession in Kuramator region, Kyrgyz Republic. Since the end of 2015 this 50% participating interest in the concession has been restructured into direct equity ownership in the share capital of Artel Trade LLC ("Artel") which owns the concession and the licences to explore and exploit the concession. The Group now owns 50% share equity in Artel.

The Group has invested US\$400,000 for the acquisition of the 50% equity stake in Artel and has funded US\$150,000 of US\$150,000 of the 2015 work program budget as of 30 June 2016.

Work program for 2016 is being prepared by Artel's local geologist 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.

3. Recovered Carbon Black (“rCB”)

Awana Rentak Sdn Bhd (“Awana”), a wholly owned subsidiary of the Company, has entered into a joint venture agreement with RC Carbon Sdn Bhd (“RC Carbon”) to set up a Recovered Carbon Black (“rCB”) production facility (“Facility”) to produce rCB from waste, end-of-life tyres char, and provide waste management and recycling solutions, engineering procurement construction and project management services, with the primary focus on recovery of valuable by-products and generation of renewable energy through a joint-venture company in Malaysia.

Awana and RC Carbon (“the Parties”) have agreed to incorporate a joint-venture company in Malaysia with an issued and paid-up share capital of up to Malaysian Ringgit (MYR)1,000,000, with each of the Parties subscribing for 500,000 shares at MYR1.00 each in the share capital of the joint-venture company. Awana shall provide financing, on commercial terms, of up to US\$2.5 million to the joint-venture company for the set-up cost of the facility.

RC Carbon shall provide the joint-venture company with all its proprietary, patented know-how and technologies, operational management, marketing and sale of rCB in Malaysia and in international markets. RC Carbon warrants and undertakes that the required patents will be transferred, and registered in the countries of operations, into an intellectual property company (“IP Company”) to be equally owned by the Parties. The IP Company will licence the joint-venture company as soon as practicable after the date of incorporation of the joint-venture company but no later than the launch of the Facility. The target commencement date is March 2017.

Going forward, the Group will focus on the above investments to deliver consistent profits and cashflow.

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 Q2 and H1 2016 unaudited financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wong Chin Yong
Director

12 August 2016

Ong Kah Hock
Director

12 August 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

12 August 2016