



INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

Financial Statement & Dividend Announcement for Q1 ended 31 March 2017 (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 Q1		
	1.1.2017 to 31.3.2017 S\$'000	1.1.2016 to 31.3.2016 S\$'000	+ / (-) %
Net (loss) on trading of marketable securities	-	(11)	(100.0)
Other operating (expenses)/income			
- Net gains/(losses) from investment trading activities	49	(149)	(132.9)
- Net gains/(losses) from derivative instruments and other assets / liabilities	6	(160)	(103.8)
Other (losses)/income	(25)	365	(106.8)
Administrative expenses	(316)	(612)	(48.4)
Other expenses	(290)	(50)	480.0
Finance income	1	84	(98.8)
Finance costs	(1)	(1)	-
Loss before tax	(576)	(534)	7.9
Tax expense	-	(27)	(100.0)
Loss for the period	(576)	(561)	2.7
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(128)	205	(162.4)
Total comprehensive loss for the period	(704)	(356)	97.8
Loss attributable to:			
Owners of the Company	(555)	(543)	2.2
Non-controlling interests	(21)	(18)	16.7
Total comprehensive loss attributable to:			
Owners of the Company	(683)	(338)	102.1
Non-controlling interests	(21)	(18)	16.7

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

	GROUP		COMPANY	
	31.03.2017 (Unaudited) S\$'000	31.12.2016 (Audited) S\$'000	31.03.2017 (Unaudited) S\$'000	31.12.2016 (Audited) S\$'000
ASSETS				
Non-current Assets :				
Subsidiaries	-	-	4,607	4,607
Property, plant and equipment	30	30	30	30
Investment properties	9,509	9,707	-	-
Investments in joint venture	767	6,767	6,000	6,000
Available-for-sale investments	6,142	6,142	6,142	6,142
	16,448	22,646	16,779	16,779
Current Assets :				
Investments held for trading	132	83	115	66
Other receivables and prepayments	2,311	2,451	2,789	2,846
Cash and cash equivalents	1,436	1,584	122	136
	3,879	4,118	3,026	3,048
Assets classified as held for sale	6,000	-	-	-
	9,879	4,118	3,026	3,048
TOTAL ASSETS	26,327	26,764	19,805	19,827
LIABILITIES AND EQUITY				
Non-Current Liabilities :				
Deferred tax liabilities	370	378	-	-
	370	378	-	-
Current Liabilities :				
Trade and other payables	14,049	13,801	8,472	8,189
Derivative payables and other liabilities	-	6	-	6
Provision for directors' fees	373	340	373	340
	14,422	14,147	8,845	8,535
Equity and Reserves :				
Share capital	121,571	121,571	121,571	121,571
Assets revaluation reserve	3,099	3,099	-	-
Share awards reserve	752	752	752	752
Share options reserve	1,154	1,154	1,154	1,154
Foreign currency translation reserve	(871)	(743)	-	-
Accumulated losses	(114,765)	(114,210)	(112,517)	(112,185)
Equity attributable to owners of the Company	10,940	11,623	10,960	11,292
Non-controlling interests	595	616	-	-
Total equity	11,535	12,239	10,960	11,292
TOTAL LIABILITIES AND EQUITY	26,327	26,764	19,805	19,827

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:—

(A) the amount repayable in one year or less, or on demand
Nil

(B) the amount repayable after one year
Nil

(C) whether the amounts are secured or unsecured
Not applicable

(D) details of any collaterals
Not applicable

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	
	Q1	
	1.1.2017 to 31.3.2017 S\$'000	1.1.2016 to 31.3.2016 S\$'000
Cash flows from operating activities :		
(Loss) for the period	(576)	(561)
Adjustments for		
Tax expense recognised in profit or loss	-	27
Net (gains) / losses from investments held for trading	(49)	149
Net (gains) / losses from derivative instruments and other assets/liabilities	(6)	160
Fair value (gain) on investment property	-	(384)
Depreciation of property, plant and equipment	-*	21
Provision for unutilized leave	17	13
Provision for directors' fee	33	31
Impairment of trade and other receivables	19	-
Net unrealised foreign exchange loss / (gain)	108	(118)
Share awards	-	74
Share options	-	151
Finance income	(1)	(84)
Finance costs	1	1
Operating cash flows before working capital changes	(454)	(520)
Investments held for trading	-	20
Investment in fixed income instruments	-	3,800
Trade and other receivables and prepayments	59	357
Trade and other payables	245	(2)
Cash used in operations	(150)	3,655
Interest paid	(1)	(1)
Net cash (used in)/generated from operating activities	(151)	3,654
Cash flows from investing activities :		
Interest received	3	1
Investments in joint ventures	-	(3,822)
Net cash generated from/(used in) investing activities	3	(3,821)
Cash flows from financing activities		
Repayment of finance lease	-	(13)
Net cash (used in) financing activities	-	(13)
Net (decrease) in cash and cash equivalents	(148)	(180)
Cash and cash equivalents at the beginning of the period	1,584	2,578
Cash and cash equivalents at the end of the period	1,436	2,398

*Below S\$1,000

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 1.1.2017	121,571	752	1,154	(743)	(114,210)	3,099	11,623	616	12,239
Loss for the period	-	-	-	-	(555)	-	(555)	(21)	(576)
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	(128)	-	-	(128)	-	(128)
Total other comprehensive loss for the period, net of tax	-	-	-	(128)	-	-	(128)	-	(128)
Total comprehensive loss for the period	-	-	-	(128)	(555)	-	(683)	(21)	(704)
Grant of share awards	-	-	-	-	-	-	-	-	-
Grant of share options	-	-	-	-	-	-	-	-	-
Balance as at 31.3.2017	121,571	752	1,154	(871)	(114,765)	3,099	10,940	595	11,535
Balance as at 1.1.2016	121,571	678	958	(571)	(110,806)	3,099	14,929	573	15,502
Loss for the period	-	-	-	-	(543)	-	(543)	(18)	(561)
Other comprehensive income: Exchange differences on translating foreign operations	-	-	-	205	-	-	205	-	205
Total other comprehensive income for the financial period, net of tax	-	-	-	205	-	-	205	-	205
Total comprehensive income/(loss) for the period	-	-	-	205	(543)	-	(338)	(18)	(356)
Grant of share awards	-	74	-	-	-	-	74	-	74
Grant of share options	-	-	151	-	-	-	151	-	151
Balance as at 31.3.2016	121,571	752	1,109	(366)	(111,349)	3,099	14,816	555	15,371
COMPANY									
Balance as at 1.1.2017	121,571	752	1,154	-	(112,185)	-	-	-	11,292
Loss for the financial period	-	-	-	-	(332)	-	-	-	(332)
Other comprehensive income/(loss) for the financial period:	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	-	-	-	-	(332)
Grant of share awards	-	-	-	-	-	-	-	-	-
Grant of share options	-	-	-	-	-	-	-	-	-
Balance as at 31.3.2017	121,571	752	1,154	-	(112,517)	-	-	-	10,960
Balance as at 1.1.2016	121,571	678	958	-	(103,958)	-	-	-	19,249
Loss for the financial period	-	-	-	-	(708)	-	-	-	(708)
Other comprehensive income/(loss) for the financial period:	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	(708)	-	-	-	(708)
Grant of share awards	-	74	-	-	-	-	-	-	74
Grant of share options	-	-	151	-	-	-	-	-	151
Balance as at 31.3.2016	121,571	752	1,109	-	(104,666)	-	-	-	18,766

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 as at 1 Jan 2017	30,000,000	91,500,000	465,783,822
Grant of share awards / share options	-	-	-
Balance as at 31 Mar 2017	30,000,000	91,500,000	465,783,822

- 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 2017	4,460,750,145
Issued of shares	-
Balance as at 31 Mar 2017	4,460,750,145

- 1(d)(iv) A statement showing all sales, transfers, 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.

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

There was no subsidiary holdings 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.

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) / 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 3 months ended	
	31 Mar 2017 Cents	31 Mar 2016 Cents
(Losses) per ordinary share based on net loss attributable to shareholders calculated on:		
(i) weighted average number of ordinary shares	(0.01)	(0.01)
(ii) a fully diluted basis	(0.01)	(0.01)

Losses per ordinary share for Q1 2017 was calculated based on the weighted average number of shares of 4,460,750,145 (Q1 2016: 4,396,750,145) in issue during the period. The fully diluted losses per ordinary share for Q1 2017 was calculated based on the weighted average number of shares of 4,460,750,145 (Q1 2016: 4,396,750,145) in issue during the period.

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

7. **Net asset value for the Issuer and Group per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	31.03.2017 Cents	31.12.2016 Cents	31.03.2017 Cents	31.12.2016 Cents
Net asset value per ordinary share based on existing issued share capital	0.26	0.27	0.25	0.25

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 2016: 4,460,750,145 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

A change of presentation of the revenue recognition from *trading of marketable securities* from gross proceeds to net gain/(loss) has been adopted. *Net gain / (loss) on trading of marketable* in the quarter ended 31 March 2017 (“Q1 2017”) was S\$nil, as compared to a *net loss on trading of marketable securities* of S\$0.01 million in the previous corresponding quarter ended 31 March 2016 (“Q1 2016”), due to no sale of marketable securities in Q1 2017.

There were unrealised gains from *investment trading activities* of S\$0.05 million in Q1 2017, as compared to unrealised losses of S\$0.15 million in Q1 2016. These fair value gains / (losses) from the Group’s investments trading activities reflect the changes in the market value of the Group’s investments in marketable securities.

There were unrealised gains from *derivative instruments and other assets/liabilities* of S\$0.01 million in Q1 2017, as compared to unrealised losses of S\$0.16 million in Q1 2016. The unrealised gains / (losses) were mainly due to fair value gains / (losses) arising from the Group’s investments in derivatives instruments and other assets/liabilities. These fair value gains / (losses) reflected the changes in market value of the underlying assets.

There was *other losses* of S\$0.03 million in Q1 2017, as compared to *other income* of S\$0.37 million in Q1 2016, mainly due to (i) absence of fair value gain of investment properties during Q1 2017, and (ii) the Group’s loss in forex trade.

Administrative expenses decreased to S\$0.32 million in Q1 2017 from S\$0.61 million in Q1 2016. The decrease was mainly due to absence of non-cash expenses of S\$0.23 million arising from the grant of share awards and share options.

Other expenses increased to S\$0.29 million in Q1 2017 from S\$0.05 million in Q1 2016, mainly due to the net unrealized foreign exchange losses in translating foreign currency denominated assets into Singapore dollar for reporting purposes.

Finance income decreases to S\$0.001 million in Q1 2017 from S\$0.08 million in Q1 2016, due to absence of interest income derived from the Company’s investment in fixed income instruments.

Loss for the period increased to S\$0.58 million in Q1 2017 from S\$ 0.56 million in Q1 2016.

There was an exchange loss on *translation of foreign operations* of S\$0.13 million in Q1 2017, as compared to a gain of S\$0.21 million in Q1 2016. The exchange differences were mainly due to the net effect in translating the foreign currency denominated financial statements of its subsidiaries into Singapore Dollar for reporting purposes.

Review of the Statements of Financial Position as at 31 March 2017 compared with 31 December 2016

There was no material change for *property, plant and equipment* as at 31 March 2017 as compared to 31 December 2016.

Investment properties comprised residential and commercial properties which were held for income and capital gain, decreased to S\$9.51 million as at 31 March 2017 from S\$9.71 million as at 31 December 2016. The decrease was mainly due to exchange rate translation losses.

Investments in joint venture decreased to S\$0.77 million as at 31 March 2017 from S\$6.77 million as at 31 December 2016, as the Group’s S\$6.00 million investment in the microalgae cultivation and extraction of oil project was reclassified as *Assets classified as held for sale*. The Group has received an expression of interest from an unrelated third party to acquire the microalgae cultivation and extraction of oil project on a “as is where is” basis. The original budget commitment for the first facility (the “Facility”) of the microalgae cultivation and extraction of oil project is US\$12.50 million. The Company has invested S\$6.00 million for the construction of a down-sized Facility. The Facility is not able to achieve the optimal results, accordingly the Company has decided to sell this investment project.

The Group’s investment in joint venture as at 31 March 2017 represents its investment in the gold exploration and exploitation project.

The Group’s *available-for-sale investments* as at 31 March 2017 and 31 December 2016 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 decreased to S\$16.45 million as at 31 March 2017 from S\$22.65 million as at 31 December 2016.

Current assets increased to S\$9.88 million as at 31 March 2017 from S\$4.12 million as at 31 December 2016. The changes were due to:

- *Assets classified as held for sale* was S\$6.00 million as at 31 March 2017, due to reclassification from *Investments in joint venture* to *Assets classified as held for sale*.
- *Investments held for trading* increased to S\$0.13 million as at 31 March 2017 from S\$0.08 million as at 31 December 2016. The increase was mainly due to fair value gains.
- *Other receivables and prepayments* decreased to S\$2.31 million as at 31 March 2017 from S\$2.45 million as at 31 December 2016.
- *Cash and cash equivalents* decreased to S\$1.44 million as at 31 March 2017 from S\$1.58 million as at 31 December 2016.

There were no material changes for *trade and other payables*, and *provision for directors' fees* as at 31 March 2017 as compared to 31 December 2016.

As at 31 March 2017, current liabilities increased to S\$14.42 million from S\$14.15 million as at 31 December 2016.

Current liabilities exceeded current assets by S\$4.54 million as at 31 March 2017.

As at 31 March 2017, the Group's current ratio was 0.68 times, as compared to 0.29 times as at 31 December 2016.

There were no material changes for non-current liabilities as at 31 March 2017 as compared to 31 December 2016. Non-current liabilities were represented by deferred tax liabilities, which is 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\$11.54 million as at 31 March 2017 from S\$12.24 million as at 31 December 2016.

Comments on Cashflow

Operating cash outflows before working capital changes in Q1 2017 were S\$0.45 million. These outflows were partly financed by increase of trade and other payable of S\$0.25 million and decrease in trade and other receivables and prepayments of S\$0.06 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.15 million.

Operating cash outflows before working capital changes in Q1 2016 were S\$0.52 million. These outflows were financed by redemption of fixed income instruments of S\$3.8 million and decrease in trade and other receivables and prepayments of S\$0.36 million. Net cash inflows arising from operating activities (after movement in working capital) was S\$3.66 million. The Group has made a payment of S\$3.80 million for its investments in joint ventures in Q1 2016.

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

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

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next twelve months.

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

Investments held for trading and financial instruments

The Group has investment in marketable securities and financial instruments. The fair value of the Group's portfolio of marketable securities and financial instruments is subject to market factors at

the time of valuation and this may have an impact on the profit or loss of the Group for the reporting period. As at 31 March 2017, the Group's investment in marketable securities and marketable instruments comprise an insignificant percentage of the Group's total assets and any changes in market factors will have negligible impact on the Group's profit or loss.

Investments in investment properties

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

Investments in Joint-Ventures

The Company has two joint ventures as follows: (i) gold exploration and exploitation, and (ii) recovered carbon black.

(i) *Gold exploration and exploitation*

In 2016, mapping work were conducted in the northern sector of the concession area. Work program for 2017 is being prepared by local geologists for review by Artel and subsequent submission to the Geological Agency of the Kyrgyz Republic for approval. One of the main objective of the proposed 2017 work program is to include a test production program and to upgrade the alluvial gold reserves and have it registered in the State balance which will enable Artel to start mining the alluvial gold. The Company cannot ascertain the timing when such approvals may be obtained. The profitability of this joint venture is dependent on the success of its exploration, gold prices, and cost of production in the Kyrgyz Republic.

(ii) *Recovered carbon black*

The Group is sourcing for the necessary financing for the project. The availability of financing will have an impact on the timing of the project commencement and revenue generation.

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

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

No dividend has been declared.

(b) (i) Amount per share

Not applicable.

(ii) Previous corresponding period

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividends have been recommended for the current financial period.

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

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

14. **Negative confirmation pursuant to Rule 705(5)**

Wong Chin Yong and Bernard Ong Kheng Chye, 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 first quarter 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wong Chin Yong
Director

Bernard Ong Kheng Chye
Director

Date: 9 May 2017

Date: 9 May 2017

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

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

By order of the Board

Stanley Chu Kam Po
Company Secretary
Date: 9 May 2017