

**INNO-PACIFIC HOLDINGS LTD**

Company Registration No : 197301788K

Financial Statement &amp; Dividend Announcement for the Year Ended 31 December 2008 (Unaudited)

**INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL-YEAR ANNOUNCEMENTS**

- 1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>GROUP</b>		
	<b>FY2008 Unaudited</b>	<b>FY2007 Audited</b>	<b>+/(-)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Turnover (Note 1)	4,859	7,173	(32.3%)
Cost of sales	(5,375)	(6,729)	(20.1%)
Gross profit	(516)	444	(116.2%)
Other operating income	58	46	26.1%
Distribution costs	(15)	(36)	(58.3%)
Administrative expenses	(1,988)	(1,410)	41.0%
Other operating costs	(12,184)	(2,467)	393.9%
Finance income	41	40	2.5%
Finance costs	(6)	(8)	(25.0%)
Gain on disposal of subsidiaries	-	7,912	(100.0%)
(Loss) / Profit before income tax	(14,610)	4,521	(323.2%)
Income tax (expense) / credit	(92)	36	(255.6%)
(Loss) / Profit after income tax	(14,702)	4,557	(322.6%)
Attributable to :			
Equity holders of the Company	(14,705)	4,568	(321.9%)
Minority interests	3	(101)	(3.0%)
	(14,702)	4,557	(322.6%)

	<b>FY2008 Unaudited</b>	<b>FY2007 Audited</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Note 1 – Turnover</u>		
Sale of investments held for trading	2,142	2,690
Rendering of services	2,513	4,359
Dividend income	57	114
Sale of products	147	10
	4,859	7,173

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	FY2008	FY2007	FY2008	FY2007
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current Assets :</b>				
Cash and cash equivalents	474	13,408	85	10,590
Investments held for trading	8,148	10,918	-	-
Trade receivables	170	298	-	-
Other receivables and prepayments	3,528	4,612	22,139	21,488
Inventories	2,926	163	2,773	-
Total current assets	15,246	29,399	24,997	32,078
<b>Non-current Assets :</b>				
Subsidiaries	-	-	5,418	19
Available-for-sale investments	7,000	7,000	7,000	7,000
Plant and equipment	10,044	1,500	46	53
Intangible assets	4,121	4,508	-	-
Total non-current assets	21,165	22,308	12,464	7,072
<b>Total assets</b>	<b>36,411</b>	<b>51,707</b>	<b>37,461</b>	<b>39,150</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities :</b>				
Trade payables	259	358	-	-
Other payables	1,952	2,221	5,032	2,424
Income tax payable	3,294	3,217	3,047	3,110
Current portion of finance leases	40	40	-	-
Total current liabilities	5,545	5,836	8,079	5,534
<b>Non-Current Liabilities :</b>				
Finance leases	57	97	-	-
Deferred tax liabilities	2,135	2,376	-	-
Total non-current liabilities	2,192	2,473	-	-
<b>Equity</b>				
Issued capital	53,255	53,269	53,255	53,269
Assets revaluation reserve	1,908	1,972	-	-
Share option reserve	325	-	325	-
Foreign currency translation reserve	309	642	-	-
Accumulated losses	(27,133)	(12,492)	(24,198)	(19,653)
Equity attributable to Shareholders of the Company	28,664	43,391	29,382	33,616
Minority interest	10	7	-	-
Total equity	28,674	43,398	29,382	33,616
<b>Total liabilities and equity</b>	<b>36,411</b>	<b>51,707</b>	<b>37,461</b>	<b>39,150</b>

1(b)(ii) Group Borrowings	Group		Company	
	FY2008	FY2007	FY2008	FY2007
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	40	40	-	-
Amount repayable after one year	57	97	-	-
	97	137	-	-

The borrowing relates to finance lease liabilities secured on the fixed asset purchased.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY2008	FY2007
	Unaudited	Audited
	S\$'000	S\$'000
<b>Cash flows from operating activities :</b>		
(Loss) / Profit before income tax	(14,610)	4,521
Adjustments for :		
Provision for stock obsolescence	22	-
Allowance for impairment in investments held for trading	414	233
Impairment of goodwill	387	-
Dividend income	(57)	(114)
Fair value loss on investments held for trading	9,401	1,662
Investment in joint venture written off	1	-
Property, plant and equipment written off	2	3
Gain on disposal of property, plant and equipment	-	(1)
Gain/(loss) on disposal of subsidiaries	-	(7,912)
Depreciation of property, plant and equipment	361	289
Inventories written off	-	6
Bad debts	1	-
Property, plant and equipment written off	-	3
Depreciation of property, plant and equipment	-	289
Allowance for doubtful receivables	806	34
Share option expense	325	-
Interest income	(41)	(40)
Interest expense	6	8
Operating cash outflow before working capital changes	(2,982)	(1,311)
(Increase)/decrease in investments held for trading	(7,045)	(5,659)
Decrease/(increase) in trade and other receivables and prepayments	365	213
Increase in inventories	(2,785)	(25)
(Decrease) / Increase in trade and other payables	(369)	450
Cash (used in)/generated from operations	(12,816)	(6,332)
Dividend received	57	114
Interest received	41	40
Interest paid	(6)	(8)
Income tax paid	(110)	(59)
Net cash generated from / (used in) operating activities	(12,834)	(6,245)
Cash flows from investing activities :		
Purchase of property, plant and equipment	(56)	(143)
Acquisition of a subsidiary, net of cash acquired	-	29
Proceeds from disposal of property, plant and equipment	-	2
Disposal of subsidiaries, net of cash disposed	-	(29)
Fixed deposit pledged to a bank	(30)	(30)
Effect of foreign currency alignment on investing activities	343	298
<b>Net cash arising from investing activities</b>	<b>257</b>	<b>127</b>
Cash flows from financing activities :		
Repayment of finance lease	(40)	(40)
Proceeds from issue of rights shares (net of issue expense)	(14)	19,507
<b>Net cash generated from financing activities</b>	<b>(54)</b>	<b>19,467</b>
<b>Effect of foreign exchange rate changes</b>	<b>(333)</b>	<b>(666)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(12,964)</b>	<b>12,683</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>13,378</b>	<b>695</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>414</b>	<b>13,378</b>

<b>Note A: CASH AND CASH EQUIVALENTS</b>	FY2008	FY2007
	Unaudited	Audited
	S\$'000	S\$'000
Cash and bank balances	414	2,902
Fixed deposits	60	10,476
<b>Cash and cash equivalents</b>	<b>474</b>	<b>13,378</b>
Fixed deposit pledged to a bank	60	30
	414	13,348

**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	Minority interest S\$'000	Total S\$'000
<b>GROUP</b>								
Balance as at 1.1.2008	53,269	-	642	(12,492)	1,972	43,391	7	43,398
Arising from exercise of warrants	2	-	-	-	-	2	-	2
Share based expenses	-	325	-	-	-	325	-	325
Amortisation of asset revaluation reserve	-	-	-	64	(64)	-	-	-
Foreign currency translation differences	-	-	(333)	-	-	(333)	-	(333)
Net income recognised directly in equity	2	325	(333)	64	(64)	(6)	-	(6)
Loss for the financial year	-	-	-	(14,705)	-	(14,705)	3	(14,702)
Total recognised income and expenses for the financial year	2	325	(333)	(14,641)	(64)	(14,711)	3	(14,708)
Share Issue expenses	(16)	-	-	-	-	(16)	-	(16)
Balance as at 31.12.2008	53,255	325	309	(27,133)	1,908	28,664	10	28,674
Balance as at 1.1.2007	33,462	-	1,308	(17,189)	-	17,581	143	17,724
Arising from acquisition of subsidiary	-	-	-	-	2,011	2,011	-	2,011
Arising from acquisition of remaining equity interests in subsidiary from minority shareholders	-	-	-	-	-	-	(35)	(35)
Amortisation of asset revaluation reserve	-	-	-	39	(39)	-	-	-
Foreign currency translation differences	-	-	(666)	-	-	(666)	-	(666)
Net income recognised directly in equity	-	-	(666)	39	1,972	1,345	(35)	1,310
Profit for the financial year	-	-	-	4,658	-	4,658	(101)	4,557
Total recognised income and expenses for the financial year	-	-	(666)	4,697	1,972	6,003	(136)	5,867
Issue of shares	300	-	-	-	-	300	-	300
Issue of shares								
– Rights issue	19,917	-	-	-	-	19,917	-	19,917
– Issue expenses	(410)	-	-	-	-	(410)	-	(410)
Balance as at 31.12.2007	53,269	-	642	(12,492)	1,972	43,391	7	43,398

	Share capital	Share option reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
Company				
Balance at 1 January 2008	53,269	-	(19,653)	33,616
Arising from exercise of warrants	2	325		327
Loss for the financial year	-	-	(4,545)	(4,545)
Total recognised expenses for the financial year	2	325	(4,545)	(4,218)
Share issue expenses	(16)	-	-	(16)
Balance at 31 December 2008	53,255	325	(24,198)	29,382
Balance at 1 January 2007	33,462	-	(18,401)	15,061
Loss for the financial year	-	-	(1,252)	(1,252)
Total recognised expenses for the financial year	-	-	(1,252)	(1,252)
Issue of shares	300	-	-	300
Issue of shares				
– Rights issue	19,917	-	-	19,917
– Issue expenses	(410)	-	-	(410)
Balance at 31 December 2007	53,269	-	(19,653)	33,616

**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.**

During the financial period under review, a total of 78,500 ordinary shares were issued upon exercise of warrants. As at 31 December 2008, a total of 142,190,765 (31 Dec 2007:142,269,265) warrants remain outstanding. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of \$0.025.

29,600,000 share options were granted under the Inno-Pacific Share Option Scheme on 23 May 2008. Each option carries the right to subscribe for one ordinary share in the capital of the Company at the exercise price of \$0.025. Options granted to Group Executives and Group Directors have a life span of ten years (24 May 2008 to 23 May 2018) while those granted to Non-Executive Directors have a life span of five years (24 May 2008 to 23 May 2013). All share options granted have a vesting period of one year from date of grant.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

**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.**

	No. of shares
<b>GROUP / COMPANY</b>	
Balance as at 1.1.2008	1,085,263,578
Exercise of warrants	78,500
Balance as at 31.12.2008	1,085,342,078
<b>GROUP / COMPANY</b>	
Balance as at 1.1.2007	511,900,769
Issue of shares	4,285,714
Issue of rights shares	569,077,095
Balance as at 31.12.2007	1,085,263,578

**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.**

Not applicable as there was no treasury share in issue throughout the current period under review and its corresponding period last 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 of emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2007.

**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.**

Not applicable.

**6. 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	
	FY2008 Unaudited cents	FY2007 Audited cents
(Loss)/Earnings per ordinary share based on net (loss)/profit attributable to shareholders based on :		
(i) based on weighted average number of ordinary shares in issue	(0.01)	0.01
(ii) on a fully diluted basis	(0.01)	0.01

(i) (Loss)/Earnings per ordinary share is calculated based on the weighted average number of shares of 1,088,311,848 (2007 :604,233,456) in issue during the period.

(ii) The fully diluted (loss) / earnings per ordinary share is calculated based on the weighted average number of shares of 1,088,311,848 (2007 :609,339,303) in issue during the period.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	FY2008 Unaudited cents	FY2007 Audited cents	FY2008 Unaudited cents	FY2007 Audited cents
Net asset value per ordinary share based on existing issued share capital	2.64	4.00	2.71	3.10

Computation of net asset per ordinary share is based on 1,085,342,078 existing issued ordinary shares at end of period under review (2007:1,085,263,578 ordinary shares).

8. **A review of the financial 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) seasonal 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.**

**Turnover**

Turnover for the year ended 31 December 2008 was S\$4.9 million compared to S\$7.2 million in the previous year, a decrease of 32.3%. Proceeds from the sale of marketable securities of S\$2.1 million accounted for 44.1% of the Group's turnover for the year. The balance of Group's turnover of S\$2.8 million was generated by its subsidiaries in the telecommunication sector: PG Communications Pte Ltd., PG Communications Sdn Bhd and Alstra Pacific Pte Ltd. Sales from the telecommunication sector decreased by 42.7% as compared to last year.

Turnover from the telecommunication business fell as a result of intense competition in the pre-paid calling cards business. Sales turnover from investments held for trading decreased as a result of Management's decision to sideline from the markets and hold on to its investments held for trading in a weak market.

**Gross profit**

The Group's telecommunication business was negatively impacted by the intense competition, with incumbent tele-communications companies introducing calling cards services at extremely low prices. The aggressive pricing packages offered by our competitors have had a negative impact on the gross profit of the Group's telecommunication service business.

The weak stock market has depressed the sales proceeds from sale of investments. As those investments were purchased at higher costs during earlier years, it caused the Group to register a loss on its sale.

**Other losses**

Other losses included unrealised loss of S\$9.8 million due to fair value adjustments in investments held for trading in the current year.

**Administrative cost**

Administrative cost increased by 41.0% from \$1.4 million to \$2.0 million. The increase was due to (i) increase in staff costs during the first half of the year, and (ii) the non-cash accounting expense recognized in relation to the grant of share options to Executives and Directors of the Group.

**Other operating cost**

Other operating cost increased by 393.9% from \$2.5 million to \$12.2 million. The increase was mainly due to value of Group's investments in marketable securities materially marked down to market prices in 2008. The Group's investments in marketable securities are mostly in SGX-listed shares.

**Cash and cash equivalents**

Cash and cash equivalents decreased as (i) the Group has increased its investments held for trading, and (ii) purchase of power line communications equipment.

**Working Capital**

Current assets and current liabilities stood at S\$15.2 million and S\$5.5 million respectively. Current ratio of the Group was at a level of 2.8 times as at end of 2008.

**Non-current liabilities to Equity ratio**

The non-current liability and total equity of the Group stood at S\$2.2 million and S\$28.7 million respectively. The non-current liability to equity ratio is 7.7%.

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's main business activities are in investments, investments holding, provision of management services to related companies, and telecommunication services.

**Portfolio Management in Investments Held for Trading and Financial Instruments**

The Group invests its surplus cash not immediately required for operations in marketable securities and financial instruments. Investments in marketable securities and financial instruments are affected by global economic conditions, political developments, currency fluctuations and interest rates trend. Market liquidity and systemic risks may also affect our investments.

Stock markets worldwide have declined during the past year. This has resulted in fair value loss to the portfolio of marketable securities.

**Telecommunications Services Business**

The Group's wholly-owned subsidiary, PG Communications Pte Ltd ("PG") provides international voice communication to pre-paid and post-paid customers in Singapore and offers value added services such as IPPBX, virtual roaming, call-back, international calling cards and Virtual Office.

PG's wholly-owned subsidiary, Alstra Pacific Pte Ltd (Alstra), has been providing pre-paid and post-paid voice communication services in addition to providing retail solution for other service operators through a bespoke web based hosted virtual partition solution. The Group considers some parts of the business operations of PG and Alstra as similar and has decided to merge their business operations. Steps are being taken to eliminate duplicate infrastructure in order to further reduce the operation costs of the telecommunication services business.

PG's wholly-owned Malaysian subsidiary, PG Communications Sdn. Bhd. ("PGSB"), has been providing international voice communications to pre-paid and post-paid customers in Malaysia. PGSB also provides High Speed Internet Access using Power Line Communications technology to customers in Malaysia and anticipates that this business will contribute positively to the Group's financial position in the next 12 months. Power Line Communications technology is a cost-effective and innovative last-mile solution that utilises existing power infrastructure, i.e., electrical power cable, as a medium to deliver data, voice and multimedia services. BPL technology transmits and receives high frequency (1-38Mhz) signals through existing power cables via couplers. Through a 50Hz power supply, the power line simultaneously carry modulated signals within the frequency (1-38Mhz) that enable high speed broadband communication of up to 205Mbps to every power socket. PGSB believes that it is well positioned to be a leading player in Malaysia's Internet Broadband market using PLC technology.

Our telecommunication services business has to compete with major telcos and other service providers for customers through pricing and quality of service. Pricing is often affected by regulatory changes, foreign exchange fluctuations and credit risks. Quality of service is dependent on our termination service providers, connectivity, equipment and infrastructure. We buy services from public switched network infrastructure providers, the quality of their service and rates of their tariffs are beyond our control.

Competition for telecommunication business in Singapore and Malaysia is getting extremely intense, with major telcos introducing calling cards service at extremely low prices. The aggressive pricing packages offered by these telcos have an impact on the revenue of most players in the telecommunication service business. In view of these aggressive pricing packages, PG and its subsidiaries are monitoring the termination costs very closely in order to actively manage the costs from its various service suppliers in order to maintain the margin.

## **Other Risks**

The Company is liable to pay additional tax assessments for Years of Assessment 1988 and 1990 to 2004 plus penalties amounting to \$3.1 million, notwithstanding its objection to the assessments. The Company has submitted a proposal to Inland Revenue Authority (“IRAS”) for a resolution of this long outstanding issue. The Company may have to pay this tax if IRAS decide not to accept our proposal and to deny the Company’s objection. In such an event, the Company and the Group’s cashflow will be significantly affected and its business compromised.

The Group's investment portfolio is subject to volatility in market prices. Price movements in stock markets in the coming year will affect the result of the Group. The continual development of global financial crisis, the effectiveness of efforts from Central Banks around the world to address the credit crunch, future government policy worldwide to address the problems in the financial and real economy, and the profit performance of our investee companies in the coming years, have a strong bearing on the performance of our investment portfolio. Though we have been taking a conservative approach in our stocks portfolio investment, there is no guarantee that the Group will generate profits from it.

### **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. Segment information

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

(a) *Analysis by business segment*

	Technology \$'000	Investment trading \$'000	Investment holding \$'000	Total \$'000
<b>2008</b>				
<b>Segment revenue –</b>	2,660	2,199	–	4,859
<b>Segment results –</b>	(825)	(10,464)	(3,312)	(14,601)
Finance costs				(6)
Income tax				(92)
Minority interests				(3)
Net profit for the financial year				(14,702)
<b>Segment assets –</b>	1,486	8,818	23,179	33,483
Tax suspense				3,278
Total assets				36,761
<b>Segment liabilities –</b>	(973)	(106)	(1,228)	(2,307)
Income tax payable				(3,294)
Deferred tax liabilities				(2,135)
Total liabilities				(7,736)
<b>Other information</b>				
Capital expenditure –	56	-	-	56
Depreciation of property, plant and equipment –	211	45	105	361
<b>2007</b>				
<b>Segment revenue –</b>	4,369	2,804	–	7,173
<b>Segment results –</b>	(235)	(1,233)	6,098	4,630
Finance costs				-8
Income tax credit				36
Minority interests				(101)
Net profit for the financial year				4,557
<b>Segment assets –</b>	1,792	33,036	13,601	48,429
Tax suspense				3,278
Total assets				51,707
<b>Segment liabilities –</b>	(1,004)	(1,566)	(146)	-2,716
Income tax payable				-3,217
Deferred tax liabilities				(2,376)
Total liabilities				(8,309)
<b>Other information</b>				
Capital expenditure –	133	10	-	143
Depreciation of property, plant and equipment –	183	66	40	289

### 13. Segment information

#### (b) Analysis by geographical segment

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

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

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Segment revenue by geographical market:		
Singapore	2,523	5,059
UK and USA	-	493
Other Asian countries	<u>2,336</u>	<u>1,621</u>
Total	<u><u>4,859</u></u>	<u><u>7,173</u></u>
Segment assets by geographical location:		
Singapore	14,881	26,586
UK and USA	7,385	7,451
Other Asian countries	<u>14,145</u>	<u>17,670</u>
Total	<u><u>36,411</u></u>	<u><u>51,707</u></u>
Segment capital expenditure by geographical location:		
Singapore	3	99
Other Asian countries	<u>53</u>	<u>44</u>
Total	<u><u>56</u></u>	<u><u>143</u></u>

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

#### Total Revenue

The Group's total revenue registered a decline of 32.3% from \$7.2 million for the year ended 31 December 2007 ("FY 2007") to \$4.9 million for FY 2008.

The main reasons for the decline are due to:

#### **Telecommunication Segment**

The market condition has remained highly competitive, as incumbent tele-communications companies have been introducing calling cards services at extremely low prices. The aggressively priced packages offered by our competitors have had a negative impact on both the revenue and the gross profit of the Group's telecommunication service business.

#### **Sale of investments held for trading**

Sales turnover from investments trading decreased as a result of (i) continued decline of stock prices in the past year, and (ii) Management's decision to sideline from the markets and hold on to its investments.

#### **Profit before tax**

The Group registered an operating loss for the year as its telecommunication business was negatively impacted by the intense market competition, and the value of its investments in marketable securities was also materially marked down to market prices in 2008.

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

	Latest Financial Year	Previous Financial Year	% increase/ (decrease)
	\$'000	\$'000	
	Group	Group	Group
(a) Sales reported for first half year	2,880	5,336	(46.0%)
(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	(5,814)	(636)	(814.2%)
(c) Sales reported for second half year	1,979	1,837	0.8%
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	(8,888)	5,193	(171.2%)

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

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

Not applicable

**BY ORDER OF THE BOARD**

**Stanley Chu Kam Po**  
**Company Secretary**  
**Date: 30 January 2009**

**17. Statement of Directors pursuant to Listing Rule 705(4)**

Wong Chin Yong and Koay Theam Hock, being two directors of Inno-Pacific Holdings Ltd, 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 year 2008 (unaudited) financial results to be false or misleading.

**On behalf of the Board of Directors**

**Wong Chin Yong**  
**Director**  
**Date: 30 January 2009**

**Koay Theam Hock**  
**Director**  
**Date: 30 January 2009**