

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL
YEAR ANNOUCEMENTS****1 (a) (i) An income statement (for the group), together with a comparative statement for the
corresponding period of the immediately preceding financial year**

		GROUP		
		FY 2006 Unaudited \$'000	FY 2005 Audited \$'000	+ / (-) %
Continuing operations				
Note 1	Revenue	7,623	4,093	86%
	Cost of sales	(6,553)	(3,850)	70%
	Gross Profit	1,070	243	340%
Note 2	Other operating income	528	667	(21)%
	Distribution Costs	(10)	(16)	(38)%
	Administrative expenses	(1,086)	(1,128)	(4)%
	Other operating expenses	(471)	(998)	(53)%
	Finance income	35	3	NM
	Finance costs	(22)	(29)	(24)%
Note 3	Loss on disposal of subsidiaries	(1,080)	-	N/M
	Share of results of joint venture	(95)	(35)	171%
	Share of results of associate	(11)	(7)	57%
Note 4	Loss before income tax	(1,142)	(1,300)	(12)%
	Income tax (expense) / credit	(16)	201	N/M
	Loss after income tax from continuing operations	(1,158)	(1,099)	5%
	Discontinued operations			
	Loss for the year from discontinued operations	-	(621)	NM
	Loss for the year	(1,158)	(1,720)	(33)%
	Attributable to:			
	Shareholders of the Company	(1,156)	(1,653)	(30)%
	Minority interests	(2)	(67)	(97)%
	Net Loss attributable to shareholders	(1,158)	(1,720)	(33)%

N/M: Not meaningful;

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****1 (a) (ii) Breakdown and explanatory notes to the Income Statement**

		GROUP	
		FY 2006	FY 2005
		Unaudited	Audited
		\$'000	\$'000
Note 1	Investments held for trading	5,007	3,764
	Telecommunication business	2,616	329
		<hr/>	<hr/>
		7,623	4,093
		<hr/>	<hr/>
Note 2	Dividend income	139	109
	Fair value gain of investments held for trading	12	493
	Reversal of accrual for expenses no longer required	-	61
	Return of unclaimed monies pertaining to unsecured loan stock issued in previous years	132	-
	Gain on disposal of fixed asset	87	-
	Recovery of doubtful debts	45	-
	Recovery of a bad debt	20	-
	Successful claim on lost property	32	-
	Forgiveness of debt by a shareholder of a subsidiary	37	-
	Others	24	4
		<hr/>	<hr/>
		528	667
		<hr/>	<hr/>

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006

1 (a) (ii) Breakdown and explanatory notes to the Income Statement (Cont'd)

Note 3 Loss on disposal of subsidiaries

On 19 September, 2003, the Company acquired 51% equity interest in RR Industrial Packaging & Design Services Pte Ltd ("RR Industrial") for a cash consideration of \$1.00 and additional share consideration of \$3,000,000 arrived on the basis that the prospective net profit after tax of RR Industrial, warranted and guaranteed by the Vendor, shall not be less than \$1,200,000 for a continuous period of 12 months (the "Warranty Period"), which shall not end later than 31 December 2004. This additional share consideration was to be given by the allotment and issuance of 60 million new ordinary shares of \$0.01 each in the Company (the "Performance Shares") to the Vendor.

Pursuant to an Amendment Agreement dated 20 February 2004, the parties agreed, *inter alia*, that the Company allot and issue to an escrow agent (the "Escrow Agent") the Performance Shares to be held in a securities account maintained by the Escrow Agent as stakeholder in accordance with the terms set out in an Escrow Agreement. The Performance Shares were issued on 24 February, 2004.

As at 31 December, 2004, RR Industrial and its wholly-owned subsidiary, PT RR Packaging Indonesia ("PT RRI"), recorded a net loss of approximately \$297,000. Subsequently, the Company agreed to extend the Warranty Period till 31 March 2006.

On 28 February 2006, the Vendor of RR Industrial notified the Company that the profit warranty for RR Industrial has not been achieved. The Company, Vendor of RR Industrial and Escrow Agent subsequently entered into a Settlement Agreement and the Vendor agreed to return the Performance Shares held by Escrow Agent to the Company in exchange for his release of his profit warranty. In addition, the Company transferred 204,051 ordinary shares of \$1.00 each representing 51% of the issued and paid-up share capital of RR Industrial to the Vendor for a nominal sum of \$1.00.

Accordingly, RR Industrial and PT RRI were deconsolidated from the Group's results with effect from 28 February 2006. The Performance Shares were held by the Escrow Agent since they were returned by the Vendor on 1 August 2006 and they were sold by the Escrow Agent. The net proceeds was \$1.7 million.

In compliance with Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("FRS 39"), the Group recognized a net loss of \$1.1 million from the disposal of RR Industrial and PT RRI.

		GROUP	
		FY 2006	FY 2005
		Unaudited	Audited
		\$'000	\$'000
Note 4	Included in Loss before income tax are:		
	Depreciation	185	233
	Foreign exchange loss	12	250
	Fixed assets written off	-	1
	Allowance for doubtful debts and bad debts written off	-	142
	Interest on finance lease	20	42

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****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	
	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000
ASSETS				
Current Assets :				
Cash and bank balances	695	770	421	209
Investments held for trading	7,154	8,154	-	-
Trade receivables	209	6	-	-
Other receivables and prepayments	6,449	4,071	15,949	14,530
Inventories	12	7	-	-
Assets classified as held for sale	-	2,845	-	-
Total current assets	14,519	15,853	16,370	14,739
Non-Current Assets				
Subsidiaries	-	-	19	3,019
Associate	-	12	-	-
Intangibles	122	-	-	-
Joint Venture	-	97	-	-
Available for sale investments	7,000	7,000	7,000	7,000
Plant & equipment	820	370	63	75
Total non-current assets	7,942	7,479	7,082	10,094
Total assets	22,461	23,332	23,452	24,833
LIABILITIES AND EQUITY				
Current Liabilities :				
Trade payables	184	86	-	-
Other payables	1,243	617	5,276	3,938
Income tax payable	3,133	3,186	3,115	3,186
Current portion of finance leases	40	19	-	-
Liabilities associated with assets held for sale	-	56	-	-
Total current liabilities	4,600	3,964	8,391	7,124

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006**

- 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 (Cont'd)

	GROUP		COMPANY	
	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000
Non-Current Liabilities :				
Finance leases	137	47	-	-
Equity				
Issued Capital	33,462	5,119	33,462	5,119
Share premium	-	28,343	-	28,343
Reserves	(15,881)	(14,149)	(18,401)	(15,753)
Equity attributable to Shareholders of the Company	17,581	19,313	15,061	17,709
Minority interests	143	8	-	-
Total equity	17,724	19,321	15,061	17,709
Total liabilities and equity	22,461	23,332	23,452	24,833

- 1(b) (ii) Group Borrowings

	31 December 2006		31 December 2005	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable within one year	40	-	19	-
Amount repayable after one year	137	-	47	-
	177	-	66	-

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

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006**

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

	GROUP	
	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000
Cash flow from operating activities:		
Loss before income tax	(1,142)	(1,838)
Adjustments for:		
Share of loss of associate	12	7
Share of loss of joint venture	97	35
Dividend income	(139)	(109)
Fair value gain in revaluation of investments held for trading	(12)	(493)
Gain on disposal of fixed asset	(87)	-
Loss on disposal of subsidiaries [See Note (a)]	1,080	
Plant and equipment written off	-	205
Depreciation of plant and equipment	188	233
Allowance for doubtful debts	-	142
Bad debt written off	-	11
Bad debt recovered	(20)	-
Doubtful debts recovered	(45)	-
Accrual for expense written back	-	(61)
Interest income	(35)	(3)
Interest expense	20	42
Operating cash outflow before working capital changes	(83)	(1,829)
(Increase) / Decrease in inventories	(5)	19
Increase in trade and other receivables and prepayments	(906)	(362)
Increase / (decrease) in trade and other payables	723	(364)
Decrease in investments held for trading	1,012	1,943
Cash generated from / (used in) operations	741	(593)
Dividend received	139	109
Interest received	35	3
Interest paid	(20)	(42)
Income tax (paid) / refund	(57)	165
Net cash generated from / (used in) operating activities	838	(358)

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006**

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

	GROUP	
	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000
Cash flow from investing activities:		
Purchase of plant and equipment	(559)	(50)
Acquisition of a subsidiary, net of cash acquired [See Note (b)]	4	-
Investment in associate	-	(19)
Investment in joint venture	-	(132)
Proceed from disposal of business operations [See Note (c)]	-	834
Proceeds from sale of plant and equipment	96	-
Cash and cash equivalents in subsidiary companies disposed during the year [See Note (a)]	(10)	-
Net cash (used in) /generated from investing activities	(469)	633
Cash flow from financing activities:		
Repayment of hire purchase creditors	(88)	(46)
Proceeds from finance lease	200	-
Proceeds from fixed deposits pledged	-	100
Net cash generated from financing activities	112	54
Net effect of exchange rate changes in consolidating subsidiaries	(576)	(3)
Net (decrease) / increase in cash and cash equivalents	(95)	326
Cash and cash equivalents at beginning of year	790	464
Cash and cash equivalents at end of year	695	790

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006

Notes to the consolidated cash flow statement

- (a) Loss on disposal of subsidiaries

Refer to Note (3) disclosed under Section 1 (a) (ii) for details.

The carrying amount of net assets deconsolidated and their cash flow effects are as follows:

	GROUP	
	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000
Cash and bank balances	(10)	-
Trade receivables	(15)	-
Other receivables and prepayment	(1)	-
Property, plant and equipment	(88)	-
Intangible assets	(2,723)	-
Other payables	21	-
Obligations under finance lease	46	-
Carrying value of net assets deconsolidated	(2,770)	-
Release from accumulated losses	2,962	-
Net gain on deconsolidation	192	-
Less: Loss recognized from disposal of subsidiaries in compliance with FRS 39	(1,272)	-
Net Loss on disposal of subsidiaries	(1,080)	-

- (b) Investment in a subsidiary company

In the financial year ended 31 December 2006, PG Communications Pte Ltd (“PG”), a subsidiary of the Group, entered into a share subscription and shareholders’ agreement (the “Subscription Agreement”) with Alstra Pacific Pte Ltd (“Alstra”) and all its shareholders (collectively the “Existing Shareholders”).

Under the Subscription Agreement, PG subscribed for 225,000 new ordinary shares in the capital of Alstra, representing 42.857% of the resultant enlarged issued shares in the capital of Alstra at an issue price of \$1.00 for each new ordinary share, making an aggregate of \$225,000 (the “Subscription Price”).

As at 31 December 2006, PG has paid \$125,000 in cash to Alstra and the balance of \$100,000 shall be payable to Alstra upon completion of the research and development of hosted solutions and services to be enabled on Alstra’s or PG’s system or as standalone solution.

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****Notes to the consolidated cash flow statement**

- (b) Fair values of identifiable net assets of Alstra acquired, which approximate its carrying value, and net cash inflow on acquisition was:

	GROUP	
	FY 2006 Unaudited \$'000	FY 2005 Audited \$'000
Plant & equipment	(87)	-
Cash	(129)	-
Current Assets	(143)	-
Current Liabilities	120	-
Total Net Assets	(239)	-
Less: Minority Interest	136	-
Share of Fair Value of Assets Acquired	(103)	-
Goodwill	(122)	-
Total cash consideration	(225)	
Less: Consideration unpaid as at 31 December 2006	100	-
	(125)	-
Add: Cash acquired with the subsidiary	129	-
Net cash inflow on acquisition	4	-

- (c) Proceeds from disposal of business operations

During the financial year ended 31 December 2004, the Group disposed its restaurant, royalties and franchise fee business. An amount of US\$500,000, equivalent to S\$834,000 was received by the Group from an Escrow agent for the disposal of its restaurant, royalties and franchise fee businesses in FY 2005.

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****1(d)(i) A statement (for the issuer and group) showings of changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Issued share capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Translation reserves \$'000	Accumulated Losses \$'000	Attributable to equity holders of the Company \$'000	Minority Interest \$'000	Total \$'000
GROUP								
Balance as at 1 January, 2004	4,169	25,503	3,000	2,090	(22,137)	12,625	74	12,699
Currency translation differences	-	-	-	(193)	-	(193)	(3)	(196)
Profit for the year	-	-	-	-	4,690	4,690	3	4,693
Transfer from capital reserves	600	2,400	(3,000)	-	-	-	-	-
Issue of share capital	350	-	-	-	-	350	-	350
Premium on issue of ordinary shares, net of expenses	-	440	-	-	-	440	-	440
Balance at 31 December, 2004 as previously reported	5,119	28,343	-	1,897	(17,447)	17,912	74	17,986
Effect of adoption of FRS 39	-	-	-	-	3,067	3,067	-	3,067
Balance at 1 January, 2005 as restated	5,119	28,343	-	1,897	(14,380)	20,979	74	21,053
Currency translation differences	-	-	-	(13)	-	(13)	1	(12)
Loss for the year	-	-	-	-	(1,653)	(1,653)	(67)	(1,720)
Balance at 31 December, 2005	5,119	28,343	-	1,884	(16,033)	19,313	8	19,321

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****1(d)(i) A statement (for the issuer and group) showings of changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)**

	Issued share capital \$'000	Share premium \$'000	Translation reserves \$'000	Accumulated Losses \$'000	Attributable to equity holders of the Company \$'000	Minority Interest \$'000	Total \$'000
GROUP							
Balance as at 1 January, 2006	5,119	28,343	1,884	(16,033)	19,313	8	19,321
Currency translation differences	-	-	(574)	-	(574)	-	(574)
Loss for the year	-	-	-	(1,158)	(1,158)	(2)	(1,160)
Transfer from share premium upon implementation of Companies (Amendment) Act 2005 [See Note (a)]	28,343	(28,343)	-	-	-	-	-
Minority Interest relating to an investment in a subsidiary	-	-	-	-	-	137	137
Balance as at 31 December 2006	33,462	-	1,310	(17,191)	17,581	145	17,724

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006

- 1 (d) (i) A statement (for the issuer and group) showings of changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)**

Notes to the Statement of changes in equity

- (a) In accordance with the Companies (Amendment) Act 2005, with effect from 30 January 2006, the concepts of par value and authorized share capital were abolished and the shares of the company ceased to have a par value. The amount in the share premium reserve as at 30 January 2006 became part of the Company's share capital
- (b) The Performance Shares returned by the Vendor mentioned in Note (3) under Section 1 (a) (ii), was wrongly debited against the issued share capital in the Group's half-year announcement on 1 August 2006 for the 6 months ended 30 June 2006. This has since been rectified accordingly.

- 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 of cash 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 outstanding convertibles 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.**

See disclosure under Note 1 (d) (i)

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited.

- 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 2005

- 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

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006**

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 preference dividends.**

	GROUP	
	FY 2006	FY 2005
	Unaudited	Unaudited
Loss from continuing and discontinued operations	1,156,000	1,653,000
Loss from continuing operations	1,156,000	1,032,000
Weighted average number of ordinary shares issued	511,900,769	511,900,769
Loss per share from continuing and discontinued operations	0.23 cents	0.32 cents
Loss per share from continuing operations	0.23 cents	0.20 cents

No fully diluted earnings per ordinary share are presented as the Company did not have any dilutive potential ordinary shares outstanding as at the balance sheet date.

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 year and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	FY 2006	FY 2005	FY 2006	FY 2005
	Unaudited	Audited	Unaudited	Audited
	cents	cents	cents	cents
Net asset value per ordinary share based on existing issued share capital	3.46	3.77	2.94	3.46

Net asset per ordinary share based on existing issued share capital is computed based on 511,900,769 ordinary shares (2005 : 511,900,769)

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006

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) 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.**

Turnover

The Group's main business activities were in investment holdings, investment management and telecommunication services in the financial year ended 31 December 2006. ("FY 2006")

The Group's turnover for FY 2006 was \$7.6 million, an increase of 86% compared to the previous corresponding year. Proceeds from sale of investments held for trading was \$5.0 million compared to \$3.7 million in the previous corresponding period, accounting for 65.7% of the Group's turnover.

The Group's telecommunication business had its first full year of operations and registered a growth in turnover of 695% from \$0.3 million for the year ended 31 December 2005 ("FY 2005") to \$2.6 million for FY 2006, accounting for 34.3% of turnover.

Costs

The Group's Operating, Administrative and Distribution ("OAD") costs declined by 40%, from \$2.6 million in FY 2005 to \$1.56 million in FY 2006. About \$500,000 of Group's OAD costs were attributable to RRI Industrial in FY2005. The Group's OAD costs would have declined by approximately 25% in FY 2006 compared to FY 2005 if the OAD costs attributable to RR Industrial were excluded.

The Group has been able to control its costs despite the general rise in wages, rentals and business cost in 2006 through prudent management and tight budgetary controls.

Earnings

The Group's loss for the year ended 31 December 2006 was \$1.16 million, compared to a loss of \$1.7 million in FY 2005. The Group recorded a one-time charge (loss) of \$1.08 million from the disposal of subsidiaries.

The Group's Gross Profit for the reported period was \$1.07 million, compared with a profit of \$243,000 in FY 2005, an increase of 340%. Investments held for trading contributed about \$1.0 million whilst the telecommunication business broke even.

Working Capital

The Group's working capital as at 31 December 2006 was \$9.9 million.

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006

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 investment holdings, investment management and telecommunication services.

Telecommunications Services Business

The Group's wholly-owned subsidiary, PG provides international voice communication to pre-paid and post-paid customers in Singapore and offers value added services such as virtual roaming, call-back, calling cards and virtual office.

PG is evaluating new services and products such as VOIP and wireless telephony. However, there is no assurance that these services will be introduced or successful.

The telecommunication business in Singapore is very competitive and PG 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 partners, connectivity, equipment and infrastructure. We buy services from public switched network infrastructure providers and their quality of service and tariffs which they levy are beyond our control.

PG's, wholly-owned Malaysian subsidiary, PG Communications Sdn Bhd ("PGSB") did not commence commercial operations in FY 2006 because of personnel limitations even though its infrastructure is in place. PGSB expects to commence commercial operations in first quarter of 2007.

Portfolio Management in Marketable Securities and Financial Instruments

The Group invested its surplus cash not 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.

Other risks

The Company is liable to pay the additional tax assessments for Years of Assessment 1988 and 1990 to 2002 plus penalties amounting to \$3.1 million, notwithstanding its objection to the assessments. The Company may have to pay the Inland Revenue Authority ("IRAS") this tax if the IRAS decides to deny the Company's objection. In such an event, the Company and the Group's cashflow will be significantly affected and its viability will be jeopardized.

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006

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

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

Not applicable

(b) Amount of dividend declared (in cents) for the current and 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.

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The dates on which Registrable Transfer received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.

Not applicable

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

No dividends have been recommended for FY 2006.

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL-YEAR ANNOUNCEMENT**

13. **Segmented revenue and results for the 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.**

	Restaurants \$'000	Telecommunications \$'000	Investments held for trading \$'000	Investment holdings \$'000	Total \$'000
2006					
Segment revenue	-	2,616	5,007	-	7,623
Segment results	(95)	11	1,066	(2,106)	(1,124)
Finance costs					(20)
Tax expense					(16)
Minority interests, net of taxes					2
Net loss for the year					(1,158)
Segment assets	-	1,254	7,630	10,299	19,183
Tax suspense					3,278
Total assets					22,461
Segment liabilities	-	(634)	(783)	(187)	(1,604)
Tax liabilities	-				(3,133)
Total liabilities					(4,737)
Other information					
Capital additions	-	416	232	-	648
Depreciation of plant and equipment	-	126	44	15	185

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****13. Segmented revenue and results for the 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. (Cont'd)**

(a) Business segments

	Restaurants \$'000	Telecommunications \$'000	Investments held for trading \$'000	Investment holdings \$'000	Total for continuing operations \$'000	Discontinued operations \$'000	Total \$'000
2005							
Segment revenue	-	329	3,764	-	4,093	102	4,195
Segment results	(35)	(202)	351	(1,385)	(1,271)	(525)	(1,796)
Finance costs					(29)	(13)	(42)
Tax credit					201	(83)	118
Net loss for the year					<u>(1,099)</u>	<u>(621)</u>	<u>(1,720)</u>
Segment assets	138	471	8,154	8,446	17,209	2,845	20,054
Tax suspense					3,278	-	3,278
Total assets					<u>20,487</u>	<u>2,845</u>	<u>23,332</u>
Segment liabilities	(41)	(200)	(76)	(452)	(769)	(56)	(825)
Tax liabilities					(3,186)	-	(3,186)
Total liabilities					<u>(3,955)</u>	<u>(56)</u>	<u>(4,011)</u>
Other information							
Capital additions	-	3	-	29	32	18	50
Depreciation of plant and equipment	-	66	44	81	191	42	233

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006

13. Segmented revenue and results for the 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. (Cont'd)

(b) Geographical segments

	Singapore \$'000	UK and American \$'000	Other Asean countries \$'000	Total \$'000
<u>2006</u>				
Segment revenue	4,887	150	2,586	7,623
Segment assets	13,714	595	4,773	19,802
Capital expenditure	648	-	-	648
<u>2005</u>				
Segment revenue	329	2,797	967	4,093
Segment assets	2,834	8,099	6,276	17,209
Capital expenditure	32	-	-	-

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

Turnover

The Group's turnover for the FY 2006 was \$7.2 million, an increase of \$3.5 million compared to the previous financial year. The main reasons for the increase are due to:

(i) Telecommunications

The better performance by the Group's wholly-owned subsidiary PG. PG had its first full year of operations in FY 2006 and recorded a robust growth in its sales of pre-paid calling cards despite operating in a highly competitive market through well executed, marketing and distribution channels.

(ii) Investments held for trading

The Group's sale of approximately \$5.0 million of its marketable securities in a rising market.

Loss before tax

The Investments held for trading business remains the main profit contributor with the Telecommunication business breaking-even during FY 2006. However, the profit generated by the Investments held for trading business amounting to \$\$1 million was offset by the loss on disposal of subsidiaries, amounting to \$1.1 million, recognized during the financial year in compliance with FRS 39 (Refer to Note 3, disclosed under section 1 (a) (ii) for details).

The Distribution and Administrative costs incurred in FY 2006 were relatively consistent across the different business segments as compared to FY 2005.

INNO-PACIFIC HOLDINGS LTD

Company Registration No: 197301788K

**FULL-YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2006****15. A breakdown of sales as follows**

	GROUP		
	FY 2006	FY 2005	+ / (-)
	Unaudited	Unaudited	%
	\$'000	\$'000	
<u>Continuing operations</u>			
Sale of Investments held for trading	5,007	3,764	33%
Rendering of services	2,616	329	695%
	<hr/>	<hr/>	
	7,623	4,093	

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

Not applicable

(b) Preference

Not applicable

(c) Total

Not applicable

17. Subsequent Events

None

BY ORDER OF THE BOARD**Ivy Lim Sze Chern**
Company Secretary
19 January 2007