



JACKSPEED CORPORATION LIMITED

(Incorporated in Singapore)

Registration No. 199300300W

FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 AUGUST 2014

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 AND Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

- 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.

Statement of Comprehensive Income

	Note	Group		
		Period Ended		
		31 Aug 2014 S\$'000	31 Aug 2013 S\$'000	Change %
Revenue	1	18,630	17,980	3.6
Cost of sales	1	(13,022)	(13,442)	(3.1)
Gross profit		5,608	4,538	23.6
<u>Other items of income</u>				
Interest income		206	119	73.1
Other credits	2	197	11	1,690.9
<u>Other items of expenses</u>				
Marketing and distribution costs		(242)	(269)	(10.0)
Administrative expenses		(3,796)	(3,824)	(0.7)
Finance costs		(173)	(228)	(24.1)
Other charges	2	(41)	(70)	(41.4)
Share of loss from equity-accounted associate		-	(44)	(100.0)
Share of (loss) / profit from equity-accounted joint venture		(1)	3	(133.3)
Profit before tax		1,758	236	644.9
Income tax expense		(129)	(25)	416.0
Profit after tax		1,629	211	672.0
Profit attributable to owners of the parent, net of tax		1,437	145	891.0
Profit attributable to non-controlling interests, net of tax		192	66	190.9
		1,629	211	672.0
<u>Other comprehensive income / (loss), net of tax</u>				
Fair value (loss) / gain on available-for-sale financial assets		(10)	5	(300.0)
Exchange difference on translating foreign operations		222	(421)	(152.7)
Total comprehensive income / (loss)		1,841	(205)	(998.0)
<u>Total comprehensive income / (loss)</u>				
Attributable to owners of the parent, net of tax		1,649	(271)	(708.5)
Attributable to non-controlling interests, net of tax		192	66	190.9
		1,841	(205)	(998.0)

Note 1: Comparative figures

The Group has reclassified certain comparative figures in the Statement of Comprehensive Income:

(i) Insurance premium expense

The insurance premium expense of \$1,578,000 relating to Index Agency Pte Ltd, a 60% owned subsidiary, is reclassified from "Cost of sales" to net off its corresponding insurance premium income in "Revenue" to more appropriately reflect its business nature as a commission agent.

(ii) Outward freight expenses

The outward freight expenses of \$263,000 is reclassified from "Marketing and distribution costs" to "Cost of sales" to more appropriately reflect the Group's gross profit.

The reclassifications are as follows:

Statement of Comprehensive Income

Revenue
Cost of sales
Marketing and distribution costs

After reclassification S\$'000	Before reclassification S\$'000	Difference S\$'000
17,980	19,558	(1,578)
(13,442)	(14,757)	1,315
(269)	(532)	263

Note 2**Other credits and (other charges)**

Reversal of allowance for impairment of trade receivables
Bad debts written off trade receivables
Foreign exchange adjustment losses
Gain on disposal of plant and equipment
Gain on disposal of available-for-sale financial assets
Government grant
Net

Presented in profit or loss as:

Other credits
Other charges
Net

Period Ended		
31 Aug 2014 S\$'000	31 Aug 2013 S\$'000	Change %
3	-	NA
(3)	-	NA
(38)	(70)	(45.7)
39	-	NA
132	-	NA
23	11	109.1
156	(59)	(364.4)
197	11	1,690.9
(41)	(70)	(41.4)
156	(59)	(364.4)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 Aug 2014		As at 28 Feb 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
9,974	264	9,778	571

Amount repayable after one year

As at 31 Aug 2014		As at 28 Feb 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
74	-	100	-

Details of any collateral

The finance lease payables are secured by the lessors' charges over the leased assets.

Bank borrowings and other credit facilities are covered by corporate guarantees from the Company and personal guarantees from non-controlling interests.

- 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.

Consolidated Statement of Cash Flows

Cash flows from operating activities

Profit before tax

Adjustments for:

Interest income

Interest expense

Depreciation of property, plant and equipment

Depreciation of investment properties

Amortisation of other intangible assets

Amortisation of premium on available-for-sale financial assets

Gain on disposal of plant and equipment

Gain on disposal of available-for-sale financial assets

Share of loss from equity-accounted associate

Share of loss / (profit) from equity-accounted joint venture

Operating cash flows before changes in working capital

Inventories

Trade and other receivables

Finance lease receivables

Other assets

Trade and other payables

Net cash flows from / (used in) operations before interest and tax

Income taxes paid

Net cash flows from / (used in) operating activities

Cash flows from investing activities

Proceeds from disposal of plant and equipment

Proceeds from disposal available-for-sale financial assets

Purchase of plant and equipment

Purchase of available-for-sale financial assets

Interest received

Net cash flows used in investing activities

Cash flows from financing activities

Financial liabilities repayments

Interest paid

Net cash flows used in financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents, statement of cash flows, beginning balance

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents, statement of cash flows, ending

balance

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Note 3

Represented by:

Balance as per cash and cash equivalent in the statement of financial position

Restricted cash

Cash and cash equivalents in the consolidated statement of cash flows

Group	
Period Ended	
31 Aug 2014	31 Aug 2013
S\$'000	S\$'000
1,758	236
(206)	(119)
173	228
887	824
13	13
119	119
4	4
(39)	-
(132)	-
-	44
1	(3)
2,578	1,346
(982)	1,420
(211)	(2,907)
196	(476)
136	(190)
457	(1,275)
2,174	(2,082)
(163)	(86)
2,011	(2,168)
101	181
1,857	-
(1,520)	(1,634)
(2,496)	-
206	119
(1,852)	(1,334)
(387)	(815)
(173)	(228)
(560)	(1,043)
(401)	(4,545)
9,133	12,962
120	(219)
8,852	8,198

31 Aug 2014	31 Aug 2013
S\$'000	S\$'000
8,864	8,210
(12)	(12)
8,852	8,198

- 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.

Statements of Changes in Equity

	Group		Company	
	31 Aug 2014 S\$'000	31 Aug 2013 S\$'000	31 Aug 2014 S\$'000	31 Aug 2013 S\$'000
Share capital				
Balance at beginning and end of the period	31,208	31,208	31,208	31,208
Other reserves				
Balance at beginning of the period	(1,006)	(561)	19	17
Total comprehensive income / (loss) for the period	212	(416)	(10)	5
Balance at end of the period	(794)	(977)	9	22
Accumulated losses				
Balance at beginning of the period	(1,800)	(2,340)	(6,356)	(7,583)
Total comprehensive income for the period	1,437	145	236	13
Balance at end of the period	(363)	(2,195)	(6,120)	(7,570)
Equity, attributable to owners of the parent	30,051	28,036	25,097	23,660
Non-controlling interests				
Balance at beginning of the period	2,840	2,910	-	-
Total comprehensive income for the period	192	66	-	-
Balance at end of the period	3,032	2,976	-	-
Total equity	33,083	31,012	25,097	23,660

- 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 year 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 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.

	Group and Company	
	31 Aug 2014	28 Feb 2014
	No. of shares '000	No. of shares '000
Ordinary shares of no par value		
Balance at beginning and end of the period / year	251,043	251,043

- 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.
251,043,579 ordinary shares are issued as at 31 August 2014 (28 February 2014: 251,043,579).

- 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.
The Company does not have any treasury shares.

- 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 of the Company.

- 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 Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared with the audited financial statements as at 28 February 2014 except for the adoption of the applicable new and revised Financial Reporting Standards (FRS) and INT FRS that are mandatory for the financial period beginning 1 March 2014. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

5 If there are any changes in the 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 preference dividends:-

	Group	
	31 Aug 2014 Cents	31 Aug 2013 Cents
Earnings per ordinary share for the period based on profit attributable to owners of the parent, net of tax		
a) Based on weighted average number of ordinary shares of 251,043,579 (1H FY2014: 251,043,579)	0.57	0.06
b) On a fully diluted basis	0.57	0.06

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 Aug 2014 Cents	28 Feb 2014 Cents	31 Aug 2014 Cents	28 Feb 2014 Cents
* Net asset value per ordinary share based on issued share capital as at the end of the financial period / year	13.18	12.44	10.00	9.91

* Total equity including non-controlling interests.

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) 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.

Statement of comprehensive income

Group revenue increased by \$0.6 million or 3% from \$18.0 million in prior period to \$18.6 million in 1HFY2015.

The Leather, Accessories and Automotive segments accounted for 37%, 21% and 42% respectively of the Group's revenue in 1HFY2015 as compared to 39%, 14% and 47% respectively in 1HFY2014.

Revenue from the Leather segment decreased by \$0.2 million or 3% from \$7.0 million in the prior period to \$6.8 million in 1HFY2015. This is mainly due to the disposal of a subsidiary, Jackspeed Aviation Pte Ltd in Q3FY2014. The decrease is offset by the revenue contributed by Dynasty Culture Sdn Bhd, a 100% owned subsidiary acquired in Q4FY2014.

Revenue from the Accessories segment increased by \$1.4 million or 54% from \$2.6 million in the prior period to \$4.0 million in 1HFY2015 mainly due to greater sales demand for existing products.

Revenue from the Automotive segment decreased by \$0.6 million or 7% from \$8.4 million in the prior period to \$7.8 million in 1HFY2015 mainly due to weakened sales demand for used commercial vehicles.

Gross profit margin increased by 5% mainly due to continuous efforts in managing costs.

The increase in interest income by \$87,000 or 73% as compared to prior period is mainly due to interest income from interest-bearing loan provided to external parties in Q2FY2014.

Other credits in 1HFY2015 mainly relate to gain on disposal of available-for-sale financial assets (\$0.1 million), gain on disposal of plant and equipment (\$39,000) and government grant received (\$23,000). Other credits in prior period relate to government grant received (\$11,000).

The decrease in finance costs by \$55,000 or 24% is mainly due to the full repayment of hire purchase loans with higher interest rates and entering of new hire purchase loans at lower interest rates.

Other charges in 1HFY2015 mainly relate to foreign exchange adjustment losses of \$38,000 (1HFY2014: \$70,000).

Statement of financial position

Group

The \$0.9 million increase in property, plant and equipment is mainly due to the following:

- (i) Motor vehicles transferred from inventories amounting to \$0.4 million;
- (ii) Renewal of certificates of entitlement for existing motor vehicles amounting to \$0.7 million; and
- (iii) Purchase of motor vehicles amounting to \$0.5 million.

The increase above is offset by depreciation expense of \$0.9 million.

Inventories increased by \$1.0 million mainly due to:

- (i) \$0.4 million increase from the Leather segment to meet an anticipated increase in sales demand; and
- (ii) \$0.6 million increase from the Automotive segment as a result of purchases made near period end.

The \$0.9 million increase in trade and other receivables is mainly due to receivables of \$0.7 million from disposal of available-for-sale financial assets.

The decrease in other assets by \$0.2 million is mainly due to the amortisation of prepaid rentals and insurance premiums amounting to \$0.3 million.

The \$0.5 million increase in trade and other payables is mainly due to increase in purchases in the Accessories segment (\$0.3 million) which is in line with the corresponding increase in revenue.

Company

Other financial liabilities (current and non-current) decreased by \$0.3 million mainly due to repayment of bank trust receipts.

Consolidated statement of cash flows

Cash and cash equivalents decreased by approximately \$0.4 million in 1HFY2015 as a result of the purchase of available-for-sale financial assets (\$2.5 million), purchase of plant and equipment (\$1.5 million) and the repayment of financial liabilities (\$0.4 million). This is offset by the net cash flows from operating activities (\$2.0 million) and the proceeds from disposal of available-for-sale financial assets (\$1.9 million).

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

The Group did not issue any forecast or prospect statement to shareholders for the current financial period.

- 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 financial period and the next 12 months.**

In 1HFY2015, the Group has achieved better financial results, mainly boosted by the performance of the Accessories segment.

The Group will continue its efforts in developing existing markets, controlling costs and exploring business opportunities.

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

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

No.

(b) **Corresponding period of the immediately preceding financial year.**

Type of dividend

Interim

Final

Tax rate

Group and Company	
1HFY2015	1HFY2014
Cents	Cents
Nil	Nil
Nil	Nil
Not applicable	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 country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be**
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 dividend has been declared or recommended for the financial period ended 31 August 2014.

- 13 **General mandate from shareholders for Interested Person Transaction pursuant to Rule 920**

There is no general mandate obtained from shareholders for Interested Person Transaction pursuant to Rule 920.

- 14 **Confirmation by directors**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the period ended 31 August 2014 to be false or misleading, in any material aspect.

15 Disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use.

Update of the use of the net proceeds amounting to \$3,205,000 (the "Net Proceeds") raised from the placement of 41,800,000 new shares at \$0.0795 each in the capital of the Company on 26 March 2012:

Intended Uses	Net Proceeds Allocated S\$'000	Net Proceeds Used to Date S\$'000	Balance as at 10 October 2014 S\$'000	Description
Working Capital	3,205	2,389	816	General and administrative costs
Total	3,205	2,389	816	

The above utilization is in line with the intended uses of the Net Proceeds as stated in the Company's announcement dated 29 February 2012.

ON BEHALF OF THE BOARD

YAP KIAN PENG
EXECUTIVE DEPUTY CHAIRMAN AND CHIEF EXECUTIVE OFFICER
10 October 2014