

JACKSPEED CORPORATION LIMITED

HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income Statement

	Group		
	31 August 2005 S\$ '000	31 August 2004 S\$ '000	Increase / (decrease)
<b>Revenue</b>	17,395	17,209	1%
Other operating income	77	50	54%
Changes in inventories	24	(842)	-103%
Raw materials purchases and sub-contractors charges	(9,584)	(8,380)	14%
Staff costs	(3,808)	(3,801)	nm
Depreciation	(525)	(573)	-8%
Other operating expenses	(1,749)	(1,994)	-12%
Other credits / (charges)	105	166	-37%
<b>Profit from operations</b>	1,935	1,835	5%
Finance costs	(83)	(125)	-34%
<b>Profit before income tax</b>	1,852	1,710	8.3%
Income tax expense	(481)	(628)	-23%
<b>Profit after income tax</b>	1,371	1,082	27%
Minority Interest	-	30	-100%
<b>Net Profit for the period</b>	1,371	1,112	23%

1(a)(ii) Notes to Income Statement

	Group	
	31 August 2005	31 August 2004
<b>Other Credits / (Charges)</b>		
Foreign exchange adjustment gain	118	128
Net gain/(loss) on disposal of plant and equipment	(13)	23
Negative goodwill released to income statement	-	15
<b>Total Other Credits / (Charges)</b>	<b>105</b>	<b>166</b>
<b>Finance Costs</b>		
Interest expense to non-related companies	83	125

## 1(b)(i) Balance Sheet

	Group		Company	
	31 August 2005 \$'000	28 February 2005 \$'000	31 August 2005 \$'000	28 February 2005 \$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	8,032	8,424	4,679	6,351
Trade receivables	3,417	3,274	3,732	2,272
Other receivables and prepayments	291	427	3,287	3,325
Inventories	5,477	5,373	1,682	1,778
<b>Total current assets</b>	<b>17,217</b>	<b>17,498</b>	<b>13,380</b>	<b>13,726</b>
<b>Non-current assets:</b>				
Investment in subsidiaries	-	-	2,962	2,962
Property, plant and equipment	8,112	8,364	2,806	2,789
Goodwill	151	(62)	-	-
<b>Total non-current assets</b>	<b>8,263</b>	<b>8,302</b>	<b>5,768</b>	<b>5,751</b>
<b>Total assets</b>	<b>25,480</b>	<b>25,800</b>	<b>19,148</b>	<b>19,477</b>
<b>Current liabilities:</b>				
Short-term borrowings	542	1,312	170	507
Trade payables and accrued liabilities	3,211	2,993	1,967	1,202
Other payables	-	-	-	50
Income tax payable	574	634	556	535
Current portion of interest bearing borrowings	911	1,196	911	1,196
Current portion of finance leases	345	321	47	30
<b>Total current liabilities</b>	<b>5,583</b>	<b>6,456</b>	<b>3,651</b>	<b>3,520</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	142	164	-	25
Interest bearing borrowings	-	309	-	309
Finance leases	113	303	109	97
<b>Total non-current liabilities</b>	<b>255</b>	<b>776</b>	<b>109</b>	<b>431</b>
<b>Capital and reserves:</b>				
Issued capital	7,860	7,860	7,860	7,860
Reserves	11,782	10,708	7,528	7,666
<b>Total equity</b>	<b>19,642</b>	<b>18,568</b>	<b>15,388</b>	<b>15,526</b>
<b>Total liabilities and equity</b>	<b>25,480</b>	<b>25,800</b>	<b>19,148</b>	<b>19,477</b>

**1(b)(ii) Aggregate amount of company's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 31 August 2005		As at 28 February 2005	
Secured	Unsecured	Secured	Unsecured
\$' 000	\$' 000	\$' 000	\$' 000
887	911	1,633	1,196

**Amount repayable after one year**

As at 31 August 2005		As at 28 February 2005	
Secured	Unsecured	Secured	Unsecured
\$' 000	\$' 000	\$' 000	\$' 000
113	-	303	309

**Details of any collateral**

The Singapore Dollar bank loan is unsecured. However, certain of the credit facilities of the group are secured by corporate guarantee and indemnity by a subsidiary, and negative pledges on the company's present and future assets.

The obligations under finance leases are secured by the lessor's charge over the leased assets and a guarantee and a personal guarantee by a director of a subsidiary.

## 1(c) Cash Flow Statement

	Group	
	6 months 31-Aug-05	6 months 31-Aug-04
	S\$ '000	S\$ '000
<b>Cash flows from operating activities:</b>		
Profit before income tax	1,852	1,710
Adjustments for:		
Depreciation	525	573
Loss/(gain) on disposal of plant and equipment	13	(23)
Interest income	(68)	(32)
Interest expense	83	125
Negative goodwill reversed from income statement	-	(15)
<b>Operating profit before working capital changes</b>	<b>2,405</b>	<b>2,338</b>
Trade receivables	(143)	697
Other receivables and prepayments	136	(617)
Inventories	(104)	843
Trade payables and accrued liabilities	218	(220)
<b>Cash generated from operations</b>	<b>2,512</b>	<b>3,041</b>
Interest paid	(83)	(125)
Interest received	68	32
Income tax paid	(562)	(628)
Dividends paid	(629)	(917)
<b>Net cash from operating activities</b>	<b>1,306</b>	<b>1,403</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant and equipment	52	39
Purchase of property, plant and equipment	(227)	(655)
<b>Net cash used in investing activities</b>	<b>(175)</b>	<b>(616)</b>
<b>Cash flows from financing activities:</b>		
Decrease in borrowings	(1,364)	(3,283)
Minority contribution to capital	-	66
IPO expenses charged to reserves	-	11
Decrease in finance lease	(167)	173
<b>Net cash from financing activities</b>	<b>(1,531)</b>	<b>(3,033)</b>
Exchange rate changes in consolidating foreign subsidiaries	8	(60)
<b>Net decrease in cash and cash equivalents</b>	<b>(392)</b>	<b>(2,306)</b>
Cash and cash equivalents at beginning of year	8,424	10,690
<b>Cash and cash equivalents at end of year</b>	<b>8,032</b>	<b>8,384</b>

1(d)(i) A statement 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

<b>Group</b>	Issued Capital S\$ '000	Share Premium S\$ '000	Accumulated Profits S\$ '000	Asset Revaluation Reserve S\$ '000	Currency Translation Reserve S\$ '000	Total S\$ '000
Balance at 1 March 2004	7,860	6,625	2,961	-	(184)	17,262
IPO expenses	-	11	-	-	-	11
Net profit for the period	-	-	1,112	-	-	1,112
Foreign currency translation differences (b)	-	-	-	-	(93)	(93)
Dividends paid	-	-	(917)	-	-	(917)
<b>Balance at 31 August 2004</b>	<b>7,860</b>	<b>6,636</b>	<b>3,156</b>	<b>-</b>	<b>(277)</b>	<b>17,375</b>
		(a)			(a)	
Balance at 1 March 2005	7,860	6,636	4,197	316	(441)	18,568
FRS 103 adjustment	-	-	213	-	-	213
Balance at 1 March 2005 – adjusted	7,860	6,636	4,410	316	(441)	18,781
Net profit for the period	-	-	1,371	-	-	1,371
Foreign currency translation differences (b)	-	-	-	-	119	119
Dividends paid	-	-	(629)	-	-	(629)
<b>Balance at 31 August 2005</b>	<b>7,860</b>	<b>6,636</b>	<b>5,152</b>	<b>316</b>	<b>(322)</b>	<b>19,642</b>
		(a)		(a)	(a)	
<b>Company</b>	Issued Capital S\$ '000	Share Premium S\$ '000	Accumulated Profits S\$ '000	Total S\$ '000		
Balance at 1 March 2004	7,860	6,625	375	14,860		
IPO expenses	-	11	-	11		
Net profit for the period	-	-	168	168		
<b>Balance at 31 August 2004</b>	<b>7,860</b>	<b>6,636</b>	<b>543</b>	<b>15,039</b>		
		(a)				
Balance at 1 March 2005	7,860	6,636	1,030	15,526		
Net profit for the period	-	-	491	491		
Dividends paid	-	-	(629)	(629)		
<b>Balance at 31 August 2005</b>	<b>7,860</b>	<b>6,636</b>	<b>892</b>	<b>15,388</b>		
		(a)				

(a) Unrealised and not available for distribution as cash dividend

(b) Not recognized in the income statements

**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 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**

There are no changes in the company's share capital structure since the previous period reported.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard of Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The above financial statements have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 financial information included in this report have been prepared using the same accounting policies except as described in para 5 below.

**5. If there were 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**

The Group has adopted all the new Singapore Financial Reporting Standard ("FRS") that are mandatory for financial years beginning on or after 1 January 2005. As a result of adopting FRS103, the Group adjusted the carrying value of the negative goodwill arising from the acquisition Jackspeed Malaysia of \$213,000 to opening retained earnings. Amortisation of the goodwill arising from the acquisition of Jackspeed Thailand is discontinued. The carrying value of \$151,000 is tested for impairment. There is no significant impact on the current year profits with the above change in accounting policy.

**6. Earnings per ordinary share of the company for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	31 August 05	31 August 04
(i) Based on number of ordinary share in issue	1.05 cents	0.85 cents
(ii) On a fully diluted basis	1.05 cents	0.85 cents

Note:-

Earnings per share is calculated based on number of shares of 131,000,000

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

Group

	31 August 05	28 February 05
Net asset value per ordinary share based on number of shares in issue at end of period	14.99 cents	14.17 cents

Company

	31 August 05	28 February 05
Net asset value per ordinary share based on number of shares in issue at end of period	11.75 cents	11.85 cents

Note:-

Net asset value is calculated based on number of shares at the end of period of 131,000,000

**8. A review of the performance of the company, to the extent necessary for a reasonable understanding of the company's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the company for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the company during the current financial period reported on**

### **Income Statement**

Group revenue rose \$ 0.2 million or 1% from S\$ 17.2 million in Aug 04 to reach \$ 17.4 million for period ended Aug 05. The Distributor market remained the largest revenue contributor, followed by OEM market and the balance from the Retail and After market and Non Automotive segment. Each segment contributed to about 57%, 34% and 9% respectively.

OEM segment enjoyed improved sales of \$1.7 million or 39% and these were contributed by our customers in Malaysia and Thailand.

Sales in Distributor market, however, decreased by about \$1.8 million or 15% mainly due to lower demand from our Europe distributors as certain car models are at the final stage of the life cycle and new models are expected to be launched soon.

Retail and After market and Non Automotive market recorded an aggregate increase of \$ 0.3 million.

### **Profitability**

Net profit after tax increased 23% or \$ 0.3 million to \$ 1.4 million in the first 6 months of the financial period as compared to \$ 1.1 million in the last period.

Net profit margin increased from 6.5% in Aug 04 to 7.9% in Aug 05 mainly due to costs control and savings resulting from consolidation of the procurement function. Lower finance costs were also incurred in this period as lesser trust receipt facilities were utilized.

Increased production capacities in all factories enabled sharing of resources to achieve optimal utilization, enhanced efficiency and improved performance.

### **Balance Sheet and Cash Flow**

Total borrowings as at 31 August 2005 stood at \$ 1.91 million and consisted of:-

- bills payable of \$ 0.54 million on trade
- hire purchase / finance lease of \$ 0.46 million for acquisition of motor vehicles and machinery
- term loan of \$ 0.91 million for the purchase of properties in Singapore and Malaysia

Net cash from operating activities amounted to S\$ 1.31 million and \$ 0.63 million was net dividend paid during the period.

Net cash used in investing activities of \$ 0.18 million was mainly attributed to acquisition of property, plant and equipment during the period.

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

No profit forecast or prospect statement has been issued for the period under review.

### **10. A commentary at the date of the announcement of the competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months**

Demand from Europe slowed down in this financial period as certain car models are nearing end of life cycle. However, we expect demand to pick up in the second half of the year with the launch of new car models as we have delivered several mock up sets for such new models.

Progress in Australia has been below expectation. The Group hopes to expedite progress by implementing in Australia the same business model applied in Europe of marketing our products via appointment of distributors and agents. With increasing distribution network, we should see positive development. However, the Group does not expect material contributions from this geographical segment in FY 2006.

Barring unforeseen circumstances, the Group expects the outlook for second half of FY 2006 to remain favorable.

**11. Dividend****(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Name of Dividend	Proposed Interim
Dividend Type	Cash
Dividend amount per share (in cents)	0.3 cents per ordinary share (less tax)
Par value of shares	S\$0.06
Tax Rate	20%

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per share (in cents)	0.3 cents per ordinary share (less tax)
Par value of shares	S\$0.06
Tax Rate	20%

**(c) Date payable**

To be advised.

**(d) Books closure date**

To be advised.

**12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**13. 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**

Not applicable

**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**

Not applicable

**15. A breakdown of sales**

Not applicable.

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

Not applicable

BY ORDER OF THE BOARD

Liew Ham Chow

Director

12 October 2005