

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		Increase / (decrease)
	31 August 2006 S\$ '000	31 August 2005 S\$ '000	
Revenue	22,644	17,395	30%
Financial income	447	195	129%
Financial Expense	(103)	(83)	24%
Changes in inventories	8,629	24	359%
Raw materials purchases and sub contractors charges	(20,627)	(9,584)	115%
Employee benefits expense	(5,399)	(3,808)	42%
Depreciation	(670)	(525)	28%
Other expenses	(2,428)	(1,749)	39%
Other credits	(150)	(13)	1054%
Share of profits of associates	-	-	-
Profit before tax	2,343	1,852	27%
Income tax expense	(789)	(481)	64%
Profit for the year	1,554	1,371	13%
Attributable to			
Minority interest	(9)	-	na
Equity holders of the company	1,563	1,371	14%
	1,554	1,371	13%

1(a)(ii) Notes to Income Statement

	Group	
	31 August 2006 S\$ '000	31 August 2005 S\$ '000
Employee benefits expense		
Employee benefits expense including Directors	4,815	3,436
Contributions to defined contribution plan	210	196
Other benefits	374	176
Total employee benefits expense	5,399	3,808
Other Credits		
Amortisation of Intangible	(150)	-
Net gain on disposal of plant and equipment	-	(13)
Total Other Credits	(150)	(13)
Financial expense		
Interest expense to non-related companies	103	83

1(b)(i) Balance Sheet

	Group		Company	
	31 August 2006 \$'000	28 February 2006 \$'000	31 August 2006 \$'000	28 February 2006 \$'000
ASSETS				
Current assets:				
Cash and cash equivalents	11,030	7,551	5,454	5,208
Trade and other receivables	8,397	5,682	8,132	6,024
Inventories	6,486	5,195	1,890	1,665
Total current assets	25,913	18,428	15,476	12,897
Non-current assets:				
Investment in subsidiaries	-	-	11,750	2,952
Investment in associates	621	-	86	-
Property, plant and equipment	9,170	7,709	2,738	2,789
Goodwill and other intangibles	6,204	151	-	-
Total non-current assets	15,995	7,860	14,574	5,741
Total assets	41,908	26,288	30,050	18,638
Current liabilities:				
Short-term borrowings	165	161	-	161
Trade payables and other payables	9,871	4,159	7,211	2,774
Current tax payable	458	688	429	573
Current portion of long-term borrowings	98	309	-	309
Current portion of finance leases	130	143	47	47
Total current liabilities	10,722	5,460	7,687	3,864
Non-current liabilities:				
Deferred tax liabilities	760	162	25	25
Long-term borrowings	900	-	-	-
Finance leases	184	107	62	86
Total non-current liabilities	1,844	269	87	111
Total liabilities	12,566	5,729	7,774	3,975
Equity attributable to equity holders of the parent :				
Share capital	21,837	14,483	21,837	14,483
Reserves	(171)	(3)	-	-
Retained earnings	6,764	6,079	439	180
Total equity	28,430	20,559	22,276	14,663
Minority Interest	912	-	-	-
Total equity and minority interest	29,342	20,559	22,276	14,663
Total liabilities and equity	41,908	26,288	30,050	18,638

(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 2006		As at 28 February 2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
393	-	304	309

Amount repayable after one year

As at 31 August 2006		As at 28 February 2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,084	-	107	-

Details of any collateral

The bank loan and credit facilities of a subsidiary are secured by a legal charge on the subsidiary's leasehold property, fixed deposits, a fixed and floating charge over the present and future assets of the subsidiary as well as joint and several guarantees by certain directors of the subsidiary.

Certain of the credit facilities of the group are covered by corporate guarantee and indemnity by certain subsidiaries, 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 August 2006 S'000	6 months 31 August 2005 S'000
Cash flows from operating activities:		
Profit for the year	1,554	1,371
Adjustments for:		
Income tax expense	789	481
Amortisation of intangible	150	-
Depreciation	670	525
Gain on disposal of plant and equipment	-	13
Interest income	(109)	(68)
Interest expense	103	83
Operating profit before working capital changes	<u>3,157</u>	<u>2,405</u>
Restricted cash (a)	(152)	-
Trade and other receivables	514	(7)
Inventories	(385)	(104)
Trade and other payables	<u>(1,579)</u>	<u>218</u>
Cash generated from operations	1,555	2,512
Income tax paid	<u>(1,237)</u>	<u>(562)</u>
Net cash from operating activities	<u>318</u>	<u>1,950</u>
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	5	52
Purchase of property, plant and equipment	(534)	(227)
Interest received	109	68
Acquisition of subsidiary net of cash acquired (b)	(2,372)	-
Investment in associates	<u>(621)</u>	<u>-</u>
Net cash used in investing activities	<u>(3,413)</u>	<u>(107)</u>
Cash flows from financing activities:		
Interest paid	(103)	(83)
(Decrease) in borrowings	(789)	(1,364)
Dividends paid	(878)	(629)
Minority interest contribution to capital	912	-
Proceeds from share placement, net of expenses	7,354	-
Decrease in finance lease	<u>(67)</u>	<u>(167)</u>
Net cash from (used in) financing activities	<u>6,429</u>	<u>(2,243)</u>
Exchange rate changes in consolidating foreign subsidiaries	<u>(7)</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	3,327	(392)
Cash and cash equivalents at beginning of year	<u>7,551</u>	<u>8,424</u>
Cash and cash equivalents at end of year	<u>10,878</u>	<u>8,032</u>
Cash and cash equivalents		
Not restricted in use	10,878	8,032
Restricted (a)	<u>152</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>11,030</u>	<u>8,032</u>

(a) This is for bank balances held by bankers as security for credit facilities granted to a subsidiary.

The group acquired 100% of Jackson Vehicle Holdings Pte Ltd and subsidiaries with effect from 1 March 2006. The transaction was accounted for by the purchase method of accounting. The net assets acquired are as follows:-

	6 months 31 August 2006
	S\$ '000
Cash	741
Trade and other receivable	3,230
Inventories	906
Property, plant and equipment	1,754
Goodwill and other intangibles	6,203
Trade and other payables	(2,117)
Current tax payable	(216)
Deferred tax liability	(600)
Finance lease	(131)
Short term borrowings	(533)
Long term borrowings	(949)
Consideration	<u>8,288</u>
Less consideration paid by shares	<u>(5,175)</u>
Cash consideration	3,113
Less cash taken over	<u>(741)</u>
Net cash outflow on acquisition	<u>2,372</u>

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

Group	Attributable to equity holder of parent						
	Share Capital	Retained Earnings	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Total	Minority Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 28 February 2005/ Balance at 1 March 2005 – as stated	14,496	4,197	316	(441)	18,568	-	18,568
FRS 103 adjustments	-	213	-	-	213	-	213
Balance at 1 March 2005 – restated	14,496	4,410	316	(441)	18,781	-	18,781
Exchange differences on translating foreign subsidiaries	-	-	-	119	119	-	119
Profit for the year	-	1,371	-	-	1,371	-	1,371
Dividends paid	-	(629)	-	-	(629)	-	(629)
Balance at 31 August 2005	14,496	5,152	316	(322)	19,642	-	19,642
Balance at 28 February 2006/ Balance at 1 March 2006 – as stated	14,483	6,079	316	(319)	20,559	-	20,559
Placement proceeds	7,860	-	-	-	7,860	-	7,860
Placement expenses	(506)	-	-	-	(506)	-	(506)
Exchange differences on translating foreign subsidiaries	-	-	-	(168)	(168)	-	(168)
Minority interest contribution to capital	-	-	-	-	-	912	912
Profit for the year	-	1,563	-	-	1,563	-	1,563
Dividends paid	-	(878)	-	-	(878)	-	(878)
Balance at 31 August 2006	21,837	6,764	316	(487)	28,430	912	29,342

Company	(a)			(b)		
	Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 28 February 2005/ Balance at 1 March 2005 – as stated	14,496	1,030	15,526	14,496	1,030	15,526
Profit for the year	-	491	491	-	491	491
Dividend paid	-	(629)	(629)	-	(629)	(629)
Balance at 31 August 2005	14,496	892	15,388	14,496	892	15,388
Balance at 28 February 2006/ Balance at 1 March 2006 – as stated	14,483	180	14,663	14,483	180	14,663
Placement proceeds	7,860	-	7,860	7,860	-	7,860
Placement expenses	(506)	-	(506)	(506)	-	(506)
Profit for the year	-	1,137	1,137	-	1,137	1,137
Dividend paid	-	(878)	(878)	-	(878)	(878)
Balance at 31 August 2006	21,837	439	22,276	21,837	439	22,276

- (a) With the changes to the Companies Act, Cap 50, effective from 30 January 2006, there is the removal of the concept of par value and authorised capital and there is no share premium account. The company had a share premium account balance of \$6,623,000 at the end of 31 August 2005. This amount was included in share capital as required by the changes to the Companies Act.
- (b) Unrealised and not available for distribution as cash dividends

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

Pursuant to the Shareholders' approval granted at the Extraordinary General Meeting on 26 June 2005, the Company has allotted and issued an aggregate of 43,666,667 new ordinary shares in the capital of the Company to AAPICO Investment Pte Ltd and Mr Ang Kian Lee at an issue price of S\$0.18 per share.

The issued share capital of the Company has increased from \$14,483,183.37 comprising 131,000,000 ordinary shares in the capital of the Company to \$22,343,183.43 comprising 174,666,667 ordinary shares.

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

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 has been prepared using the same accounting policies except as disclosed in para 5 below.

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

The Group has adopted all the new Singapore Financial Reporting Standard ("FRS") that are mandatory for financial years beginning on or after 1 March 2005. As a result of adopting FRS103, the Group adjusted the carrying value of the negative goodwill arising from the acquisition of Jackspeed Malaysia of \$ 213,000 to opening retained earnings as at 1 March 2005. Amortisation of the goodwill arising from the acquisition of Jackspeed Thailand is discontinued.

There is no significant impact on the current year profits and earnings per share with the above changes 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 Aug 06	31 Aug 05
(i) Based on number of ordinary share in issue	1.07 cents	1.05 cents
(ii) On a fully diluted basis	1.07 cents	1.05 cents

Note:-

Basic earnings per share is calculated based on weighted average number of shares of 145,555,556 (31 August 2005: 131,000,000)

7. Net asset value (for the issuer or group) 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 Aug 06	28 Feb 06
Net asset value per ordinary share based on number of shares in issue at end of year	16.28 cents	15.69 cents

Company	31 Aug 06	28 Feb 05
Net asset value per ordinary share based on number of shares in issue at end of year	12.75 cents	11.19 cents

Note:-

Net asset value is calculated based on 174,666,667 number of shares at end of period (31 August 2005: 131,000,000)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement

Group revenue for the period ended 31 Aug 2006 ("1H2007") rose \$ 5.24 million or 30.1% to \$22.64 million from S\$ 17.40 million during the same period last year. Underlying the increase were contributions attributable to the newly acquired subsidiary, Jackson Vehicle Holdings Pte Ltd (JVH).

On a segmental basis, sales from leather trim and accessories accounted for 65% and 33% of the group's revenue respectively while the non-automobile segment contributed the balance of 2%.

The leather trim distributor market remained the largest revenue contributor registering a 2% increase to S\$10.19 million and accounted for 45.0% of total revenue in 1H2007, backed by increased demand for leather sets arising from new car model launches in Europe.

Contribution from the leather OEM market segment dipped to S\$3.16 million in 1H2007 from S\$5.83 million in 1H2006 following the completion of supply contracts to key clients. The Group is currently exploring co-operation opportunities with major automotive manufacturers and seeks to expand its share of the OEM market. Contributions from its after-market and non-automotive sales also grew significantly by 102% to S\$0.35 million from S\$0.17 million in 1H2006, boosted by increased revenue from aviation division following the gradual emergence of Singapore as a regional aviation Maintenance, Repair and Overhaul centre ("MRO").

The accessories market segment which was acquired through the acquisition of JVH contributed significantly to 1H2007 revenue. The \$ 7.44 million contribution was derived from its sales of vehicle accessories in Singapore and Thailand and is driven by the continued trend for vehicle customisation and accessorizing.

Profitability

Net profits increased 13.3% to \$ 1.55 million in 1H2007 from \$ 1.37 million in the last period riding on additional contributions from the Group's new automobile accessories segment which contributed S\$0.44 million to net profits.

Net profit margin declined from 7.9% in 1H2006 to 6.9% in 1H2007 mainly due amortisation of intangible and higher income tax expenses by a Malaysian subsidiary.

Balance Sheet and Cash Flow

Cash and cash equivalent balance stood at \$11.03 million following the placement of shares which raised \$7.35 million.

Net cash used in investing activities of \$ 3.41 million was attributed to the acquisition of a new subsidiary, investment in associated companies as well as property, plant and equipment.

Total borrowings as at 31 August 2006 stood at \$ 1.48 million and consisted of:-

- bills payable of \$ 0.17 million on trade
- hire purchase / finance lease of \$ 0.31 million for acquisition of motor vehicles and machinery
- term loan of about \$ 1.00 million for the purchase of the leasehold properties by the newly acquired subsidiary

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 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 12 months

Europe continues to be a core market for the Group, as demand for products are expected to increase further as more new car models are rolled out in the European market. Following the successful acquisition of JVH, Jackspeed has achieved significant advances in its strategic objectives to expand its product portfolio and to gain a foothold to penetrate into the global car accessories market. While JVH's traditional focus was in the Thai automotive market, Jackspeed's acquisition has taken the business onto its next phase of development. Leveraging on its established presence in Europe, Jackspeed will be able to jointly market its automotive accessories to existing leather trim clients thereby boosting contributions from its accessories business segment.

Despite recent political developments, Thailand remains a key growth driver for Jackspeed. According to the latest figures by the Thai Automotive Industry Association Thailand, over 597,000 vehicles have been produced from January to June 2006. The accessories business segment contributed about 33% of total revenue for 1H2007, riding on the trend for vehicle customisation prevalent in Thailand. This segment is expected to drive future performances as Jackspeed explores more opportunities to consolidate its position in the accessories market.

Leveraging on its strategic alliance with leading Thai auto-parts maker AAPICO Hitech Public Company Limited ("AAPICO"), Jackspeed will explore potential manufacturing activities with other automotive manufacturers. The Group will also seek to tap on AAPICO's robust distribution network to jointly explore opportunities to increase their presence in the growing Thailand OEM market. Jackspeed and AAPICO have begun construction of a new manufacturing facility for accessories of pick-up trucks, which is expected to commence production in 2007.

The aviation market segment posted strong gains for the period ended 31 Aug 2006 with a 102% increase in revenue. This follows the emergence of Singapore as a hub for regional aviation MRO. Endorsed by the Singapore government, the initiative to promote Singapore as a regional MRO has received positive feedback from airlines across the region. Capitalising on this trend, the Group will intensify its efforts in the aviation market segment through capacity expansion initiatives, continual innovation of its product and processes catering to the growing need for professional cabin support within the aviation industry. Through these efforts, the Group hopes to develop this business into a significant revenue contributor in the future.

Barring unforeseen circumstances, the directors are optimistic that the Group's performance for FY 2007 will be better than last year.

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

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per share (in cents)	0.3 cent per ordinary share
Par value of shares	NA
Tax Rate	One-Tier Tax Exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per share (in cents)	0.3 cent per ordinary share (less tax)
Par value of shares	NA
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