

JACKSPEED CORPORATION LIMITED

HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 AUGUST 2004

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

1(a)(i) Income Statement

	Group		
	Actual 31 August 2004 S\$ '000	Proforma 31 August 2003 S\$ '000	Increase / (decrease)
<b>Revenue</b>	17,352	12,482	39%
Other operating income	50	11	355%
Changes in inventories	(842)	94	-996%
Raw materials purchases and sub-contractors charges	(8,523)	(6,186)	38%
Staff costs	(3,658)	(2,943)	24%
Depreciation	(573)	(446)	28%
Other operating expenses	(2,137)	(1,542)	39%
Other credits / (charges)	166	197	-16%
<b>Profit from operations</b>	<b>1,835</b>	<b>1,667</b>	<b>10%</b>
Finance costs	(125)	(211)	-41%
Losses of associates	-	(87)	-100%
<b>Profit before income tax</b>	<b>1,710</b>	<b>1,369</b>	<b>25%</b>
Income tax expense	(628)	(461)	36%
<b>Profit after income tax</b>	<b>1,082</b>	<b>908</b>	<b>19%</b>
Minority Interest	30	-	nm
<b>Net profit for the year</b>	<b>1,112</b>	<b>908</b>	<b>22%</b>

**1(a)(ii) Notes to Income Statement**

	<b>Group</b>	
	<b>Actual 31 August 2004</b>	<b>Proforma 31 August 2003</b>
<b>Staff Cost</b>		
Staff costs including Directors	3,110	2,544
Contributions to defined contribution plan	261	191
Other benefits	287	208
<b>Total staff costs</b>	<b>3,658</b>	<b>2,943</b>
<b>Other Credits / (Charges)</b>		
Foreign exchange adjustment gain	128	192
Net gain/(loss) on disposal of plant and equipment	23	(10)
Negative goodwill released to income statement	15	15
<b>Total Other Credits / (Charges)</b>	<b>166</b>	<b>197</b>
<b>Finance Costs</b>		
Interest expense to non-related companies	<b>125</b>	<b>211</b>

**1(b)(i) Balance Sheet**

	Group		Company	
	31 August 2004 \$'000	29 February 2004 \$'000	31 August 2004 \$'000	29 February 2004 \$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	8,384	10,690	5,467	8,309
Trade receivables	3,413	4,110	4,710	4,667
Other receivables and prepayments	1,091	474	1,652	1,358
Inventories	4,940	5,783	1,879	2,160
<b>Total current assets</b>	<b>17,828</b>	<b>21,057</b>	<b>13,708</b>	<b>16,494</b>
<b>Non-current assets:</b>				
Investment in associates	-	-	-	-
Investment in subsidiaries	-	-	2,873	2,873
Other Investment	135	135	135	135
Property, plant and equipment	6,922	6,890	2,811	2,918
Goodwill	(41)	(56)	-	-
<b>Total non-current assets</b>	<b>7,016</b>	<b>6,969</b>	<b>5,819</b>	<b>5,926</b>
<b>Total assets</b>	<b>24,844</b>	<b>28,026</b>	<b>19,527</b>	<b>22,420</b>
<b>Current liabilities:</b>				
Short-term borrowings	632	3,424	233	2,705
Trade payables and accrued liabilities	2,818	3,679	1,572	2,241
Other payables	-	-	-	15
Income tax payable	1,010	394	416	395
Current portion of interest bearing borrowings	1,176	314	1,175	65
Current portion of finance leases	346	266	55	73
<b>Total current liabilities</b>	<b>5,982</b>	<b>8,077</b>	<b>3,451</b>	<b>5,494</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	74	50	-	-
Interest bearing borrowings	909	2,262	909	1,911
Finance leases	391	298	128	155
<b>Total non-current liabilities</b>	<b>1,374</b>	<b>2,610</b>	<b>1,037</b>	<b>2,066</b>
<b>Minority interests</b>	<b>113</b>	<b>77</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves:</b>				
Issued capital	7,860	7,860	7,860	7,860
Reserves	9,515	9,402	7,179	7,000
<b>Total equity</b>	<b>17,375</b>	<b>17,262</b>	<b>15,039</b>	<b>14,860</b>
<b>Total liabilities and equity</b>	<b>24,844</b>	<b>28,026</b>	<b>19,527</b>	<b>22,420</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 2004		As at 29 February 2004	
Secured	Unsecured	Secured	Unsecured
\$' 000	\$' 000	\$' 000	\$' 000
978	1,176	4,004	0

**Amount repayable after one year**

As at 31 August 2004		As at 29 February 2004	
Secured	Unsecured	Secured	Unsecured
\$' 000	\$' 000	\$' 000	\$' 000
391	909	2,560	0

**Details of any collateral**

Certain of the credit facilities are secured by way of personal guarantee of a director of a subsidiary as well as corporate guarantee by the company and /or first legal charge and negative pledges on the group's property, plant and equipment and a fixed and floating charge over all the present and future assets of a subsidiary.

The obligations under finance leases are secured by the lessor's charge over the leased assets and a guarantee and indemnity by the company.

Lien on fixed deposits and personal guarantees of certain directors of the company were fully discharged as at 31 August 2004.

## 1(c) Cash Flow Statement

	Group	
	6 months 31-Aug-04	6 months 31-Aug-03
	S\$ '000	S\$ '000
<b>Cash flows from operating activities:</b>		
Profit before income tax	1,710	1,369
Adjustments for:		
Depreciation	573	446
Loss/(gain) on disposal of plant and equipment	(23)	10
Interest income	(32)	(8)
Interest expense	125	211
Negative goodwill reversed from income statement	(15)	(15)
Losses from associates	-	87
<b>Operating profit before working capital changes</b>	<b>2,338</b>	<b>2,100</b>
Trade receivables	697	662
Other receivables and prepayments	(617)	(597)
Inventories	843	(114)
Trade payables and accrued liabilities	(220)	570
<b>Cash generated from operations</b>	<b>3,041</b>	<b>2,621</b>
Interest paid	(125)	(211)
Interest received	32	8
Income tax paid	(628)	(461)
Dividends paid	(917)	-
<b>Net cash from operating activities</b>	<b>1,403</b>	<b>1,957</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant and equipment	39	65
Purchase of property, plant and equipment	(655)	(835)
Increase in other investment	-	(135)
Investment in associate	-	(65)
<b>Net cash used in investing activities</b>	<b>(616)</b>	<b>(970)</b>
<b>Cash flows from financing activities:</b>		
Decrease in borrowings	(3,283)	(947)
Minority contribution to capital	66	-
IPO expenses charged to reserves	11	-
Decrease in finance lease	173	118
<b>Net cash from financing activities</b>	<b>(3,033)</b>	<b>(829)</b>
Exchange rate changes in consolidating foreign subsidiaries	(60)	8
<b>Net decrease in cash and cash equivalents</b>	<b>(2,306)</b>	<b>166</b>
Cash and cash equivalents at beginning of year	10,690	2,033
<b>Cash and cash equivalents at end of year</b>	<b>8,384</b>	<b>2,199</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**

Group	Issued	Share	Accumulated	Currency	Total
	Capital	Premium	Profits	Translation	
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance at 1 March 2003	2,450	-	4,412	(119)	6,743
Net profit for the period	-	-	908	-	908
Foreign currency translation differences	-	-	-	63	63
<b>Balance at 31 August 2003</b>	<b>2,450</b>	<b>0</b>	<b>5,320</b>	<b>(56)</b>	<b>7,714</b>
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	-	-	-	(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>(277)</b>	<b>17,375</b>

Company	Issued	Share	Accumulated	Total
	Capital	Premium	Profits	
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance at 1 March 2003	2,450	-	3,380	5,830
Net profit for the period	-	-	206	206
<b>Balance at 31 August 2003</b>	<b>2,450</b>	<b>-</b>	<b>3,586</b>	<b>6,036</b>
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>

- 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 and methods of computation as presented in the audited financial information for the year ending 29 February 2004.

**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**

There were no changes in accounting policies and methods of computation.

**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 04	31 August 03
(i) Based on number of ordinary share in issue	0.85 cents	0.93 cents
(ii) On a fully diluted basis	na	na

Note:-

Earnings per share is calculated based on number of shares of 131,000,000 (2003: 98,000,000)

**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 04	29 February 04
Net asset value per ordinary share based on number of shares in issue at end of period	13.26 cents	13.18 cents

Company

	31 August 04	29 February 04
Net asset value per ordinary share based on number of shares in issue at end of period	11.48 cents	11.34 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 was recorded at \$ 17.35 million with \$ 11.88 million or 68% of the contribution from distributor market, \$ 4.19 million or 24 % from OEM market and the rest from retail and after and non automobile market.

Revenue increased by \$ 4.87 million or 39% from \$ 12.48 million in August 2003 to \$ 17.35 million for the same period ended 31 August 2004. This is the result of strong sales from OEM segment which grew 615 % from \$0.59 million to \$ 4.19 million for the same period.

The increase in this segment was mainly due to the following reasons:-

- half year impact from our Malaysia OEM customer as compared to last the period where commencement of project was July 2003 ;
- contributions from our subsidiary in Thailand, formerly an associated company

Distributor market registered a net increase of about \$ 1.84 million or 18% primarily due to contributions from the European market which was partially offset by a decline in Singapore sales.

Revenue from the retail and after market decreased by \$ 0.60 million or 34% resulted from lower demand from the Singapore and Middle East.

### **Profitability**

Group's Pretax profits for 1<sup>st</sup> half of financial year was \$ 1.71 million. This represents an increase of about 25% as compared to the same period last year.

Net profits margin decreased by about 0.9% mainly due to the following reasons:-

- lower margins from our OEM segment
- setup cost of Jackspeed Australia Pty Ltd
- higher overhead resulted from increased business activities

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

Total borrowings as at 31 August 2004 stood at \$ 3.45 million and consisted of:-

- bills payable of \$ 0.63 million on trade
- hire purchase / finance lease of \$ 0.74 million for acquisition of motor vehicles and machinery
- term loan of \$ 2.08 million for the purchase of properties in Singapore and Malaysia

Net cash from operating activities amounted to S\$ 1.4 million and \$ 0.92 million was net dividend paid during the period.

Net cash used in investing activities of \$ 0.62 million was mainly due to acquisition of property, plant and equipment which was in line with the Group's expansion plan to increase our production capacity.

Net cash used in financing activities of \$ 3.03 million was mainly due to settlement of trade bills and partial settlement of term loan.

### **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**

Economic recovery in the region is boosting automotive industries in countries such as Europe, Malaysia and Thailand. Our performance in these countries should give us better opportunities, especially when we step up our marketing efforts to increase our export to the European countries.

Our established presence, coupled with our strong relationship with our OEM customer, enable us to ride on the robust growth of the automotive industry in Malaysia.

The directors continue to be optimistic that the Group's performance for FY 2005 will be better than the last financial year.

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

Any dividend declared for the current financial period reported on?

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%

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

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

None.

**(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

11 October 2004