JACKSPEED

Annual Report 2013

OUR VISION

To be a trusted organisation in the provision of products and services to the transport-related industries.

OUR MISSION STATEMENT

Customers: Innovation and quality in our undertakings.

People: Growth through continuous development and training.

Stakeholders: Safeguarding of interests and maximisation of returns.

OUR CORE VALUES

Professionalism
Integrity
Commitment
Total Development
Unity
Rewards
Enterprising

Contents

Corporate Profile

Established in 1993, Jackspeed Corporation Limited ("Jackspeed" or "the Group") is a specialist manufacturer of custom-fitted leather trim for automotive seats, and a supplier of leather wrapping for interior parts such as steering wheels, consoles and shift knobs. Headquartered in Singapore, we have manufacturing facilities in Singapore, Malaysia and Thailand.

Capitalising on our technical competency, fine craftsmanship and keen attention to details, Jackspeed has successfully penetrated the niche market of leather, polyvinyl chloride and fabric seat customisation. Our Group is recognised internationally for high quality automotive products and our commitment to customer satisfaction is the cornerstone of our growing brand premium and forms the foundation of our continued progress in this highly competitive market.

In 2006, Jackspeed leveraged on its experience in the leather trim business and broadened its product portfolio into the automotive accessories sector, supplying, assembling and installing automobile products and nonfactory fitted accessories. With our extended product portfolio, we now provide customers with a comprehensive and complementary one-stop range of innovative and functional accessories and services.

In FY2012, Jackspeed expanded its business downstream into automotive industry. Our automotive division is engaged in business of selling, leasing and renting of commercial and motor vehicles.

In FY2013, Jackspeed acquired 100% equity interest in Ultimate Vehicle Pty Ltd and incorporated a joint venture, Jackspeed Euris Japan Pte Ltd, a move to expand the leather business in Australia and Japan markets.

Riding on the Singapore Plan to become the regional aviation maintenance, repair and overhaul ("MRO") hub, Jackspeed has made decisive inroads into the country's aircraft retrofitting market. The Group's capabilities include aircraft seat upholstery maintenance, overhaul and retrofitting for private jets, commercial planes and helicopters as well as marine upholstery for pleasure crafts.

Our aviation division is a professional solution provider for various operators and hangars in the region for aircraft cabin. We were certified by the Civil Aviation Authority of Singapore (CAAS) and Civil Aviation Administration of Vietnam (CAAV) as an Approved Maintenance Organisation and by Federal Aviation Administrative (FAA) as an Approved Repair Station for aircraft seat assemblies, flooring, sidewalls etc. under Part 145. Jackspeed has also qualified itself under various major airlines operators and repair facilities in the region as a Certified Approved Vendor.

Chairman's Statement

"The Group continues to maintain a strong financial position in current year, with the cash and cash equivalent balances increasing by $9.20 million from $3.77 million in prior year to $12.97 million this year."

Dear Shareholders,

On behalf of the Board of Directors, I present to you the Annual Report for Jackspeed Corporation Limited ("Jackspeed" or the "Group") for the financial year ended 28 February 2013.

Financial Performance

Although FY2013 continued to be a challenging year, the Group remained profitable and registered higher revenue growth in the various operating business segments.

Developments

During the year, the Group acquired 100% equity interest in Ultimate Vehicle Pty Ltd and incorporated a joint venture, Jackspeed Euris Japan Pte. Ltd., a move to expand the leather business in Australia and Japan markets.

During the same period, the Group divested two investment properties located in Singapore.

Removal from Watch-List

The Group was placed on Stock Exchange of Singapore's (the "Exchange") watch-list on 3 June 2011 as a result of consecutive losses for 3 years from FY2009 to FY2011. The work was difficult but the Group successfully applied to the Exchange and was removed from the watch-list with effect from 26 November 2012. This marked an important milestone for the Group.

Financial Position

The Group continues to maintain a strong financial position in current year, with the cash and cash equivalent balances increasing by $9.20 million from $3.77 million in prior year to $12.97 million this year.

Looking Ahead

In the coming year, the global market is expected to remain challenging and uncertain. Nevertheless, the Group will continue to put in the greatest effort in achieving long term growth in business and to maximise shareholders' value.

Appreciation

On behalf of the Board of Directors, I would like to thank our staff for their continued dedication and support. I would also like to express my appreciation to all our shareholders, customers, suppliers, business associates and bankers who have worked closely with us and I look forward to your continued support.

Operations Review

The Group's revenue rose by $11.52 million or 38% from $30.14 million in FY2012 to $41.66 million in FY2013.

FINANCIAL PERFORMANCE

For the year ended 28 February 2013, the Group recorded a net profit of $0.59 million as compared to $1.97 million in FY2012. The Group's revenue rose by $11.52 million or 38% from $30.14 million in FY2012 to $41.66 million in FY2013.

In FY2013, the Group acquired 100% equity interest in Ultimate Vehicle Pty Ltd ("Ultimate") and incorporated a joint venture, Jackspeed Euris Japan Pte. Ltd., a move to expand the leather business in Australia and Japan markets.

Apart from the business expansion, the Group divested two investment properties located in Singapore. The disposal resulted in a gain of $0.82 million.

During the year, the Group issued 41.80 million ordinary shares. Net proceeds amounted to $3.21 million.

The Group shall continue to explore business opportunities from its existing clientele to expand existing business. Other new business opportunities will also be explored.

SEGMENTAL CONTRIBUTION

The Leather, Accessories and Automotive segments accounted for 36%, 13% and 51% of the Group's revenue respectively as compared to 37%, 13% and 50% respectively in prior year.

The Group will monitor and review its business segments from time to time and make the necessary changes.

LEATHER SEGMENT

The Leather segment recorded higher revenue by $4.03 million or 37% from $11.02 million in FY2012 to $15.05 million in FY2013. The revenue growth was driven by the revenue contributed by a newly acquired Australian entity, the increase in trading volume of automotive spare parts and the increase in revenue from the Aviation business.

The Group shall continue its efforts in expanding the leather business in the global market.

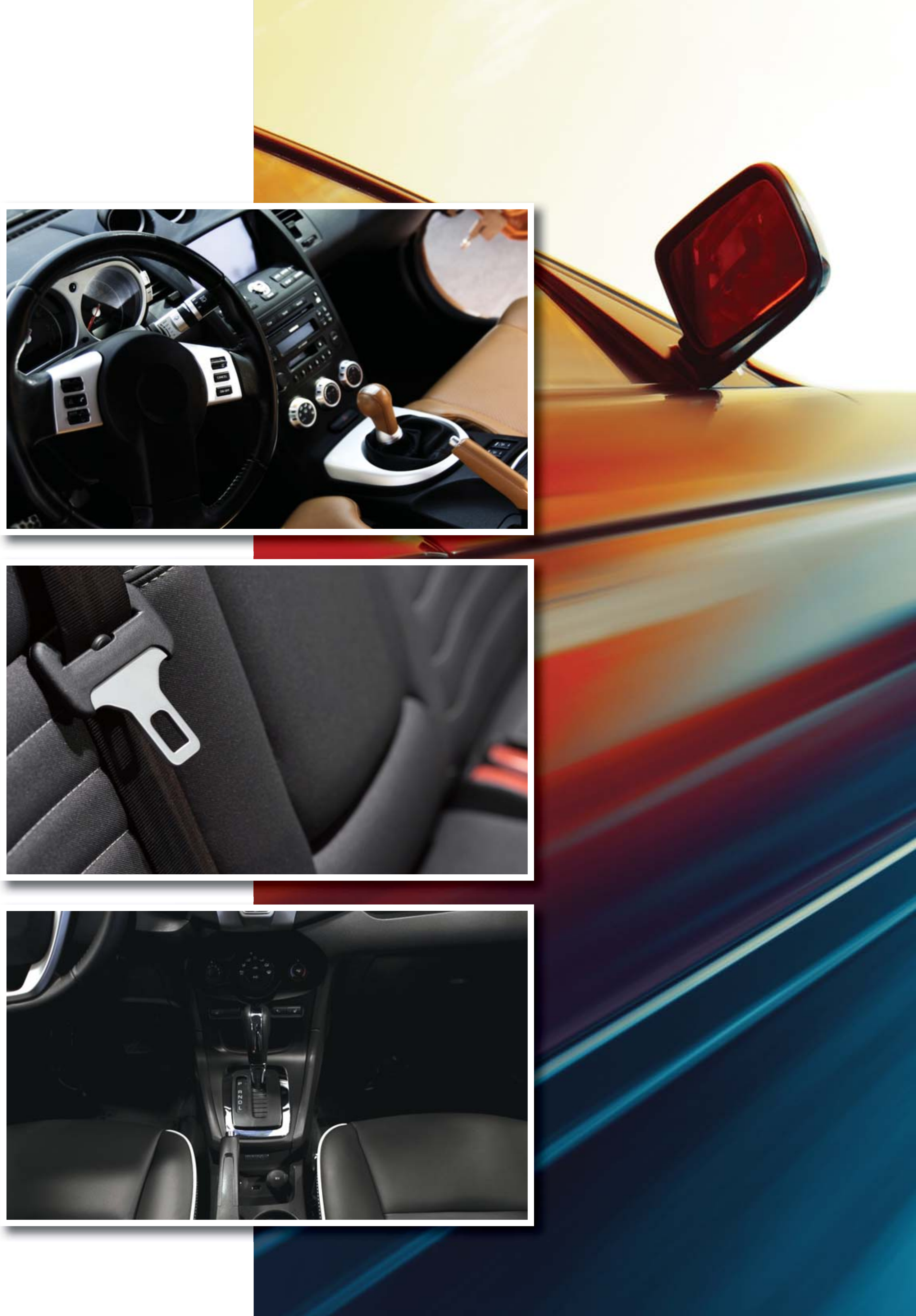
For Aviation business, the Group will continue to build on its capabilities to expand its customer base locally and globally.

ACCESSORIES SEGMENT

The revenue for the Accessories segment rose by $1.30 million or 32% from $4.05 million in FY2012 to $5.35 million in FY2013. This is primary driven by the recovery of the business of customers that were affected by the Thailand floor in FY2012.

AUTOMOTIVE SEGMENT

The Automotive segment, a segment acquired in prior year, recorded revenue of $21.26 million in FY2013 as compared to $15.07 million. This was due to the impact of full year revenue recorded by the Automotive segment for FY2013.



In the Aviation Business

Over the years, Jackspeed has extended its business to a wholly owned regional Aviation Maintenance Repair Organisation (MRO). The Aviation Division of Jackspeed is capable to carry out complete ship-set of seat assemblies (cockpit, flight attendant and all classes of passenger seats), Cabin Galleys, and most Cabin Interior Equipment inspection, repair, overhaul and modification under the Civil Aviation Authority of Singapore, Civil Aviation Administration of Vietnam Maintenance Organisation Approval and Federal Aviation Administration (US) Part 145 Repair Station Approval. The approval covers both Commercial and Private Aircrafts operating in this region.

Jackspeed Aviation Pte Ltd capabilities include a wide range of services and products to cater to various aircraft cabin needs, including refurbishment solutions, cabin upgrades, repair or maintenance and modification.

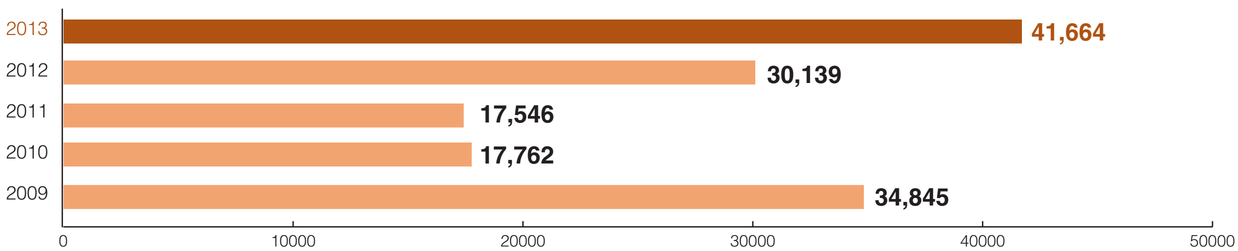
Our customer base ranges from commercial airlines, business jet owners, helicopters manufacturers to air force (including royalties aircraft).

With completed projects of more than two hundred and fifty aircrafts by Jackspeed Aviation worldwide, our highly skilled and certified engineers, technicians and craftsmen will provide the highest quality products and services possible to our customers.

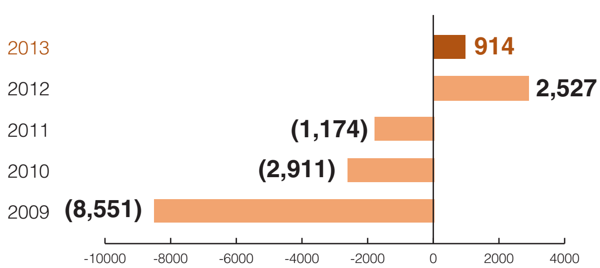
Financial Highlights

	2009 (S$'000)	2010 (S$'000)	2011 (S$'000)	2012 (S$'000)	**2013 (S$'000)**
Revenue	34,845	17,762	17,546	30,139	**41,664**
(Loss) / profit before tax	(8,551)	(2,911)	(1,174)	2,527	**914**
(Loss) / earnings attributable to equity holders of the company	(8,466)	(3,015)	(1,315)	1,974	**585**
(Loss) / earning per share(cents)	(4.35)	(1.44)	(0.63)	0.94	**0.24**

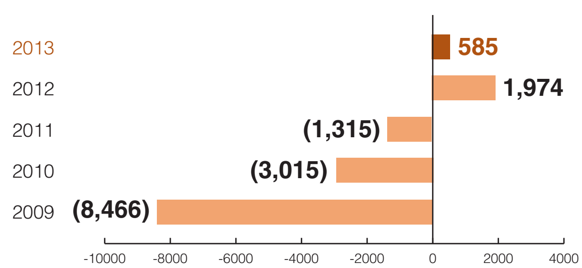
Revenue (S$'000)



Profit / (loss) before tax (S$'000)



Earnings / (loss) attributable to equity holders of the company (S$'000)



Board of Directors

Yap Kian Peng

Mr Yap was appointed as the Executive Chairman for the Group in December 2010 and Chief Executive Officer in December 2011. He is responsible for charting and reviewing our corporate direction and business strategies.

Since 2005, Mr Yap has been an Executive Director of Capital Equity Holdings Pte Ltd, a private equity investment company. He has interests in petrochemicals, food and beverage, logistics and property investment and development.

Mr Yap joined Oversea-Chinese Banking Corporation Limited in 1992 and was promoted to Assistant Manager before leaving in 1998. From 1998 to 2000, he was a Director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading in glass sheets. Mr Yap joined Maybank as a Senior Business Development Manager in 2001 and was subsequently promoted to Team Head of Trade Finance Business Development Group.

Mr Yap graduated from RMIT University, Australia with a Bachelor Degree in Business (Business Administration). Mr Yap also serves on the board of M Development Ltd., Seroja Investments Limited and Travelite Holdings Ltd., which are listed on the SGX Mainboard. He also serves on the board of Soon Lian Holdings Limited and Sincap Group Limited, which are listed on the Catalist.

Teo Teng Seng

Mr Teo was appointed as an Independent Director of the Company on 9 June 2010. He is the Chairman of the Audit Committee and is also a Member of the Nominating Committee and Remuneration Committee.

Mr Teo is currently the Managing Director of PIL Logistics and holds various appointments and directorships in the related companies of Pacific International Lines.

Mr Teo has more than 20 years of experience spanning human resources, information technology, business development and management functions in the shipping and logistics industries.

Mr Teo graduated from University of Tennessee, Knoxville with a Bachelor of Science in Electrical Engineering and also completed the Master of Business Administration with the University of Washington.

Lo Yew Seng

Mr Lo was appointed as an Independent Director of the Company on 7 July 2010. He is the Chairman of the Remuneration Committee and is also a Member of the Audit Committee.

Mr Lo is the founder and director of Capella Capital Pte Ltd and Capella Management Pte Ltd, providing venture fund and financial advisory since 2006. His position encompasses the strategic responsibility of managing the investments of the company as well as sourcing for further opportunities.

Mr Lo is a director and shareholder of Milestone Systems Pte Ltd is also one of the founding partners of Sirius Angel Fund in Singapore.

Prior to founding the Capella group, Mr Lo was employed by a Swedish listed multi-national company, AXIS Communications in 1996. He was then appointed the Asia Pacific sales and marketing director where he stayed on for 9 years. He has concurrently held the company's Chief Representative position in the China subsidiary located in Shanghai and the director position of the subsidiary/ branch in Korea and Taiwan.

Mr Lo has a Bachelor's Degree in Arts and Social Sciences from National University of Singapore (NUS), majoring in Economics. He has also attended the General Management Program at NUS Business School.

Chin Yew Choong David

Mr Chin was appointed as an Independent Director of the Company on 31 May 2011. He is the Chairman of the Nominating Committee and is also a Member of the Audit Committee and Remuneration Committee.

Mr Chin is currently a Consultant in the Corporate and Finance Department (Real Estate) of Drew & Napier LLC. He joined Drew & Napier in 1985 and became a partner in 1992. He has been a director since Drew & Napier LLC corporatized in 2001 until 2012.

Mr Chin graduated with a Bachelor of Laws (Honours) degree from the National University of Singapore and was called to the Bar in 1985.

Mr Chin also serves on the board of two other Singapore listed companies, namely China Bearing (Singapore) Ltd. and M Development Ltd.

Chua Sze Chyi

Ms Chua was appointed as the Executive Director for the Group on 26 April 2012. She is responsible for overseeing and supervising the Finance Department as well as monitoring the performance of the subsidiaries.

Prior to joining the Group in 2010, Ms Chua had served several years in an international auditing firm.

Ms Chua graduated with a Bachelor of Accountancy (Honours) from the Nanyang Technological University.

Key Management

Lim Kian Kok was appointed as the General Manager of J.V. (Thailand) Co., Ltd in January 2009. He is responsible for overseeing and managing the Accessories Division in Thailand and concurrently the General Manager of Leather Division in Malaysia. Mr Lim joined the Group in 2001 as a Marketing Executive for our Malaysia factory. In 2004, he was made the Quality Assurance Manager of Malaysia operations and Group's management representative for Quality, Environmental, Occupational Health and Safety management systems, responsible for the Group's quality control procedures and continued compliance with ISO/TS 16949, ISO 14001 and OHSAS 18001 standards. He was promoted in 2005 to Assistant General Manager in charge of Malaysia operations. Mr Lim has a Bachelor in Business Administration from National Cheng Chi University, Taipei and was the Branch Officer-In-Charge at Hong Leong Assurance Bhd when he left in December 2000.

Liang Yew Meng, Jerry is the Vice President of Jackspeed Aviation Pte Ltd. Jerry joined the Group as a Senior Manager in 2005. He was promoted in 2007 to General Manager and was appointed to his current position in February 2011. He is responsible for overseeing and managing the Aviation Division and was instrumental in obtaining the certifications with the aviation team for the Certified Repair Station (Part 145), under the Civil Aviation Authority of Singapore (CAAS) – AWI/233, the Civil Aviation Administration of Vietnam (CAAV) – UN – 257NN/CAAV and the Federal Aviation Administration (FAA, US) – ZZYJ120B. He has over twenty years experience in the aerospace industry, spanning areas like flight operations, engineering and program management. He graduated from RMIT University, Australia with a Bachelor of Science in Aerospace Engineering and he also holds both FAA and Australian CASA Aircraft Maintenance Engineer Licences.

Tan Seng Siar was appointed as the Operation Manager of Jackspeed Corporation Limited in August 2011. He assists the CEO to oversee and integrate the various subsidiaries' operations. Prior to joining the Group, Seng Siar was in the advertising and print industry for many years. He graduated with a Bachelor of Business Administration from the National University of Singapore.

Corporate Information

Board of Directors

Mr Yap Kian Peng
Executive Chairman and Chief Executive Officer

Mr Teo Teng Seng
Independent Director

Mr Lo Yew Seng
Independent Director

Mr Chin Yew Choong David
Independent Director

Ms Chua Sze Chyi
Executive Director

Company Secretary

Mr Chew Kok Liang

Ms Chua Sze Chyi

Audit Committee

Mr Teo Teng Seng
Chairman

Mr Lo Yew Seng

Mr Chin Yew Choong David

Remuneration Committee

Mr Lo Yew Seng
Chairman

Mr Teo Teng Seng

Mr Chin Yew Choong David

Nominating Committee

Mr Chin Yew Choong David
Chairman

Mr Yap Kian Peng

Mr Teo Teng Seng

Registered Office

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Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Independent Auditor

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095

Audit Partner-in-charge
Chow Khen Seng
Effective from financial year ended 28 February 2013

Principal Bankers

Malayan Banking Berhad

DBS Bank Limited

United Overseas Bank Limited

Hong Leong Bank Berhad

Oversea-Chinese Banking Corporation Limited

Registration Number

199300300W

Financial Contents

Corporate
Governance Report

Jackspeed Corporation Limited ("the Company" and together with its subsidiaries, the "Group") is committed to maintaining a high standard of corporate governance to safeguard the interest of all its stakeholders.

This Report discloses the Company's corporate governance framework and practices with specific reference made to the principles of the Code of Corporate Governance 2005 ("the Code") and explains any deviation from the Code.

Principle 1 – The Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises five directors of whom two are Executive Directors and three Non-Executive Independent Directors. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

The Board sets the overall business direction, provides guidance on the Company's strategic plans, with particular attention paid to growth and financial performance and oversees the Management of the Company.

The principal functions of the Board include:

(a) Approving policies, strategies and financial objectives of the Company and monitoring the performance of Management;

(b) Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(c) Approving nominations of Board Directors, committee members and key personnel; and

(d) Approving annual budgets, funding requirements, expansion programmes, capital investments, major acquisitions and divestments proposals.

To ensure the smooth and effective running of the Group and facilitate decision making, the Board has delegated some of its powers and functions to various Committees, which are the Audit Committee, Nominating Committee and Remuneration Committee. These Committees are chaired by Independent Directors. Each of these Board Committee functions within clearly defined terms of reference.

The Board members meet regularly to discuss and address Board matters. The Company's Articles of Association provide for the Board to convene meetings via telephonic and other electronic means. During the financial year, the Board members had met two times.

Corporate Governance Report

The number of Board Meetings held and the attendance of each Board member at the meetings for the financial year ended 28 February 2013 ("FY2013") are as follows:–

Directors	Number of meetings held	Number of meetings attended
Yap Kian Peng, Executive Chairman and Chief Executive Officer	2	2
Teo Teng Seng, Non-Executive Independent Director	2	2
Lo Yew Seng, Non-Executive Independent Director	2	2
Chin Yew Choong David, Non-Executive Independent Director	2	2
Chua Sze Chyi, Executive Director[1]	2	2

1 Ms Chua Sze Chyi was appointed as an Executive Director on 26 April 2012.

The Company has adopted internal guidelines setting forth matters that require Board's approval. Matters that specifically require Board's approval are those involving annual budget, major funding and investment proposals, mergers and acquisition transactions, release of results announcements and any other announcements, appointment of Directors and key personnel and all other matters of material importance. The Board will review the guidelines on a periodical basis to ensure their relevance to the operations of the Company.

The Directors are encouraged to make enquiries on any aspects of the Company's operation or business issues from the Management. The Executive Chairman and Chief Executive Officer ("CEO") or the Company Secretary will make the necessary arrangements for briefings, informal discussions or explanations as and when required.

New directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulation and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, the Company provides opportunities for on-going education on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Singapore Exchange Securities Trading Limited ("SGX-ST") that will affect the Company and/or Directors in discharging their duties. Board members are also encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company works closely with professionals to provide its Directors pertinent information in relation to changes to relevant laws, regulations and accounting standards.

Principle 2 – Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Company endeavours to maintain a strong and independent element on the Board and will continue to review the Board size to ensure that it is appropriate and effective to facilitate decision making. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. The Nominating Committee ("NC") has reviewed and determined that the said Directors are independent. The independence of each Director is reviewed annually by the NC.

The Board will review its current size to ensure that it is appropriate and effective to facilitate decision making, taking into account the nature and scope of the Company's operations. Together, the Board members possess a balanced field of core competencies to lead the Company. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

During FY2013, the composition of Board is as follows:

Directors	Position
Yap Kian Peng	Executive Chairman and Chief Executive Officer
Teo Teng Seng	Non-Executive Independent Director
Lo Yew Seng	Non-Executive Independent Director
Chin Yew Choong David	Non-Executive Independent Director
Chua Sze Chyi[1]	Executive Director

1 Ms Chua Sze Chyi was appointed as an Executive Director on 26 April 2012.

Principle 3 – Chairman and Chief Executive Officer ("CEO")

There should be a clear division of responsibilities at the top of the company, the working of the Board and the executive responsibility of the company's business, which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Taking into consideration the size and nature of the Group's business and operations, the Board is of the opinion that there is no need to separate the roles of the Executive Chairman and the CEO.

Mr Yap Kian Peng ("Mr Yap") is both the Executive Chairman and CEO of the Company. He is involved in the day-to-day running of the Group and leads Management in setting marketing strategies and objectives, whilst ensuring an accurate, adequate and timely flow of information between the Board, Management and shareholders of the Company. He facilitates constructive discussions between the Board and Management and encourages their effective contributions.

As Executive Chairman and CEO, he ensures that regular Board meetings are held, ad-hoc meetings are convened when necessary, the Board is updated on the Group's affairs, oversees the preparation of the agenda for Board meetings and the Group's compliance with the Code. The Executive Chairman and CEO also ensures that the Board members are provided with complete, adequate and timely information and that board papers include sufficient financial, business and corporate information for Board members to appraise on matters to be discussed during Board meetings.

All major decisions made by the Board are subject to majority approval of the Board and are reviewed by the AC, whose members comprise only Non-Executive Independent Directors. Mr Yap's performance and remuneration are reviewed annually by the NC and RC respectively, whose members comprise only Non-Executive Independent Directors of the Company. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

Although the Company has adopted a single leadership where the Executive Chairman and the CEO are the same person, the Independent Directors have made up more than half of the Board to ensure an appropriate balance of power and authority within the spirit of good corporate governance. As such, the Board believes that appointment of any lead independent director is not necessary.

Principle 4 – Board Membership

There should be a formal and transparent process for the appointment of new directors to the Board.

The Nominating Committee ("NC") comprises three members, a majority of whom, including the Chairman, are Non-Executive Independent Directors.

During FY2013, the members of the NC are:

(1) Chin Yew Choong David (Chairman)

(2) Teo Teng Seng

(3) Yap Kian Peng

The NC is established for the purposes of ensuring that there is a formal and transparent process for all board appointments. It has adopted written terms of reference defining its membership, administration and duties.

The number of NC Meetings held and the attendance of each member at the meetings during FY2013 are as follows:

Names of Members	Number of meetings held	Number of meetings attended
Chin Yew Choong David	1	1
Yap Kian Peng	1	1
Teo Teng Seng	1	1

The duties of the NC include:

(a) Reviewing the Board structure, size and composition;

(b) Assessing nominees or candidates for appointment or election to the Board and making plans for succession, in particular for the Executive Chairman and the CEO;

(c) Assessing the effectiveness of the Board as a whole;

(d) Assessing the contribution, performance and effectiveness of the Board, in particular when a director has multiple board representations and having regard to the director's contribution and performance;

(e) Reviewing the independence of the directors on an annual basis; and

(f) Deciding whether a director is able to and has been adequately carrying out his or her duties as a director of the Company based on internal guidelines such as attendance, contactability and responsiveness.

The Articles of Association of the Company currently require one-third of the Directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting ("AGM"). In addition, it is required that all Directors of the Company shall retire from office at least once in every three years.

In accordance with Article 107 of the Company's Articles of Association, Mr Yap Kian Peng and Mr Lo Yew Seng, the directors retiring and being eligible, will be offering themselves for re-election at this AGM.

The dates of first appointment and last election of each director, together with their directorship(s) in other listed companies are as follows:

Name of Directors	Appointment	Date of first appointment	Date of last re-election	Directorships in other listed companies
Yap Kian Peng	Executive Chairman, CEO and Executive Director	16 December 2010	28 June 2011	M Development Ltd. Seroja Investments Limited Sincap Group Limited Soon Lian Holdings Limited Travelite Holdings Ltd.
Teo Teng Seng	Non-Executive Independent Director	9 June 2010	25 June 2012	–
Lo Yew Seng	Non-Executive Independent Director	7 July 2010	28 June 2011	–
Chin Yew Choong David	Non-Executive Independent Director	31 May 2011	25 June 2012	China Bearing (Singapore) Ltd. M Development Ltd.
Chua Sze Chyi	Executive Director	26 April 2012	25 June 2012	–

Principle 5 – Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

In line with the principles of good corporate governance, the Board has implemented a process to evaluate its performance as a whole. The performance criteria include financial targets, the contribution by directors, their expertise, their sense of independence and their industry knowledge. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time. The NC has met to discuss the evaluation of the Board's performance and has adopted a formal evaluation process to assess the effectiveness of the Board as a whole. The NC has decided unanimously, that the directors will not be evaluated individually but factors taken into consideration for the re-nomination are the extent of their attendance, participation and contributions in the proceedings of the meetings.

Principle 6 – Access to Information

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Board is furnished with board papers prior to any Board meeting. These papers are issued to enable the Directors to obtain additional information or explanations from the Management, if necessary.

The Board has separate and independent access to the Management team and the Company Secretary on all matters whenever they deem necessary. The Company Secretary provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or his representatives attend all Board meetings and Board Committee meetings and assists the Chairman of the Board and Board Committee in ensuring that the relevant procedures are followed and reviewed such that the Board and Board Committees function effectively.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Company currently does not have a formal procedure for Directors to seek independent and professional advice for the furtherance of their duties. However, Directors may, on a case-to-case basis, propose to the Board for such independent and professional advice, the cost of which may be borne by the Company.

Principle 7 – Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises three members, all of whom including the Chairman are Non-Executive Independent Directors.

During FY2013, the members of the RC are:

(1) Lo Yew Seng (Chairman)

(2) Teo Teng Seng

(3) Chin Yew Choong David

The RC is established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors. The overriding principle is that no Director should be involved in deciding his own remuneration. It has adopted written terms of reference that defines its membership, roles and functions and administration.

The number of RC Meetings held and the attendance of each member at the meetings during FY2013 are as follows:

Names of Members	Number of meetings held	Number of meetings attended
Lo Yew Seng	1	1
Teo Teng Seng	1	1
Chin Yew Choong David	1	1

The duties of the RC include:

(a) Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages for Executive Directors, CEO and key executives of the Company;

(b) Reviewing the remuneration packages of all managerial staff that are related to any of the Executive Directors, CEO or substantial shareholder of the Company or any of its principal subsidiaries; and

(c) Recommending to the Board in consultation with senior Management and the Chairman of the Board, Employees' Share Option Schemes or any long-term incentive scheme when applicable.

The RC has reviewed the framework of remuneration for the Directors and key executive officers, and has determined specific remuneration packages for the Executive Chairman and CEO and the Executive Directors. The recommendations of the RC are made in consultation with the Executive Chairman and CEO and submitted for endorsement by the entire Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefit-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors with those of shareholders by linking rewards to corporate and individual performance, as well as roles and responsibilities of each Director. The Directors' fees to be paid to the Directors are subject to shareholders' approval at the forthcoming AGM.

Principle 8 – Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The RC reviews the remuneration packages for the Executive Directors and key executives. In its review, the RC takes into consideration the pay and employment conditions within the industry and comparable companies, as well as the Company's relative performance and the performance of the individual Directors and key executives when setting remuneration packages so as to attract, retain and motivate them to run the Group successfully.

The Non-Executive Independent Directors receive Directors' fees. In determining the quantum of directors' fees, factors such as effort and time spent, and responsibilities of the Directors are taken into account.

The RC ensures that none of the Non-Executive Independent Directors are over-compensated to the extent that their independence may be compromised. The Directors' fees are subject to shareholders' approval at the Annual General Meeting. The remuneration policies for key executives are based largely on the Company's performance and the responsibilities and performance of each individual key executive. The RC recommends the remuneration packages of key executives to the Board for approval.

Principle 9 – Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The remuneration of Directors for FY2013 is as follows:–

Names of Directors	Remuneration Band	Directors' Fees[(1)] %	Base/Fixed Salary[(2)] %	Benefits/ Allowances/ Other Incentives %	Total %
Yap Kian Peng	$250,000 to $500,000	3	85	12	100
Teo Teng Seng	Below $250,000	100	–	–	100
Lo Yew Seng		100	–	–	100
Chin Yew Choong David		100	–	–	100
Chua Sze Chyi[(3)]		7	60	33	100

(1) Directors' fees are subjected to shareholders' approval at the AGM to be held in June 2013.

(2) Includes annual wage supplement and employers' CPF.

(3) Ms Chua Sze Chyi was appointed as an Executive Director on 26 April 2012.

The range of gross remuneration of the top five executives (executives who are not Directors) of the Company is as follows:

Names of Executives	Remuneration Band	Base/ Fixed Salary %	Benefits/ Allowances/ Other Incentives %	Total %
Liang Yew Meng, Jerry	Below $250,000	74	26	100
Lim Kian Kok		82	18	100
Tan Seng Siar		81	19	100
Tan Ching Ching		77	23	100
Constance Phau		68	32	100

Principle 10 – Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders while the Management is accountable to the Board. As defined in the Code, the Board presents to shareholders a balanced and understandable assessment of the Company's performance, position and prospect. The Management provides all Board members with management reports and accounts, which reflect a balanced, understandable assessment of the Company's performance, position and prospect on a regular basis.

It is the Board's policy to provide the shareholders with all important and price sensitive information. These are done through the SGXNET in the form of half-yearly announcements, or as and when necessary.

Principle 11 – Audit Committee

The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises three members, all of whom are Non-Executive Independent Directors.

During FY2013, the members of the AC are:

(1) Teo Teng Seng (Chairman)

(2) Lo Yew Seng

(3) Chin Yew Choong David

The AC is established to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. The Board is of the opinion that the members of the AC possess the necessary qualifications and experience in discharging their duties. The details of the Board member's qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

The AC is governed by its terms of reference, which was reviewed and amended, where appropriate, to adopt relevant best practices set out in the Guidebook and used as a reference to assist the AC in discharging its responsibilities and duties as follows:

(a) Reviewing the audit plan, system of internal controls and the audit report in conjunction with both the internal and external auditors;

(b) Reviewing the assistance given by the Company's officers to both the internal and external auditors;

(c) Reviewing the independence and objectivity of the external auditors annually;

(d) Nominating external auditors for re-appointment;

(e) Reviewing the half-year and full-year results and the respective announcements before submission to the Board of Directors;

(f) To give due consideration to the requirements of Stock Exchange Listing Rules; and

(g) Reviewing interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

In discharging the above duties, the AC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Director or Executive Director to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended to the Directors the nomination of RSM Chio Lim LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

The fees payable to the external auditors in respect of the audit and non-audit services are as follows:–

	Group	
Fees to external auditors	**2013 $'000**	**2012 $'000**
Audit services (RSM Chio Lim LLP)	134	124
Audit services (other external auditors)	23	23
Non-audit service	14	40
Total	171	187

The AC meets with the external auditors, without the presence of the Company's Management, at least once a year.

The AC and the Board of the Company confirmed that in appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with SGX-ST Listing Rules 712 and 716 respectively.

The Company has adopted a Whistle Blowing Policy with the objective of providing a process for staff to raise, in confidence and without fear of retaliation, incidents of possible improprieties in matters of financial reporting or other matters to the Chairman of the AC.

During FY2013, the AC members met two times and the details of attendance are as follows:

Names of Members	Number of meetings held	Number of meetings attended
Teo Teng Seng	2	2
Lo Yew Seng	2	2
Chin Yew Choong David	2	2

Principle 12 – Internal Controls

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational and compliance risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded.

Relying on the reports from the internal and external auditors, the AC carried out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the management on the recommendations made by the internal and external auditors.

Material associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement.

Corporate
Governance Report

Based on the various management controls put in place, the reports from the internal and external auditors and reviews and confirmations by the Management, the Board with the concurrence of the AC is of the opinion that the system of internal controls addressing financial, operational and compliance risks maintained by the Group during the year are adequate.

The Board also notes that all internal control systems and risk managements systems contain inherent limitations and no system of internal controls or risk management system could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

Principle 13 – Internal Audit

The company should establish an internal audit function that is independent of the activities it audits.

The Company outsourced its internal audit function to two professional consultancy firms, to carry out internal audit reviews using a risk-based approach. The AC and Management have determined that the internal auditors have the requisite expertise and experience required to perform the internal audit function effectively. The internal auditors report to the AC and are independent of the activities it audits.

The internal auditors will assist the AC to review the system of internal control as established by the Management of the Company and its subsidiaries, to assess entities and areas which are deemed to be of higher risk. Based on the internal audit reports provided to the AC, there are no significant issues that would cause the AC to believe that the internal control systems of the Company are inadequate.

Principle 14 – Communication with Shareholders

Companies should engage in regular, effective and fair communication with shareholders.

The Company endeavours to communicate regularly, effectively and fairly with its shareholders. The Board ensures that materials and information helpful to shareholders are released on a timely basis. The Company does not practice selective disclosure.

Information is communicated to shareholders on a timely basis and is made through:

(i) annual reports that are prepared and issued to all shareholders;

(ii) half and full year results announcements;

(iii) disclosure to the SGX-ST via SGXNET.

Principle 15 – Greater Shareholder Participation

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The AGM is the principal forum for dialogue with shareholders. All shareholders of the Company receive the annual report of the Company and notice of AGM within the stipulated period. Notices of meetings are published in the local newspaper and also made via the SGXNET.

The Company encourages active shareholders' participation. During the AGM, shareholders may raise questions or share their views regarding the proposed resolutions and also the Company's businesses and affairs. In addition, the Chairman of the respective Committees and Management will be present at the AGM to address any queries from the shareholders. The Company's independent auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report. The Board values shareholders' feedback and input.

The Board also notes that there should be a separate resolution on each substantially separate issue that is to be tabled at the general meeting.

DEALINGS IN SECURITIES

The Company has devised and adopted its own Code of Best Practices on dealing in the securities of the Company. Under the Code, dealing in the Company's shares by the Company and its Directors, officers, and employees are prohibited during the period commencing one month prior to the announcement of the Company's half year and full year results and ending on the date of announcement of the results. All Directors, officers and employees are prohibited from dealing in the Company's shares on short term consideration.

All Directors and those who are in possession of price sensitive information are also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period.

INTERESTED PERSON TRANSACTIONS

There were no significant interested person transactions for the financial year ended 28 February 2013.

Names of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	Nil	Nil

Corporate Governance Report

MATERIAL CONTRACTS

There were no material contracts made by the Company and its subsidiaries involving the interest of the CEO, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

BUSINESS RISK MANAGEMENT

Although the Group derived part of its revenue from the aviation industry, but the majority of its revenue will still be derived from the automobile market. We will continue to seek opportunities to expand our markets as well as products and services.

The Management will continue to identify areas where there are significant business risks and consider the appropriate measures to be taken to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the AC.

INVENTORY RISK MANAGEMENT

The Group continues to derive a significant portion of its sales from the OEM and Distributor markets; therefore, sales of our products are dependent on the consumer demand of our customer's vehicles, amongst other factors.

In order to manage our inventory risk, we have to understand our car distributor market customers by evaluating the markets they operate in, and their modus operandi. We will be able to manage the inventory by having the most practicable level of inventory for certain customers, and at times, we will only place orders for raw materials upon firm orders from customers.

HUMAN RESOURCE MANAGEMENT

The Company recognizes the importance of human capital within the organization. It has put in place a systematic process to ensure that the employees are competitively rewarded and incentives and bonus are accorded based on the performance of the companies within the Group and individual performance.

PRODUCTION AND QUALITY RISK

The Group adopts the ISO/TS16949 standards and has put in place certain production process that will minimize errors and ensure the delivery of quality products to our customers. We also have a set of training system and methodologies for new production workers to ensure that they are able to adhere to our stringent standards.

SAFETY AND EMERGENCY RISK MANAGEMENT

The Group places strong emphasis on the fire prevention and safety aspects in our daily operations. We have a fire prevention and safety committee that ensure preventive measures are adhered to and ensure the readiness of staff from various departments to handle emergency situations.

In addition to the ISO14001 certification, we also have the OHSAS 18001 management system in place.

FINANCIAL RISK MANAGEMENT

(a) Foreign Exchange Risk

From time to time where there is a requirement, the Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on sale and purchase transactions denominated in foreign currencies.

(b) Credit Risk

Credit risks arise from terms with our customers. The Management monitors the exposure of our credit risks on an on-going basis and we have put in place a system that will manage the customer's credit risk exposure. Advance payments and cash terms are requested for new customers, while customers with good credit standing do enjoy some credit terms.

Credit risk on balances of cash and cash equivalents is low as they are placed with reputable financial institutions.

(c) Liquidity Risk

The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group also ensures availability of bank credit lines to address any short term funding requirement.

The Group's surplus funds are also managed by reputable financial institutions.

(d) Interest Rate Risk

The Group's exposure to the risk of changes in interest rates arises mainly from the Group's bank borrowings, lease commitments and cash deposits placed with financial institutions. For interest income from cash deposits, the Group manages the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms. For interest expenses on the Group's borrowings, the Group mitigates interest exposure by fixing interest rates over longer duration through long term borrowings wherever possible.

Directors' Report

The directors of the company are pleased to present their report together with the audited financial statements of the company and of the group for the reporting year ended 28 February 2013.

1. Directors at Date of Report

The directors of the company in office at the date of this report are:

Yap Kian Peng
Teo Teng Seng
Lo Yew Seng
Chin Yew Choong David
Chua Sze Chyi

2. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. Directors' Interests in Shares and Debentures

The directors of the company holding office at the end of the reporting year had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50.

4. Contractual Benefits of Directors

Since the beginning of the reporting year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Act by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5. Share Options

During the reporting year, no option to take up unissued shares of the company or any corporation in the group was granted.

During the reporting year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the company or any corporation in the group under option.

6. Audit Committee

The members of the audit committee at the date of this report are as follows:

Teo Teng Seng (Chairman)
Lo Yew Seng
Chin Yew Choong David

The audit committee performs the functions specified by section 201B(5) of the Companies Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan;

- Reviewed with the independent external auditors their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the company's officers to them;

- Reviewed with the internal auditors the scope and results of the internal audit procedures;

- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and

- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditors objectivity and independence are safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

7. Independent Auditors

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

8. Subsequent Developments

Save as disclosed in Note 35 to the financial statements, there are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 26 April 2013, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On Behalf of The Directors

Yap Kian Peng
Director

Chua Sze Chyi
Director

17 May 2013

Statement by Directors

In the opinion of the directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 28 February 2013 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

On Behalf of The Directors

Yap Kian Peng
Director

Chua Sze Chyi
Director

17 May 2013

Independent Auditors' Report

To the Members of JACKSPEED CORPORATION LIMITED (Registration No: 199300300W)

Report on the Financial Statements

We have audited the accompanying financial statements of Jackspeed Corporation Limited (the "company") and its subsidiaries (the "group") set out on pages 36 to 108, which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 28 February 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and the statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 28 February 2013 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Independent Auditors' Report

To the Members of JACKSPEED CORPORATION LIMITED (Registration No: 199300300W)

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

17 May 2013

Partner in charge of audit: Chow Khen Seng
Effective from year ended 28 February 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 28 February 2013

		Group	
		2013	2012
	Notes	**$'000**	$'000
Revenue	5	**41,664**	30,139
Cost of Sales		**(32,788)**	(23,010)
Gross Profit		**8,876**	7,129
Other Items of Income			
Interest Income		**196**	159
Other Credits	6	**884**	2,404
Other Items of Expenses			
Marketing and Distribution Costs	8	**(1,105)**	(996)
Administrative Expenses	8	**(7,186)**	(5,609)
Finance Costs – Interest Expense		**(557)**	(472)
Other Charges	6	**(26)**	(82)
Share of Loss from Equity-Accounted Associate	15	**(174)**	(6)
Share of Profit from Equity-Accounted Joint Venture	16	**6**	–
Profit Before Tax From Continuing Operations		**914**	2,527
Income Tax Expense	9	**(105)**	(138)
Profit Net of Tax		**809**	2,389
Other Comprehensive Loss:			
Items that may be reclassified subsequently to Profit or Loss:			
Available-For-Sale Financial Assets, Net of Tax		**76**	(59)
Exchange Differences on Translating Foreign Operations, Net of Tax		**(259)**	17
Other Comprehensive Loss for the Year, Net of Tax		**(183)**	(42)
Total Comprehensive Income		**626**	2,347
Profit Attributable to Owners of the Parent, Net of Tax		**585**	1,974
Profit Attributable to Non-Controlling Interests, Net of Tax		**224**	415
Profit Net of Tax		**809**	2,389
Total Comprehensive Income Attributable to Owners of the Parent		**402**	1,932
Total Comprehensive Income Attributable to Non-Controlling Interests		**224**	415
Total Comprehensive Income		**626**	2,347
		Cents	Cents
Earnings Per Share			
Basic and Diluted	10	**0.24**	0.94

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 28 February 2013

	Notes	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
ASSETS					
Non-Current Assets					
Investment Properties	11	**1,087**	6,198	**–**	–
Property, Plant and Equipment	12	**7,135**	7,657	**2,256**	2,020
Intangible Assets	13	**1,798**	856	**–**	–
Investments in Subsidiaries	14	**–**	–	**10,762**	11,194
Investments in Associates	15	**70**	244	**–**	–
Investment in Joint Venture	16	**6**	–	**–**	–
Finance Lease Receivables	17	**5,813**	5,307	**–**	–
Available-For-Sale Financial Assets	18	**1,530**	2,474	**1,530**	2,474
Deferred Tax Assets	9C	**29**	46	**20**	20
Total Non-Current Assets		**17,468**	22,782	**14,568**	15,708
Current Assets					
Inventories	19	**7,372**	6,068	**–**	–
Trade and Other Receivables	20	**4,084**	8,048	**4,954**	4,407
Finance Lease Receivables	17	**4,264**	3,672	**–**	–
Available-For-Sale Financial Assets	18	**–**	1,586	**–**	1,586
Other Assets	21	**1,046**	974	**38**	32
Cash and Cash Equivalents	22	**12,974**	3,769	**7,373**	682
Total Current Assets		**29,740**	24,117	**12,365**	6,707
Total Assets		**47,208**	46,899	**26,933**	22,415
EQUITY AND LIABILITIES					
Equity, Attributable to Owners of the Parent					
Share Capital	23	**31,208**	28,003	**31,208**	28,003
Accumulated Losses		**(2,340)**	(2,925)	**(7,583)**	(11,047)
Other Reserves	24	**(561)**	(378)	**17**	(59)
Equity, Attributable to Owners of the Parent		**28,307**	24,700	**23,642**	16,897
Non-Controlling Interests		**2,910**	2,608	**–**	–
Total Equity		**31,217**	27,308	**23,642**	16,897
Non-Current Liabilities					
Deferred Tax Liabilities	9C	**377**	365	**–**	–
Other Financial Liabilities	26	**221**	468	**72**	–
Total Non-Current Liabilities		**598**	833	**72**	–
Current Liabilities					
Income Tax Payable		**41**	33	**–**	–
Trade and Other Payables	25	**3,862**	2,979	**2,492**	5,277
Other Financial Liabilities	26	**11,490**	15,746	**727**	241
Total Current Liabilities		**15,393**	18,758	**3,219**	5,518
Total Liabilities		**15,991**	19,591	**3,291**	5,518
Total Equity and Liabilities		**47,208**	46,899	**26,933**	22,415

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year Ended 28 February 2013

Group	Total Equity $'000	Attributable to Parent Sub-total $'000	Share Capital $'000	Accumulated Losses $'000	Other Reserves $'000	Non-Controlling Interests $'000
Current Year:						
Opening Balance at 1 March 2012	27,308	24,700	28,003	(2,925)	(378)	2,608
Movements in Equity:						
Acquisition of Subsidiary (Note 27B)	278	–	–	–	–	278
Issue of Shares (Note 23)	3,205	3,205	3,205	–	–	–
Dividends Paid to Non-Controlling Interests	(200)	–	–	–	–	(200)
Total Comprehensive Income / (Loss) for the Year	626	402	–	585	(183)	224
Closing Balance at 28 February 2013	31,217	28,307	31,208	(2,340)	(561)	2,910
Previous Year:						
Opening Balance at 1 March 2011	23,199	22,768	28,003	(4,899)	(336)	431
Movements in Equity:						
Acquisition of Subsidiary (Note 27B)	1,762	–	–	–	–	1,762
Total Comprehensive Income / (Loss) for the Year	2,347	1,932	–	1,974	(42)	415
Closing Balance at 29 February 2012	27,308	24,700	28,003	(2,925)	(378)	2,608

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year Ended 28 February 2013

Company	Total Equity $'000	Share Capital $'000	Accumulated Losses $'000	Other Reserves $'000
Current Year:				
Opening Balance at 1 March 2012	16,897	28,003	(11,047)	(59)
Movements in Equity:				
Issue of Shares (Note 23)	3,205	3,205	–	–
Total Comprehensive Income for the Year	3,540	–	3,464	76
Closing Balance at 28 February 2013	23,642	31,208	(7,583)	17
Previous Year:				
Opening Balance at 1 March 2011	16,455	28,003	(11,548)	–
Movements in Equity:				
Total Comprehensive Income / (Loss) for the Year	442	–	501	(59)
Closing Balance at 29 February 2012	16,897	28,003	(11,047)	(59)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended 28 February 2013

	Group	
	2013	2012
	$'000	$'000
Cash Flows From Operating Activities		
Profit Before Tax	**914**	2,527
Adjustments for:		
Interest Income	**(196)**	(159)
Interest Expense	**557**	472
Depreciation of Property, Plant and Equipment	**1,490**	924
Depreciation of Investment Properties	**26**	27
Amortisation of Other Intangible Assets	**238**	–
Gain on Disposal of Investment Properties	**(816)**	–
Gain on Disposal of Property, Plant and Equipment	**(10)**	(2,076)
Gain on Disposal of Subsidiaries (Note 28)	**–**	(210)
Gain on Disposal of Available-for-Sale Financial Assets	**(7)**	(3)
Share of Loss from Equity-Accounted Associate	**174**	6
Share of Profit from Equity-Accounted Joint Venture	**(6)**	–
Operating Cash Flows before Changes in Working Capital	**2,364**	1,508
Inventories	**309**	(25)
Trade and Other Receivables	**3,964**	(1,211)
Other Assets	**(21)**	(153)
Finance Lease Receivables	**(1,098)**	109
Trade and Other Payables	**883**	51
Net Cash Flows From Operations Before Tax	**6,401**	279
Income Taxes Paid	**(256)**	(177)
Net Cash Flows From Operating Activities	**6,145**	102
Cash Flows From Investing Activities		
Disposal of Investment Properties	**10,625**	–
Disposal of Plant and Equipment	**13**	69
Disposal of Available-For-Sale Financial Assets	**3,617**	2,259
Purchase of Plant and Equipment (Note 22B)	**(1,062)**	(326)
Purchase of Investment Properties	**(4,767)**	(4,291)
Purchase of Available-For-Sale Financial Assets (Note 18)	**(1,004)**	(6,375)
Acquisition of Subsidiary, Net of Cash Acquired (Note 27)	**(2,025)**	(2,943)
Proceed from Disposal of Subsidiaries, Net of Cash Disposed (Note 28)	**–**	428
Interest Received	**196**	159
Net Cash Flows From / (Used in) Investing Activities	**5,593**	(11,020)

Consolidated Statement of Cash Flows

Year Ended 28 February 2013

	Group	
	2013	2012
	$'000	$'000
Cash Flows From Financing Activities		
Issue of Shares	**3,205**	–
Increase from New Borrowings	**4,481**	8,963
Dividends Paid to Non-Controlling Interests	**(200)**	–
Decrease in Borrowings	**(8,383)**	(1,402)
Finance Lease Repayments	**(921)**	(4,245)
Interest Paid	**(557)**	(472)
Net Cash Flows (Used in) / From Financing Activities	**(2,375)**	2,844
Net Increase / (Decrease) in Cash and Cash Equivalents	**9,363**	(8,074)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	**3,757**	11,804
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(158)**	27
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 22A)	**12,962**	3,757

The accompanying notes form an integral part of these financial statements.

1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 below.

The company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office address of the company is: 47 Loyang Drive Singapore 508955. The company is situated in Singapore.

The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition the notes in the financial statements include the group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its directly and indirectly controlled subsidiaries. The consolidated financial statements are the financial statements of the group presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All significant intragroup balances and transactions, including profit or loss and other comprehensive income items and dividends are eliminated on consolidation. The results of any subsidiary acquired or disposed of during the reporting year are accounted for from the respective dates of acquisition or up to the date of disposal which is the date on which effective control is obtained of the acquired business until that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of presentation (cont'd)

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, no statement of profit or loss and other comprehensive income is presented for the company.

The equity accounting method is used for associates and joint venture in the group financial statements.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgments in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgments, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting year and the amount of revenue, stage of completion, and the costs incurred for the transaction and when the costs to complete the transaction can be measured reliably. Interest income from finance leases is recognised using the effective interest method. Rental income from leasing of motor vehicles is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Commission income is recognised when the services to which it relates have been completed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The group's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan) and the Employees Provident Fund in Malaysia (a state pension scheme). The subsidiaries in Thailand has obligation in respect of severance payments the entity must make to employees upon retirement under Thai Labour Law. The obligation of severance payment is determined by the best estimate of the amount of the expenditure required to settle the present obligation at the end of the reporting year. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current period and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant entity.

Segment reporting

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Borrowing costs

All borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment properties

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes investment properties in the course of construction. After initial recognition at cost including transaction costs, the cost model is used to measure the investment properties using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value less costs to sell. For disclosure purposes, the fair values are determined periodically on a systematic basis at least once in 2 to 5 years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Leasehold land is depreciated on a straight-line basis over the remaining lease period whilst buildings are depreciated on a straight-line basis over the estimated useful lives at the annual rate of 2%.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Freehold building	–	2%
Leasehold properties	–	Over the terms of lease, that are from 2% to 5.3%
Plant and equipment	–	10% to 100%
Freehold land	–	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least once yearly at the end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charges for the current and future periods are adjusted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having the item used during a particular period for purposes other than to produce inventories during that period.

If fair value can be measured reliably, after the initial recognition as an asset at cost, an item of property, plant and equipment (such as land, property, buildings, etc) is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year and the entire class of property, plant and equipment to which that asset belongs is revalued. When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus except that the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. When an asset's carrying amount is decreased, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

Whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statements of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance Leases of Lessor

An amount due from a lessee is recognised as receivables at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

In the company's own separate financial statements, an investment in a subsidiary is stated at cost less any allowance for impairment in value adjusted for any changes in contingent consideration. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of a subsidiary is not necessarily indicative of the amounts that would be realised in a current market exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Associates

An associate is an entity including an unincorporated entity in which the investor has a substantial financial interest (usually not less than 20% of the voting power), significant influence and that is neither a subsidiary nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The accounting for investment in an associate is on the equity method. The investment in an associate is carried in the statements of financial position at cost plus post-acquisition changes in the share of net assets of the associate, less any impairment in value adjusted for any changes in contingent consideration. The profit or loss reflects the investor's share of the results of operations of the associate. Losses of an associate in excess of the group's interest in the relevant entity are not recognised except to the extent that the group has an obligation. Profits and losses resulting from transactions between the group and an associate are recognised in the financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of an associate are changed where necessary to ensure consistency with the policies adopted by the group. The net book value of an associate is not necessarily indicative of the amounts that would be realised in a current market exchange. The investor discontinues the use of the equity method from the date that it ceases to have significant influence over the associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at its fair value at the date that it ceases to be an associate.

In the company's own separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Joint venture

A joint venture is a contractual arrangement with other parties to undertake an economic activity that is subject to joint control. The accounting for investment in a joint venture is on the equity method. The carrying value and the net book value of the investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange. The reporting entity discontinues the use of this method from the date that it loses joint control over the joint venture and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at its fair value at the date that it ceases to be a joint venture.

In the company's own separate financial statements, an investment in joint venture is stated at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of a joint venture are not necessarily indicative of the amount that would be realised in a current market exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. If the acquirer has made a gain from a bargain purchase that gain is recognised in profit or loss. If there is a gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Non-controlling interests

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill

Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred in accordance with FRS 103, which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Other intangible assets

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Contractual customer relationships	–	40%
Non-contractual customer relationships	–	20% to 28%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventories other than used motor vehicles are measured at the lower of cost (first in first out method) and net realisable value. Used motor vehicles held for sale are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

Initial recognition and measurement and derecognition of financial assets:

A financial asset is recognised on the statements of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Subsequent measurement (cont'd):

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. These financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less restricted cash that form an integral part of cash management.

Financial liabilities

Initial recognition and measurement:

A financial liability is recognised on the statements of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value of financial instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical judgments, assumptions and estimation uncertainties

The critical judgments made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Consolidation of Thailand entity as subsidiary:

The paid-up share capital of the subsidiary, J.V. (Thailand) Co., Ltd. ("JVT"), acquired on 1 March 2006, is made up of Baht 10 million of ordinary shares and Baht 10.41 million of preference shares. The group holds an effective interest of 49% through holding all of the ordinary shares with voting rights. A local Thai national holds the remaining 51% through preference shares with no voting rights. The preference shareholder is entitled to a fixed dividend of 5% of the preference shares value per year. Accordingly, management considers JVT a subsidiary and the group has consolidated 100% of the profits of JVT (net of the preferential dividends) into the group's financial statements from the date of acquisition.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and historical bad debts, customer concentrations, and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 20 on trade and other receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical judgments, assumptions and estimation uncertainties (cont'd)

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 19.

Deferred tax asset estimation:

Management judgment is required in determining the amount of current and deferred tax recognised as income or expense and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is more likely than not that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination. The amounts are disclosed in Note 9C.

Income tax expense:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgment as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. The income tax amounts are disclosed in Note 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical judgments, assumptions and estimation uncertainties (cont'd)

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is $3,408,000 for the group.

Estimated impairment of subsidiary, joint venture or associate:

Where a subsidiary, joint venture or associate is in net equity deficit and has suffered losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgment. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The total amount of the relevant investments is $5,394,000 at the end of the reporting year. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

Estimated impairment of other intangible assets and goodwill:

An assessment is made of the carrying value of identifiable intangible assets and goodwill annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that trigger an impairment review include underperformance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends. The most significant variables in determining cash flows are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Amounts estimated could differ materially from what will actually occur in the future. The amounts are disclosed in Note 13.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group; (ii) One entity is an associate or joint venture of the other entity; (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3.1 Related companies:

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For significant non-current balances and significant financial guarantees, an interest or charge is charged or imputed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3.2 Related parties other than related companies:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any significant non-current balances and significant financial guarantees an interest or charge is charged or imputed unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Director	
	2013	2012
Group and Company	**$'000**	$'000
Consultancy fee paid to an ex-director	–	45

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3.2 Related parties other than related companies (cont'd):

	Associate	
	2013	2012
Group	**$'000**	$'000
Purchase of used motor vehicles	**1,622**	–

3.3 Key management compensation:

	Group	
	2013	2012
	$'000	$'000
Salaries and other short-term employee benefits	**1,016**	1,191

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2013	2012
	$'000	$'000
Remuneration of directors of the company	**406**	470
Fees to directors of the company	**88**	99

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3.4 Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties (before allowance for impairment) are as follows:

	Associate		Related parties	
	2013	2012	**2013**	2012
Group	**$'000**	$'000	**$'000**	$'000
Other receivables / (payables):				
Balance at beginning of the year	**400**	–	**295**	475
Amounts paid out and settlement of liabilities on behalf of another party	**–**	400	**208**	27
Amounts received and settlement of liabilities on behalf of the group	**(400)**	–	**–**	(207)
Balance at end of the year	**–**	400	**503**	295
Presented as follows:				
Other receivables (Note 20)	**–**	400	**524**	504
Other payables (Note 25)	**–**	–	**(21)**	(209)
	–	400	**503**	295

	Joint Venture	
	2013	2012
Group	**$'000**	$'000
Other payables:		
Balance at beginning of the year	**–**	–
Amounts received and settlement of liabilities on behalf of the group	**(11)**	–
Balance at end of the year (Note 25)	**(11)**	–

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3.4 Other receivables from and other payables to related parties (cont'd):

Company	Subsidiaries 2013 $'000	2012 $'000
Other receivables / (payables):		
Balance at beginning of the year	**(1,472)**	417
Amounts paid out and settlement of liabilities on behalf of another party	**6,386**	2,212
Amounts received and settlement of liabilities on behalf of the company	**(1,846)**	(3,921)
Disposal of subsidiaries	**–**	(180)
Balance at end of the year	**3,068**	(1,472)
Presented as follows:		
Other receivables (Note 20)	**5,314**	3,499
Other payables (Note 25)	**(2,246)**	(4,971)
	3,068	(1,472)

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes the group is organised into the following major strategic operating segments that offer different products and services: (1) leather, (2) accessories and (3) automotive. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The segments and the types of products and services are as follows:

(a) Leather segment – This segment comprises sales of leather trim to car distributors, dealers, and manufacturers in automotive and aviation industries.

(b) Accessories segment – This segment comprises sales of accessories to car distributors and dealers and Original Equipment Manufacturers in the automotive industry.

(c) Automotive segment – This segment comprises of sales from trading, financing and rental of motor vehicles and business of commission agents.

The following tables illustrates the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss from continuing operations and reconciliations

2013	Leather $'000	Accessories $'000	Automotive $'000	Total $'000
Revenue by Segment	15,053	5,353	21,258	41,664
Operating (Loss) / Profit	(485)	360	727	602
Interest Income	136	–	60	196
Finance Costs	(45)	(1)	(511)	(557)
Other Credits	25	–	816	841
Share of Loss from Equity-Accounted Associate	–	–	(174)	(174)
Share of Profit from Equity-Accounted Joint Venture	6	–	–	6
(Loss) / Profit before Tax	(363)	359	918	914
Income Tax Expense				(105)
Profit Net of Tax				809
Total Assets	23,900	3,557	19,751	47,208
Total Liabilities	2,239	849	12,903	15,991
Amortisation Expense	–	–	238	238
Depreciation Expense	355	102	1,059	1,516
Capital Expenditure	547	13	5,589	6,149

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

2012	Leather $'000	Accessories $'000	Automotive $'000	Total $'000
Revenue by Segment	11,021	4,048	15,070	30,139
Operating (Loss) / Profit	(790)	(127)	1,608	691
Interest Income	144	13	2	159
Finance Costs	(18)	(4)	(450)	(472)
Other Credits	15	2,140	–	2,155
Share of Loss from Equity-Accounted Associate	–	–	(6)	(6)
(Loss) / Profit before Tax	(649)	2,022	1,154	2,527
Income Tax Expense				(138)
Profit Net of Tax				2,389
Total Assets	17,792	6,026	23,081	46,899
Total Liabilities	3,672	825	15,094	19,591
Depreciation Expense	246	200	505	951
Capital Expenditure	171	45	4,823	5,039

4C. Geographical information

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	Revenue	
	2013 $'000	2012 $'000
Singapore	**27,677**	19,465
Europe	**2,836**	2,959
Malaysia	**1,412**	1,133
Thailand	**5,322**	3,756
Australia	**1,599**	719
Others	**2,818**	2,107
	41,664	30,139

Revenues are attributed to countries on the basis of the customer's location.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4C. Geographical information (cont'd)

The following is an analysis of the non-current assets analysed by the geographical area in which the assets are located:

	Non-current assets	
	2013	2012
	$'000	$'000
Singapore	**5,879**	11,447
Malaysia	**2,992**	3,141
Thailand	**279**	367
Australia	**946**	–
	10,096	14,955

The non-current assets exclude any available-for-sale financial assets, deferred tax assets and finance lease receivables.

4D. Information about major customers (revenue)

	2013	2012
	$'000	$'000
Top 1 customer	**4,392**	2,394
Top 2 customers	**7,652**	4,041

5. REVENUE

	Group	
	2013	2012
	$'000	$'000
Sale of goods	**32,184**	24,277
Rental income from leasing of motor vehicles	**1,737**	1,274
Rendering of service	**2,743**	699
Interest income from finance leases	**1,019**	716
Commission income	**3,710**	2,950
Sundry income	**271**	223
	41,664	30,139

6. OTHER CREDITS AND (OTHER CHARGES)

	Group	
	2013	2012
	$'000	$'000
Reversal of allowance for impairment on trade receivables	**–**	43
Gain on disposal of investment properties	**816**	–
Bad debts written off trade receivables	**(26)**	–
Allowance for impairment on other receivables	**–**	(82)
Government grant income	**15**	15
Foreign exchange adjustment gains	**36**	57
Gain on disposal of property, plant and equipment	**10**	2,076
Gain on disposal of subsidiaries	**–**	210
Gain on disposal of available-for-sale financial assets	**7**	3
Net	**858**	2,322
Presented in profit or loss as:		
Other Credits	**884**	2,404
Other Charges	**(26)**	(82)
Net	**858**	2,322

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2013	2012
	$'000	$'000
Employee benefits expense	**5,455**	4,970
Contributions to defined contribution plan	**433**	403
Total employee benefits expense	**5,888**	5,373
Presented as follows:		
Cost of sales	**2,242**	2,190
Administrative expenses	**3,646**	3,183
Total employee benefits expense	**5,888**	5,373

8. MARKETING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

The major components include the following:

Marketing and distribution costs

	Group	
	2013	2012
	$'000	$'000
Logistics costs	**561**	525
Travelling expenses	**189**	96

Administrative expenses

	Group	
	2013	2012
	$'000	$'000
Amortisation of other intangible assets	**238**	–
Depreciation expense (Note 12)	**1,338**	728
Employee benefits expense (Note 7)	**3,646**	3,183
Professional and legal fees	**448**	546
Rental expenses	**574**	138

9. INCOME TAX

9A. Components of tax expense recognised in profit or loss include:

	Group	
	2013	2012
	$'000	$'000
Current tax expense:		
Current tax expense	**39**	100
Under adjustments to current tax in respect of prior years	**180**	38
Subtotal	**219**	138
Deferred tax income:		
Deferred tax income	**(112)**	–
Under adjustments to deferred tax in respect of prior years	**(2)**	–
Subtotal	**(114)**	–
Total income tax expense	**105**	138

9. INCOME TAX (CONT'D)

9A. Components of tax expense recognised in profit or loss include (cont'd):

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax determined by applying the Singapore income tax rate of 17.0% (2012: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2013	2012
	$'000	$'000
Profit Before Tax	**914**	2,527
Add: Share of loss from equity-accounted associate	**174**	6
Less: Share of profit from equity-accounted joint venture	**(6)**	–
	1,082	2,533
Income tax expense at the above rate	**184**	431
Not liable to tax items	**(132)**	(238)
Tax exemptions	**(71)**	(66)
Deferred tax assets not recognised	**47**	105
Under adjustments to tax in respect of prior years	**178**	38
Effect of different tax rates in different countries	**10**	34
Corporate tax rebate	**(30)**	–
Other minor items less than 3% each	**(81)**	(166)
Total income tax expense	**105**	138

There are no income tax consequences of dividends to owners of the company.

9B. Deferred tax income recognised in profit or loss include:

	Group	
	2013	2012
	$'000	$'000
Excess of tax values over net book value of property, plant and equipment	**(9)**	–
Excess of net book value of property, plant and equipment over tax values	**(57)**	(21)
Deferred tax charge relating to intangible assets	**(85)**	–
Deferred tax charge relating to the revaluation of the depreciable property	**(6)**	(2)
Provisions	**(9)**	(5)
Elimination on disposal of subsidiaries (Note 28)	**–**	(17)
Tax loss carryforwards	**4**	190
Unutilised capital allowances carryforwards	**1**	12
Deferred tax assets not recognised	**47**	(157)
Total deferred tax income recognised in profit or loss	**(114)**	–

9. INCOME TAX (CONT'D)

9C. Deferred tax balance in the statements of financial position:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Deferred tax assets / (liabilities) recognised in profit or loss:				
Excess of tax values over net book value of property, plant and equipment	**9**	–	**–**	–
Excess of net book value of property, plant and equipment over tax values	**–**	(57)	**–**	(7)
Arising from acquisition of subsidiary – completion of Purchase Price Allocation ("PPA") exercise (Note 27B)	**(143)**	–	**–**	–
Deferred tax charge relating to intangible assets	**(128)**	(213)		
Deferred tax charge relating to the revaluation of the depreciable property	**(86)**	(92)	**–**	–
Provisions	**85**	76	**–**	–
Tax loss carryforwards	**825**	829	**20**	20
Unutilised capital allowances carryforward	**–**	1	**–**	–
Deferred tax assets not recognised	**(910)**	(863)	**–**	7
Total	**(348)**	(319)	**20**	20
Presented in the statements of financial position as follows:				
Deferred tax liabilities	**(377)**	(365)	**–**	–
Deferred tax assets	**29**	46	**20**	20
Net position	**(348)**	(319)	**20**	20

It is impracticable to estimate the amount expected to be settled or used within one year.

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards of $3,185,000 (2012: $2,792,000) is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. For the subsidiaries in Thailand, tax loss carryforwards of $1,670,000 (Baht 40,163,000) (2012: $2,085,000 (Baht 50,812,000)) are available for 5 years from 2009.

Temporary differences arising in connection with interests in subsidiaries, joint venture and associates are insignificant.

10. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2013	2012
	$'000	$'000
A. Numerators: earnings attributable to equity	**585**	1,974
	Number	Number
	'000	'000
B. Denominators: weighted average number of equity shares	**248,524**	209,243

The weighted average number of equity shares refers to shares in circulation during the reporting year. The denominators used are the same as those detailed above for diluted earnings per share as there were no dilutive instruments.

11. INVESTMENT PROPERTIES

	Leasehold properties	
	2013	2012
Group	**$'000**	$'000
Cost:		
At beginning of the year	**6,393**	1,354
Arising from acquisition of subsidiary (Note 27B)	**–**	751
Additions	**4,767**	4,291
Disposals	**(9,809)**	–
Foreign exchange adjustments	**(50)**	(3)
At end of the year	**1,301**	6,393
Accumulated depreciation:		
At beginning of the year	**195**	168
Depreciation for the year included under administrative expenses	**26**	27
Foreign exchange adjustments	**(7)**	–
At end of the year	**214**	195
Net book value:		
At beginning of the year	**6,198**	1,186
At end of the year	**1,087**	6,198
Fair Value:		
At beginning of the year	**6,218**	1,189
At end of the year	**1,142**	6,218

11. INVESTMENT PROPERTIES (CONT'D)

The details of the investment properties held by the group are as follows:

Location	Description	Tenure	Term of lease
Gurun, Kedah, Malaysia[(a)]	Factory and office	Leasehold	56 years
Tampines, Singapore[(b)]	Under construction	Leasehold	30 years

(a) The leasehold property was revalued by Azmi & Co Sdn Bhd, a firm of independent professional valuers in February 2011 based on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year and not as of either a past or future date. The cost approach method was used. The fair value is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs). The rental income and related direct operating expenses are not significant.

(b) In 2013, the construction of the properties at Tampines, Singapore was completed. The properties were initially designated as held for rental in 2012 but was subsequently sold in 2013. No rental income or related direct operating expenses was generated/incurred.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property $'000	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Cost or valuation:				
At 1 March 2011	2,162	3,762	5,778	11,702
Arising from acquisition of subsidiary (Note 27B)	–	–	3,446	3,446
Elimination on disposal of subsidiaries (Note 28)	–	–	(453)	(453)
Additions	–	–	763	763
Disposals	–	(1,370)	(625)	(1,995)
Foreign exchange adjustments	(6)	(2)	(18)	(26)
Reclassification to inventories held for sale	–	–	(575)	(575)
At 29 February 2012	**2,156**	**2,390**	**8,316**	**12,862**
Arising from acquisition of subsidiary (Note 27A)	**–**	**–**	**176**	**176**
Additions	**–**	**–**	**1,382**	**1,382**
Disposals	**–**	**–**	**(78)**	**(78)**
Foreign exchange adjustments	**(79)**	**2**	**(77)**	**(154)**
Reclassification to inventories held for sale	**–**	**–**	**(1,092)**	**(1,092)**
At 28 February 2013	**2,077**	**2,392**	**8,627**	**13,096**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold property $'000	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Accumulated depreciation:				
At 1 March 2011	295	442	4,953	5,690
Elimination on disposal of subsidiaries (Note 28)	–	–	(325)	(325)
Depreciation for the year	31	55	838	924
Disposals	–	(159)	(606)	(765)
Foreign exchange adjustments	(1)	–	(12)	(13)
Reclassification to inventories held for sale	–	–	(306)	(306)
At 29 February 2012	**325**	**338**	**4,542**	**5,205**
Depreciation for the year	**31**	**59**	**1,400**	**1,490**
Disposals	**–**	**–**	**(76)**	**(76)**
Foreign exchange adjustments	**(12)**	**1**	**(74)**	**(85)**
Reclassification to inventories held for sale	**–**	**–**	**(573)**	**(573)**
At 28 February 2013	**344**	**398**	**5,219**	**5,961**
Net book value:				
At 1 March 2011	1,867	3,320	825	6,012
At 29 February 2012	1,831	2,052	3,774	7,657
At 28 February 2013	**1,733**	**1,994**	**3,408**	**7,135**
Represented by:				
Cost	**–**	**1,994**	**3,408**	**5,402**
Valuation	**1,733**	**–**	**–**	**1,733**
Total	**1,733**	**1,994**	**3,408**	**7,135**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

For the revalued freehold property, the carrying amount that would have been recognised had the assets been carried under the cost model:

	Group	
	2013	2012
	$'000	$'000
Freehold property:		
Cost	**1,771**	1,771
Net book amount	**1,371**	1,448

Allocation of the depreciation expense:

	Group	
	2013	2012
	$'000	$'000
Cost of sales	**152**	196
Administrative expenses	**1,338**	728
Total	**1,490**	924

The freehold property was revalued by PA International Property Consultants Sdn Bhd, a firm of independent professional valuers in January 2011 based on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year and not as of either a past or future date. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year and the entire class of property, plant and equipment to which that asset belongs is revalued. The surplus on revaluation of $329,000 net of applicable deferred income tax has been credited to asset revaluation reserve.

Motor vehicles on rental with a carrying amount of $2,393,000 (2012: $3,207,000) are classified under property, plant and equipment. When the rental ceases, these assets are classified as inventories at the carrying amounts.

The fair value is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold property $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 March 2011	2,228	801	3,029
Additions	–	70	70
Disposals	–	(343)	(343)
At 29 February 2012	**2,228**	**528**	**2,756**
Additions	**–**	**404**	**404**
At 28 February 2013	**2,228**	**932**	**3,160**
Accumulated depreciation:			
At 1 March 2011	269	716	985
Depreciation for the year included under administrative expenses	23	71	94
Disposals	–	(343)	(343)
At 29 February 2012	**292**	**444**	**736**
Depreciation for the year included under administrative expenses	**43**	**125**	**168**
At 28 February 2013	**335**	**569**	**904**
Net book value:			
At 1 March 2011	1,959	85	2,044
At 29 February 2012	1,936	84	2,020
At 28 February 2013	**1,893**	**363**	**2,256**

Certain items are under finance lease agreements (see Note 26E).

13. INTANGIBLE ASSETS

	Group	
	2013 $'000	2012 $'000
Goodwill (Note 13A)	**1,200**	856
Other intangible assets (Note 13B)	**598**	–
Total	**1,798**	856

13. INTANGIBLE ASSETS (CONT'D)

13A. Goodwill

	Group	
	2013	2012
	$'000	$'000
Balance at beginning of the year	**856**	–
Adjustment arising from completion of PPA exercise (Note 27B)	**(415)**	–
Goodwill from acquisition of subsidiary (Note 27A)	**759**	856
Balance at end of the year	**1,200**	856

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash generating units represents the group's investment by each primary reporting segment as follows:

	Group	
	2013	2012
	$'000	$'000
Leather[(a)]	**759**	–
Automotive[(b)]	**441**	856

(a) In respect of the group's investment in Ultimate Vehicle Pty Ltd.
(b) In respect of the group's investment in Index Credit Pte Ltd.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs to sell or its value in use. The recoverable amounts of cash-generating units have been determined based on its value in use method. The value is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

The value in use was determined by management. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, visible success rates of sales projects and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. Management forecast using cash flow forecast based on confirmed and probable projects. The discount rate of 11.3% (2012: 11.1%) representing the subsidiary's weighted average cost of capital was used to discount the forecast cash flow.

No impairment charges were recognised because the carrying amount of all cash-generating units was lower than their recoverable amount.

13. INTANGIBLE ASSETS (CONT'D)

13B. Other intangible assets

Group	Contractual customer relationships $'000	Non-contractual customer relationships $'000	Total $'000
Cost:			
At 1 March 2011 and 29 February 2012	–	–	–
Adjustment arising from completion of PPA exercise(Note 27B)	248	588	836
At 28 February 2013	248	588	836
Accumulated Amortisation:			
At 1 March 2011 and 29 February 2012	–	–	–
Amortisation for the year included under administrative expenses	99	139	238
At 28 February 2013	99	139	238
Net book value:			
At 1 March 2011 and 29 February 2012	–	–	–
At 28 February 2013	149	449	598

14. INVESTMENTS IN SUBSIDIARIES

	Company 2013 $'000	2012 $'000
Unquoted shares at cost	**21,271**	21,271
Less: allowance for impairment	**(10,509)**	(10,077)
	10,762	11,194
Net book value of subsidiaries	**14,189**	14,236
Analysis of above amount denominated in non-functional currencies:		
United States Dollar	**881**	881
Malaysian Ringgit	**1,868**	1,868
Thai Baht	**771**	771
Euro	**38**	38
Movements in above allowance:		
Balance at beginning of the year	**10,077**	10,904
Charge / (Reverse) to profit or loss	**432**	(727)
Disposal of subsidiaries	**–**	(100)
Balance at end of the year	**10,509**	10,077

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries held by the company and its subsidiaries are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost in Books of Group		Effective Percentage of Equity Held	
	2013	2012	**2013**	2012
	$'000	$'000	**%**	%
Jackspeed Leather Special Manufacturer (M) Sdn. Bhd.[1] Malaysia Production and sale of automotive leather trim (Crowe Horwath, Malaysia)	**1,868**	1,868	**100**	100
Jackspeed Aviation Pte Ltd Singapore Production and sale of leather and fabrics covers and interior refurbishment for use in aviation industry (RSM Chio Lim LLP)	**500**	500	**100**	100
Jackspeed Leather Manufacture (Thailand) Co., Ltd.[1][2][3] Thailand Dormant (Pro Trinity Co., Ltd)	**771**	771	**100**	100
Jackson Vehicle Holdings Pte Ltd Singapore Investment holding (RSM Chio Lim LLP)	**8,713**	8,713	**100**	100
Jackspeed Singapore Pte Ltd Singapore Production and sale of automotive leather trim (RSM Chio Lim LLP)	**5,000**	5,000	**100**	100
PT JLS Indonesia[3][4] Indonesia Dormant	**–**	–	**99.5**	99.5
Jackspeed Europe B.V.[3] The Netherlands Design and installation of automotive leather trim	**38**	38	**100**	100
Jackspeed Leather Manufacturer (Haining) Co., Ltd [5] China Dormant	**881**	881	**100**	100

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost in Books of Group 2013 $'000	Cost in Books of Group 2012 $'000	Effective Percentage of Equity Held 2013 %	Effective Percentage of Equity Held 2012 %
Index Credit Pte Ltd Singapore Trading of used motor vehicles, financial leasing in new and used motor vehicles and rental of motor vehicles (RSM Chio Lim LLP)	**3,500**	3,500	**60**	60
Ultimate Vehicle Pty Ltd[6] (Acquired on 5 October 2012) Australia Distribution and installation of automotive leather seating, sunroofs, canopies and automotive accessories	**–**[10]	–	**100**	–
Held by subsidiaries				
Jackspeed Industries Sdn. Bhd.[1][7] Malaysia Production and sale of automotive leather trim (Crowe Horwath, Malaysia)	**158**	158	**100**	100
J.V. (Thailand) Co., Ltd[8][9] Thailand Manufacture, assembly and supply of automobile component parts (RSM Audit Services (Thailand) Limited)	**1,082**	1,082	**100**	100
Index Agency Pte. Ltd.[11] Singapore Commission agents of used motor vehicles (RSM Chio Lim LLP)	**200**	200	**60**	60
Index Motor Enterprise[3][11] Singapore Rental of motor vehicles (Dormant)	**–**[10]	–[10]	**60**	60

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(1) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.
(2) 6 ordinary shares of 100 Thai Baht each in Jackspeed Leather Manufacture (Thailand) Co., Ltd. are held in trust by certain directors and ex-employees of the group respectively.
(3) Management accounts used for purpose of consolidation as it is not considered material.
(4) In the process of liquidation.
(5) Subsidiary's financial year end is 31 December. The management accounts as at 28 February 2013 were used for the purpose of consolidation as it is not considered material.
(6) This subsidiary is exempted from audit by law in the country of incorporation. The management accounts as at 28 February 2013 were used for the purpose of consolidation as it is not considered material.
(7) This subsidiary is held by Jackspeed Leather Special Manufacturer (M) Sdn. Bhd.
(8) This subsidiary is held by Jackson Vehicle Holdings Pte Ltd.
(9) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(10) Cost of investment is less than $1,000.
(11) These subsidiaries are held by Index Credit Pte Ltd.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
At beginning of the year	**244**	–	**–**	–
Arising from acquisition of subsidiary (Note 27B)	**–**	262	**–**	–
Other minor adjustments	**–**	(12)	**–**	–
Share of loss for the year	**(174)**	(6)	**–**	–
Carrying amount at end of the year	**70**	244	**–**	–

15. INVESTMENTS IN ASSOCIATES (CONT'D)

The associates held by the company and its subsidiaries are listed below:

Name of Associates, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Effective Percentage of Equity Held 2013 %	2012 %
Aapico Jackspeed Co., Ltd[a][b][d] Thailand Manufacturing of automotive accessories	**40**	40
Held by subsidiary		
Strada Automobil Pte. Ltd.[c] Singapore Trading of used motor vehicles (RSM Chio Lim LLP)	**30**	30

(a) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.
(b) Year end is 31 December.
(c) This associate is held by Index Credit Pte Ltd.
(d) Information for Aapico Jackspeed Co., Ltd is not available. The associate is not considered significant to the group.

Share of losses of associates exceeding the amount of the investment is not recognised as losses in the profit or loss of the group in accordance with the accounting policies of the group.

The summarised financial information of the associates, not adjusted for the percentage ownership held by the group, is as follows:

	Assets $'000	Liabilities $'000	Revenue $'000	Loss $'000
2013	**137**[a]	**–**[a]	**11,340**[a]	**(349)**[a]
2012	3,709[a]	3,223[a]	12,531[a]	(14)[a]

(a) Information for Aapico Jackspeed Co., Ltd is not available. Audited financial statements for the year ended 31 December 2012 and 2011 are not available. The associate is not considered significant to the group.

16. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
At beginning of the year	**–**	–	**–**	–
Addition	**–**(1)	–	**–**(1)	–
Share of profit for the year	**6**	–	**–**	–
Carrying amount at end of the year	**6**	–	**–**	–

(1) Cost of investment is less than $1,000.

The joint venture held by the company is listed below:

Name of Joint Venture, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Effective Percentage of Equity Held 2013 %	2012 %
Jackspeed Euris Japan Pte. Ltd.[a] Singapore Design, distribution and installation of automotive seat covers (RSM Chio Lim LLP) (Incorporated on 7 December 2012)	**50%**	–

(a) The unaudited management accounts of the joint venture has been used for equity accounting purpose as it is not considered material.

The summarised financial information of the joint venture, not adjusted for the percentage ownership held by the group, is as follows:

	Assets	Liabilities	Revenue	Profit
	$'000	**$'000**	**$'000**	**$'000**
2013	**27**	**16**	**27**	**11**

17. FINANCE LEASE RECEIVABLES

Group	Minimum lease payments $'000	Finance charges $'000	Present value $'000
2013			
Minimum lease payments receivable:			
Due within one year	**4,965**	**(701)**	**4,264**
Due within 2 to 5 years	**6,846**	**(1,083)**	**5,763**
Due after 5 years	**61**	**(11)**	**50**
Total	**11,872**	**(1,795)**	**10,077**
Presented in the statements of financial position as follows:			
Finance lease receivables, current	**4,965**	**(701)**	**4,264**
Finance lease receivables, non-current	**6,907**	**(1,094)**	**5,813**
	111,872	**(1,795)**	**10,077**
2012			
Minimum lease payments receivable:			
Due within one year	4,332	(660)	3,672
Due within 2 to 5 years	6,289	(1,120)	5,169
Due after 5 years	176	(38)	138
Total	10,797	(1,818)	8,979
Presented in the statements of financial position as follows:			
Finance lease receivables, current	4,332	(660)	3,672
Finance lease receivables, non-current	6,465	(1,158)	5,307
	10,797	(1,818)	8,979

The average lease term is 1 to 10 years (2012: 2 to 9 years). The average effective interest rate is about 2.28% to 7.00% (2012: 2.99% to 7.00%) per year. All lease obligations are denominated in Singapore dollars. The obligations under lease agreements are secured by the lessor's charge over the leased assets.

The carrying amount of the lease receivables is not significantly different from the fair value.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Movements during the year:				
Fair value at beginning of the year	**4,060**	–	**4,060**	–
Additions	**1,004**	6,375	**1,004**	6,375
Disposals	**(3,610)**	(2,256)	**(3,610)**	(2,256)
Decrease in fair value (Note 24)	**76**	(59)	**76**	(59)
Fair value at end of the year	**1,530**	4,060	**1,530**	4,060
Presented in the statements of financial position as follows:				
Available-for-sale financial assets, current	**–**	1,586	**–**	1,586
Available-for-sale financial assets, non-current	**1,530**	2,474	**1,530**	2,474
	1,530	4,060	**1,530**	4,060

The above available-for-sale financial assets pertain to investments in quoted corporate bonds.

19. INVENTORIES

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Used motor vehicles held for resale	**3,246**	3,048	**–**	–
Finished goods and goods for resale	**1,287**	134	**–**	–
Work in progress	**59**	124	**–**	–
Raw material, consumables and supplies	**2,780**	2,762	**–**	–
	7,372	6,068	**–**	–

Inventories are stated after allowance.

	Group		Company	
	2013	2012	**2013**	2012
Movements in allowance:				
Balance at beginning of the year	**1,065**	1,125	**–**	–
Charge to profit or loss included in cost of sales	**418**	43	**–**	–
Elimination on disposal of subsidiaries (Note 28)	**–**	(34)	**–**	–
Foreign exchange adjustments	**9**	(6)	**–**	–
Amount written off	**–**	(63)	**–**	–
Balance at end of the year	**1,492**	1,065	**–**	–

The cost of inventories recognised as an expense and included in cost of sales amounted to $25,664,000 (2012: $17,735,000).

Certain inventories are under finance lease agreements (see Note 26E).

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade receivables:				
Outside parties	**3,575**	3,638	**723**	263
Less: allowance for impairment	**(60)**	(62)	**–**	–
Subsidiaries (Note 3)	**–**	–	**987**	2,472
Less: allowance for impairment	**–**	–	**(18)**	(384)
Joint venture (Note 3)	**14**	–	**–**	–
Subtotal	**3,529**	3,576	**1,692**	2,351
Other receivables:				
Related party (Note 3)	**524**	504	**–**	–
Associate (Note 3)	**–**	400	**–**	–
Subsidiaries (Note 3)	**–**	–	**5,314**	3,499
Less: allowance for impairment	**–**	–	**(2,072)**	(1,532)
Other receivables	**112**	182	**20**	89
Less: allowance for impairment	**(81)**	(81)	**–**	–
Other receivables from disposal of property (Note 6)	**–**	3,467	**–**	–
Subtotal	**555**	4,472	**3,262**	2,056
Total trade and other receivables	**4,084**	8,048	**4,954**	4,407
Movements in above allowance:				
Balance at beginning of the year	**143**	42	**1,916**	165
Arising from acquisition of subsidiary (Note 27B)	**–**	80	**–**	–
Reverse for trade receivables to profit or loss included in other credits	**–**	(43)	**–**	–
Charge for other receivables to profit or loss included in other charges	**–**	82	**–**	–
Charge for subsidiaries other receivables to profit or loss	**–**	–	**174**	1,751
Bad debts written off	**–**	(17)	**–**	–
Foreign exchange adjustments	**(2)**	(1)	**–**	–
Balance at end of the year	**141**	143	**2,090**	1,916

The loan to a related party amounting to $524,000 (2012: $504,000) bears interest rate at 3% per year in 2012 and 2013. The loan is on a non-recourse basis except for the security held. The loan is secured by 104,100 shares of 100 Baht per preference share of the subsidiary, J.V. (Thailand) Co., Ltd.

The impairment allowance made during the year in respect of certain subsidiaries was due to the deteriorating financial conditions of the subsidiaries concerned.

21. OTHER ASSETS

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Deposits to secure services	**676**	535	**10**	10
Prepayments	**196**	317	**28**	22
Tax recoverable	**174**	122	**–**	–
	1,046	974	**38**	32

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Not restricted in use	**12,962**	3,757	**7,373**	682
Restricted cash[(a)]	**12**	12	**–**	–
	12,974	3,769	**7,373**	682
Interest earning balances	**6,306**	1,240	**5,853**	–

(a) This is cash pledged for bank facilities.

The interest rates on the interest earning balances were follows:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Interest rates on interest earning balances	**0.40 to 3.50**	0.25 to 3.20	**0.40 to 0.43**	–

22A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2013	2012
	$'000	$'000
Amount as shown above	**12,974**	3,769
Restricted cash	**(12)**	(12)
Cash and cash equivalents for statement of cash flows purposes at end of the year	**12,962**	3,757

22. CASH AND CASH EQUIVALENTS (CONT'D)

22B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of $320,000 (2012: $437,000) acquired by means of finance leases.

23. SHARE CAPITAL

	Group and Company	
	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at beginning of year 1 March 2011 and 29 February 2012	**209,243**	**28,003**
Issue of shares at $0.0795 for cash[(a)]	**41,800**	**3,205**
Balance at end of year 28 February 2013	**251,043**	**31,208**

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

In order to maintain its listing on the Singapore Stock Exchange the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the year.

(a) The proceeds from the issue of shares are yet to be utilised as at the end of the reporting year and as at the date of this report.

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Net debt:				
All current and non-current borrowings including finance leases	**11,711**	16,214	**799**	241
Less: cash and cash equivalents	**(12,974)**	(3,769)	**(7,373)**	(682)
Net debt	**(1,263)**	12,445	**(6,574)**	(441)
Total equity	**31,217**	27,308	**23,642**	16,897
Debt-to-adjusted capital ratio	**N.M.**	45.57%	**N.M.**	N.M.

N.M.: Not meaningful

23. SHARE CAPITAL (CONT'D)

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

24. OTHER RESERVES

	Asset revaluation reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total $'000
Group				
At 1 March 2011	329	–	(665)	(336)
Fair value loss on available-for-sale financial assets (Note 18)	–	(59)	–	(59)
Exchange difference on translating foreign subsidiaries	–	–	17	17
At 29 February 2012	**329**	**(59)**	**(648)**	**(378)**
Fair value gain on available-for-sale financial assets (Note 18)	**–**	**76**	**–**	**76**
Exchange difference on translating foreign subsidiaries	**–**	**–**	**(259)**	**(259)**
At 28 February 2013	**329**	**17**	**(907)**	**(561)**

24. OTHER RESERVES (CONT'D)

	Asset revaluation reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total $'000
Company				
At 1 March 2011	–	–	–	–
Fair value loss on available-for-sale financial assets (Note 18)	–	(59)	–	(59)
At 29 February 2012	**–**	**(59)**	**–**	**(59)**
Fair value gain on available-for-sale financial assets (Note 18)	**–**	**76**	**–**	**76**
At 28 February 2013	**–**	**17**	**–**	**17**

The foreign currency translation reserve accumulates all foreign exchange differences. The asset revaluation reserve (net of deferred tax) arises from the revaluation of the property held in Malaysia. It is not distributable until the disposal of the property.

The fair value reserve relates to the changes in fair value of available-for-sale financial assets.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Trade payables:				
Outside parties and accrued liabilities	**3,379**	1,935	**234**	298
Subtotal	**3,379**	1,935	**234**	298
Other payables:				
Outside parties	**310**	207	**12**	8
Deposits from customers	**141**	118	**–**	–
Purchase of investment properties under construction	**–**	510	**–**	–
Related parties (Note 3)	**21**	209	**–**	–
Subsidiaries (Note 3)	**–**	–	**2,246**	4,971
Joint venture (Note 3)	**11**	–	**–**	–
Subtotal	**483**	1,044	**2,258**	4,979
Total trade and other payables	**3,862**	2,979	**2,492**	5,277

26. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Non-current				
Bank loans 1 (Note 26A)	**–**	64	**–**	–
Finance lease payables (Note 26E)	**221**	404	**72**	–
Non-current, total	**221**	468	**72**	–
Current				
Bank loans 1 (Note 26A)	**75**	1,829	**–**	–
Bank loans 2 (secured) (Note 26B)	**–**	2,360	**–**	–
Bank loans 3 (secured) (Note 26C)	**1,346**	1,311	**–**	–
Trust receipts (Note 26D)	**660**	1,231	**660**	241
Finance lease payables (Note 26E)	**9,409**	9,015	**67**	–
Current, Total	**11,490**	15,746	**727**	241
Total	**11,711**	16,214	**799**	241

The range of floating rate interest rates paid was as follows:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Trust receipts	**2.80**	3.04 to 3.69	**2.80**	3.04 to 3.22
Bank loans	**1.00 to 5.00**	1.30 to 5.50	**–**	–

26A. Bank loans 1

Certain loans of a subsidiary are secured by floating charges over the assets of the subsidiary financed by the banks and covered by joint and several guarantees by certain directors. The loans are for a period of 4 years from May 2009 and January 2010.

In 2012, a loan of a subsidiary amounting to $1,000,000 was covered by a corporate guarantee by the company. The loan was a short-term revolving loan renewable monthly.

26B. Bank loans 2 (secured)

The loans were secured by a legal mortgage and deed of assignment over a subsidiary's investment properties and covered by joint and several guarantees by certain directors. The loans were fully repaid during the year following the sale of the investment properties (Note 11).

26. OTHER FINANCIAL LIABILITIES (CONT'D)

26C. Bank loans 3 (secured)

Certain floor stocking facilities of a subsidiary are secured by floating charges over the assets of the subsidiary for monies owing over the assets financed by the banks and covered by joint and several guarantees by certain directors.

26D. Trust receipts

In 2012, trust receipts amounting to $990,000 were covered by a corporate guarantee by the company.

26E. Finance lease payables

Group	Minimum payments $'000	Finance charges $'000	Present value $'000
2013			
Minimum lease payments payable:			
Due within one year	**9,990**	**(581)**	**9,409**
Due within 2 to 5 years	**246**	**(25)**	**221**
Total	**10,236**	**(606)**	**9,630**
Finance lease receivables and net book value of plant and equipment and inventories under finance leases			**12,821**
2012			
Minimum lease payments payable:			
Due within one year	9,753	(738)	9,015
Due within 2 to 5 years	457	(53)	404
Total	10,210	(791)	9,419
Finance lease receivables and net book value of plant and equipment and inventories under finance leases			12,444

26. OTHER FINANCIAL LIABILITIES (CONT'D)

26E. Finance lease payables (cont'd)

Certain of the group's finance lease receivables, inventories and plant and equipment are under finance leases. The average lease term is 1 to 10 years (2012: 1 to 10 years). The effective rate of interest for finance leases is about 0.42% to 3.55% (2012: 2.33% to 7.69%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Singapore dollar. The obligations under finance leases are secured by the lessor's charge over the leased assets. Certain finance leases of a subsidiary are covered by joint and several guarantees by certain directors.

The carrying amount of the lease liabilities is not significantly different from the fair value.

Although certain finance leases amounting to $4,670,000 (2012: $4,932,000) are for a period of 2 to 5 years (2012: 2 to 5 years), they have been classified as "current" because under the terms of the credit facilities, the subsidiary do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

Company	Minimum payments $'000	Finance charges $'000	Present value $'000
2013			
Minimum lease payments payable:			
Due within one year	71	(4)	67
Due within 2 to 5 years	76	(4)	72
Total	147	(8)	139
Net book value of plant and equipment under finance leases			302

The company had no finance lease payables in 2012.

27. ACQUISITION OF SUBSIDIARIES

27A. On 5 October 2012, the group acquired 100% equity in Ultimate Vehicle Pty Ltd ("Ultimate") and from that date the group gained control, it became subsidiary (see Note 14 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

The initial accounting for the business combination is still incomplete at the end of the reporting year particularly with respect to the PPA exercise. This is due to the determination of data and information which has already been started but however, could not be finalised in time for reporting. In accordance with FRS 103 on the initial accounting of business combinations, the preliminary determination of goodwill amounting to $759,000 on the basis of the provisional fair value of the net assets at acquisition date is presented in the following table.

27. ACQUISITION OF SUBSIDIARIES (CONT'D)

27A. (cont'd)

The net assets acquired and the related fair values are as follows:

	Pre-acquisition book value under FRS $'000	Provisional fair value $'000
2013		
Plant and equipment	176	176
Inventories	1,090	1,090
Total assets	1,266	1,266
Identifiable net assets acquired	1,266	1,266

The goodwill arising on acquisition is as follows:

	2013 $'000
Consideration transferred	2,025
Fair value of identifiable net assets acquired (provisional amounts)	(1,266)
Goodwill arising on acquisition	759
Consideration net of cash acquired	2,025

The goodwill arising on the acquisition of Ultimate is attributable to the anticipated profitability of the distribution of the group's products in the new markets and the anticipated future operating synergies from the combination.

The results of the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

	Group	
	From date of acquisition in 2012 $'000	For the reporting year 2013 $'000
Revenue	1,023	2,589
Profit before tax	61	343

27. ACQUISITION OF SUBSIDIARIES (CONT'D)

27B. On 12 August 2011, the group acquired 60% equity in Index Credit Pte Ltd. Management had completed the PPA exercise on 31 August 2012 and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.

	Pre-acquisition book value under FRS $'000	Provisional fair value for the reporting year ended 29 February 2012 $'000	**Fair value on completion of PPA exercise on 31 August 2012 $'000**
Investment properties	751	751	**751**
Plant and equipment	2,195	3,446	**3,446**
Investment in associate	262	262	**262**
Trade and other receivables and other assets	748	748	**748**
Cash and cash equivalents	557	557	**557**
Finance lease receivables	9,088	9,088	**9,088**
Inventories	2,487	2,487	**2,487**
Intangible assets	–	–	**836**
Total assets	16,088	17,339	**18,175**
Deferred tax liabilities	–	(213)	**(356)**
Other financial liabilities	(1,936)	(1,936)	**(1,936)**
Trade and other payables	(742)	(742)	**(742)**
Finance lease payables	(9,979)	(9,979)	**(9,979)**
Income tax payable	(63)	(63)	**(63)**
Total liabilities	(12,720)	(12,933)	**(13,076)**
Identifiable net assets acquired	3,368	4,406	**5,099**

The goodwill arising on acquisition is as follows:

	2012 $'000	**2013 $'000**
Consideration transferred	3,500	**3,500**
Non-controlling interests at fair value	1,762	**2,040**
	5,262	**5,540**
Fair value of identifiable net assets acquired	(4,406)	**(5,099)**
Goodwill arising on acquisition	856	**441**
Consideration net of cash acquired	2,943	

27. ACQUISITION OF SUBSIDIARIES (CONT'D)

27B. (cont'd)

The non-controlling interest of 40% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

With the completion of the PPA exercise, the goodwill on acquisition and other intangible assets were recognised (see Note 13).

The results of the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

	Group	
	From date of acquisition in 2011	**For the reporting year 2012**
	$'000	**$'000**
Revenue	**14,406**	**20,648**
Profit before tax	**1,033**	**1,878**

28. DISPOSAL OF SUBSIDIARIES

The subsidiaries, Jackson Vehicle (Singapore) Pte Ltd and Strategic Icon Technologies Pte Ltd, were sold on 27 July 2011.

In 2012, the gain from the disposal of the subsidiaries and the results for the previous year and for the period from the beginning of the previous year to 27 July 2011, which have been included in the consolidated financial statements, were as follows:

	Group Period ended 27 July 2011
	$'000
Revenue	286
Expenses	(468)
Loss before tax	(182)
Income tax expense	–
Loss after tax	(182)
Gain on disposal of subsidiaries	210
Total gain on disposal	28

28. DISPOSAL OF SUBSIDIARIES (CONT'D)

The following table summarises the carrying value of the assets and liabilities of the subsidiaries, Jackson Vehicle (Singapore) Pte Ltd and Strategic Icon Technologies Pte Ltd that were sold on 27 July 2011:

	Group On date of disposal 27 July 2011 $'000
Plant and equipment	128
Trade and other receivables and other assets	128
Cash and cash equivalents	472
Inventories	288
Deferred tax assets	17
Total assets	1,033
Trade and other payables	(329)
Finance lease payables	(13)
Income tax payable	(1)
Total liabilities	(343)
Identifiable net assets disposed	690
Gain on disposal	210
Total consideration	900
Consideration net of cash disposed	428

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

29A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash and bank balances	**12,974**	3,769	**7,373**	682
Loans and receivables	**14,161**	17,027	**4,954**	4,407
Available-for-sale financial assets	**1,530**	4,060	**1,530**	4,060
At end of the year	**28,665**	24,856	**13,857**	9,149
Financial liabilities				
Trade and other payables measured at amortised cost	**3,862**	2,979	**2,492**	5,277
Other financial liabilities measured at amortised cost	**11,711**	16,214	**799**	241
At end of the year	**15,573**	19,193	**3,291**	5,518

Further quantitative disclosures are included throughout these financial statements.

29B. Financial risk management

The main purpose of holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29C. Fair value of financial instruments

Fair value measurements recognised in the statements of financial position:

The fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels are: Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Balances recognised at fair value in the statements of financial position includes quoted bonds of corporations of $1,530,000 (2012: $4,060,000) for the group and company. They were measured at level 1 of the fair value hierarchy.

29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed of the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to non-related trade receivable customers of the group and company is about 30 to 60 days (2012: 30 to 60 days). But some customers take a longer period to settle the amounts.

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29D. Credit risk on financial assets (cont'd)

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of the reporting year but not impaired:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade receivables:				
Less than 60 days	**203**	357	**–**	–
61 – 90 days	**55**	134	**–**	–
91 – 180 days	**78**	84	**–**	–
Over 180 days	**17**	15	**–**	–
At end of the year	**353**	590	**–**	–

(b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired and are unsecured:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade receivables:				
Less than 60 days	**–**	–	**–**	–
61 – 90 days	**–**	–	**–**	–
Over 180 days	**60**	62	**–**	–
At end of the year	**60**	62	**–**	–

Concentration of trade receivable customers as at the end of the reporting year:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Top 1 customer	**723**	1,347	**723**	263
Top 2 customers	**1,123**	1,559	**723**	263
Top 3 customers	**1,261**	1,688	**723**	263

Cash and cash equivalents as disclosed in Note 22 represent amount with less than 90 days maturity.

Other receivables are normally with no fixed terms and therefore there is no maturity.

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29E. Liquidity risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group Non-derivative financial liabilities:	Less than 1 year $'000	2 – 5 years $'000	Total $'000
2013			
Gross borrowing commitments	**2,105**	**–**	**2,105**
Gross finance lease obligations	**9,990**	**246**	**10,236**
Trade and other payables	**3,862**	**–**	**3,862**
At end of the year	**15,957**	**246**	**16,203**
2012			
Gross borrowing commitments	6,794	64	6,858
Gross finance lease obligations	9,753	457	10,210
Trade and other payables	2,979	–	2,979
At end of the year	19,526	521	20,047

Company Non-derivative financial liabilities:	Less than 1 year $'000	2 – 5 years $'000	Total $'000
2013			
Gross borrowing commitments	**663**	**–**	**663**
Gross finance lease obligations	**71**	**76**	**147**
Trade and other payables	**2,492**	**–**	**2,492**
Financial guarantee contracts	**12,344**	**–**	**12,344**
At end of the year	**15,570**	**76**	**15,646**
2012			
Gross borrowing commitments	241	–	241
Trade and other payables	5,277	–	5,277
Financial guarantee contracts	8,894	–	8,894
At end of the year	14,412	–	14,412

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29E. Liquidity risk (cont'd)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2012: 60 days). The other payables are with short-term durations. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year no claims on the financial guarantees are expected. The following table shows the maturity analysis of the contingent liabilities:

	Less than 1 year	
	2013	2012
Company	**$'000**	$'000
Financial guarantee contracts – in favour of certain subsidiaries (Note 32)	**12,344**	8,894

The undiscounted amounts on the bank borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

29F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial assets				
Fixed rate	**8,360**	5,804	**7,383**	4,060
Floating rate	**10,077**	8,979	**–**	–
At end of the year	**18,437**	14,783	**7,383**	4,060
Financial liabilities				
Fixed rate	**9,705**	9,816	**139**	–
Floating rate	**2,006**	6,398	**660**	241
At end of the year	**11,711**	16,214	**799**	241

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29F. Interest rate risk (cont'd)

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial assets				
A hypothetical variation in interest rates by 10 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by	**10**	9	**–**	–
Financial liabilities				
A hypothetical variation in interest rates by 10 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by	**2**	6	**1**	–

29G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

Group	Thai Baht $'000	United States Dollars $'000	Euro $'000	Total $'000
2013:				
Financial assets				
Cash and bank balances	**–**	**965**	**141**	**1,106**
Loans and receivables	**524**	**1,124**	**169**	**1,817**
Total financial assets	**524**	**2,089**	**310**	**2,923**
Financial liabilities				
Other financial liabilities	**–**	**(660)**	**–**	**(660)**
Trade and other payables	**–**	**(130)**	**(2)**	**(132)**
Total financial liabilities	**–**	**(790)**	**(2)**	**(792)**
Net financial assets at end of the year	**524**	**1,299**	**308**	**2,131**

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29G. Foreign currency risks (cont'd)

Group	Thai Baht $'000	United States Dollars $'000	Euro $'000	Total $'000
2012:				
Financial assets				
Cash and bank balances	–	371	333	704
Loans and receivables	–	1,719	271	1,990
Total financial assets	–	2,090	604	2,694
Financial liabilities				
Other financial liabilities	–	(241)	–	(241)
Trade and other payables	–	(122)	(23)	(145)
Total financial liabilities	–	(363)	(23)	(386)
Net financial assets at end of the year	–	1,727	581	2,308

Company	United States Dollars $'000	Euro $'000	Total $'000
2013:			
Financial assets			
Cash and bank balances	**240**	**–**	**240**
Receivables	**723**	**–**	**723**
Total financial assets	**963**	**–**	**963**
Financial liabilities			
Other financial liabilities	**(660)**	**–**	**(660)**
Trade and other payables	**–**	**–**	**–**
Total financial liabilities	**(660)**	**–**	**(660)**
Net financial assets at end of the year	**303**	**–**	**303**
2012:			
Financial assets			
Cash and bank balances	100	5	105
Receivables	263	–	263
Total financial assets	363	5	368
Financial liabilities			
Other financial liabilities	(241)	–	(241)
Trade and other payables	(2)	(471)	(473)
Total financial liabilities	(243)	(471)	(714)
Net financial assets / (liabilities) at end of the year	120	(466)	(346)

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29G. Foreign currency risks (cont'd)

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on pre-tax profit and other comprehensive income is not significant.

30. UNRECOGNISED FINANCIAL INSTRUMENTS

Forward foreign currency contracts

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

Group 2013	Principal	Reference currency	Maturity	Fair value gain / (loss) $'000
Forward currency contract	**2,808**	**EUR**	**21 March 2013**	**–**[(a)]
Forward currency contract	**108,196**	**EUR**	**30 April 2013**	**(1)**
Forward currency contract	**39,376**	**EUR**	**8 May 2013**	**1**
	150,380			**–**[(a)]

Group 2012	Principal	Reference currency	Maturity	Fair value loss $'000
Forward currency contract	294,327	EUR	26 April 2012	(2)
Forward currency contract	100,972	EUR	10 May 2012	(2)
Forward currency contract	36,994	EUR	16 May 2012	(1)
Forward currency contract	45,162	EUR	29 May 2012	–[(a)]
Forward currency contract	23,923	EUR	31 May 2012	–[(a)]
	501,378			(5)
Forward currency contract	86,676	GBP	31 May 2012	–[(a)]
Forward currency contract	38,582	AUD	15 March 2012	–[(a)]
Forward currency contract	16,675	AUD	16 April 2012	–[(a)]
	55,257			–[(a)]

(a) Fair value gain / (loss) are less than $1,000.

The purpose of these contracts is to mitigate the exposure in anticipated receivables denominated in the above currencies.

The net unrecognised gains / (losses) at the end of the reporting year on forward foreign currency contracts entered into by a subsidiary amounted to $584 (2012: ($5,000)).

31. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Commitments to purchase tools and moulds	**–**	48	**–**	–
Capital commitment for purchase of investment properties	**–**	4,767	**–**	–
	–	4,815	**–**	–

32. CONTINGENT LIABILITIES

The company has issued corporate guarantees to banks in respect of bank facilities extended to certain subsidiaries amounting to $12,344,000 (2012: $8,894,000).

33. OPERATING LEASE INCOME COMMITMENTS

Operating lease income commitments represents rental from the leasing of motor vehicles to customers for terms ranging from 1 month to 5 years. It is not practical to estimate the operating lease income commitment as the majority of the commitments are short-term leases and the customers generally renew their leases on a short-term basis.

34. OPERATING LEASE PAYMENT COMMITMENTS

At the end of the reporting year the total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Not later than one year	**678**	578	**68**	64
Later than one year and not later than five years	**789**	1,130	**248**	255
Later than 5 years	**2,096**	2,157	**2,096**	2,157
Rental expense for the year	**678**	222	**64**	64

34. OPERATING LEASE PAYMENT COMMITMENTS (CONT'D)

Operating lease payments mainly represent rentals payable by the group for its leasehold premises, office and production facilities and license fees for its showroom located at the following locations:

(a) 47 Loyang Drive, Singapore 508955;

(b) G802 and G812 Amata Nakorn Industrial Estate, Thailand; and

(c) Lot B69, B73, B75 and AB05 Turf City, 210 Turf Club Road, Singapore 287995.

The lease (a) from Jurong Town Corporation is for 30 years from 1 June 1993 with an entitlement of a further term of 29 years from 1 June 2023. The lease term will be negotiated on 1 June 2024 to a rate based on the market rent on the date of negotiation. Rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

The lease (b) for office and production facilities in Thailand is for 3 years from 1 October 2011 to 30 September 2014. Rentals are not subject to an escalation clause.

The lease (c) for office facilities in Singapore is for 3 years from 1 March 2012 to 28 February 2015. Rentals are not subject to an escalation clause.

35. EVENTS SUBSEQUENT TO THE END OF THE REPORTING YEAR

Subsequent to the end of the reporting year, the company entered into agreements with financial institutions to provide corporate guarantees to a subsidiary amounting to $3,650,000.

36. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 12	Deferred Tax (Amendments to) – Recovery of Underlying Assets
FRS 107	Financial Instruments: Disclosures (Amendments to) – Transfers of Financial Assets(*)

(*) Not relevant to the entity.

37. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)	1 January 2013
FRS 16	Amendment to FRS 16 Property, Plant and Equipment (Annual Improvements)	1 January 2013
FRS 19	Employee Benefits (Revised)	1 January 2013
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 July 2012
FRS 27	Separate Financial Statements (Revised)	1 January 2014
FRS 28	Investments in Associates and Joint Ventures (Revised)	1 January 2014
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)	1 January 2013
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities(*)	1 January 2013
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements(*)	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 January 2014
FRS 113	Fair Value Measurements	1 January 2013
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine(*)	1 January 2013

(*) Not relevant to the entity.

38. RECLASSIFICATIONS AND COMPARATIVE FIGURES

The gain on disposal of plant and equipment of $395,000, which relates to the re-sale of motor vehicles in Index Credit Pte Ltd and its subsidiaries recorded in the reporting year 29 February 2012 has been reclassified in profit or loss from other credits to revenue and cost of sales. Consequential changes were made to the consolidated statement of cash flows. The comparative figures have been restated as follows:

	After reclassification $'000	Before reclassification $'000	Difference $'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Revenue	30,139	29,475	664
Cost of sales	(23,010)	(22,741)	(269)
Other credits	2,404	2,799	(395)
Consolidated Statement of Cash Flows			
Gain on disposal of property, plant and equipment	(2,076)	(2,471)	395
Disposal of plant and equipment	69	733	(664)
Inventories	(25)	(294)	269

Shareholdings Statistics

as at 16 May 2013

Class of securities	Number of equity securities	Voting Rights
Ordinary Shares	251,043,579	On a show of hands: One Vote for each member On a poll: One vote for each ordinary share
Treasury Shares	Nil	Nil

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1	0.16	110	0.00
1,000 – 10,000	249	40.49	1,324,000	0.53
10,001 – 1,000,000	347	56.42	44,774,400	17.83
1,000,001 and above	18	2.93	204,945,069	81.64
	615	100.00	251,043,579	100.00

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	HSBC (Singapore) Nominees Pte Ltd	112,030,561	44.63
2	Aapico Investment Pte. Ltd.	37,522,427	14.95
3	Phillip Securities Pte Ltd	15,396,000	6.13
4	Bank of East Asia Nominees Pte Ltd	9,233,000	3.68
5	Maybank Nominees (S) Pte Ltd	7,081,000	2.82
6	Merrill Lynch (S) Pte Ltd	4,800,000	1.91
7	Lim & Tan Securities Pte Ltd	2,560,000	1.02
8	Steven Widjaja	2,002,000	0.80
9	Maybank Kim Eng Securities Pte Ltd	1,921,000	0.77
10	Ang De Yu	1,892,081	0.75
11	Wong Kin Tang	1,888,000	0.75
12	United Overseas Bank Nominees Pte Ltd	1,625,000	0.65
13	Quek Poh Chuan	1,500,000	0.60
14	Lee Wan Ling (Li Wanling)	1,200,000	0.48
15	Manimaran S/O Kamachi	1,130,000	0.45
16	Koh Lee Phio	1,096,000	0.44
17	OCBC Securities Private Ltd	1,051,000	0.42
18	Chew Kheng Siang	1,017,000	0.41
19	DBS Nominees Pte Ltd	986,000	0.39
20	Amfraser Securities Pte. Ltd.	962,000	0.38
		206,893,069	82.43

Shareholdings Statistics
as at 16 May 2013

Shareholding Held in Hands of Public

Based on information available to the Company as at 16 May 2013, 40.59% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS

	No. of Shares		
	Direct Interests	Deemed Interests	%
Cheng Kwee Kiang	111,230,561	–	44.307
Aapico Investment Pte Ltd	37,522,427	–	14.947

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Jackspeed Corporation Limited (the "**Company**") will be held at 47 Loyang Drive, Singapore 508955 on Wednesday, 26 June 2013 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the year ended 28 February 2013 together with the Auditors' Report thereon.
   (Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Article 107 of the Articles of Association of the Company:

   (i) Mr Yap Kian Peng **(Resolution 2)**

   (ii) Mr Lo Yew Seng **(Resolution 3)**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$134,000 for the year ended 28 February 2013. (2012: S$99,000).
   (Resolution 4)

4. To re-appoint RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
   (Resolution 5)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Cap. 50 ("**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **(Resolution 6)**

By Order of the Board

Chua Sze Chyi/Chew Kok Liang
Joint Company Secretaries
Singapore, 10 June 2013

Explanatory Notes:

(i) Mr Yap Kian Peng will, upon re-election as Director of the Company, remain as Executive Chairman and a member of the Nominating Committee.

Mr Lo Yew Seng will, upon re-election as a Director of the Company, remain as a Chairman of the Remuneration Committee and a member of the Audit Committee and will be considered independent.

(ii) Resolution 6, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 47 Loyang Drive, Singapore 508955 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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JACKSPEED CORPORATION LIMITED
Company Registration No. 199300300W
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy **Jackspeed Corporation Limited**'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of Jackspeed Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 47 Loyang Drive, Singapore 508955 on Wednesday, 26 June 2013 at 10.00 a.m and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 28 February 2013		
2.	Re-election of Mr Yap Kian Peng as Director		
3.	Re-election of Mr Lo Yew Seng as Director		
4.	Approval of Directors' fees amounting to $134,000 for the year ended 28 February 2013.		
5.	Re-appointment of RSM Chio Lim LLP as Auditors		
6.	Authority to issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual		

Dated this ________ day of ________________ 2013

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named proxy or at the Company's option to treat the instrument of proxy is valid.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 47 Loyang Drive, Singapore 508955 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

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