



ANNUAL REPORT 2014



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

1	Corporate Profile
2	Letter to Shareholders
3	Operations Review
5	Financial Highlights
6	Board of Directors
8	Key Management
9	Corporate Information



CORPORATE PROFILE

Established in 1993, Jackspeed Corporation Limited ("Jackspeed" or together with its subsidiaries, 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 Malaysia and Thailand.

Capitalising on our technical competency, fine craftsmanship and keen attention to detail, Jackspeed has successfully penetrated the niche market for 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 non-factory 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 the financial year ended 29 February 2012 ("FY2012"), Jackspeed expanded its footprint downstream, engaging in the business of selling, leasing and renting of commercial and private motor vehicles.

In the financial year ended 28 February 2013 ("FY2013"), Jackspeed acquired 100% equity interest in Ultimate Vehicle Pty Ltd and incorporated a joint venture, Jackspeed Euris Japan Pte Ltd, in a move to expand the leather business in the Australia and Japan markets.

LETTER TO SHAREHOLDERS



DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we present to you the Annual Report for Jackspeed Corporation Limited ("Jackspeed" or together with its subsidiaries, the "Group") for the financial year ended 28 February 2014 ("FY2014").

DEVELOPMENTS

As a result of the Group's continuous business rationalisation exercise, the Group acquired 100% equity interest in Dynasty Culture Sdn Bhd and divested Jackspeed Aviation Pte Ltd, a wholly-owned subsidiary, during the financial year.

FINANCIAL PERFORMANCE

Despite the implementation of motor vehicle loan curbs, rising material and labour costs, the Group has delivered consistent results performance in FY2014. In particular, there is an improvement in the Group's operating profit.

FINANCIAL POSITION

The Group has continued to maintain its healthy financial position with cash and cash equivalents of \$9.1 million in FY2014.

We will continue to exercise financial prudence in all aspects of our operations and seek viable growth opportunities.

LOOKING AHEAD

With the aim to achieve long term growth in business and to maximise shareholders' value, the Group will continue its efforts in developing existing markets, managing costs and exploring business opportunities.

APPRECIATION

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

Sincerely,

CHIN YEW CHOONG DAVID

Independent Non-Executive Chairman

CHUA SZE CHYI

Executive Director and Group Financial Controller

OPERATIONS REVIEW



Financial Performance

For the year ended 28 February 2014, the Group recorded a net profit of \$0.5 million as compared to \$0.6 million in FY2013. The Group has recorded lower revenue by \$4.5 million or 12% from \$38.5 million in FY2013 to \$34.0 million in FY2014.

In FY2014, the Group acquired 100% equity in Dynasty Culture Sdn Bhd and divested Jackspeed Aviation Pte Ltd ("JA"), a wholly-owned subsidiary. The disposal resulted in a gain of \$0.2 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 40%, 16% and 44% of the Group's revenue respectively as compared to 39%, 14% and 47% 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 lower revenue by \$1.5 million or 10% from \$15.1 million in FY2013 to \$13.6 million in FY2014. This is mainly due to the disposal of JA in the third quarter of FY2014 and the decrease in revenue from trading of automotive spare parts, offset by the revenue contributed by Ultimate Vehicle Pty Ltd, a wholly-owned subsidiary acquired in the third quarter of FY2013.

Operating loss from the Leather segment increased by \$0.1 million from \$0.5 million in FY2013 to \$0.6 million in FY2014. This is mainly due to higher losses recorded by JA during the year.

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

Accessories Segment

Revenue for the Accessories segment remained consistent at \$5.6 million in FY2014 as compared to \$5.4 million in FY2013.

The Accessories segment recorded a higher operating profit by \$0.3 million from \$0.4 million in FY2013 to \$0.7 million in FY2014. This is mainly due to more effective management of existing projects which yielded higher gross profit margin.

OPERATIONS REVIEW



Automotive Segment

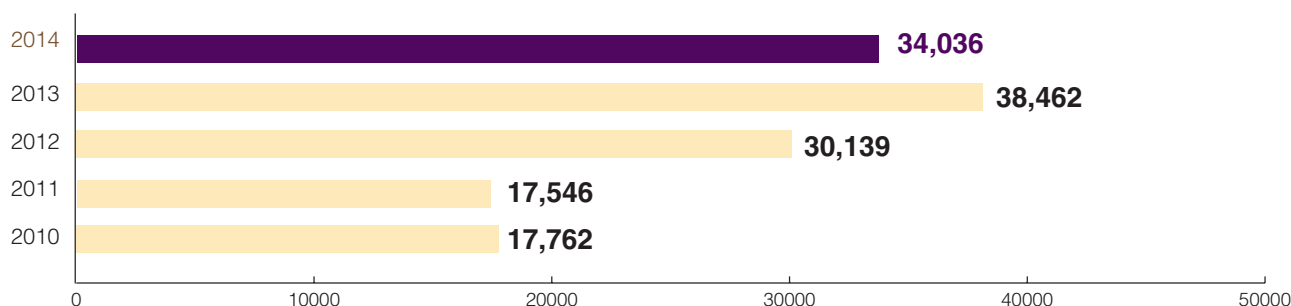
The Automotive segment has recorded lower revenue by \$3.2 million or 18% from \$18.1 million in FY2013 to \$14.9 million in FY2014. This is mainly due to the impact of the vehicle loan curbs on the business.

Operating profit from the Automotive segment remained consistent at \$0.7 million in FY2014 as compared to FY2013.

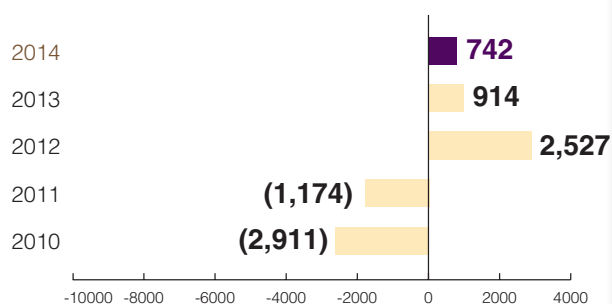
FINANCIAL HIGHLIGHTS

	2010 (S\$'000)	2011 (S\$'000)	2012 (S\$'000)	2013 (S\$'000)	2014 (S\$'000)
Revenue	17,762	17,546	30,139	38,462	34,036
(Loss)/profit before tax	(2,911)	(1,174)	2,527	914	742
(Loss)/earnings attributable to equity holders of the company	(3,015)	(1,315)	1,974	585	540
(Loss)/earnings per share (cents)	(1.44)	(0.63)	0.94	0.24	0.22

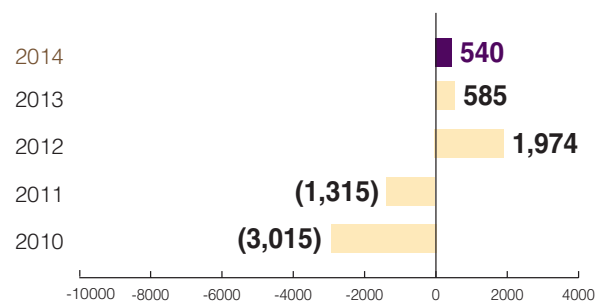
REVENUE (S\$'000)



PROFIT / (LOSS) BEFORE TAX (S\$'000)



EARNINGS / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (S\$'000)



BOARD OF DIRECTORS



MR CHIN YEW CHOONG DAVID

Mr Chin was appointed as the Independent Non-Executive Chairman for the Group on 24 January 2014. He has served as an Independent Director for the Group since 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 corporatised 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 another Singapore listed company, M Development Ltd.



MR YAP KIAN PENG

Mr Yap was appointed as the Executive Deputy Chairman on 24 January 2014 and Chief Executive Officer for the Group on 2 December 2011. He has served as Executive Chairman for the Group between 16 December 2010 to 24 January 2014. 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.

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 Catalyst.



MR TEO TENG SENG

Mr Teo was appointed as the 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.



MR LO YEW SENG

Mr Lo was appointed as the 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 and Nominating Committee.

Mr Lo is the founder and director of Capella Capital Pte Ltd and Capella Management Pte Ltd, providing venture fund and financial advisory services 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.

Prior to founding the Capella group, Mr Lo was employed by a Swedish listed multinational 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.



MS CHUA SZE CHYI

Ms Chua was appointed as the Executive Director of the Company 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 Company 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. She is a member of the Institute of Singapore Chartered Accountants.

KEY MANAGEMENT

MR CHIEN MING-CHEN was appointed as the General Manager of Jackspeed Leather Special Manufacturer (M) Sdn Bhd ("JM") in February 2014. He is also the General Manager of Dynasty Culture Sdn Bhd ("Dynasty"), a wholly-owned subsidiary acquired on 23 January 2014. Mr Chien first joined the Group from 1997 to 2005, holding the positions of General Manager of JM and subsequently Chief Operating Officer of the Group. Between 2005 to 2014, Mr Chien started Dynasty, a company which is in the business of manufacturing leather interiors for mainly automotive industry. He obtained a degree in Bachelor of Science in Electrical Engineering from Chung-Yuan Christian University, Taiwan.

MR 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 overseeing the sales and marketing activities of the Leather Division of the Group. 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.

MR TAN SENG SIAR was appointed as the General Manager of Jackspeed Singapore Pte Ltd in December 2013. Mr Tan joined the Group as Operations Manager of Jackspeed Corporation Limited in August 2011. Prior to joining the Group, Mr Tan 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 Chin Yew Choong David
Independent Non-Executive Chairman

Mr Yap Kian Peng
*Executive Deputy Chairman and
Chief Executive Officer*

Mr Teo Teng Seng
Independent Director

Mr Lo Yew Seng
Independent Director

Ms Chua Sze Chyi
Executive Director

COMPANY SECRETARIES

Mr Chew Kok Liang

Ms Chua Sze Chyi

AUDIT COMMITTEE

Mr Teo Teng Seng
Chairman

Mr Chin Yew Choong David

Mr Lo Yew Seng

REMUNERATION COMMITTEE

Mr Lo Yew Seng
Chairman

Mr Chin Yew Choong David

Mr Teo Teng Seng

NOMINATING COMMITTEE

Mr Chin Yew Choong David
Chairman

Mr Teo Teng Seng

Mr Lo Yew Seng

REGISTERED OFFICE

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Singapore 508955
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Fax: (65) 6789 0020
Website: www.jackspeed.com
Email: investor@jackspeed.com

SHARE REGISTRAR

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

INDEPENDENT AUDITOR

RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

AUDIT PARTNER-IN-CHARGE

Mr Chow Khen Seng
Effective from financial year ended
28 February 2013
Number of years in-charge: 2 years

PRINCIPAL BANKERS

Credit Suisse AG
DBS Bank Limited
Hong Leong Bank Berhad
Malayan Banking Berhad
Oversea-Chinese Banking
Corporation Limited
UBS AG
United Overseas Bank Limited

REGISTRATION NUMBER

199300300W



FINANCIAL CONTENTS

12	Corporate Governance Report
30	Directors' Report
33	Statement by Directors
34	Independent Auditors' Report
36	Consolidated Statement of Profit or Loss and Other Comprehensive Income
37	Statements of Financial Position
38	Statements of Changes in Equity
40	Consolidated Statement of Cash Flows
42	Notes to the Financial Statements
109	Shareholdings Statistics
111	Notice of Annual General Meeting Proxy Form

CORPORATE GOVERNANCE REPORT

Jackspeed Corporation Limited (the “Company” and together with its subsidiaries, the “Group”) places great importance on high standard of corporate conduct to uphold good corporate governance practices.

This commitment and continuous support of the Code of Corporate Governance, which was revised in May 2012 (the “Code”), can be seen from the efforts of the Board and Management to promote and maintain values that emphasise transparency, accountability, integrity and proper conduct at all times, in the business operations and dealings of the Group so as to create value for its stakeholders and safeguard the Group’s assets.

The Statement describes the practices the Company has undertaken with respect to each of the principles and guidelines; and the extent of its compliance with 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 long-term success of the company. The Board works with Management to achieve this objective 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 are 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 to the Board, Board committee members and key personnel;
- (d) Approving annual budgets, funding requirements, expansion programmes, capital investments, major acquisitions and divestments proposals;
- (e) Setting the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) Considering sustainability issues as part of the Group’s strategic formulation.

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 and function within clearly defined terms of reference. Such terms of reference will be reviewed by the Board and Board Committee on a regular basis to

CORPORATE GOVERNANCE REPORT

enhance the effectiveness of these Board Committees. The roles and responsibilities of these Board Committees are provided for in the latter sections of this Corporate Governance Report.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

The schedule of all Board and Board Committee meetings for a calendar year is usually given to all Directors well in advance. Besides the scheduled half yearly meetings, the Board members meet on ad-hoc basis as warranted by particular circumstances. Board meetings will be convened when they are deemed necessary to review the Group's business operations, conduct strategic review of the business affairs and address other specific significant matters that arise. The Company's Articles of Association provide for the Board to convene meetings via telephonic and other electronic means. The Board also approves transactions through circular resolutions, which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for meetings is prepared in consultation with the Non-Executive Chairman and the Executive Directors. The Agenda and submissions are circulated in advance of the scheduled meetings.

During the financial year, the Board members had met two times. The number of Board Meetings held and the attendance of each Board member at the meetings for the financial year ended 28 February 2014 ("FY2014") are as follows:

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

¹ Mr Chin Yew Choong David was appointed as Non-Executive Chairman with effect from 24 January 2014.

² Mr Yap Kian Peng was re-designated as Executive Deputy Chairman with effect from 24 January 2014.

The Company has adopted internal guidelines setting forth matters that require the 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 operations or business issues from the Management. The Non-Executive Chairman or Executive Deputy Chairman and CEO or the Company Secretary will make the necessary arrangements for briefings, informal discussions or explanations, as and when required.

CORPORATE GOVERNANCE REPORT

New directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulations 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 may fund the appropriate training and development programmes for the Directors. The Company works closely with professionals to provide its Directors with 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 and 10% shareholders. 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 or its 10% shareholders 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 the 'Confirmation of Independence' forms completed by each independent director and is satisfied that more than half of the Board comprises independent directors. The Board has adopted the Code's criteria on an independent director. The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence.

Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decision, without any individual or small group of individuals influencing or dominating the decision making process.

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 an appropriate balance of core competencies and diversity of skills, experience, gender and knowledge to lead the Company. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

Although all the directors bear an equal responsibility for the Group's operations, the independent directors play an important role in ensuring that the strategies proposed by the Management are constructively challenged and developed by taking into account the long-term interests of the shareholders. The independent directors are encouraged to meet, without the presence of Management in order to facilitate a more effective check on Management.

CORPORATE GOVERNANCE REPORT

During FY2014, the composition of Board is as follows:

Directors	Position
Chin Yew Choong David	Non-Executive Chairman and Independent Director ¹
Yap Kian Peng	Executive Deputy Chairman and CEO ²
Teo Teng Seng	Non-Executive Independent Director
Lo Yew Seng	Non-Executive Independent Director
Chua Sze Chyi	Executive Director

¹ Mr Chin Yew Choong David was appointed as Non-Executive Chairman with effect from 24 January 2014.

² Mr Yap Kian Peng was re-designated as Executive Deputy Chairman with effect from 24 January 2014.

Principle 3 – Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

In the year under review, Mr Yap Kian Peng was re-designated as Executive Deputy Chairman and Mr Chin Yew Choong David was appointed as Non-Executive Chairman, with effect from 24 January 2014.

Mr Yap Kian Peng is both the Executive Deputy Chairman and CEO of the Company. As the CEO, he is involved in the day-to-day running of the Group, leads Management in setting marketing strategies and objectives and is responsible for the development and overall financial performance of the Group.

Mr Chin Yew Choong David is the Non-Executive Chairman of the Board and is considered independent. As the Non-Executive Chairman, he exercises control over the quality, quantity and timeliness of information flow between the Management and the Board. He ensures that the Board receives accurate, timely and clear information; and that effective communication is maintained with shareholders. He facilitates constructive discussions between the Board and Management and encourages their effective contributions.

In addition, the Non-Executive Chairman 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 Non-Executive Chairman 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. He also takes a leading role in promoting high standards of corporate governance.

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. The Executive Directors' 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.

CORPORATE GOVERNANCE REPORT

Principle 4 – Board Membership

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

The Board has delegated to the Nominating Committee (“NC”) the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of directors, making recommendations for directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independence of each director.

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

As at the date of this report, the members of the NC are:

- (1) Chin Yew Choong David (Chairman)
- (2) Teo Teng Seng
- (3) Yap Kian Peng¹
- (4) Lo Yew Seng²

¹ Mr Yap Kian Peng relinquished his position as a member of the NC with effect from 29 April 2014.

² Mr Lo Yew Seng was appointed as the member of the NC with effect from 29 April 2014.

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 FY2014 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
Lo Yew Seng ¹	1	1

¹ Mr Lo Yew Seng was appointed as the member of the NC with effect from 29 April 2014.

The NC is regulated by its terms of reference and its key functions 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 Chairman and the CEO;
- (c) Assessing the effectiveness of the Board and its committees;

CORPORATE GOVERNANCE REPORT

- (d) Assessing the contribution, performance and effectiveness of each director, 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. The Board and the NC had developed a process of evaluation of performance of the Board and Board Committees through establishment of quantifiable performance criteria.

In accordance with Article 107 of the Company's Articles of Association, Mr Chin Yew Choong David and Ms Chua Sze Chyi, the directors retiring and being eligible, will be offering themselves for re-election at this AGM. Each member of the NC shall abstain from voting on any resolutions and making recommendation and/or participating in any deliberations of the NC in respect of his re-nomination as a director.

The dates of first appointment and last election of each Director, together with their directorships 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
Chin Yew Choong David ¹	Non-Executive Chairman and Independent Director	31 May 2011	25 June 2012	M Development Ltd.
Yap Kian Peng ²	Executive Deputy Chairman and CEO	16 December 2010	26 June 2013	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	26 June 2013	–
Chua Sze Chyi	Executive Director	26 April 2012	25 June 2012	–

¹ Mr Chin Yew Choong David was appointed as Non-Executive Chairman with effect from 24 January 2014.

² Mr Yap Kian Peng was re-designated as Executive Deputy Chairman with effect from 24 January 2014.

CORPORATE GOVERNANCE REPORT

Despite some of the directors having multiple Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company, after taking into consideration the number of listed company board representations and other principal commitments. Currently, the Board has not determined the maximum number of listed board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed board representations as and when it deems fit.

Principle 5 – Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees 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 and its board committees. The performance criterion includes 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 performance of the Board and its committees; and has adopted a formal evaluation process to assess the effectiveness of the Board and its committees. The NC has decided unanimously, that the Directors will not be evaluated individually but factors taken into consideration for 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, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is furnished with board papers and any other related materials, prior to any Board meeting. These papers are issued to enable the Directors to obtain additional information or explanations from the Management, if necessary. Management ensures that any additional information requested for is provided to the Directors in a timely manner.

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 meetings of the Board and the Board Committees and assist the Chairman of the Board and each Board Committee in ensuring that the relevant procedures are followed and reviewed such that the Board and the Board Committees function effectively.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. Where necessary, the Company will, upon the request of directors (whether as a group or individual), on a case-to-case basis, provide them with independent and professional advice, to enable them to discharge their duties. The costs of such professional advice may be borne by the Company.

CORPORATE GOVERNANCE REPORT

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 FY2014, the members of the RC are:

- (1) Lo Yew Seng (Chairman)
- (2) Chin Yew Choong David
- (3) Teo Teng Seng

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, functions and administration.

The number of RC Meetings held and the attendance of each member at the meetings during FY2014 are as follows:

Names of Members	Number of meetings held	Number of meetings attended
Lo Yew Seng	1	1
Chin Yew Choong David	1	1
Teo Teng Seng	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) Reviewing and 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 management personnel, and has determined specific remuneration packages for the Executive Directors as well as for the key management personnel. The recommendations of the RC are made in consultation with the Non-Executive Chairman and submitted for endorsement by the entire Board.

CORPORATE GOVERNANCE REPORT

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 and key management personnel 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 aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC reviews the remuneration packages for the Executive Directors and key management personnel. 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 management personnel 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 management personnel are based largely on the Company's performance and the responsibilities and performance of each individual key management personnel. The RC recommends the remuneration packages of key management personnel 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 management personnel, and performance.

The Company believes that the disclosure of the remuneration of the Directors and top five executives (executives who are not Directors) in bands of S\$250,000 provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters and is in the best interests of the Group given the competitive conditions in the industry.

CORPORATE GOVERNANCE REPORT

The remuneration of Directors for FY2014 is as follows:

Directors	Remuneration Band	Base Salary (%) ⁽¹⁾	Bonus (%)	Directors' Fee (%) ⁽²⁾	Allowance (%)	Total (%)
Yap Kian Peng	S\$250,000 to S\$500,000	96	–	4	–	100
Chin Yew Choong David	Below S\$250,000	–	–	100	–	100
Teo Teng Seng		–	–	100	–	100
Lo Yew Seng		–	–	100	–	100
Chua Sze Chyi		77	12	7	4	100

⁽¹⁾ Includes annual wage supplement and employer's Central Provident Fund contributions.

⁽²⁾ Directors' fees are subjected to Shareholders' approval at the AGM to be held on 24 June 2014.

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

Executives	Remuneration Band	Base Salary (%) ⁽¹⁾	Bonus (%)	Allowance (%)	Total (%)
Chien Ming-Chen	Below S\$250,000	100	–	–	100
Lai Mooi Heng		96	4	–	100
Lim Kian Kok		77	19	4	100
Phau Soek Ching		83	6	11	100
Tan Seng Siar		81	15	4	100

⁽¹⁾ Includes annual wage supplement and employer's Central Provident Fund contributions.

There is no employee of the Group who is an immediate family member of any Director or the CEO or a controlling shareholder and whose remuneration has exceeded S\$50,000 during the financial year ended 28 February 2014.

Jackspeed Share Award Scheme

The Company had adopted a performance share plan known as the "Jackspeed Share Award Scheme" (the "Scheme"), which was approved at an Extraordinary General Meeting of the Company's Shareholders held on 26 June 2013. The RC is responsible for the administration of the Scheme.

CORPORATE GOVERNANCE REPORT

The Scheme will provide an opportunity for Group employees, Directors of the Group and Non-Executive Directors to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Scheme is designed to complement the Company's efforts to reward, retain and motivate employees to achieve better performance. With the Scheme, the Company will have greater flexibility in tailoring reward and incentive packages suitable for Participants and align Participants' interests with those of Shareholders.

The focus of the Scheme is to inculcate in Participants a stronger and more lasting sense of identification with the Group, and further strengthen the Company's competitiveness in attracting and retaining talented employees, especially employees who have the requisite knowledge, technical skills and experience that the Company believes could contribute to the development and growth of the Group.

The Awards given to a particular Participant under the Scheme will be determined at the discretion of the RC who will take into account factors such as the Participant's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. The RC will also consider the compensation and/or benefits to be given to the Participant under the Scheme. The RC may also set specific criteria and performance targets for each of its business units, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the Participant's actual job scope and responsibilities; and (iii) the prevailing economic conditions.

The Scheme is a performance incentive scheme which will form an integral part of the Group's incentive compensation program. The Scheme shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date which the Scheme is adopted by the Company in general meeting, provided always that it may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company has not granted any Awards since the date of approval of the Scheme. Accordingly, the disclosure requirements under Rule 852(1)(b), (c) and (d) of the SGX-ST Listing Manual are not applicable.

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 on a timely basis. These are done through the SGXNET in the form of half-yearly announcements, or as and when necessary.

CORPORATE GOVERNANCE REPORT

Principle 11 – Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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, compliance, information technology risks and the risk management systems. 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 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 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 external auditors.

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.

For FY2014, the Board has received assurances from the CEO and the Group Financial Controller of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the effectiveness of the Company's risk management and internal control systems.

Based on the external auditors' report, the existing management controls put in place and reviews by the Management, the Board with the concurrence of the AC is of the opinion that the Group's internal controls and risk management procedures are adequate in addressing the financial, operational, information technology and compliance risks of the Group.

Principle 12 – 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 FY2014, the members of the AC are:

- (1) Teo Teng Seng (Chairman)
- (2) Chin Yew Choong David
- (3) Lo Yew Seng

CORPORATE GOVERNANCE REPORT

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 the Code. The terms of reference is used as a reference to assist the AC in discharging its responsibilities and duties, which include:

- (a) Reviewing the audit plan, system of internal controls and the audit report in consultation 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 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 Company has paid the following aggregate amount of fees to external auditors, for services rendered for FY2014:

	Group	
	2014 S\$'000	2013 S\$'000
Fees to external auditors		
Audit services (RSM Chio Lim LLP)	116	134
Audit services (other external auditors)	28	23
Non-audit service	16	14
Total	160	171

CORPORATE GOVERNANCE REPORT

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 FY2014, 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
Chin Yew Choong David	2	2
Lo Yew Seng	2	2

Principle 13 – Internal Audit

The company should establish an internal audit function that is adequately resourced and 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 for the financial year ended 28 February 2013. 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.

In view of the small size of the Group's business and operations, the AC was of the view that the appointment of professional internal auditors to conduct the internal audit review in FY2014 would involve expenses unduly out of proportion to its value. Notwithstanding the aforementioned, the AC will review the need to engage external professional internal auditors as and when it deems necessary. The AC will engage external professional internal auditors, set their internal audit scope, approve their internal audit plans, review their internal audit reports and assess the effectiveness of the internal auditors, such as its scope of work and the quality of its audit reports, if deemed necessary.

For FY2014, the AC has reviewed the internal controls based on the report from the CEO and Group Financial Controller, and assurance from the CEO and Group Financial Controller of the Company. In addition, both the AC and external auditors met to discuss for the matters pertaining to the Company's statutory audits. The external auditors were also invited to attend all AC meetings of the Company held for FY2014.

CORPORATE GOVERNANCE REPORT

Principle 14 – Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, the Board ensures that all shareholders are equally and on a timely basis, be informed of any developments that would be likely to materially impact the Group. All material and price-sensitive information is released through the SGXNET.

All shareholders will receive the Annual Report together with the notice of AGM by post, which will also be published in the newspaper and via the SGXNET within the mandatory period. Accompanying the notice of AGM will be a copy of the proxy form, which will allow shareholders to appoint a maximum of 2 proxies to attend, vote and question the Board and Management, for and on behalf of the shareholders who are not able to attend the general meeting personally. This encourages and provides shareholders with an opportunity to participate effectively and vote at the general meeting.

Principle 15 – 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.

The Company does not have a policy on payment of dividends. The issue of payment of dividend is deliberated by the Board annually having regard to various factors.

Principle 16 – 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. Voting procedures and rules that govern general meetings of shareholders are clearly disclosed to the shareholders during the AGM. In addition,

CORPORATE GOVERNANCE REPORT

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. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

DEALINGS IN SECURITIES

The Company has adopted its own Code of Best Practices on dealing in the securities of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST. In compliance with the SGX-ST Listing Manual, the Company, all Directors, officers and employees are prohibited from dealing in the Company's securities 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 considerations.

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 2014.

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

PROCEEDS FROM PLACEMENT

The net proceeds amounting to S\$3,205,000 raised from the placement of 41,800,000 new shares at S\$0.0795 each in the capital of the Company on 26 March 2012 were utilised as follows:

Intended Use	Net Proceeds Allocated S\$'000	Net Proceeds Used to Date S\$'000	Balance as at Date of Report S\$'000	Description
Working capital	3,205	1,114	2,091	General and administrative costs

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 Original Equipment Manufacturer 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 recognises the importance of human capital within the organisation. 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: 2009 standards and has put in place certain production process that will minimise 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: 2004 certification, we also have the OHSAS 18001: 2007 management system in place since 2003.

CORPORATE GOVERNANCE REPORT

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 2014.

1. Directors at Date of Report

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

Chin Yew Choong David
Yap Kian Peng
Teo Teng Seng
Lo Yew Seng
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.

DIRECTORS' REPORT

6. Audit Committee

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

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

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 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. Directors' Opinion on the Adequacy of Internal Controls

Based on the internal controls established and maintained by the company, work performed by the external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year.

8. Independent Auditors

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

DIRECTORS' REPORT

9. Subsequent Developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 29 April 2014, 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

26 May 2014

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 2014 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

26 May 2014

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 2014, 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 2014 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
Chartered Accountants
Singapore

26 May 2014

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 2014

		Group	
	Notes	2014 \$'000	2013 \$'000
Revenue	5	34,036	38,462
Cost of Sales		(24,299)	(29,586)
Gross Profit		9,737	8,876
Other Items of Income			
Interest Income		339	196
Other Credits	6	327	884
Other Items of Expenses			
Marketing and Distribution Costs	8	(986)	(1,105)
Administrative Expenses	8	(7,567)	(7,186)
Finance Costs – Interest Expense		(406)	(557)
Other Charges	6	(650)	(26)
Share of Loss from Equity-Accounted Associate	15	(52)	(174)
Share of Profit from Equity-Accounted Joint Venture	16	–	6
Profit Before Tax		742	914
Income Tax Expense	9	(72)	(105)
Profit, Net of Tax		670	809
Other Comprehensive Loss:			
Items that may be reclassified subsequently to Profit or Loss:			
Available-For-Sale Financial Assets, Net of Tax	18	2	76
Exchange Differences on Translating Foreign Operations, Net of Tax	24	(447)	(259)
Other Comprehensive Loss for the Year, Net of Tax		(445)	(183)
Total Comprehensive Income		225	626
Profit Attributable to Owners of the Parent, Net of Tax		540	585
Profit Attributable to Non-Controlling Interests, Net of Tax		130	224
Profit, Net of Tax		670	809
Total Comprehensive Income Attributable to Owners of the Parent		95	402
Total Comprehensive Income Attributable to Non-Controlling Interests		130	224
Total Comprehensive Income		225	626
		Cents	Cents
Earnings Per Share			
Basic and Diluted	10	0.22	0.24

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

STATEMENTS OF FINANCIAL POSITION

As at 28 February 2014

		Group		Company	
		2014	2013	2014	2013
	Notes	\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-Current Assets					
Investment Properties	11	1,022	1,087	–	–
Property, Plant and Equipment	12	7,688	7,135	2,201	2,256
Intangible Assets	13	1,481	1,798	–	–
Investments in Subsidiaries	14	–	–	10,229	10,762
Investments in Associates	15	1	70	–	–
Investment in Joint Venture	16	6	6	–	–
Finance Lease Receivables	17	5,252	5,813	–	–
Available-For-Sale Financial Assets	18	257	1,530	257	1,530
Deferred Tax Assets	9D	29	29	20	20
Total Non-Current Assets		15,736	17,468	12,707	14,568
Current Assets					
Inventories	19	5,577	7,372	–	–
Trade and Other Receivables	20	7,846	4,084	9,883	4,954
Finance Lease Receivables	17	4,520	4,264	–	–
Available-For-Sale Financial Assets	18	1,267	–	1,267	–
Other Assets	21	1,268	1,046	41	38
Cash and Cash Equivalents	22	9,145	12,974	4,542	7,373
Total Current Assets		29,623	29,740	15,733	12,365
Total Assets		45,359	47,208	28,440	26,933
EQUITY AND LIABILITIES					
Equity, Attributable to Owners of the Parent					
Share Capital	23	31,208	31,208	31,208	31,208
Accumulated Losses		(1,800)	(2,340)	(6,356)	(7,583)
Other Reserves	24	(1,006)	(561)	19	17
Equity, Attributable to Owners of the Parent		28,402	28,307	24,871	23,642
Non-Controlling Interests		2,840	2,910	–	–
Total Equity		31,242	31,217	24,871	23,642
Non-Current Liabilities					
Deferred Tax Liabilities	9D	316	377	–	–
Other Financial Liabilities	26	100	221	6	72
Total Non-Current Liabilities		416	598	6	72
Current Liabilities					
Income Tax Payable		210	41	–	–
Trade and Other Payables	25	3,142	3,862	2,925	2,492
Other Financial Liabilities	26	10,349	11,490	638	727
Total Current Liabilities		13,701	15,393	3,563	3,219
Total Liabilities		14,117	15,991	3,569	3,291
Total Equity and Liabilities		45,359	47,208	28,440	26,933

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 28 February 2014

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 2013	31,217	28,307	31,208	(2,340)	(561)	2,910
Movements in Equity:						
Dividends Paid to Non-Controlling Interests	(200)	–	–	–	–	(200)
Total Comprehensive Income/(Loss) for the Year	225	95	–	540	(445)	130
Closing Balance at 28 February 2014	31,242	28,402	31,208	(1,800)	(1,006)	2,840
Previous 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 27C)	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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 28 February 2014

Company	Total Equity \$'000	Share Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000
Current Year:				
Opening Balance at 1 March 2013	23,642	31,208	(7,583)	17
Movements in Equity:				
Total Comprehensive Income for the Year	1,229	–	1,227	2
Closing Balance at 28 February 2014	24,871	31,208	(6,356)	19
Previous 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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 28 February 2014

	Group	
	2014	2013
	\$'000	\$'000
Cash Flows From Operating Activities		
Profit Before Tax	742	914
Adjustments for:		
Interest Income	(339)	(196)
Interest Expense	406	557
Negative Goodwill	(10)	–
Depreciation of Property, Plant and Equipment	1,607	1,490
Depreciation of Investment Properties	26	26
Amortisation of Other Intangible Assets	238	238
Gain on Disposal of Investment Properties	–	(816)
Gain on Disposal of Plant and Equipment	(6)	(10)
Gain on Disposal of Subsidiary (Note 28)	(189)	–
Gain on Disposal of Available-For-Sale Financial Assets	–	(7)
Share of Loss from Equity-Accounted Associate	52	174
Share of Profit from Equity-Accounted Joint Venture	–	(6)
Operating Cash Flows before Changes in Working Capital	2,527	2,364
Inventories	2,281	309
Trade and Other Receivables	100	3,964
Other Assets	(261)	(21)
Finance Lease Receivables	305	(1,098)
Trade and Other Payables	(1,076)	883
Net Cash Flows From Operations Before Tax	3,876	6,401
Income Taxes Refunded/(Paid)	114	(256)
Net Cash Flows From Operating Activities	3,990	6,145
Cash Flows From Investing Activities		
Disposal of Investment Properties	–	10,625
Disposal of Plant and Equipment	10	13
Disposal of Available-For-Sale Financial Assets	–	3,617
Purchase of Plant and Equipment (Note 22B)	(1,793)	(1,062)
Purchase of Investment Properties	–	(4,767)
Purchase of Available-For-Sale Financial Assets (Note 18)	–	(1,004)
Other Receivables	(3,510)	–
Acquisition of Subsidiaries, Net of Cash Acquired (Note 27)	(347)	(2,025)
Proceeds from Disposal of Subsidiary, Net of Cash Disposed (Note 28)	300	–
Interest Received	339	196
Net Cash Flows (Used in)/From Investing Activities	(5,001)	5,593

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 28 February 2014

	Group	
	2014	2013
	\$'000	\$'000
Cash Flows From Financing Activities		
Issue of Shares	–	3,205
Increase from New Borrowings	–	4,481
Dividends Paid to Non-Controlling Interests	(200)	(200)
Decrease in Borrowings	(1,369)	(8,383)
Finance Lease Repayments	(663)	(921)
Interest Paid	(406)	(557)
Net Cash Flows Used in Financing Activities	(2,638)	(2,375)
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,649)	9,363
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	12,962	3,757
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(180)	(158)
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 22A)	9,133	12,962

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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.

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. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. 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. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

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 income, expenses and cash flows are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Basis of presentation (cont'd)

The consolidated financial statements include the income and expenses of a subsidiary from the date the entity gains control until the date when the entity ceases to control the subsidiary. Income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

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 separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan; and the Employees Provident Fund in Malaysia, a state pension scheme). 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 year 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. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax 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 each end of the 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). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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 relevant reporting 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 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 reporting entity.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated 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

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that 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.

Government Grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

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 property 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Investment properties (cont'd)

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 50%
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 measured 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Property, plant and equipment (cont'd)

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. Accumulated depreciation is the difference between the gross and the net carrying amounts, irrespective of the valuation method or type of asset revalued.

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 measured 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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 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.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity. 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 accounted for at cost less any allowance for impairment in value. 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 carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a 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. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amount that would be realised in a current market.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Associates (cont'd)

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an 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 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 amount that would be realised in a current market.

Joint venture

A joint venture is a contractual arrangement with other parties to undertake an economic activity that is subject to joint control. In the consolidated financial statements, 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. Losses of a joint venture 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 reporting entity and a joint venture are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the relevant 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Goodwill

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. 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 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 any intangible asset with an indefinite useful life or any 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 represents 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%

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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 measured, 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Financial assets

Initial recognition and measurement and derecognition:

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. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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.

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 cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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 measured 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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 of 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.

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 finance lease receivables, trade accounts and other receivables:

An allowance is made for doubtful trade accounts and other receivables for estimated losses resulting from the subsequent inability of the customers and debtors to make required payments. If the financial conditions of the customers and debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. 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 finance lease receivables and trade and other 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 the Notes 17 and 20 on finance lease receivables and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 9D.

Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement 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. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 \$4,119,000 and \$351,000 for the group and company respectively.

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 \$4,868,000 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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).

The ultimate controlling party is Cheng Kwee Kiang.

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 intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed 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 related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed 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:

	Associate	
	2014 \$'000	2013 \$'000
Group		
Purchase of used motor vehicles	–	1,622

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

3.3 Key management compensation:

	Group	
	2014	2013
	\$'000	\$'000
Salaries and other short-term employee benefits	958	1,016

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

	Group	
	2014	2013
	\$'000	\$'000
Remuneration of directors of the company	434	406
Fees to directors of the company	180	88

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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:

Group	Associate		Related parties	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Other receivables/(payables):				
Balance at beginning of the year	-	400	503	295
Amounts paid out and settlement of liabilities on behalf of another party	-	-	-	208
Amounts received and settlement of liabilities on behalf of the group	-	(400)	(2)	-
Balance at end of the year	-	-	501	503
Presented as follows:				
Other receivables (Note 20)	-	-	501	524
Other payables (Note 25)	-	-	-	(21)
	-	-	501	503

Group	Joint Venture	
	2014 \$'000	2013 \$'000
Other payables:		
Balance at beginning of the year	(11)	-
Amounts paid out and settlement of liabilities on behalf of another party	11	-
Amounts received and settlement of liabilities on behalf of the group	-	(11)
Balance at end of the year (Note 25)	-	(11)

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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

Company	Subsidiaries	
	2014 \$'000	2013 \$'000
Other receivables/(payables):		
Balance at beginning of the year	3,068	(1,472)
Amounts paid out and settlement of liabilities on behalf of another party	5,086	6,386
Amounts received and settlement of liabilities on behalf of the company	(5,209)	(1,846)
Balance at end of the year	2,945	3,068
Presented as follows:		
Other receivables (Note 20)	5,577	5,314
Other payables (Note 25)	(2,632)	(2,246)
	2,945	3,068

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss from continuing operations and reconciliations

2014	Leather \$'000	Accessories \$'000	Automotive \$'000	Total \$'000
Revenue by Segment	13,600	5,561	14,875	34,036
Operating (Loss)/Profit	(560)	729	747	916
Interest Income	326	13	–	339
Finance Costs	(25)	–	(381)	(406)
Other Credits	302	–	25	327
Other Charges	–	(382)	–	(382)
Share of Loss from Equity- Accounted Associate	–	–	(52)	(52)
Profit before Tax	43	360	339	742
Income Tax Expense				(72)
Profit Net of Tax				670
Total Assets	24,114	3,301	17,944	45,359
Total Liabilities	2,204	946	10,967	14,117
Amortisation Expense	–	–	238	238
Depreciation Expense	364	113	1,156	1,633
Capital Expenditure	147	12	2,260	2,419

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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

2013	Leather \$'000	Accessories \$'000	Automotive \$'000	Total \$'000
Revenue by Segment	15,053	5,353	18,056	38,462
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

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	
	2014 \$'000	2013 \$'000
Singapore	18,736	24,475
Europe	4,148	2,836
Malaysia	1,154	1,412
Thailand	5,559	5,322
Australia	2,254	1,599
Others	2,185	2,818
	34,036	38,462

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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	
	2014	2013
	\$'000	\$'000
Singapore	6,246	5,879
Malaysia	2,988	2,992
Thailand	147	279
Australia	817	946
	10,198	10,096

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

4D. Information about major customers (revenue)

	2014	2013
	\$'000	\$'000
Top 1 customer	4,522	4,392
Top 2 customers	6,901	7,652

5. REVENUE

	Group	
	2014	2013
	\$'000	\$'000
Sale of goods	28,670	32,184
Rental income from leasing of motor vehicles	2,049	1,737
Rendering of services	1,568	2,743
Interest income from finance leases	1,025	1,019
Commission income	538	508
Sundry income	186	271
	34,036	38,462

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

6. OTHER CREDITS AND (OTHER CHARGES)

	Group	
	2014	2013
	\$'000	\$'000
Gain on disposal of investment properties	–	816
Bad debts written off trade receivables	(103)	(26)
Negative goodwill arising from acquisition of subsidiary	10	–
Government grant income	122	15
Foreign exchange adjustment (losses)/gains	(165)	36
Provision for share of compensation to customer for product recall (Note 31(b))	(382)	–
Gain on disposal of plant and equipment	6	10
Gain on disposal of subsidiary	189	–
Gain on disposal of available-for-sale financial assets	–	7
Net	(323)	858
Presented in profit or loss as:		
Other Credits	327	884
Other Charges	(650)	(26)
Net	(323)	858

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2014	2013
	\$'000	\$'000
Employee benefits expense	5,674	5,455
Contributions to defined contribution plan	425	433
Total employee benefits expense	6,099	5,888
Presented as follows:		
Cost of sales	2,241	2,242
Administrative expenses	3,858	3,646
Total employee benefits expense	6,099	5,888

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

8. MARKETING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

The major components include the following:

Marketing and distribution costs

	Group	
	2014	2013
	\$'000	\$'000
Logistics costs	505	561
Travelling expenses	120	189

Administrative expenses

	Group	
	2014	2013
	\$'000	\$'000
Amortisation of other intangible assets	238	238
Depreciation expense (Note 12)	1,405	1,338
Employee benefits expense (Note 7)	3,858	3,646
Professional and legal fees	408	448
Rental expenses	557	574

9. INCOME TAX

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

	Group	
	2014	2013
	\$'000	\$'000
Current tax expense:		
Current tax expense	79	39
Under adjustments to current tax in respect of prior years	54	180
Subtotal	133	219
Deferred tax income:		
Deferred tax income	(71)	(112)
Over/(under) adjustments to deferred tax in respect of prior years	10	(2)
Subtotal	(61)	(114)
Total income tax expense	72	105

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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% (2013: 17.0%) to profit before income tax as a result of the following differences:

	Group	
	2014 \$'000	2013 \$'000
Profit Before Tax	742	914
Add: Share of loss from equity-accounted associate	52	174
Less: Share of profit from equity-accounted joint venture	–	(6)
	794	1,082
Income tax expense at the above rate	135	184
Not deductible/(not liable to tax) items	37	(132)
Tax exemptions	(48)	(71)
Deferred tax assets not recognised	(55)	47
Under adjustments to tax in respect of prior years	64	178
Effect of different tax rates in different countries	(3)	10
Corporate tax rebate	(12)	(30)
Under provision of current year tax	(21)	–
Other minor items less than 3% each	(25)	(81)
Total income tax expense	72	105

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

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

	Group	
	2014 \$'000	2013 \$'000
Excess of tax over book depreciation on property, plant and equipment	9	(9)
Excess of book depreciation on property, plant and equipment over tax	7	(57)
Deferred tax charge relating to intangible assets	(84)	(85)
Provisions	3	(9)
Disposal of subsidiary	(245)	–
Tax loss carryforwards	308	4
Unutilised capital allowances carryforwards	–	1
Unrecognised deferred tax assets	(59)	41
Total deferred tax income recognised in profit or loss	(61)	(114)

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

9. INCOME TAX (CONT'D)

9C. Deferred tax income recognised in other comprehensive income includes:

	Group	
	2014	2013
	\$'000	\$'000
Gains on property revaluation	(4)	(6)
Unrecognised deferred tax assets	4	6
Total deferred tax income recognised in other comprehensive income	–	–

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

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
From deferred tax assets/(liabilities) recognised in profit or loss:				
Excess of book depreciation on property, plant and equipment over tax	(7)	–	–	–
Excess of tax over book depreciation on property, plant and equipment	–	9	–	–
Arising from acquisition of subsidiary – completion of Purchase Price Allocation (“PPA”) exercise (Note 27C)	–	(143)	–	–
Intangible assets	(187)	(128)	–	–
Provisions	82	85	–	–
Tax loss carryforwards	517	825	20	20
Unrecognised deferred tax assets	(610)	(910)	–	–
From deferred tax liabilities recognised in other comprehensive income:				
Gains on property revaluation	(82)	(86)	–	–
Net position	(287)	(348)	20	20
Presented in the statements of financial position as follows:				
Deferred tax liabilities	(316)	(377)	–	–
Deferred tax assets	29	29	20	20
Net position	(287)	(348)	20	20

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

9. INCOME TAX (CONT'D)

9D. Deferred tax balance in the statements of financial position (cont'd):

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 \$2,260,000 (2013: \$3,185,000) 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 \$781,000 (Baht 20,115,000) (2013: \$1,670,000 (Baht 40,163,000)) are available for 5 years from 2010.

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 profit per share of no par value:

	Group	
	2014 \$'000	2013 \$'000
A. Numerators: profit attributable to owners of the parent	540	585
	Number '000	Number '000
	251,043	248,524
B. Denominators: weighted average number of equity shares		

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 profit per share as there were no dilutive instruments.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. The diluted earnings per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

11. INVESTMENT PROPERTIES

Group	Leasehold properties	
	2014 \$'000	2013 \$'000
Cost:		
At beginning of the year	1,301	6,393
Additions	–	4,767
Disposals	–	(9,809)
Foreign exchange adjustments	(48)	(50)
At end of the year	1,253	1,301
Accumulated depreciation:		
At beginning of the year	214	195
Depreciation for the year included under administrative expenses	26	26
Foreign exchange adjustments	(9)	(7)
At end of the year	231	214
Net book value:		
At beginning of the year	1,087	6,198
At end of the year	1,022	1,087
Fair value:		
At beginning of the year	1,142	6,218
At end of the year	1,100	1,142

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

Location	Description	Tenure	Term of lease
Gurun, Kedah, Malaysia ^(a)	Factory and office	Leasehold	54 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 level 3 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property \$'000	Leasehold properties \$'000	Plant and equipment \$'000	Total \$'000
Cost or valuation:				
At 1 March 2012	2,156	2,390	8,316	12,862
Arising from acquisition of subsidiary (Note 27B)	–	–	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
Arising from acquisition of subsidiary (Note 27A)	–	23	1,074	1,097
Disposal of subsidiary (Note 28)	–	–	(163)	(163)
Additions	–	–	2,419	2,419
Disposals	–	–	(74)	(74)
Foreign exchange adjustments	(76)	(11)	172	85
Reclassification to inventories held for sale	–	–	(602)	(602)
At 28 February 2014	2,001	2,404	11,453	15,858
Accumulated depreciation:				
At 1 March 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
Arising from acquisition of subsidiary (Note 27A)	–	23	843	866
Disposal of subsidiary (Note 28)	–	–	(128)	(128)
Depreciation for the year	30	59	1,518	1,607
Disposals	–	–	(70)	(70)
Foreign exchange adjustments	(13)	(5)	227	209
Reclassification to inventories held for sale	–	–	(275)	(275)
At 28 February 2014	361	475	7,334	8,170
Net book value:				
At 1 March 2012	1,831	2,052	3,774	7,657
At 28 February 2013	1,733	1,994	3,408	7,135
At 28 February 2014	1,640	1,929	4,119	7,688
Represented by:				
Cost	–	1,929	4,119	6,048
Valuation	1,640	–	–	1,640
Total	1,640	1,929	4,119	7,688

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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	
	2014	2013
	\$'000	\$'000
Freehold property:		
Cost	1,771	1,771
Net book amount	1,297	1,371

Allocation of the depreciation expense:

	Group	
	2014	2013
	\$'000	\$'000
Cost of sales	202	152
Administrative expenses	1,405	1,338
Total	1,607	1,490

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 (Note 24).

Motor vehicles on rental with a carrying amount of \$2,544,000 (2013: \$2,393,000) are classified under property, plant and equipment. When the rental ceases, these assets are classified as inventories at the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

Company	Leasehold property \$'000	Plant and equipment \$'000	Total \$'000
Cost:			
At 1 March 2012	2,228	528	2,756
Additions	–	404	404
At 28 February 2013	2,228	932	3,160
Additions	–	107	107
At 28 February 2014	2,228	1,039	3,267
Accumulated depreciation:			
At 1 March 2012	292	444	736
Depreciation for the year included under administrative expenses	43	125	168
At 28 February 2013	335	569	904
Depreciation for the year included under administrative expenses	43	119	162
At 28 February 2014	378	688	1,066
Net book value:			
At 1 March 2012	1,936	84	2,020
At 28 February 2013	1,893	363	2,256
At 28 February 2014	1,850	351	2,201

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

13. INTANGIBLE ASSETS

	Group	
	2014 \$'000	2013 \$'000
Goodwill (Note 13A)	1,121	1,200
Other intangible assets (Note 13B)	360	598
Total	1,481	1,798

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

13. INTANGIBLE ASSETS (CONT'D)

13A. Goodwill

	Group	
	2014	2013
	\$'000	\$'000
Balance at beginning of the year	1,200	856
Adjustment arising from completion of PPA exercise (Note 27C)	–	(415)
Arising from acquisition of subsidiary (Note 27B)	–	759
Foreign exchange adjustments	(79)	–
Balance at end of the year	1,121	1,200

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	
	2014	2013
	\$'000	\$'000
Leather ^(a)	680	759
Automotive ^(b)	441	441
Net book value at end of the year	1,121	1,200

(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 of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the value in use method. The value is regarded as level 3 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 growth rates used are 2.0% to 17.8% (2013: 3.2% to 3.7%).

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 rates of 6.95% and 14.62% (2013: 7.93%) representing the subsidiaries' weighted average cost of capital were 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 2012	–	–	–
Adjustment arising from completion of PPA exercise (Note 27C)	248	588	836
At 28 February 2013 and 28 February 2014	248	588	836
Accumulated amortisation:			
At 1 March 2012	–	–	–
Amortisation for the year included under administrative expenses	99	139	238
At 28 February 2013	99	139	238
Amortisation for the year included under administrative expenses	99	139	238
At 28 February 2014	198	278	476
Net book value:			
At 1 March 2012	–	–	–
At 28 February 2013	149	449	598
At 28 February 2014	50	310	360

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 \$'000	2013 \$'000
Unquoted shares at cost	20,771	21,271
Less: allowance for impairment	(10,542)	(10,509)
	10,229	10,762
Net book value of subsidiaries	14,707	14,189
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	10,509	10,077
Charge to profit or loss	533	432
Disposal of subsidiary	(500)	–
Balance at end of the year	10,542	10,509

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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	
	2014 \$'000	2013 \$'000	2014 %	2013 %
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 (Disposed on 18 November 2013) Singapore Production and sale of leather and fabrics covers and interior refurbishment for use in aviation industry (RSM Chio Lim LLP)	—	500	—	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	— ⁽¹⁰⁾	— ⁽¹⁰⁾	99.5	99.5
Jackspeed Europe B.V. ⁽³⁾ The Netherlands Design and installation of automotive leather trim	38	38	100	100

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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		Effective Percentage of Equity Held	
	2014 \$'000	2013 \$'000	2014 %	2013 %
Jackspeed Leather Manufacturer (Haining) Co., Ltd ⁽⁵⁾ China Dormant	881	881	100	100
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⁾ Australia Distribution and installation of automotive leather seating, sunroofs, canopies and automotive accessories	— ⁽¹⁰⁾	— ⁽¹⁰⁾	100	100
Simply Infinity Limited ⁽⁶⁾ (Incorporated on 4 July 2013) British Virgin Islands Investment holding	— ⁽¹⁰⁾	—	100	—
Jackspeed Australia Pty Ltd ⁽⁶⁾ (Incorporated on 10 September 2013) Australia Distribution and installation of 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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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		Effective Percentage of Equity Held	
	2014 \$'000	2013 \$'000	2014 %	2013 %
Index Agency Pte. Ltd. ⁽¹¹⁾ Singapore Commission agents of used motor vehicles (RSM Chio Lim LLP)	200	200	60	60
Index Motor Enterprise ⁽¹¹⁾ (Partnership terminated on 8 August 2013) Singapore Dormant	—	— ⁽¹⁰⁾	—	60
Dynasty Culture Sdn. Bhd. ^{(1) (7)} (Acquired on 23 January 2014) Malaysia Production and sale of automotive leather trim (Crowe Horwath, Malaysia)	— ⁽¹⁰⁾	—	100	—

- (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 were 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 2014 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 2014 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At beginning of the year	70	244	–	–
Share of loss for the year	(52)	(174)	–	–
Share capital reduction	(17)	–	–	–
Carrying amount at end of the year	1	70	–	–
Share of net book value of associates	1	70	–	–

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	
	2014 %	2013 %
Aapico Jackspeed Co., Ltd ^(a) Thailand Manufacturing of automotive accessories	40	40
Held by subsidiary Strada Automobil Pte. Ltd. ^(b) Singapore Trading of used motor vehicles (RSM Chio Lim LLP)	30	30

(a) Information for Aapico Jackspeed Co., Ltd is not available. The financial year end is 31 December. The associate is not considered significant to the group and is in the process of liquidation.

(b) This associate is held by Index Credit Pte Ltd. The associate has ceased operations since 1 March 2013.

Share of losses of associates exceeding the amount of the investment is not recognised as losses in the group profit or loss. The reporting entity has not incurred legal or constructive obligations on behalf of these associates.

The summarised financial information of the associates and the aggregated amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are not adjusted to reflect adjustments made by the entity when using the equity method.

	Assets \$'000	Liabilities \$'000	Revenue \$'000	Loss for the Year \$'000
2014	– ^(a)	– ^(a)	– ^(a)	(104) ^(a)
2013	137 ^(a)	– ^(a)	11,340 ^(a)	(349) ^(a)

(a) Information for Aapico Jackspeed Co., Ltd is not available. Audited financial statements for the year ended 31 December 2013 is not available. The associate is not considered significant to the group and is in the process of liquidation.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

16. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At beginning of the year	6	—	—	—
Addition	—	— ⁽¹⁾	—	— ⁽¹⁾
Share of profit for the year	—	6	—	—
Carrying amount at end of the year	6	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	
	2014 %	2013 %
Jackspeed Euris Japan Pte. Ltd. ^(a) Singapore Design, distribution and installation of automotive seat covers (RSM Chio Lim LLP)	50	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 and the aggregated amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are not adjusted to reflect adjustments made by the entity when using the equity method.

	Assets \$'000	Liabilities \$'000	Revenue \$'000	Profit for the year \$'000
2014	12	—	5	— ⁽¹⁾
2013	27	16	27	11

(1) Profit for the year is less than \$1,000.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

17. FINANCE LEASE RECEIVABLES

Group	Minimum lease payments \$'000	Finance charges \$'000	Present value \$'000
2014			
Minimum lease payments receivable:			
Due within one year	5,233	(713)	4,520
Due within 2 to 5 years	6,137	(943)	5,194
Due after 5 years	72	(14)	58
Total	11,442	(1,670)	9,772
Presented in the statements of financial position as follows:			
Finance lease receivables, current	5,233	(713)	4,520
Finance lease receivables, non-current	6,209	(957)	5,252
	11,442	(1,670)	9,772
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
	11,872	(1,795)	10,077

The average lease term is 1 to 10 years (2013: 1 to 10 years). The average effective interest rate is about 2.28% to 7.00% (2013: 2.28% 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Movements during the year:				
Fair value at beginning of the year	1,530	4,060	1,530	4,060
Additions	–	1,004	–	1,004
Disposals	–	(3,610)	–	(3,610)
Others	(8)	–	(8)	–
Increase in fair value (Note 24)	2	76	2	76
Fair value at end of the year	1,524	1,530	1,524	1,530
Presented in the statements of financial position as follows:				
Available-for-sale financial assets, current	1,267	–	1,267	–
Available-for-sale financial assets, non-current	257	1,530	257	1,530
	1,524	1,530	1,524	1,530

The above available-for-sale financial assets pertain to investments in quoted corporate bonds. \$1,267,000 of the quoted corporate bonds are from the industry banking sector issued in the United Kingdom and \$257,000 of the quoted corporate bonds are from the industrial real estate sector issued in Singapore.

These are measured at level 1 of the fair value hierarchy.

19. INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Used motor vehicles held for resale	2,092	3,246	–	–
Finished goods and goods for resale	1,224	1,287	–	–
Work in progress	10	59	–	–
Raw material, consumables and supplies	2,251	2,780	–	–
	5,577	7,372	–	–

Inventories are stated after allowance.

Movements in allowance:				
Balance at beginning of the year	1,492	1,065	–	–
(Reversed)/charged to profit or loss included in cost of sales	(47)	418	–	–
Disposal of subsidiary	(99)	–	–	–
Foreign exchange adjustments	(40)	9	–	–
Amount written off	(83)	–	–	–
Balance at end of the year	1,223	1,492	–	–

The cost of inventories recognised as an expense and included in cost of sales amounted to \$18,225,000 (2013: \$25,664,000).

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
Outside parties	3,315	3,575	626	723
Less: allowance for impairment	(24)	(60)	–	–
Subsidiaries (Note 3)	–	–	1,506	987
Less: allowance for impairment	–	–	(18)	(18)
Joint venture (Note 3)	–	14	–	–
Subtotal	3,291	3,529	2,114	1,692
Other receivables:				
Related party (Note 3) ^(a)	501	524	–	–
Subsidiaries (Note 3)	–	–	5,577	5,314
Less: allowance for impairment	–	–	(288)	(2,072)
Other receivables ^(b)	4,138	112	2,480	20
Less: allowance for impairment	(84)	(81)	–	–
Subtotal	4,555	555	7,769	3,262
Total trade and other receivables	7,846	4,084	9,883	4,954
Movements in above allowance:				
Balance at beginning of the year	141	143	2,090	1,916
Disposal of subsidiary (Note 28)	–	–	(738)	–
(Reversed)/charged for subsidiaries other receivables				
to profit or loss	–	–	(1,046)	174
Bad debts written off	(33)	–	–	–
Foreign exchange adjustments	–	(2)	–	–
Balance at end of the year	108	141	306	2,090

- (a) The loan to a related party amounting to \$501,000 (2013: \$524,000) bears interest rate at 3% per year in 2013 and 2014. 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 related party is a preference shareholder of the subsidiary.
- (b) Included in the group's other receivables is an aggregate amount of \$3,726,000 pertaining to loans given to outside parties for real estate projects in the United States. The loans have interests of 5% and 10%, and are repayable by 30 April 2014, 30 July 2014, 31 December 2014 and 31 July 2016. Subsequent to 28 February 2014, \$1,084,000 has been repaid.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

21. OTHER ASSETS

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	299	676	10	10
Prepayments	876	196	31	28
Tax recoverable	93	174	–	–
	1,268	1,046	41	38

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	9,133	12,962	4,542	7,373
Restricted cash ^(a)	12	12	–	–
	9,145	12,974	4,542	7,373
Interest earning balances	745	6,306	–	5,853

(a) This is cash pledged for bank facilities.

The interest rates on the interest earning balances were follows:

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Interest rates on interest earning balances	2.30 to 3.15	0.40 to 3.50	–	0.40 to 0.43

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

	Group	
	2014	2013
	\$'000	\$'000
Amount as shown above	9,145	12,974
Restricted cash	(12)	(12)
Cash and cash equivalents for statement of cash flows purposes at end of the year	9,133	12,962

22B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of \$626,000 (2013: \$320,000) acquired by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 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 and 28 February 2014	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.

- (a) The net proceeds amounting to \$3,205,000 raised from the placement of 41,800,000 new shares at \$0.0795 each in the capital of the company on 26 March 2012 were utilised as follows:

Intended use	Net proceeds allocated \$'000	Net proceeds used to date \$'000	Balance as at date of report \$'000	Description
Working capital	3,205	1,114	2,091	General and administrative costs

As at 28 February 2013, no proceeds were used.

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.

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Net debt:				
All current and non-current borrowings				
including finance leases	10,449	11,711	644	799
Less: cash and cash equivalents	(9,145)	(12,974)	(4,542)	(7,373)
Net debt	1,304	(1,263)	(3,898)	(6,574)
Total equity	31,242	31,217	24,871	23,642
Debt-to-adjusted capital ratio	4.17%	N.M.	N.M.	N.M.

N.M.: Not meaningful

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 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)
Fair value gain on available-for-sale financial assets (Note 18)	–	2	–	2
Exchange difference on translating foreign subsidiaries	–	–	(447)	(447)
At 28 February 2014	329	19	(1,354)	(1,006)

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

24. OTHER RESERVES (CONT'D)

	Asset revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
Company				
At 1 March 2012	–	(59)	–	(59)
Fair value gain on available-for-sale financial assets (Note 18)	–	76	–	76
At 28 February 2013	–	17	–	17
Fair value gain on available-for-sale financial assets (Note 18)	–	2	–	2
At 28 February 2014	–	19	–	19

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.

The foreign currency translation reserve accumulates all foreign exchange differences.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables:				
Outside parties and accrued liabilities	2,576	3,379	281	234
Subtotal	2,576	3,379	281	234
Other payables:				
Outside parties	368	310	12	12
Deposits from customers	198	141	–	–
Related parties (Note 3)	–	21	–	–
Subsidiaries (Note 3)	–	–	2,632	2,246
Joint venture (Note 3)	–	11	–	–
Subtotal	566	483	2,644	2,258
Total trade and other payables	3,142	3,862	2,925	2,492

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

26. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Non-current:				
Financial instruments with fixed interest rates:				
Finance leases (Note 26C)	100	221	6	72
Non-current, total	100	221	6	72
Current:				
Financial instruments with fixed interest rates:				
Bank loans 1 (secured) (Note 26A)	–	75	–	–
Trust receipts	571	660	571	660
Finance leases (Note 26C)	9,165	9,409	67	67
Financial instruments with floating interest rates:				
Bank loans 2 (secured) (Note 26B)	613	1,346	–	–
Current, total	10,349	11,490	638	727
Total	10,449	11,711	644	799
The non-current portion is repayable as follows:				
Due within 2 to 5 years	97	221	6	72
After 5 years	3	–	–	–
Total non-current portion	100	221	6	72

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

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Bank loans 2	5.75 to 6.50	5.75 to 6.50	–	–

26A. Bank loans 1 (secured)

In 2013, 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 and were repaid during the year.

26B. Bank loans 2 (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, covered by corporate guarantee from the company and joint and several guarantees from certain directors.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

26. OTHER FINANCIAL LIABILITIES (CONT'D)

26C. Finance leases

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
2014			
Minimum lease payments payable:			
Due within one year	9,673	(508)	9,165
Due within 2 to 5 years	104	(7)	97
Due after 5 years	3	–	3
Total	9,780	(515)	9,265
Finance lease receivables and net book value of plant and equipment and inventories under finance leases			11,751
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

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 (2013: 1 to 10 years). The effective rate of interest for finance leases is about 0.85% to 5.00% (2013: 0.42% to 3.55%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. 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 and corporate guarantee from the company.

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

26. OTHER FINANCIAL LIABILITIES (CONT'D)

26C. Finance leases (cont'd)

Although certain finance leases amounting to \$4,787,000 (2013: \$4,670,000) are for a period of 2 to 5 years (2013: 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
2014			
Minimum lease payments payable:			
Due within one year	70	(3)	67
Due within 2 to 5 years	6	–	6
Total	76	(3)	73
Net book value of plant and equipment under finance leases			226
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

27. ACQUISITION OF SUBSIDIARIES

27A. On 23 January 2014, the group acquired 100% equity in Dynasty Culture Sdn. Bhd. (“Dynasty”) 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 negative goodwill amounting to \$10,000 on the basis of the provisional fair value of the net assets at acquisition date is presented in the following table.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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
2014		
Plant and equipment	231	231
Trade and other receivables	352	352
Other assets	44	44
Cash and cash equivalents	127	127
Inventories	233	233
Total assets	987	987
Other financial liabilities	(52)	(52)
Trade and other payables	(356)	(356)
Finance leases	(92)	(92)
Income tax payable	(3)	(3)
Total liabilities	(503)	(503)
Identifiable net assets acquired	484	484

The negative goodwill arising on acquisition is as follows:

	2014 \$'000
Consideration transferred	474
Fair value of identifiable net assets acquired (provisional amounts)	(484)
Negative goodwill arising on acquisition	(10)
Consideration net of cash acquired	347

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 2014 \$'000	For the reporting year 2014 \$'000
Revenue	405	2,694
Profit before tax	28	298

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

27. ACQUISITION OF SUBSIDIARIES (CONT'D)

27B. On 5 October 2012, the group acquired 100% equity in Ultimate Vehicle Pty Ltd ("Ultimate"). Management had completed the PPA exercise on 26 September 2013 and identified the fair value of the identifiable assets at date of acquisition.

	Pre-acquisition book value under FRS \$'000	Provisional fair value for the reporting year ended 28 February 2013 \$'000	Fair value on completion of PPA exercise on 26 September 2013 \$'000
Plant and equipment	176	176	176
Inventories	1,090	1,090	1,090
Total assets	1,266	1,266	1,266
Identifiable net assets acquired	1,266	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	(1,266)
Goodwill arising on acquisition	759
Consideration net of cash acquired	2,025

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

27. ACQUISITION OF SUBSIDIARIES (CONT'D)

- 27C.** 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 leases	(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:

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

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).

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

28. DISPOSAL OF SUBSIDIARY

A subsidiary, Jackspeed Aviation Pte Ltd, was disposed on 18 November 2013.

The gain from the disposal of the subsidiary and the results for the period from the beginning of the reporting year to 18 November 2013, which have been included in the consolidated financial statements, were as follows:

	Group Period ended 18 November 2013 \$'000
Revenue	1,327
Expenses	(1,384)
Loss before tax	(57)
Income tax expense	-
Loss after tax	(57)
Gain on disposal of subsidiary	189
Total gain on disposal	132

The following table summarises the carrying value of the assets and liabilities of the subsidiary that was sold on 18 November 2013:

	Group On date of disposal on 18 November 2013 \$'000
Plant and equipment	35
Other assets	2
Inventories	74
Total assets	111
Identifiable net assets disposed	111
Gain on disposal	189
Total consideration	300
Consideration net of cash disposed	300

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and bank balances	9,145	12,974	4,542	7,373
Loans and receivables	17,618	14,161	9,883	4,954
Available-for-sale financial assets	1,524	1,530	1,524	1,530
At end of the year	28,287	28,665	15,949	13,857
Financial liabilities				
Trade and other payables measured at amortised cost	2,944	3,721	2,925	2,492
Other financial liabilities measured at amortised cost	10,449	11,711	644	799
At end of the year	13,393	15,432	3,569	3,291

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

29C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. 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.

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 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. Credit risk on cash balances with banks and any other financial instruments 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 on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers 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 on receivables, 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 (2013: 30 to 60 days). But some customers take a longer period to settle the amounts.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
Less than 60 days	611	203	–	–
61 – 90 days	31	55	–	–
91 – 180 days	60	78	–	–
Over 180 days	9	17	–	–
At end of the year	711	353	–	–

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

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
Less than 60 days	–	–	–	–
61 – 90 days	–	–	–	–
Over 180 days	24	60	–	–
At end of the year	24	60	–	–

There were no finance leases that were impaired as at the end of the reporting year.

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

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Top 1 customer	626	723	626	723
Top 2 customers	984	1,123	626	723

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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

Concentration of other receivables as at the end of the reporting year:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Top 1 counterparty	2,321	20	2,321	20
Top 2 counterparties	3,342	20	2,459	20

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

Other receivables are normally with no fixed terms and therefore there is no maturity except as disclosed in Note 20(b).

29E. Liquidity risk

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

Group	Less than		Total
	1 year	2 – 5 years	
Non-derivative financial liabilities:	\$'000	\$'000	\$'000
2014			
Gross borrowing commitments	1,195	–	1,195
Gross finance lease obligations	9,673	107	9,780
Trade and other payables	2,944	–	2,944
At end of the year	13,812	107	13,919
2013			
Gross borrowing commitments	2,105	–	2,105
Gross finance lease obligations	9,990	246	10,236
Trade and other payables	3,721	–	3,721
At end of the year	15,816	246	16,062

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

29E. Liquidity risk (cont'd)

Company	Less than		Total
	1 year	2 – 5 years	
Non-derivative financial liabilities:	\$'000	\$'000	\$'000
2014			
Gross borrowing commitments	573	–	573
Gross finance lease obligations	70	5	75
Trade and other payables	2,925	–	2,925
Financial guarantee contracts – in favour of certain subsidiaries	30,496	–	30,496
At end of the year	34,064	5	34,069
2013			
Gross borrowing commitments	663	–	663
Gross finance lease obligations	71	76	147
Trade and other payables	2,492	–	2,492
Financial guarantee contracts – in favour of certain subsidiaries	12,344	–	12,344
At end of the year	15,570	76	15,646

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.

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 (2013: 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:

Company	Less than 1 year	
	2014	2013
	\$'000	\$'000
Financial guarantee contracts – in favour of certain subsidiaries (Note 31(a))	30,496	12,344

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial assets with interest:				
Fixed rate	6,496	8,360	3,845	7,383
Floating rate	9,772	10,077	–	–
At end of the year	16,268	18,437	3,845	7,383
Financial liabilities with interest:				
Fixed rate	9,836	10,365	644	799
Floating rate	613	1,346	–	–
At end of the year	10,449	11,711	644	799

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial assets through profit or loss:				
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	10	–	–
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	1	1	–	–

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

29G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

Group	Thai Baht \$'000	United States Dollars \$'000	Euro \$'000	Total \$'000
2014				
<u>Financial assets</u>				
Cash and bank balances	–	709	238	947
Loans and receivables	501	3,134	783	4,418
Total financial assets	501	3,843	1,021	5,365
<u>Financial liabilities</u>				
Other financial liabilities	–	(571)	–	(571)
Trade and other payables	(11)	(25)	(95)	(131)
Total financial liabilities	(11)	(596)	(95)	(702)
Net financial assets at end of the year	490	3,247	926	4,663
2013				
<u>Financial assets</u>				
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
<u>Financial liabilities</u>				
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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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

29G. Foreign currency risks (cont'd)

Company	United States Dollars \$'000	Euro \$'000	Total \$'000
2014			
<u>Financial assets</u>			
Cash and bank balances	668	–	668
Receivables	4,546	11	4,557
Total financial assets	5,214	11	5,225
<u>Financial liabilities</u>			
Other financial liabilities	(571)	–	(571)
Trade and other payables	(501)	–	(501)
Total financial liabilities	(1,072)	–	(1,072)
Net financial assets at end of the year	4,142	11	4,153
2013			
<u>Financial assets</u>			
Cash and bank balances	240	–	240
Receivables	723	–	723
Total financial assets	963	–	963
<u>Financial liabilities</u>			
Other financial liabilities	(660)	–	(660)
Trade and other payables	–	–	–
Total financial liabilities	(660)	–	(660)
Net financial assets at end of the year	303	–	303

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

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 2014	Principal	Reference currency	Maturity	Fair value gain/(loss) \$'000
Forward currency contract	380	GBP	17 March 2014	— (a)
Forward currency contract	8,858	GBP	24 March 2014	(1)
Forward currency contract	154	EUR	1 April 2014	— (a)
Forward currency contract	1,539	EUR	22 April 2014	— (a)
Forward currency contract	19,755	GBP	22 April 2014	(1)
Forward currency contract	1,017	EUR	28 April 2014	— (a)
Forward currency contract	18,645	GBP	28 April 2014	— (a)
Forward currency contract	66	EUR	6 May 2014	— (a)
Forward currency contract	5,128	EUR	14 May 2014	— (a)
Forward currency contract	91,692	EUR	19 May 2014	(1)
Forward currency contract	84,459	GBP	19 May 2014	(2)
Forward currency contract	98,206	GBP	20 May 2014	(3)
Forward currency contract	17,826	EUR	21 May 2014	— (a)
Forward currency contract	24,296	GBP	21 May 2014	— (a)
Forward currency contract	44,666	EUR	27 May 2014	— (a)
Forward currency contract	56,865	EUR	2 June 2014	1
Forward currency contract	141,676	EUR	16 June 2014	1
Forward currency contract	83,987	EUR	23 June 2014	1
Forward currency contract	27,952	GBP	24 June 2014	— (a)
Forward currency contract	31,710	EUR	24 June 2014	— (a)
Forward currency contract	92,147	GBP	14 July 2014	— (a)
				(5)

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
				— (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 a loss of \$5,000 as at 28 February 2014 (2013: gain of \$584).

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

31. CONTINGENT LIABILITIES

- (a) The company has issued corporate guarantees to banks in respect of bank facilities extended to certain subsidiaries amounting to \$30,496,000 (2013: \$12,344,000).
- (b) A subsidiary signed a settlement agreement with a customer to reimburse the customer concerned for 70% of the cost of rectifying motor vehicles that were recalled. Of the estimated cost of \$605,000 (AUD528,000), \$382,000 (AUD331,000) has been fully provided for. The remaining cost of \$223,000 (AUD197,000) is uncertain and management has not made any provision in respect of this amount as at 28 February 2014.

32. OPERATING LEASE INCOME COMMITMENTS

Operating lease income commitments represent 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 commitments as the majority of the commitments are short-term leases and the customers generally renew their leases on a short-term basis.

33. 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	651	678	77	68
Later than one year and not later than five years	482	789	283	248
Later than 5 years	2,355	2,096	2,355	2,096
Rental expense for the year	662	678	67	64

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

- (a) 47 Loyang Drive, Singapore 508955;
- (b) G802 and G812 Amata Nakorn Industrial Estate, Thailand;
- (c) Lot B69, B73, B75 and AB05 Turf City, 210 Turf Club Road, Singapore 287995; and
- (d) 29 Sir Laurence Drive, Vic, Seaford.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

33. OPERATING LEASE PAYMENT COMMITMENTS (CONT'D)

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.

The lease (d) for office, production and warehouse facilities in Australia is for 3 years from 5 October 2012 to 4 October 2015. Rentals are not subject to an escalation clause.

34. 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 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)
FRS 12	Deferred Tax (Amendments to) – Recovery of Underlying Assets (*)
FRS 16	Amendment to FRS 16 Property, Plant and Equipment (Annual Improvements)
FRS 19	Employee Benefits (Revised)
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)
FRS 107	Financial Instruments: Disclosures (Amendments to) – Transfers of Financial Assets (*)
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities (*)
FRS 113	Fair Value Measurements
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)

(*) Not relevant to the entity.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2014

35. 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 27	Consolidated and Separate Financial Statements (Amendments to)	1 July 2013
FRS 27	Separate Financial Statements (Revised)	1 January 2014
FRS 28	Investments in Associates and Joint Ventures (Revised)	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill)	1 January 2014
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)	1 January 2014
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
INT FRS 121	Levies (*)	1 January 2014

(*) Not relevant to the entity.

36. RECLASSIFICATIONS AND COMPARATIVE FIGURES

The insurance premium expense of \$3,202,000, which relates to Index Agency Pte Ltd, recorded in the reporting year 28 February 2013 has been reclassified from cost of sales to net off its corresponding insurance premium income in revenue to more appropriately reflect its business nature as a commission agent. 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	38,462	41,664	(3,202)
Cost of sales	(29,586)	(32,788)	3,202

SHAREHOLDINGS STATISTICS

as at 16 May 2014

No of Issued Shares	–	251,043,579
Voting rights	–	On a show of hands: One vote for each member On a poll: One vote for each ordinary share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1	0.17	110	0.00
1,000 – 10,000	243	41.75	1,293,000	0.52
10,001 – 1,000,000	316	54.30	38,869,400	15.48
1,000,001 and above	22	3.78	210,881,069	84.00
	582	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	13,565,000	5.40
4	CIMB Securities (S) Pte Ltd	11,484,000	4.57
5	Maybank Nominees (S) Pte Ltd	7,081,000	2.82
6	UOB Kay Hian Pte Ltd	4,033,000	1.61
7	Maybank Kim Eng Securities Pte Ltd	2,423,000	0.97
8	OCBC Securities Private Ltd	2,411,000	0.96
9	Wong Kin Tang	2,366,000	0.94
10	Steven Widjaja	2,002,000	0.80
11	Ang De Yu	1,892,081	0.75
12	Kao Lee Aluminium Industrial Pte Ltd	1,786,000	0.71
13	United Overseas Bank Nominees Pte Ltd	1,625,000	0.65
14	Quek Poh Chuan	1,500,000	0.60
15	Bank Of East Asia Nominees Pte Ltd	1,400,000	0.56
16	Tan Suan Dao	1,263,000	0.50
17	Lee Wan Ling (Li Wanling)	1,200,000	0.48
18	Manimaran S/O Kamachi	1,130,000	0.45
19	Koh Lee Phio	1,096,000	0.44
20	Citibank Nominees Singapore Pte Ltd	1,028,000	0.41
		208,838,069	83.20

SHAREHOLDINGS STATISTICS

as at 16 May 2014

Shareholding Held in Hands of Public

Based on information available to the Company as at 16 May 2014, 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

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

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 Tuesday, 24 June 2014 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 2014 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 Chin Yew Choong David **(Resolution 2)**
 - (ii) Ms Chua Sze Chyi **(Resolution 3)**

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$156,000 for the year ended 28 February 2014. (2013: S\$134,000).
(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

NOTICE OF ANNUAL GENERAL MEETING

- (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 (iii)]

(Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to issue shares under the Jackspeed Share Award Scheme**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards (“Awards”) in accordance with the provision of the Jackspeed Share Award Scheme (“ESAS”) and to issue and/or deliver from time to time such number of shares in the capital of the Company (excluding treasury shares) as may be required to be issued and/or delivered pursuant to the ESAS shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company, but subject to the aggregate number of shares available under all schemes including share award/share plans must not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force 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.

[See Explanatory Note (iii)]

(Resolution 7)

8. **Renewal of Share Purchase Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in Section 2.3.4 of the Circular dated 9 June 2014 (the “Circular”), in accordance with the terms of the Share Purchase Mandate set out in the Circular, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, or (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 8)

By Order of the Board

Chua Sze Chyi/Chew Kok Liang
Joint Company Secretaries
Singapore, 9 June 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Chin Yew Choong David will, upon re-election as Director of the Company, remain as Non-Executive Chairman, Chairman of the Nominating Committee, a member of the Audit Committee and the Remuneration Committee and will be considered independent.

Ms Chua Sze Chyi will, upon re-election as a Director of the Company, remain as an Executive Director and will be considered non-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.

- (iii) Resolution 7, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until 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 in the Company pursuant to the vesting of awards under the ESAS and other share-based incentive schemes of the Company up to a number not exceeding in total (for the entire duration of the ESAS) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, but subject to the aggregate number of shares available under all schemes including share award/share plans must not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time.

- (iv) Resolution 8, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until 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 the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Circular. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 28 February 2014 are set out in greater detail in the Circular.

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.

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 Tuesday, 24 June 2014 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 2014		
2.	Re-election of Mr Chin Yew Choong David as Director		
3.	Re-election of Ms Chua Sze Chyi as Director		
4.	Approval of Directors' fees amounting to \$156,000 for the year ended 28 February 2014.		
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		
7.	Authority to issue shares under the Jackspeed Share Award Scheme		
8.	Renewal of Share Purchase Mandate		

Dated this _____ day of _____ 2014

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.

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JACKSPEED CORPORATION LIMITED

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Fax: (65) 6789 0020

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