JACKSPEED

2015 ANNUAL REPORT

CONTENTS

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 a sales office in Australia, a joint venture for the Japan market and manufacturing facilities in Malaysia and Thailand.

Capitalising on our technical competency, fine craftsmanship and keen attention to details, 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 automotive 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, 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, Jackspeed acquired 100% equity interest in Ultimate Vehicle Pty Ltd and incorporated a joint venture, Jackspeed Euris Japan Pte. Ltd., a move to expand the leather business in the Australia and Japan markets.

In the financial year ended 28 February 2014, Dynasty Culture Sdn. Bhd., an automotive leather trim manufacturer in Malaysia, joined the Group as a 100%-owned subsidiary, as a result of the Group's continuous business rationalisation exercise.


MAYBACH

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to 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 2015 ("**FY2015**").

DEVELOPMENTS

On 27 June 2014, Jackspeed entered into an option to purchase with a third party for the sale of a leasehold property, located at 47 Loyang Drive Singapore 508955 (the "**Loyang Property**"), for a sale consideration of $6.5 million. The sale was subsequently completed on 4 May 2015.

On 27 November 2014, a freehold property, located at 221 Henderson Road #06-15 Singapore 159557 (the "**Henderson Property**"), was acquired with a purchase consideration of $2.2 million.

The corporate and sales office in Singapore was re-located from the Loyang Property to the Henderson Property in April 2015, which is in line with the Group's intention to re-position itself in a more central location for better access to its customer base. This will also avoid any unnecessary costs associated with the holding of and maintenance of the Loyang Property, which is considerably larger than the Group's current space requirements.

FINANCIAL PERFORMANCE

FY2015 was concluded with significant improvement in the net profit attributable to shareholders, mainly driven by the increase in revenue from the Accessories and Automotive segments.

FINANCIAL POSITION

For the first time in the past 7 financial years, the Group has achieved positive retained earnings of $0.5 million, after recording earnings for the last 4 financial years. These earnings cleared the accumulated losses of the Group from the financial years ended 28 February 2009, 2010 and 2011.

The Group has also maintained its healthy financial position with cash and cash equivalents of $11.2 million in FY2015.

LOOKING AHEAD

With the aim to achieve long term growth in business and to maximise shareholders' value, we will continue to exercise financial prudence in all aspects of our operations and seek viable growth 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 AND FINANCIAL POSITION

FY2015 was concluded with significant improvement in the net profit attributable to shareholders, an increase of $1.8 million from $0.5 million in FY2014 to $2.3 million in FY2015. This was driven by higher revenue recorded, from $34.0 million in FY2014 to $40.1 million in FY2015.

For the first time in the past 7 financial years, the Group has achieved positive retained earnings of $0.5 million, after recording earnings for the last 4 financial years. These earnings cleared the accumulated losses of the Group from the financial years ended 28 February 2009, 2010 and 2011.

Going forward, the Group shall continue its efforts in developing the existing markets, managing costs and exploring new business opportunities.

SEGMENTAL CONTRIBUTION

The Leather, Accessories and Automotive segments accounted for 36%, 21% and 43% of the Group's revenue respectively in FY2015 as compared to 40%, 16% and 44% respectively in the prior year.

The Group shall monitor and review its business segments from time to time and implement necessary changes as and when required.

LEATHER SEGMENT

The Leather segment recorded higher revenue by $0.9 million from $13.6 million in FY2014 to $14.5 million in FY2015. This is mainly due to the increase in revenue contributed by Dynasty Culture Sdn. Bhd. ("**Dynasty**"), a wholly-owned subsidiary acquired in Q4FY2014, which is partially offset by the decrease in revenue due to the disposal of Jackspeed Aviation Pte. Ltd. in Q3FY2014.

The Leather segment recorded an operating profit of $0.1 million in FY2015 as compared to an operating loss of $0.2 million in FY2014. This is mainly due to higher operating profits contributed by Dynasty, which was acquired in Q4FY2014, of approximately $0.3 million.

ACCESSORIES SEGMENT

The Accessories segment recorded higher revenue by $2.7 million from $5.6 million in FY2014 to $8.3 million in FY2015. This is mainly due to greater sales demand for existing products.

Operating profit from the Accessories segment increased by $1.5 million from $0.8 million in FY2014 to $2.3 million in FY2015. This is mainly due to higher revenue recorded as mentioned above and more effective management of existing projects, which yielded higher gross profit margin.

AUTOMOTIVE SEGMENT

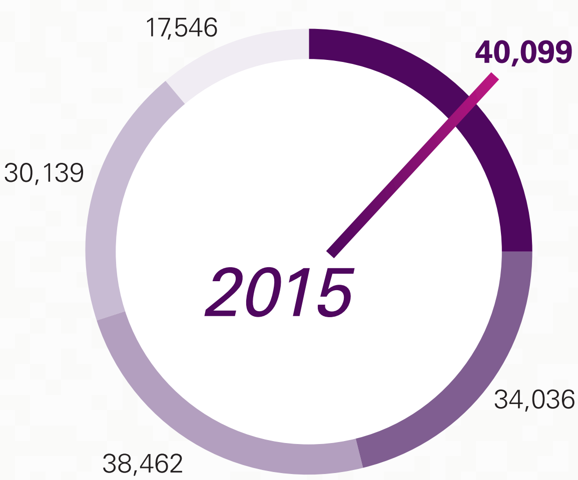
The Automotive segment recorded higher revenue by $2.4 million from $14.9 million in FY2014 to $17.3 million in FY2015. This is mainly due to strengthened sales demand for used commercial vehicles.

Operating profit from the Automotive segment increased by $0.6 million from $2.1 million in FY2014 to $2.7 million in FY2015, as a result of higher revenue recorded as mentioned above.

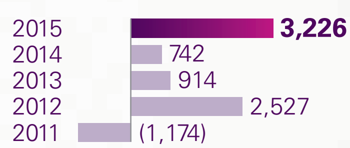
FINANCIAL HIGHLIGHTS

	2011 (S$'000)	2012 (S$'000)	2013 (S$'000)	2014 (S$'000)	**2015 (S$'000)**
Revenue	17,546	30,139	38,462	34,036	**40,099**
(Loss)/profit before tax	(1,174)	2,527	914	742	**3,226**
(Loss)/earnings attributable to equity holders of the company	(1,315)	1,974	585	540	**2,313**
(Loss)/earnings per share (cents)	(0.63)	0.94	0.24	0.22	**0.92**

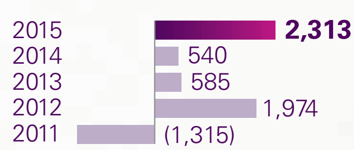
REVENUE (S$'000)



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



(LOSS) / EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS (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 corporated 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 M Development Ltd. and Universal Resources and Services Limited, which are listed on the SGX Mainboard.

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 the Group's 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. and Seroja Investments Limited, which are listed on the SGX Mainboard, and Soon Lian Holdings Limited, which is listed on the Catalist.

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, which was acquired by Canon Europe.

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

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

Mr Lo also serves on the board of Ban Leong Technologies Limited, which is listed on the SGX Mainboard.

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 has 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 which was 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 segment in Thailand and concurrently overseeing the sales and marketing activities of the Leather segment of the Group. Mr Lim joined the Group in 2001 as a Marketing Executive for the Malaysia factory. In 2004, he was made the Quality Assurance Manager of Malaysia operations and the 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 before he left in December 2000.

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 and Group Financial Controller)

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

221 Henderson Road #06-15
Singapore 159557
Tel: (65) 6273 0386
Fax: (65) 6273 0396
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: 3 years

PRINCIPAL BANKERS

Malayan Banking Berhad

United Overseas Bank Limited

Hong Leong Bank Berhad

Oversea-Chinese Banking Corporation Limited

Credit Suisse AG

REGISTRATION NUMBER

199300300W

FINANCIAL CONTENTS

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 Corporate Governance Report 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. This report should be read as a whole, instead of being read separately under the different principles of 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.

As at 28 February 2015, 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 skills, experience, gender and knowledge of the Company enables 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.

CORPORATE GOVERNANCE **REPORT**

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 include 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 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 an 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 2015 ("FY2015") are as follows:

Directors	Number of meetings held	Number of meetings attended
Chin Yew Choong David, Non-Executive Chairman and Independent Director	2	2
Yap Kian Peng, Executive Deputy Chairman and Chief Executive Officer ("CEO")	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 and Group Financial Controller	2	2

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,

CORPORATE GOVERNANCE REPORT

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.

The Company will conduct induction, orientation and training programs for new Directors to familiarise themselves with the Company's structure and organisation, businesses and governance policies. Upon appointment, the Company will provide each newly appointed Director a formal letter and will be briefed by the Chief Executive Officer and/or senior Management of the Company on the business activities of the Group and its strategic directions, as well as setting out their duties and responsibilities as Directors. The aim of the orientation program is to give Directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. New Directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulation and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, the Company provides opportunities for on-going education on Board processes and best practices, as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Singapore Exchange Securities Trading Limited ("SGX-ST") that will affect the Company and/or Directors in discharging their duties. Board members are also encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company 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 judgment 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 of 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.

CORPORATE GOVERNANCE REPORT

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.

To-date, none of the Independent Directors of the Company has been appointed as director of the Company's principal subsidiary, which is based in Singapore.

During FY2015, the composition of Board is as follows:

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

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.

The Company has a separate Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making. 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 within the Board and between the Board and Management and encourages their effective contributions.

CORPORATE GOVERNANCE REPORT

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.

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 business of the Group and leads Management in setting strategies, objectives and is responsible for the development and financial performance of the Group.

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.

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 all 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) Lo Yew Seng

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.

CORPORATE GOVERNANCE REPORT

The number of NC Meetings held and the attendance of each member at the meetings during FY2015 are as follows:

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

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;

(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.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Article 107 of the Company's Articles of Association requires one-third of the Board to retire and submit themselves to re-election by the shareholders in every Annual General Meeting ("AGM"). A newly appointed Director must also subject himself/herself for retirement and re-election at the next AGM immediately following his/her appointment. 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.

The NC has recommended and the Board has approved the re-election of Mr Teo Teng Seng ("Mr Teo") and Mr Lo Yew Seng, who are retiring at the forthcoming AGM. Mr Teo has indicated his intention to retire from the Board and not to seek re-election at the forthcoming AGM of the Company. 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.

CORPORATE GOVERNANCE REPORT

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	Non-Executive Chairman and Independent Director	31 May 2011	24 June 2014	M Development Ltd. Universal Resources and Services Limited
Yap Kian Peng	Executive Deputy Chairman and CEO	16 December 2010	26 June 2013	M Development Ltd. Seroja Investments Limited Soon Lian Holdings Limited
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	Ban Leong Technologies Limited
Chua Sze Chyi	Executive Director and Group Financial Controller	26 April 2012	24 June 2014	–

There is no independent Director who has served on the Board beyond nine years from the date of his first appointment.

Despite some of the Directors having multiple Board representation, 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, preparedness, participation and contributions in the proceedings of the meetings.

CORPORATE GOVERNANCE REPORT

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 in advance, 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 deemed 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 in the furtherance of their duties (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.

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 FY2015, 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 Director. The overriding principle is that no Director should be involved in deciding his/her own remuneration. It has adopted written terms of reference that defines its membership, roles, functions and administration.

CORPORATE GOVERNANCE REPORT

The number of RC Meetings held and the attendance of each member at the meetings during FY2015 are as follows:

Names of Members	Number of meeting held	Number of meeting 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.

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 RC, in considering the remuneration of all Directors, has not sought external professional advice nor appointed independent remuneration consultants.

The Directors' fees to be paid to the Directors are subject to shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

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 Director 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 and Executive 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 forthcoming 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.

The RC is of the view that the variable component of the remuneration packages of the Executive Directors and key management personnel are moderate. At present, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

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 key management personnel (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 FY2015 is as follows:

Directors	Remuneration Band	Base Salary (%)(1)	Bonus (%)	Directors' Fees (%)(2)	Allowance (%)	Total (%)
Yap Kian Peng	S$250,000 to S$500,000	94	–	6	–	100
Chin Yew Choong David	Below S$250,000	–	–	100	–	100
Teo Teng Seng		–	–	100	–	100
Lo Yew Seng		–	–	100	–	100
Chua Sze Chyi		57	34	8	1	100

(1) Includes employer's Central Provision Fund contributions.
(2) Directors' fees are subjected to Shareholders' approval at the AGM to be held on 22 June 2015.

The range of gross remuneration of the top five key management personnel (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	93	5	2	100
Eng Kok Siong		69	3	28	100
Lim Kian Kok		64	35	1	100
Phau Soek Ching		100	–	–	100
Pollasate Yimrueng		73	27	–	100

(1) Includes employer's Central Provision Fund contributions.

The aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO) for the year ended 28 February 2015 is approximately S$419,000.

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 2015.

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 to further strengthen the Company's competitiveness in attracting and retaining talented employees, especially employees who have the requisite knowledge, technical skills and experience which 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.

CORPORATE GOVERNANCE REPORT

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.

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 internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the management on the recommendations made by the external auditors.

The Board also notes that all internal control systems and risk management 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 judgment in decision making, human errors, losses, fraud or other irregularities.

For FY2015, 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 and effective in addressing the financial, operational, information technology and compliance risks of the Group.

CORPORATE GOVERNANCE REPORT

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 FY2015, the members of the AC are:

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

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 system of internal controls. 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 members' 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 the external auditors and reporting to the Board of Directors at least annually;

(b) Reviewing the assistance given by the Company's officers to the 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.

CORPORATE GOVERNANCE REPORT

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 FY2015:

	Group	
Fees to external auditors	**2015** **S$'000**	**2014** **S$'000**
Audit services (RSM Chio Lim LLP)	109	116
Audit services (other external auditors)	27	28
Non-audit service	17	16
Total	153	160

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 FY2015, the AC members has met twice 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

CORPORATE GOVERNANCE REPORT

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 FY2015 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 FY2015, the AC has reviewed the internal controls based on the report from 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 the AC meetings of the Company held for FY2015.

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.

CORPORATE GOVERNANCE REPORT

Principle 15 – Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote 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; and

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

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

Principle 16 – Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, 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, 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.

CORPORATE GOVERNANCE REPORT

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 consideration.

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

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions for the financial year ended 28 February 2015.

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 shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Nil	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	3,205	–	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

The majority of the Group's revenue is 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 consumers' demand of motor vehicles, amongst other factors.

In order to manage our inventory risk, we have to understand our 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 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.

CORPORATE GOVERNANCE REPORT

SAFETY AND EMERGENCY RISK MANAGEMENT

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

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

FINANCIAL RISK MANAGEMENT

(a) Foreign Exchange Risk

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

(b) Credit Risk

Credit risks arise from terms with our customers. The Management monitors the exposure of our credit risks on an on-going basis and has 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 are granted credit terms on a case-by-case basis.

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 2015.

1. Directors at date of report

The directors of the company in office as 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 (the "Act").

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 subsidiary was granted.

During the reporting year, there were no shares of the company or any subsidiary 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 subsidiary under option.

DIRECTORS' REPORT

6. Independent auditor

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

7. Report of audit committee

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

Teo Teng Seng	(Chairman of audit committee)
Chin Yew Choong David	(Independent)
Lo Yew Seng	(Independent)

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

- Reviewed with the independent external auditors on 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 management 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 Singapore Exchange Securities Listing Manual).

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 auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

8. 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 28 February 2015.

DIRECTORS' REPORT

9. Subsequent developments

Subsequent to the end of the reporting year, the proposed sale of a leasehold property at 47 Loyang Drive Singapore 508955 was completed on 4 May 2015. The completion of the proposed sale transaction would not materially affect the group's and the company's operating and financial performance as of the date of this report.

Other than as disclosed above, there are no other significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 29 April 2015, 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	Chua Sze Chyi
Director	Director

28 May 2015

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 2015 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	Chua Sze Chyi
Director	Director

28 May 2015

INDEPENDENT AUDITOR'S 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 38 to 115, which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 28 February 2015, 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 statements 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.

INDEPENDENT AUDITOR'S REPORT

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

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 2015 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.

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

28 May 2015

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 2015

	Notes	Group 2015 $'000	Group 2014 $'000
Revenue	5	**40,099**	34,036
Cost of sales		**(28,814)**	(24,804)
Gross profit		**11,285**	9,232
Other items of income			
Interest income		**392**	339
Other gains	6	**475**	327
Other items of expenses			
Marketing and distribution costs	8	**(523)**	(481)
Administrative expenses	8	**(7,805)**	(7,567)
Finance costs – interest expense		**(365)**	(406)
Other expenses	6	**(231)**	(650)
Share of loss from equity-accounted associate	15	**–**	(52)
Share of loss from equity-accounted joint venture	16	**(2)**	–
Profit before tax		**3,226**	742
Income tax expense	9	**(619)**	(72)
Profit from operations, net of tax		**2,607**	670
Other comprehensive (loss)/profit:			
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on available-for-sale financial assets, net of tax	18	**(2)**	2
Reclassification of available-for-sale financial assets resulting from redemption of bonds, net of tax	18	**(13)**	–
Exchange differences on translating foreign operations, net of tax	25	**(37)**	(447)
Other comprehensive loss for the year, net of tax		**(52)**	(445)
Total comprehensive income		**2,555**	225
Profit attributable to owners of the parent, net of tax		**2,313**	540
Profit attributable to non-controlling interests, net of tax		**294**	130
Profit net of tax		**2,607**	670
Total comprehensive income attributable to owners of the parent		**2,261**	95
Total comprehensive income attributable to non-controlling interests		**294**	130
Total comprehensive income		**2,555**	225
Earnings per share		**Cents**	Cents
Basic and diluted	10	**0.92**	0.22

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

STATEMENTS OF FINANCIAL POSITION

As at 28 February 2015

	Notes	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Investment property	11	**972**	1,022	**–**	–
Property, plant and equipment	12	**8,728**	7,688	**228**	2,201
Intangible assets	13	**1,248**	1,481	**–**	–
Investments in subsidiaries	14	**–**	–	**10,229**	10,229
Investments in associates	15	**1**	1	**–**	–
Investment in a joint venture	16	**4**	6	**–**	–
Finance lease receivables	17	**6,510**	5,252	**–**	–
Available-for-sale financial assets	18	**254**	257	**254**	257
Deferred tax assets	9D	**9**	29	**–**	20
Total non-current assets		**17,726**	15,736	**10,711**	12,707
Current assets					
Inventories	19	**5,784**	5,577	**–**	–
Trade and other receivables	20	**8,709**	7,846	**10,712**	9,883
Finance lease receivables	17	**4,850**	4,520	**–**	–
Available-for-sale financial assets	18	**503**	1,267	**503**	1,267
Other assets	21	**1,387**	1,268	**40**	41
Cash and cash equivalents	22	**11,167**	9,145	**6,354**	4,542
Total current assets		**32,400**	29,623	**17,609**	15,733
Non-current asset classified as held-for-sale	23	**1,808**	–	**1,808**	–
Total assets		**51,934**	45,359	**30,128**	28,440
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24	**31,208**	31,208	**31,208**	31,208
Retained earnings/(accumulated losses)		**513**	(1,800)	**(5,440)**	(6,356)
Other reserves	25	**(1,058)**	(1,006)	**4**	19
Equity attributable to owners of the parent		**30,663**	28,402	**25,772**	24,871
Non-controlling interests		**2,894**	2,840	**–**	–
Total equity		**33,557**	31,242	**25,772**	24,871
Non-current liabilities					
Deferred tax liabilities	9D	**246**	316	**–**	–
Other financial liabilities	27	**236**	100	**–**	6
Total non-current liabilities		**482**	416	**–**	6
Current liabilities					
Income tax payable		**326**	210	**–**	–
Trade and other payables	26	**4,732**	3,142	**3,249**	2,925
Other financial liabilities	27	**12,837**	10,349	**1,107**	638
Total current liabilities		**17,895**	13,701	**4,356**	3,563
Total liabilities		**18,377**	14,117	**4,356**	3,569
Total equity and liabilities		**51,934**	45,359	**30,128**	28,440

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 28 February 2015

Group	**Total Equity $'000**	**Attributable to Parent, Sub-total $'000**	**Share Capital $'000**	**Retained Earnings/ (Accumulated Losses) $'000**	**Other Reserves $'000**	**Non-Controlling Interests $'000**
Current year:						
Opening balance at 1 March 2014	**31,242**	**28,402**	**31,208**	**(1,800)**	**(1,006)**	**2,840**
Movements in equity:						
Total comprehensive income/ (loss) for the year	**2,555**	**2,261**	**–**	**2,313**	**(52)**	**294**
Dividends paid to non-controlling interests	**(240)**	**–**	**–**	**–**	**–**	**(240)**
Closing balance at 28 February 2015	**33,557**	**30,663**	**31,208**	**513**	**(1,058)**	**2,894**
Previous year:						
Opening balance at 1 March 2013	31,217	28,307	31,208	(2,340)	(561)	2,910
Movements in equity:						
Total comprehensive income/ (loss) for the year	225	95	–	540	(445)	130
Dividends paid to non-controlling interests	(200)	–	–	–	–	(200)
Closing balance at 28 February 2014	31,242	28,402	31,208	(1,800)	(1,006)	2,840

STATEMENTS OF CHANGES IN EQUITY

Year Ended 28 February 2015

Company	Total Equity $'000	Share Capital $'000	Accumulated Losses $'000	Other Reserves $'000
Current year:				
Opening balance at 1 March 2014	**24,871**	**31,208**	**(6,356)**	**19**
Movement in equity:				
Total comprehensive income/(loss) for the year	**901**	**–**	**916**	**(15)**
Closing balance at 28 February 2015	**25,772**	**31,208**	**(5,440)**	**4**
Previous year:				
Opening balance at 1 March 2013	23,642	31,208	(7,583)	17
Movement 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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 28 February 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Profit before tax	**3,226**	742
Adjustments for:		
Interest income	**(392)**	(339)
Interest expense	**365**	406
Negative goodwill arising from acquisition of a subsidiary	**–**	(10)
Depreciation of property, plant and equipment	**1,873**	1,607
Depreciation of investment property	**25**	26
Amortisation of other intangible assets	**188**	238
Gain on disposal of plant and equipment	**(55)**	(6)
Gain on disposal of a subsidiary	**–**	(189)
Gain on disposal of available-for-sale financial assets	**(134)**	–
Share of loss from equity-accounted associate	**–**	52
Share of loss from equity-accounted joint venture	**2**	–
Operating cash flows before changes in working capital	**5,098**	2,527
Inventories	**214**	2,281
Trade and other receivables	**(1,414)**	100
Other assets	**(62)**	(261)
Finance lease receivables	**109**	305
Trade and other payables	**1,590**	(1,076)
Net cash flows from operations before tax	**5,535**	3,876
Income taxes (paid)/refunded	**(610)**	114
Net cash flows from operating activities	**4,925**	3,990
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	**333**	10
Proceeds from disposal of available-for-sale financial assets	**3,880**	–
Purchase of property, plant and equipment (Note 22B)	**(3,653)**	(1,793)
Purchase of available-for-sale financial assets	**(3,002)**	–
Other receivables	**551**	(3,510)
Acquisition of a subsidiary, net of cash acquired (Note 28)	**–**	(347)
Proceeds from disposal of a subsidiary, net of cash disposed	**–**	300
Interest received	**392**	339
Net cash flows used in investing activities	**(1,499)**	(5,001)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 28 February 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from financing activities		
Dividends paid to non-controlling interests	**(240)**	(200)
Decrease in borrowings	**(82)**	(1,369)
Finance lease repayments	**(797)**	(663)
Interest paid	**(365)**	(406)
Net cash flows used in financing activities	**(1,484)**	(2,638)
Net increase/(decrease) in cash and cash equivalents	**1,942**	(3,649)
Cash and cash equivalents, statement of cash flows, beginning balance	**9,133**	12,962
Effect of exchange rate changes on cash and cash equivalents	**79**	(180)
Cash and cash equivalents, statement of cash flows, ending balance (Note 22A)	**11,154**	9,133

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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").

As at 28 February 2015, the registered office of the company was located at 47 Loyang Drive Singapore 508955. Subsequent to year-end, the company changed its registered office to 221 Henderson Road #06-15 Singapore 159557. 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

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 subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are 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. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

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. 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.

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. Certain subsidiaries contribute to defined contribution superannuation funds based on their local requirements. 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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Income tax (cont'd)

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 arrangements 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 currency is the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

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. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant.

Investment property

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.

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

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 property	–	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.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Property, plant and equipment (cont'd)

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, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the asset is restated so that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Leases (cont'd)

the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance leases of lessor

An amount due from a lessee is recognised as receivables at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance leases. Rental income from operating leases is recognised 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 and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's 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 exchange.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

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 arrangement of the reporting entity. 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.

In the consolidated financial statements, the accounting for investment 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 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 exchange. 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 exchange.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Joint arrangements – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is a party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with FRS 28, Investments in Associates and Joint Ventures.

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.

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

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 which 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Business combinations (cont'd)

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

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Goodwill (cont'd)

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%

Non-current asset classified as held-for-sale

Non-current assets classified as held-for-sale are measured at the lower of their carrying amounts and fair values less costs to sell. Non-current assets are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment once classified as held-for-sale are not depreciated.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

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 each end of the 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.

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.

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

Financial assets (cont'd)

Initial recognition and measurement and derecognition (cont'd):

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, 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 and finance lease receivables are classified in this category.

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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Financial assets (cont'd)

Subsequent measurement (cont'd):

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. The weighted average method is used when determining the cost basis of public listed equities being disposed.

NOTES TO THE
FINANCIAL STATEMENTS

28 February 2015

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

Cash and cash equivalents

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

Financial liabilities

Initial recognition and measurement:

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

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount 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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Financial liabilities (cont'd)

Subsequent measurement (cont'd):

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.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Fair value measurement (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

Critical judgments, assumptions and estimation uncertainties

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

Consolidation of Thailand entity as subsidiary:

The paid-up share capital of the subsidiary, J.V. (Thailand) Co., Ltd. ("JVT"), acquired on 1 March 2006, is made up of Thai Baht 10 million of ordinary shares and Thai 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 amounts are disclosed in the Notes 17 and 20 on finance lease receivables and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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.

Income tax amounts:

The entity recognises tax assets and liabilities based on an estimation of the likely taxes due, which requires significant judgment as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgment 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 2015

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 $4,959,000 (2014: $4,119,000) and $228,000 (2014: $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/or 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. 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 goodwill and other intangible assets:

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 2015

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); (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The ultimate controlling party is Cheng Kwee Kiang.

3A. 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.

3B. Key management compensation:

	Group	
	2015	2014
	$'000	$'000
Salaries and other short-term employee benefits	**1,189**	958

NOTES TO THE FINANCIAL STATEMENTS

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

3B. Key management compensation (cont'd):

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

	Group	
	2015	2014
	$'000	$'000
Remuneration of directors of the company	**669**	434
Fees to directors of the company	**162**	180

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.

3C. 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.

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

	Related party		Joint venture	
Group	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Other receivables/(other payables):				
Balance at beginning of the year	**501**	503	**–**	(11)
Amounts paid out and settlement of liabilities on behalf of another party	**53**	–	**–**	11
Amounts received and settlement of liabilities on behalf of the group	**–**	(2)	**–**	–
Balance at end of the year (Note 20)	**554**	501	**–**	–

The related party is a preference shareholder of a foreign subsidiary, J.V. (Thailand) Co., Ltd. (Note 20).

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FINANCIAL STATEMENTS

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

3D. 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:

Company	Subsidiaries 2015 $'000	2014 $'000
Other receivables/(other payables):		
Balance at beginning of the year	**2,945**	3,068
Amounts paid out and settlement of liabilities on behalf of another party	**4,487**	5,086
Amounts received and settlement of liabilities on behalf of the company	**(2,492)**	(5,209)
Balance at end of the year	**4,940**	2,945
Presented as follows:		
Other receivables (Note 20)	**6,853**	5,577
Other payables (Note 26)	**(1,913)**	(2,632)
	4,940	2,945

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 that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

NOTES TO THE FINANCIAL STATEMENTS

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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 the automotive and aviation industries.

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

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

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate the segment's operating results comprises two major indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes, and (2) operating results before interests and income taxes and other unallocated items.

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

NOTES TO THE FINANCIAL STATEMENTS

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

4B. Profit or loss from continuing operations and reconciliations

2015	Leather $'000	Accessories $'000	Automotive $'000	Adjustments and eliminations $'000	Total $'000
Revenue:					
External customers	14,495	8,273	17,331		40,099
Inter-segment	453	–	–	(453)	–
Total revenue	14,948	8,273	17,331	(453)	40,099
Operating profit	84	2,271	2,689		5,044
Interest income	380	12	–		392
Finance costs	(38)	–	(327)		(365)
Other gains	213	–	30		243
Amortisation expense	–	–	(188)		(188)
Depreciation expense	(451)	(58)	(1,389)		(1,898)
Share of loss from equity-accounted joint venture	(2)	–	–		(2)
Profit before tax	186	2,225	815		3,226
Income tax expense					(619)
Profit net of tax					2,607
Assets:					
Investments in associates	1	–	–		1
Investment in a joint venture	4	–	–		4
Additions to non-current assets	2,549	50	2,439		5,038
Total assets	27,570	4,264	20,100		51,934
Total liabilities	3,857	1,533	12,987		18,377

NOTES TO THE FINANCIAL STATEMENTS

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

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

2014	Leather $'000	Accessories $'000	Automotive $'000	Adjustments and eliminations $'000	Total $'000
Revenue:					
External customers	13,600	5,561	14,875		34,036
Inter-segment	422	–	8	(430)	–
Total revenue	14,022	5,561	14,883	(430)	34,036
Operating (loss)/profit	(196)	842	2,141		2,787
Interest income	326	13	–		339
Finance costs	(25)	–	(381)		(406)
Other gains	302	–	25		327
Other expenses	–	(382)	–		(382)
Amortisation expense	–	–	(238)		(238)
Depreciation expense	(364)	(113)	(1,156)		(1,633)
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
Assets:					
Investments in associates	1	–	–		1
Investment in a joint venture	6	–	–		6
Additions to non-current assets	147	12	2,260		2,419
Total assets	24,114	3,301	17,944		45,359
Total liabilities	2,204	946	10,967		14,117

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

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	
	2015	2014
	$'000	$'000
Singapore	**21,565**	18,736
Europe	**5,797**	4,148
Malaysia	**1,546**	1,154
Thailand	**8,273**	5,559
Australia	**1,675**	2,254
Others	**1,243**	2,185
	40,099	34,036

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

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

	Non-current assets	
	2015	2014
	$'000	$'000
Singapore	**7,054**	6,246
Malaysia	**3,019**	2,988
Thailand	**145**	147
Australia	**735**	817
	10,953	10,198

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

4D. Information about major customers

	2015	2014
	$'000	$'000
Top 1 customer	**7,471**	4,522
Top 2 customers	**10,357**	6,901

NOTES TO THE FINANCIAL STATEMENTS

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5. REVENUE

	Group	
	2015	2014
	$'000	$'000
Sale of goods	**35,359**	28,670
Rental income from leasing of motor vehicles	**2,487**	2,049
Rendering of services	**147**	1,568
Interest income from finance leases	**1,033**	1,025
Commission income	**567**	538
Sundry income	**506**	186
	40,099	34,036

6. OTHER GAINS AND (OTHER EXPENSES)

	Group	
	2015	2014
	$'000	$'000
Allowance for impairment of finance lease receivables	**(156)**	–
Bad debts written off – trade receivables	**(41)**	(103)
Bad debts written off – finance lease receivables	**(34)**	–
Negative goodwill arising from acquisition of a subsidiary	**–**	10
Government grant income	**54**	122
Foreign exchange adjustment gains/(losses)	**232**	(165)
Provision for share of compensation to customer for product recall (Note 31(b))	**–**	(382)
Gain on disposal of plant and equipment	**55**	6
Gain on disposal of a subsidiary	**–**	189
Gain on disposal of available-for-sale financial assets	**134**	–
Net	**244**	(323)
Presented in profit or loss as:		
Other gains	**475**	327
Other expenses	**(231)**	(650)
Net	**244**	(323)

NOTES TO THE FINANCIAL STATEMENTS

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7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	2014
	$'000	$'000
Employee benefits expense	**6,086**	5,674
Contributions to defined contribution plans	**386**	425
Total employee benefits expense	**6,472**	6,099
Presented as follows:		
Cost of sales	**2,708**	2,241
Administrative expenses	**3,764**	3,858
Total employee benefits expense	**6,472**	6,099

8. MARKETING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

The major components include the following:

Marketing and distribution costs

	Group	
	2015	2014
	$'000	$'000
Sales commission	**154**	114
Travelling expenses	**132**	120

Administrative expenses

	Group	
	2015	2014
	$'000	$'000
Amortisation of other intangible assets	**188**	238
Depreciation expense (Note 12)	**1,659**	1,405
Employee benefits expense (Note 7)	**3,764**	3,858
Professional and legal fees	**411**	408
Rental expenses	**567**	557

NOTES TO THE FINANCIAL STATEMENTS

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9. INCOME TAX

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

	Group	
	2015	2014
	$'000	$'000
Current tax expense:		
Current tax expense	**534**	79
Under adjustments to current tax in respect of prior years	**135**	54
Subtotal	**669**	133
Deferred tax income:		
Deferred tax income	**(70)**	(71)
Over adjustments to deferred tax in respect of prior years	**20**	10
Subtotal	**(50)**	(61)
Total income tax expense	**619**	72

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% (2014: 17.0%) to profit before income tax as a result of the following differences:

	Group	
	2015	2014
	$'000	$'000
Profit before tax	**3,226**	742
Add: Share of loss from equity-accounted associate	**–**	52
Add: Share of loss from equity-accounted joint venture	**2**	–
	3,228	794
Income tax expense at the above rate	**549**	135
Not deductible items	**144**	37
Tax exemptions	**(73)**	(48)
Deferred tax assets recognised	**(143)**	(59)
Previously unrecognised deferred tax assets recognised this year	**(70)**	–
Under adjustments to tax in respect of prior years	**155**	64
Effect of different tax rates in different countries	**90**	(3)
Corporate tax rebate	**(24)**	(12)
Under provision of current year tax	**–**	(21)
Other minor items less than 3% each	**(9)**	(21)
Total income tax expense	**619**	72

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

NOTES TO THE FINANCIAL STATEMENTS

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9. INCOME TAX (CONT'D)

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

	Group	
	2015	2014
	$'000	$'000
Excess of tax over book depreciation on property, plant and equipment	**(25)**	–
Excess of book depreciation on property, plant and equipment over tax	**6**	16
Deferred tax charge relating to intangible assets, and plant and equipment	**(73)**	(84)
Provisions	**6**	3
Disposal of a subsidiary	**–**	(245)
Tax loss carryforwards	**179**	308
Unrecognised deferred tax assets	**(143)**	(59)
Total deferred tax income recognised in profit or loss	**(50)**	(61)

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

	Group	
	2015	2014
	$'000	$'000
Gains on property revaluation	**–**	(4)
Unrecognised deferred tax assets	**–**	4
Total deferred tax income recognised in other comprehensive income	**–**	–

9. INCOME TAX (CONT'D)

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
From deferred tax assets/(liabilities) recognised in profit or loss:				
Excess of tax over book depreciation on property, plant and equipment	**55**	30	**–**	–
Excess of book depreciation on property, plant and equipment over tax	**(43)**	(37)	**–**	–
Intangible assets, and plant and equipment	**(114)**	(187)	**–**	–
Provisions	**76**	82	**–**	–
Tax loss carryforwards	**338**	517	**–**	20
Unrecognised deferred tax assets	**(467)**	(610)	**–**	–
From deferred tax liabilities recognised in other comprehensive income:				
Gains on property revaluation	**(82)**	(82)	**–**	–
Net position	**(237)**	(287)	**–**	20
Presented in the statements of financial position as follows:				
Deferred tax liabilities	**(246)**	(316)	**–**	–
Deferred tax assets	**9**	29	**–**	20
Net position	**(237)**	(287)	**–**	20

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

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards of $1,988,000 (2014: $2,260,000) is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. In 2014, for the subsidiaries in Thailand, tax loss carryforwards of $781,000 (equivalent to approximately Thai Baht 20,115,000) were available for 5 years from 2010. In 2015, the tax loss had been fully utilised.

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	
	2015	2014
	$'000	$'000
A. Numerators: profit attributable to owners of the parent	**2,313**	540

	Group	
	2015	2014
	Number	Number
	'000	'000
B. Denominators: weighted average number of equity shares	**251,043**	251,043

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.

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11. INVESTMENT PROPERTY

	Group	
	2015	2014
	$'000	$'000
Cost:		
At beginning of the year	**1,253**	1,301
Foreign exchange adjustments	**(31)**	(48)
At end of the year	**1,222**	1,253
Accumulated depreciation:		
At beginning of the year	**231**	214
Depreciation for the year included under administrative expenses	**25**	26
Foreign exchange adjustments	**(6)**	(9)
At end of the year	**250**	231
Net book value:		
At beginning of the year	**1,022**	1,087
At end of the year	**972**	1,022
Fair value:		
At beginning of the year	**1,100**	1,142
At end of the year	**1,073**	1,100

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

Location	Description	Tenure	Remaining term of lease
Gurun, Kedah, Malaysia	Factory and office	Leasehold	53 years

The leasehold property was revalued by Azmi & Co (Kedah) 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 non-recurring fair value measurement is categorised within the fair value hierarchy at Level 3. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets. 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

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12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties $'000	Leasehold property $'000	Plant and equipment $'000	Total $'000
Cost or valuation:				
At 1 March 2013	2,077	2,392	8,627	13,096
Arising from acquisition of a subsidiary (Note 28)	–	23	1,074	1,097
Disposal of a subsidiary	–	–	(163)	(163)
Additions	–	–	2,419	2,419
Disposals	–	–	(74)	(74)
Reclassification to inventories	–	–	(602)	(602)
Foreign exchange adjustments	(76)	(11)	172	85
At 28 February 2014	**2,001**	**2,404**	**11,453**	**15,858**
Additions	**2,209**	**–**	**2,829**	**5,038**
Disposals	**–**	**–**	**(142)**	**(142)**
Reclassification from leasehold property to plant and equipment	**–**	**(189)**	**189**	**–**
Reclassification to inventories	**–**	**–**	**(929)**	**(929)**
Reclassification to non-current asset held-for-sale (Note 23)	**–**	**(2,228)**	**(366)**	**(2,594)**
Foreign exchange adjustments	**(51)**	**13**	**5**	**(33)**
At 28 February 2015	**4,159**	**–**	**13,039**	**17,198**
Accumulated depreciation:				
At 1 March 2013	344	398	5,219	5,961
Arising from acquisition of a subsidiary (Note 28)	–	23	843	866
Disposal of a subsidiary	–	–	(128)	(128)
Depreciation for the year	30	59	1,518	1,607
Disposals	–	–	(70)	(70)
Reclassification to inventories	–	–	(275)	(275)
Foreign exchange adjustments	(13)	(5)	227	209
At 28 February 2014	**361**	**475**	**7,334**	**8,170**
Depreciation for the year	**40**	**58**	**1,775**	**1,873**
Disposals	**–**	**–**	**(141)**	**(141)**
Reclassification from leasehold property to plant and equipment	**–**	**(124)**	**124**	**–**
Reclassification to inventories	**–**	**–**	**(652)**	**(652)**
Reclassification to non-current asset held-for-sale (Note 23)	**–**	**(420)**	**(366)**	**(786)**
Foreign exchange adjustments	**(11)**	**11**	**6**	**6**
At 28 February 2015	**390**	**–**	**8,080**	**8,470**
Net book value:				
At 1 March 2013	1,733	1,994	3,408	7,135
At 28 February 2014	1,640	1,929	4,119	7,688
At 28 February 2015	**3,769**	**–**	**4,959**	**8,728**
Represented by:				
Cost	**–**	**–**	**4,959**	**4,959**
Valuation	**3,769**	**–**	**–**	**3,769**
Total	**3,769**	**–**	**4,959**	**8,728**

NOTES TO THE FINANCIAL STATEMENTS

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

Certain items are under finance lease agreements (Note 27B).

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

	Group	
	2015	2014
	$'000	$'000
Freehold properties:		
Cost	**3,980**	1,771
Net carrying amount	**3,440**	1,297

Allocation of the depreciation expense:

	Group	
	2015	2014
	$'000	$'000
Cost of sales	**214**	202
Administrative expenses	**1,659**	1,405
Total	**1,873**	1,607

One of the freehold properties 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 non-recurring fair value measurement is categorised within the fair value hierarchy at Level 3. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets. The surplus on revaluation of $329,000 net of applicable deferred income tax has been credited to asset revaluation reserve (Note 25).

There was no revaluation performed for the other freehold property, as management was of the view that the fair value of the property, which was purchased on 27 November 2014, would not differ materially from its net carrying amount as at 28 February 2015.

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

Motor vehicles on rental with a carrying amount of $3,467,000 (2014: $2,544,000) are classified under property, plant and equipment. When the rental ceases, these assets are reclassified as inventories at the carrying amounts.

Company	Leasehold property $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 March 2013	2,228	932	3,160
Additions	–	107	107
At 28 February 2014	**2,228**	**1,039**	**3,267**
Reclassification to non-current asset held-for-sale (Note 23)	**(2,228)**	**(366)**	**(2,594)**
At 28 February 2015	**–**	**673**	**673**
Accumulated depreciation:			
At 1 March 2013	335	569	904
Depreciation for the year included under administrative expenses	43	119	162
At 28 February 2014	**378**	**688**	**1,066**
Depreciation for the year included under administrative expenses	**42**	**123**	**165**
Reclassification to non-current asset held-for-sale (Note 23)	**(420)**	**(366)**	**(786)**
At 28 February 2015	**–**	**445**	**445**
Net book value:			
At 1 March 2013	1,893	363	2,256
At 28 February 2014	1,850	351	2,201
At 28 February 2015	**–**	**228**	**228**

Certain items are under finance lease agreements (Note 27B).

13. INTANGIBLE ASSETS

	Group	
	2015 $'000	2014 $'000
Goodwill (Note 13A)	**1,076**	1,121
Other intangible assets (Note 13B)	**172**	360
Total	**1,248**	1,481

NOTES TO THE FINANCIAL STATEMENTS

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13. INTANGIBLE ASSETS (CONT'D)

13A. Goodwill

	Group	
	2015	2014
	$'000	$'000
Balance at beginning of the year	**1,121**	1,200
Foreign exchange adjustments	**(45)**	(79)
Balance at end of the year	**1,076**	1,121

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	
	2015	**2014**
	$'000	**$'000**
Leather [(a)]	**635**	680
Automotive [(b)]	**441**	441
Net book value at end of the year	**1,076**	1,121

(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 2.5% to 39.9% (2014: 2.0% to 17.8%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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13. INTANGIBLE ASSETS (CONT'D)

13A. Goodwill (cont'd)

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 10.71% and 12.79% (2014: 6.95% and 14.62%), representing the subsidiaries' weighted average cost of capital were used to discount the forecast cash flows.

Actual outcomes could vary from these estimates. If the revised estimated gross margin at the end of the reporting year had been 10% less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $635,000. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 10% less favourable than management's estimate, there would be a need to reduce the carrying value of goodwill by $438,000. If the actual gross margin and the pre-tax discount rate had been more favourable than management's estimates, management would not be able to reverse any impairment losses that arose on goodwill because FRS 36 does not permit reversing any impairment loss for goodwill.

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

13B. Other intangible assets

Group	Contractual customer relationships $'000	Non-contractual customer relationships $'000	Total $'000
Cost:			
At 1 March 2013, 28 February 2014, and 28 February 2015	248	588	836
Accumulated amortisation:			
At 1 March 2013	99	139	238
Amortisation for the year included under administrative expenses	99	139	238
At 28 February 2014	**198**	**278**	**476**
Amortisation for the year included under administrative expenses	**50**	**138**	**188**
At 28 February 2015	**248**	**416**	**664**
Net book value:			
At 1 March 2013	149	449	598
At 28 February 2014	50	310	360
At 28 February 2015	**–**	**172**	**172**

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Unquoted shares at cost	**20,771**	20,771
Less: allowance for impairment	**(10,542)**	(10,542)
	10,229	10,229
Net book value of subsidiaries	**16,937**	14,707
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 impairment allowance:		
Balance at beginning of the year	**10,542**	10,509
Charge to profit or loss	**–**	533
Disposal of a subsidiary	**–**	(500)
Balance at end of the year	**10,542**	10,542

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		Effective Percentage of Equity Held	
	2015	2014	**2015**	2014
	$'000	$'000	**%**	%
Held by the company				
Jackspeed Leather Special Manufacturer (M) Sdn. Bhd. [(1)]	**1,868**	1,868	**100**	100
Malaysia				
Production and sale of automotive leather trim				
(Crowe Horwath, Malaysia)				
Jackspeed Leather Manufacture (Thailand) Co., Ltd. [(1) (2) (3)]	**771**	771	**100**	100
Thailand				
Dormant				
(Pro Trinity Co., Ltd)				

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14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost 2015 $'000	Cost 2014 $'000	Effective Percentage of Equity Held 2015 %	Effective Percentage of Equity Held 2014 %
Held by the company (cont'd)				
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) (6) Indonesia Dormant	**–** (10)	– (10)	**99.5**	99.5
Jackspeed Europe B.V. (3) (6) The Netherlands Design and installation of automotive leather trim	**38**	38	**100**	100
Jackspeed Leather Manufacturer (Haining) Co., Ltd (5) (6) 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) (12) Australia Distribution and installation of automotive leather seating, sunroofs, canopies and automotive accessories	**–** (10)	– (10)	**100**	100

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14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost		Effective Percentage of Equity Held	
	2015	2014	**2015**	2014
	$'000	$'000	**%**	%
Held by the company (cont'd)				
Simply Infinity Limited [6] [12] British Virgin Islands Investment holding	**–** [10]	– [10]	**100**	100
Jackspeed Australia Pty Ltd [6] [12] Australia Distribution and installation of automotive accessories	**–** [10]	– [10]	**100**	100
Simply Investments Pte. Ltd. [3] [12] (Incorporated on 26 September 2014) Singapore Investment holding (Raffles PAC)	**–** [10]	–	**100**	–
Held by subsidiaries				
Jackspeed Industries Sdn. Bhd. [1] [7] Malaysia Production and sale of automotive leather trim (Crowe Horwath, Malaysia)	**158**	158	**100**	100
J.V. (Thailand) Co., Ltd. [8] [9] Thailand Manufacture, assembly and supply of automobile component parts (RSM Audit Services (Thailand) Limited)	**1,082**	1,082	**100**	100
Index Agency Pte. Ltd. [11] Singapore Commission agents of used motor vehicles (RSM Chio Lim LLP)	**200**	200	**60**	60
Dynasty Culture Sdn. Bhd. [1] [7] Malaysia Production and sale of automotive leather trim (Crowe Horwath, Malaysia)	**–** [10]	– [10]	**100**	100

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14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(1) Other independent auditors. Audited by firms of accountants other than member firms of RSM International, of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(2) 6 ordinary shares of 100 Thai Baht each in Jackspeed Leather Manufacture (Thailand) Co., Ltd. are held in trust by certain directors and ex-employees of the group respectively.

(3) Management accounts 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 2015 were used for the purpose of consolidation as it is not considered material.

(6) These subsidiaries are exempted from audit by law in the country of incorporation. The management accounts as at 28 February 2015 were used for the purpose of consolidation as they are 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.. The subsidiary's 104,100 shares of 100 Thai Baht per preference share are held in trust by a preference shareholder of the subsidiary.

(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) This subsidiary is held by Index Credit Pte Ltd.

(12) Reviewed by RSM Chio Lim LLP, Singapore.

As 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.

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

There are subsidiaries that have non-controlling interests ("NCI") that are considered material to the reporting entity, and the main additional disclosures on them (amounts before intercompany eliminations) are presented below:

	Group	
	2015	2014
	$'000	$'000
Name of subsidiary: Index Credit Pte Ltd		
Profit allocated to NCI of the subsidiary during the reporting year	**294**	130
Accumulated NCI of the subsidiary at the end of the reporting year	**2,464**	2,409
The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before intercompany eliminations) is as follows:		
Dividends paid to non-controlling interests	**240**	200
Current assets	**8,968**	8,655
Non-current assets	**10,020**	7,740
Current liabilities	**(12,992)**	(11,032)
Non-current liabilities	**(188)**	(53)
Revenue	**17,331**	14,883
Profit for the reporting year	**1,099**	732
Total comprehensive income	**1,099**	732
Operating cash flows, increase	**1,043**	3,301
Net cash flows, decrease	**(163)**	(1,031)

15. INVESTMENTS IN ASSOCIATES

	Group	
	2015	2014
	$'000	$'000
At beginning of the year	**1**	70
Share of loss for the year	**–**	(52)
Share capital reduction	**–**	(17)
Carrying amount at end of the year	**1**	1
Share of net book value of associates	**–**	1

15. INVESTMENTS IN ASSOCIATES (CONT'D)

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

Name of Associates, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Effective Percentage of Equity Held 2015 %	2014 %
Held by the company		
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 results of the associate are not considered significant to the group and it 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
2015	**–** [a]	**–** [a]	**–** [a]	**–** [a]
2014	– [a]	– [a]	– [a]	(104) [a]

(a) Information for Aapico Jackspeed Co., Ltd. is not available. Audited financial statements for the year ended 31 December 2014 are not available. The results of the associate are not considered significant to the group and it is in the process of liquidation.

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16. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At beginning of the year	**6**	6	**–** [1]	– [1]
Share of loss for the year	**(2)**	–	**–**	–
Carrying amount at end of the year	**4**	6	**–** [1]	– [1]

(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	
	2015	2014
	%	%
Jackspeed Euris Japan Pte. Ltd. [a] Singapore Design, distribution and installation of automotive seat covers (Raffles PAC)	**50**	50

(a) The unaudited management accounts of the joint venture have 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 joint venture are as follows. These are not adjusted to reflect adjustments made by the entity when using the equity method.

	Assets	Liabilities	Revenue	(Loss)/profit for the year
	$'000	**$'000**	**$'000**	**$'000**
2015	**9**	**2**	**–**	**(3)**
2014	12	–	5	– [1]

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

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17. FINANCE LEASE RECEIVABLES

Group	Minimum lease payments $'000	Finance charges $'000	Present value $'000
2015			
Minimum lease payments receivable:			
Due within 1 year	**5,581**	**(731)**	**4,850**
Due within 2 to 5 years	**7,247**	**(1,037)**	**6,210**
Due after 5 years	**362**	**(62)**	**300**
Total	**13,190**	**(1,830)**	**11,360**
Presented in the statements of financial position as follows:			
Finance lease receivables, current	**5,581**	**(731)**	**4,850**
Finance lease receivables, non-current	**7,609**	**(1,099)**	**6,510**
	13,190	**(1,830)**	**11,360**
2014			
Minimum lease payments receivable:			
Due within 1 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

NOTES TO THE FINANCIAL STATEMENTS

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17. FINANCE LEASE RECEIVABLES (CONT'D)

Finance lease receivables are stated after allowance for impairment, as follows:

	Group	
	2015	2014
	$'000	$'000
Movements in allowance:		
Balance at beginning of the year	**–**	–
Reclassification from allowance for impairment of trade receivables (Note 20)	**13**	–
Charged to profit or loss	**156**	–
Written off	**(10)**	–
Balance at end of the year	**159**	–

The average lease term is 1 to 10 (2014: 1 to 10) years. The average effective interest rate is about 2.18% to 6.75% (2014: 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 finance lease receivables is not significantly different from the fair value (Level 3).

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2015	2014
	$'000	$'000
Movements during the year:		
Fair value at beginning of the year	**1,524**	1,530
Additions	**3,002**	–
Disposals	**(3,746)**	–
(Decrease)/increase in fair value (Note 25)	**(2)**	2
Reclassification resulting from redemption of bonds (Note 25)	**(13)**	–
Others	**(8)**	(8)
Fair value at end of the year	**757**	1,524
Presented in the statements of financial position as follows:		
Available-for-sale financial assets, current	**503**	1,267
Available-for-sale financial assets, non-current	**254**	257
	757	1,524

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18. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

The above available-for-sale financial assets pertain to investments in quoted corporate bonds. The quoted corporate bonds amounting to $503,000 and $254,000 are issued in Singapore from the retail real estate sector and the industrial real estate sector respectively.

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

19. INVENTORIES

	Group	
	2015	2014
	$'000	$'000
Statement of financial position:		
Used motor vehicles for resale	**2,134**	2,092
Finished goods and goods for resale	**1,028**	1,224
Work in progress	**82**	10
Raw material, consumables and supplies	**2,540**	2,251
	5,784	5,577
Profit or loss:		
Inventories recognised as an expense in cost of sales:	**22,050**	18,225
Inclusive of the following charge/(credit):		
– Inventories written down	**100**	–
– Reversal of write-down of inventories	**–**	(47)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts in 2014.

Certain inventories are financed through floor stocking facilities (Note 27A).

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables:				
Outside parties	**4,150**	3,315	**1,208**	626
Less: allowance for impairment	**(12)**	(24)	**–**	–
Advances to suppliers	**145**	–	**–**	–
Subsidiaries (Note 3)	**–**	–	**889**	1,506
Less: allowance for impairment	**–**	–	**(7)**	(18)
Subtotal	**4,283**	3,291	**2,090**	2,114
Other receivables:				
Related party (Note 3) [(a)]	**554**	501	**–**	–
Subsidiaries (Note 3)	**–**	–	**6,853**	5,577
Less: allowance for impairment	**–**	–	**–**	(288)
Other receivables [(b)]	**3,960**	4,138	**1,769**	2,480
Less: allowance for impairment	**(88)**	(84)	**–**	–
Subtotal	**4,426**	4,555	**8,622**	7,769
Total trade and other receivables	**8,709**	7,846	**10,712**	9,883
Movements in above allowance:				
Balance at beginning of the year	**108**	141	**306**	2,090
Reclassification to allowance for impairment of finance lease receivables (Note 17)	**(13)**	–	**–**	–
Disposal of a subsidiary	**–**	–	**–**	(738)
Reversed for other receivables due from subsidiaries to profit or loss	**–**	–	**(299)**	(1,046)
Bad debts written off	**(2)**	(33)	**–**	–
Foreign exchange adjustments	**7**	–	**–**	–
Balance at end of the year	**100**	108	**7**	306

(a) The loan to a related party bears interest rate at 3% per year in 2014 and 2015. The loan is on a non-recourse basis except for the security held. The loan is partly secured by 104,100 shares of 100 Thai 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 $3,380,000 (2014: $3,726,000) pertaining to loans given to outside parties for real estate projects in the United States. The loans have interests of 10% (2014: 5% and 10%) per annum and are repayable by 1 March 2015, 30 June 2015 and 31 July 2016 (2014: 30 April 2014, 30 July 2014, 31 December 2014 and 31 July 2016), or earlier. Subsequent to 28 February 2015, $2,223,000 has been repaid.

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21. OTHER ASSETS

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deposits to secure services	**298**	299	**10**	10
Prepayments	**939**	876	**30**	31
Tax recoverable	**150**	93	**–**	–
	1,387	1,268	**40**	41

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not restricted in use	**11,154**	9,133	**6,354**	4,542
Restricted cash [(a)]	**13**	12	**–**	–
	11,167	9,145	**6,354**	4,542
Interest earning balances	**51**	745	**–**	–

(a) This is cash pledged for bank facilities.

The interest rates on the interest earning balances were follows:

	Group		Company	
	2015	2014	**2015**	2014
	%	%	**%**	%
Interest rates on interest earning balances	**3.40**	2.30 to 3.15	**–**	–

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

	Group	
	2015	2014
	$'000	$'000
Amount as shown above	**11,167**	9,145
Restricted cash	**(13)**	(12)
Cash and cash equivalents for statement of cash flows purposes at end of the year	**11,154**	9,133

NOTES TO THE FINANCIAL STATEMENTS

22. CASH AND CASH EQUIVALENTS (CONT'D)

22B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of $1,385,000 (2014: $626,000) acquired by means of finance leases.

23. NON-CURRENT ASSET CLASSIFIED AS HELD-FOR-SALE

On 27 June 2014, the company entered into an Option to Purchase with a third party purchaser for the proposed sale of its leasehold property at 47 Loyang Drive Singapore 508955 (the "Property") for a sale consideration of $6,500,000 (the "Proposed Sale"). The Option to Purchase was exercised by the purchaser on 24 July 2014.

Taking into consideration the Proposed Sale, the carrying amount of the Property was reclassified from property, plant and equipment to non-current asset classified as held-for-sale and is presented separately in the statement of financial position as at 28 February 2015.

The Proposed Sale was subsequently completed on 4 May 2015.

24. SHARE CAPITAL

	Group and Company	
	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at beginning and end of year	**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**	**3,205**	**–**	**General and administrative costs**

24. SHARE CAPITAL (CONT'D)

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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Net debt:				
All current and non-current borrowings including finance leases	**13,073**	10,449	**1,107**	644
Less: cash and cash equivalents	**(11,167)**	(9,145)	**(6,354)**	(4,542)
Net debt	**1,906**	1,304	**(5,247)**	(3,898)
Total equity	**33,557**	31,242	**25,772**	24,871
Debt-to-adjusted capital ratio	**5.68%**	4.17%	**N.M.**	N.M.

N.M.: Not meaningful

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.

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FINANCIAL STATEMENTS

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25. OTHER RESERVES

	Asset revaluation reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Total $'000
Group				
At 1 March 2013	329	17	(907)	(561)
Fair value gain on available-for-sale financial assets (Note 18)	–	2	–	2
Exchange differences on translating foreign operations	–	–	(447)	(447)
At 28 February 2014	**329**	**19**	**(1,354)**	**(1,006)**
Fair value loss on available-for-sale financial assets (Note 18)	**–**	**(2)**	**–**	**(2)**
Reclassification of available-for-sale financial assets resulting from redemption of bonds (Note 18)	**–**	**(13)**	**–**	**(13)**
Exchange differences on translating foreign operations	**–**	**–**	**(37)**	**(37)**
At 28 February 2015	**329**	**4**	**(1,391)**	**(1,058)**
Company				
At 1 March 2013	–	17	–	17
Fair value gain on available-for-sale financial assets (Note 18)	–	2	–	2
At 28 February 2014	**–**	**19**	**–**	**19**
Fair value loss on available-for-sale financial assets (Note 18)	**–**	**(2)**	**–**	**(2)**
Reclassification of available-for-sale financial assets resulting from redemption of bonds (Note 18)	**–**	**(13)**	**–**	**(13)**
At 28 February 2015	**–**	**4**	**–**	**4**

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25. OTHER RESERVES (CONT'D)

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.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade payables:				
Outside parties and accrued liabilities	**3,613**	2,576	**1,007**	281
Subtotal	**3,613**	2,576	**1,007**	281
Other payables:				
Outside parties	**528**	368	**4**	12
Deposits from outside parties	**591**	198	**325**	–
Subsidiaries (Note 3)	**–**	–	**1,913**	2,632
Subtotal	**1,119**	566	**2,242**	2,644
Total trade and other payables	**4,732**	3,142	**3,249**	2,925

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27. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Non-current:				
Financial instruments with fixed interest rates:				
Finance leases (Note 27B)	**236**	100	**–**	6
Non-current, total	**236**	100	**–**	6
Current:				
Financial instruments with fixed interest rates:				
Trust receipts	**1,102**	571	**1,102**	571
Finance leases (Note 27B)	**11,314**	9,165	**5**	67
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 27A)	**421**	613	**–**	–
Current, total	**12,837**	10,349	**1,107**	638
Total	**13,073**	10,449	**1,107**	644
The non-current portion is repayable as follows:				
Due within 2 to 5 years	**221**	97	**–**	6
After 5 years	**15**	3	**–**	–
Total non-current portion	**236**	100	**–**	6

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

	Group		Company	
	2015	2014	**2015**	2014
	%	%	**%**	%
Bank loans	**5.25**	5.75 to 6.50	**–**	–

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27. OTHER FINANCIAL LIABILITIES (CONT'D)

27A. Bank loans (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.

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Inventories under floor stocking facilities	**518**	734	**–**	–

27B. Finance leases

Group	Minimum payments $'000	Finance charges $'000	Present value $'000
2015			
Minimum lease payments payable:			
Due within 1 year	**11,844**	**(530)**	**11,314**
Due within 2 to 5 years	**244**	**(23)**	**221**
Due after 5 years	**16**	**(1)**	**15**
Total	**12,104**	**(554)**	**11,550**
Finance lease receivables and net book value of plant and equipment under finance leases			**13,258**
2014			
Minimum lease payments payable:			
Due within 1 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 under finance leases			11,017

NOTES TO THE FINANCIAL STATEMENTS

27. OTHER FINANCIAL LIABILITIES (CONT'D)

27B. Finance leases (cont'd)

Certain of the group's finance lease receivables and plant and equipment are under finance leases. The average lease term is 1 to 10 (2014: 1 to 10) years. The effective rate of interest for finance leases is about 0.85% to 9.14% (2014: 0.85% to 5.00%) 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.

Although certain finance leases amounting to $5,888,000 (2014: $4,787,000) are for a period of 2 to 5 (2014: 2 to 5) years, they have been classified as "current" because under the terms of the credit facilities, the subsidiary does 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
2015			
Minimum lease payments payable:			
Due within 1 year	**6**	**(1)**	**5**
Due within 2 to 5 years	**–**	**–**	**–**
Total	**6**	**(1)**	**5**
Net book value of plant and equipment under finance leases			**151**
2014			
Minimum lease payments payable:			
Due within 1 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

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

28. ACQUISITION OF DYNASTY CULTURE SDN. BHD.

On 23 January 2014, the group acquired 100% equity in Dynasty Culture Sdn. Bhd. ("Dynasty"). Management had completed the Purchase Price Allocation ("PPA") exercise on 11 December 2014 and identified the fair value of the identifiable assets and liabilities at date of acquisition. The transaction was accounted for by the acquisition method of accounting.

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

	Pre-acquisition book value under FRS $'000	Provisional fair value for the reporting year ended 28 February 2014 $'000	Fair value on completion of PPA exercise on 11 December 2014 $'000
Plant and equipment	231	231	231
Trade and other receivables	352	352	352
Other assets	44	44	44
Cash and cash equivalents	127	127	127
Inventories	233	233	233
Total assets	987	987	987
Other financial liabilities	(52)	(52)	(52)
Trade and other payables	(356)	(356)	(356)
Finance leases	(92)	(92)	(92)
Income tax payable	(3)	(3)	(3)
Total liabilities	(503)	(503)	(503)
Identifiable net assets acquired	484	484	484

The negative goodwill arising on acquisition is as follows:

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

28. ACQUISITION OF DYNASTY CULTURE SDN. BHD. (CONT'D)

The negative goodwill of $10,000 had been recognised in the profit or loss in 2014, based on the provisional amounts of the fair values of the identifiable assets and liabilities.

With the completion of the PPA exercise, there are no adjustments required to be made to the negative goodwill recognised, as there is no difference between the provisional and actual fair values of identifiable assets and liabilities recognised.

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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash and cash equivalents	**11,167**	9,145	**6,354**	4,542
Loans and receivables	**19,924**	17,618	**10,712**	9,883
Available-for-sale financial assets	**757**	1,524	**757**	1,524
At end of the year	**31,848**	28,287	**17,823**	15,949
Financial liabilities				
Trade and other payables measured at amortised cost	**4,141**	2,944	**2,924**	2,925
Other financial liabilities measured at amortised cost	**13,073**	10,449	**1,107**	644
At end of the year	**17,214**	13,393	**4,031**	3,569

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.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

29B. Financial risk management (cont'd)

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.

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 (2014: 30 to 60) days. However, a few customers take a longer period to settle the amounts.

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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	
	2015	2014
	$'000	$'000
Trade receivables:		
Less than 60 days	**798**	611
61 to 90 days	**23**	31
91 to 180 days	**45**	60
Over 180 days	**50**	9
At end of the year	**916**	711

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

	Group	
	2015	2014
	$'000	$'000
Trade receivables:		
Over 180 days	**12**	24
At end of the year	**12**	24

(c) Finance lease receivable amounts that are past due is $282,000 (2014: $274,000), of which $159,000 (2014: Nil) are determined to be impaired as at the end of the reporting year. The allowance is based on individual accounts totalling $159,000 (2014: Nil) that are determined to be impaired at the end of the reporting year. These are not secured.

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

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

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Top 1 customer	**1,207**	626	**1,207**	626
Top 2 customers	**1,888**	984	**1,207**	626

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Top 1 counterparty	**1,784**	2,321	**1,459**	2,321
Top 2 counterparties	**3,243**	3,342	**1,719**	2,459

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 – financial liabilities maturity analysis

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

Group **Non-derivative financial liabilities:**	**Less than 1 year** **$'000**	**2 to 5 years** **$'000**	**After 5 years** **$'000**	**Total** **$'000**
2015				
Gross borrowing commitments	**1,567**	**–**	**–**	**1,567**
Gross finance lease obligations	**11,844**	**244**	**16**	**12,104**
Trade and other payables	**4,141**	**–**	**–**	**4,141**
At end of the year	**17,552**	**244**	**16**	**17,812**

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Group **Non-derivative financial liabilities:**	**Less than 1 year $'000**	**2 to 5 years $'000**	**After 5 years $'000**	**Total $'000**
2014				
Gross borrowing commitments	1,195	–	–	1,195
Gross finance lease obligations	9,673	104	3	9,780
Trade and other payables	2,944	–	–	2,944
At end of the year	13,812	104	3	13,919

Company **Non-derivative financial liabilities:**	**Less than 1 year $'000**	**2 to 5 years $'000**	**After 5 years $'000**	**Total $'000**
2015				
Gross borrowing commitments	**1,140**	**–**	**–**	**1,140**
Gross finance lease obligations	**6**	**–**	**–**	**6**
Trade and other payables	**2,924**	**–**	**–**	**2,924**
Financial guarantee contracts – in favour of certain subsidiaries	**36,279**	**–**	**–**	**36,279**
At end of the year	**40,349**	**–**	**–**	**40,349**
2014				
Gross borrowing commitments	573	–	–	573
Gross finance lease obligations	70	6	–	76
Trade and other payables	2,925	–	–	2,925
Financial guarantee contracts – in favour of certain subsidiaries	30,096	–	–	30,096
At end of the year	33,664	6	–	33,670

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

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

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 (2014: 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 2015 $'000	Less than 1 year 2014 $'000
Financial guarantee contracts – in favour of certain subsidiaries (Note 31(a))	**36,279**	30,096

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

29F. Interest rate risk

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Financial assets with interest:				
Fixed rate	**4,763**	6,496	**2,238**	3,845
Floating rate	**11,360**	9,772	**–**	–
At end of the year	**16,123**	16,268	**2,238**	3,845
Financial liabilities with interest:				
Fixed rate	**12,652**	9,836	**1,107**	644
Floating rate	**421**	613	**–**	–
At end of the year	**13,073**	10,449	**1,107**	644

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

29F. Interest rate risk (cont'd)

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

	Group		Company	
	2015	2014	**2015**	2014
	$'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	**11**	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	**–**	–

(1) Amount is less than $1,000.

29G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

Group	Euro $'000	Thai Baht $'000	United States Dollars $'000	Total $'000
2015				
Financial assets				
Cash and cash equivalents	**268**	**–** [(1)]	**979**	**1,247**
Loans and receivables	**410**	**554**	**1,439**	**2,403**
Total financial assets	**678**	**554**	**2,418**	**3,650**
Financial liabilities				
Other financial liabilities	**–**	**–**	**(1,102)**	**(1,102)**
Trade and other payables	**(205)**	**(11)**	**(28)**	**(244)**
Total financial liabilities	**(205)**	**(11)**	**(1,130)**	**(1,346)**
Net financial assets at end of the year	**473**	**543**	**1,288**	**2,304**

NOTES TO THE FINANCIAL STATEMENTS

28 February 2015

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

29G. Foreign currency risks (cont'd)

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

(1) Amount is less than $1,000.

Company	United States Dollars $'000	Euro $'000	Total $'000
2015			
Financial assets			
Cash and cash equivalents	**411**	**–**	**411**
Loans and receivables	**2,917**	**9**	**2,926**
Total financial assets	**3,328**	**9**	**3,337**
Financial liabilities			
Other financial liabilities	**(1,102)**	**–**	**(1,102)**
Trade and other payables	**(89)**	**–**	**(89)**
Total financial liabilities	**(1,191)**	**–**	**(1,191)**
Net financial assets at end of the year	**2,137**	**9**	**2,146**

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			
Financial assets			
Cash and cash equivalents	668	–	668
Loans and receivables	4,546	11	4,557
Total financial assets	5,214	11	5,225
Financial liabilities			
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

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

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

30. FORWARD CURRENCY EXCHANGE CONTRACTS

The purpose of these contracts is to mitigate the fluctuations of expected sales and purchases (forecast transactions) denominated in the non-functional currencies. The forward exchange contracts are put in place in order to hedge the excess of anticipated sales over purchases that will be made in the above currencies over the next year. The foreign currency sales and purchases forecasts are prepared for the following year with monthly information and designated as the hedged item the part of monthly sales exceeding the purchases of the month. Cash flows are expected to occur and affect profit or loss in the months concerned.

31. CONTINGENT LIABILITIES

(a) The company has issued corporate guarantees to banks in respect of bank facilities extended to certain subsidiaries amounting to $36,279,000 (2014: $30,096,000).

(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 (equivalent to AUD528,000), an amount of $382,000 (equivalent to AUD331,000) has been fully provided and paid for. The remaining cost of $223,000 (equivalent to AUD197,000) is uncertain and management has not made any provision in respect of this amount as at 28 February 2015.

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**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**865**	651	**70**	77
Later than 1 year and not later than 5 years	**1,523**	482	**276**	283
Later than 5 years	**2,135**	2,355	**2,135**	2,355
Rental expense for the year	**669**	662	**69**	67

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, B72, B73, B75, AB05 and AB06 Turf City, 210 Turf Club Road, Singapore 287995; and

(d) 29 Sir Laurence Drive, Seaford, Victoria, Australia.

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

The lease (b) for office and production facilities in Thailand is for 3 years from 1 October 2014 to 30 September 2017. Rentals are not subject to an escalation clause.

The lease (c) for office facilities in Singapore is for 37 months from 1 February 2015 to 28 February 2018. 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.

NOTES TO THE FINANCIAL STATEMENTS

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 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

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 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions (*)	1 July 2014
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 102, Share-based Payment FRS 103, Business Combinations FRS 108, Operating Segments FRS 113, Fair Value Measurement FRS 16, Property, Plant and Equipment FRS 24, Related Party Disclosures FRS 38, Intangible Assets	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS

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35. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS (CONT'D)

FRS No.	Title	Effective date for periods beginning on or after
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 103, Business Combinations FRS 113, Fair Value Measurement FRS 40, Investment Property	1 July 2014
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 January 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (*)	1 January 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	Regulatory Deferral Accounts (*)	1 January 2016
Various	Improvements to FRSs (November 2014)	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

(*) Not relevant to the entity.

36. RECLASSIFICATIONS AND COMPARATIVE FIGURES

The group has reclassified certain comparative figures in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The outward freight expenses of $505,000 for the reporting year ended 28 February 2014 has been reclassified from marketing and distribution costs to cost of sales to more appropriately reflect the group's gross profit. 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:			
Cost of sales	(24,804)	(24,299)	(505)
Marketing and distribution costs	(481)	(986)	505

SHAREHOLDINGS STATISTICS

As At 11 May 2015

No. of Issued Shares	:	251,043,579
Number of Treasury Shares held	:	Nil
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 – 99	0	0.00	0	0.00
100 – 1,000	37	6.67	35,110	0.01
1,001 – 10,000	201	36.22	1,209,000	0.48
10,001 – 1,000,000	295	53.15	36,954,000	14.72
1,000,001 and above	22	3.96	212,845,469	84.79
	555	100.00	251,043,579	100.00

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Raffles Nominees (Pte) Ltd	111,529,561	44.43
2	Aapico Investment Pte. Ltd.	37,522,427	14.95
3	CIMB Securities (S) Pte Ltd	12,484,000	4.97
4	Hong Leong Finance Nominees Pte Ltd	10,040,100	4.00
5	Phillip Securities Pte Ltd	9,627,300	3.83
6	Chiew Poh Cheng	4,527,000	1.80
7	UOB Kay Hian Pte Ltd	3,544,000	1.41
8	Lim Tien Lock Christopher	2,800,000	1.12
9	Citibank Nominees Singapore Pte Ltd	2,352,000	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	1,695,000	0.68
14	Wong Kin Tang	1,600,000	0.64
15	Quek Poh Chuan	1,500,000	0.60
16	OCBC Securities Private Ltd	1,321,000	0.53
17	Maybank Kim Eng Securities Pte Ltd	1,250,000	0.50
18	Lee Wan Ling (Li Wanling)	1,200,000	0.48
19	Manimaran S/O Kamachi	1,130,000	0.45
20	Tok Sor Hwee	1,025,000	0.41
		210,827,469	84.00

SHAREHOLDINGS STATISTICS

As At 11 May 2015

Shareholdings Held in Hands of Public

Based on information available to the Company as at 11 May 2015, 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	–	44.31
Aapico Investment Pte. Ltd.	37,522,427	–	14.95

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Jackspeed Corporation Limited (the "**Company**") will be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on Monday, 22 June 2015 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 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Lo Yew Seng, a Director who is retiring pursuant to Article 107 of the Articles of Association of the Company. **(Resolution 2)**
[See Explanatory Note (i)]

3. To note the retirement of Mr Teo Teng Seng, a Director who is retiring pursuant to Article 107 of the Articles of Association of the Company.

   Upon the retirement of Mr Teo Teng Seng, he will be relinquishing his position as Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee.

4. To approve the payment of Directors' fees of S$188,000 for the year ended 28 February 2015. (2014: S$156,000). **(Resolution 3)**

5. 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 4)**

6. 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:

7. **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,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

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

provided that:

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

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

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

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

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

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

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

[See Explanatory Note (ii)] **(Resolution 5)**

NOTICE OF ANNUAL GENERAL MEETING

8. **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 to be 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 6)**

9. **Renewal of Share Purchase Mandate (to be voted on by taking of a poll)**

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 5 June 2015 (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 7)**

By Order of the Board

Chua Sze Chyi / Chew Kok Liang
Joint Company Secretaries
Singapore, 5 June 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

(ii) Resolution 5, 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 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 6, 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 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 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, whichever is 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 2015 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 221 Henderson Road #06-15, Singapore 159557 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

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

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on Monday, 22 June 2015 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 2015		
2.	Re-election of Mr Lo Yew Seng as Director		
3.	Approval of Directors' Fees amounting to $188,000 for the year ended 28 February 2015		
4.	Re-appointment of RSM Chio Lim LLP as Auditors		
5.	Authority to issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual		
6.	Authority to issue shares under the Jackspeed Share Award Scheme		
7.	Renewal of Share Purchase Mandate		

Dated this ________ day of ______________ 2015

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 221 Henderson Road #06-15, Singapore 159557 not less than forty-eight (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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 June 2015.

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JACKSPEED CORPORATION LIMITED
Registration No: 199300300W

221 Henderson Road #06-15, Singapore 159557
Tel : (65) 6273 0386
Fax : (65) 6273 0396
Email : investor@jackspeed.com

www.jackspeed.com