JADI IMAGING HOLDINGS BERHAD
(Company No. 526319-P)

No. 1, Jalan Peguam U1/25A, Seksyen U1,

Hicom-Glenmarie Industrial Park,

40150 Shah Alam, Selangor, Malaysia.

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(Company No.526319-P)










ANNUAL REPORT ***2007***

Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of Jadi Imaging Holdings Berhad ("Company" or "Jadi") will be held at Mauna Lani B Room, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Friday, 16 May 2008 at 10.00 a.m. for the following purposes:-

1. To lay the audited financial statements for the financial year ended 31 December 2007 together with the Report of the Directors and Auditors thereon.

2. To re-elect the following Directors who are retiring in accordance with Article 123 of the Articles of Association of the Company:

   2.1 Mr Liew Kim Siong — **Ordinary Resolution 1**
   2.2 Mr Lim Hock Guan — **Ordinary Resolution 2**

3. To approve the Directors' fee in respect of the financial year ended 31 December 2007. — **Ordinary Resolution 3**

4. To re-appoint Messrs Horwath as Auditors and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 4**

5. **Special Business:**

   To consider and if thought fit, pass the following resolutions:

   5.1 Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may at their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary." — **Ordinary Resolution 5**

   5.2 Proposed Purchase of Own Ordinary Shares of up to Ten Per Cent (10%) of the Issued and Paid-Up Share Capital of the Company ("Proposed Share Buy-Back")

   "THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities provided that:

   (i) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

(ii) the funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits and/or share premium account of the Company. The audited retained profits and share premium account of the Company stood at RM47,516.00 and RM58,903.00 respectively as at 31 December 2007.

(iii) the authority conferred by this resolution shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first."

"THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased at their absolute discretion in the following manner:

(i) cancel all the shares so purchased; or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; or

(iii) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Share Buy-Back with full power to assent to any modifications and/or amendments as may be required by the relevant authorities." **Ordinary Resolution 6**

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)
TAN FONG SHIAN @ LIM FONG SHIAN (MAICSA 7023187)

COMPANY SECRETARIES

Dated this 24th day of April 2008
Kuala Lumpur

Notes:

(1) A proxy may but need not be a member of the Company. A member shall be entitled to appoint a person, whether a member or not, as his proxy to attend and vote at a meeting of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

(2) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

(3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

(4) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at No. 1, Jalan Peguam U1/25A, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.

(5) Explanatory note on the Special Business

Ordinary Resolution 5
Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 5, if passed, will empower the Directors from the date of the 7th Annual General Meeting to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Ordinary Resolution 6
Proposed Purchase of Own Ordinary Shares of up to Ten Per Cent (10%) of the Issued and Paid-Up Share Capital of the Company ("Proposed Share Buy-Back")

The proposed Ordinary Resolution 6, if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting of the Company.

Please refer to the Circular to Shareholders dated 24 April 2008 for further information.

STATEMENT ACCOMPANYING
THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("the Listing Requirements"), the following are appended:

1. Names of Directors who are standing for re-election at the Seventh Annual General Meeting of the Company:

   (a) Mr Liew Kim Siong; and
   (b) Mr Lim Hock Guan.

2. Details of the attendance of the Directors at Board of Directors' Meetings held during the financial year ended 31 December 2007 are as follows:

Directors	**Number of Meetings Attended**	**No. of Meetings Eligible to Attend**	**%**
Liew Kim Siong	5	5	100
Eu Lan Eng	5	5	100
Lim Hock Guan	5	5	100
Mohd Salmi bin Mansor	4	5	80
Pathmarajah A/L R Nagalingam	5	5	100
Lim Yew Thoon	5	5	100
Dr Gan Seng Neon	4	5	80

3. Venue, Date and Time of the Seventh Annual General Meeting of the Company

   The Seventh Annual General Meeting of the Company will be held at Mauna Lani B Room, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Friday, 16 May 2008 at 10.00 a.m.

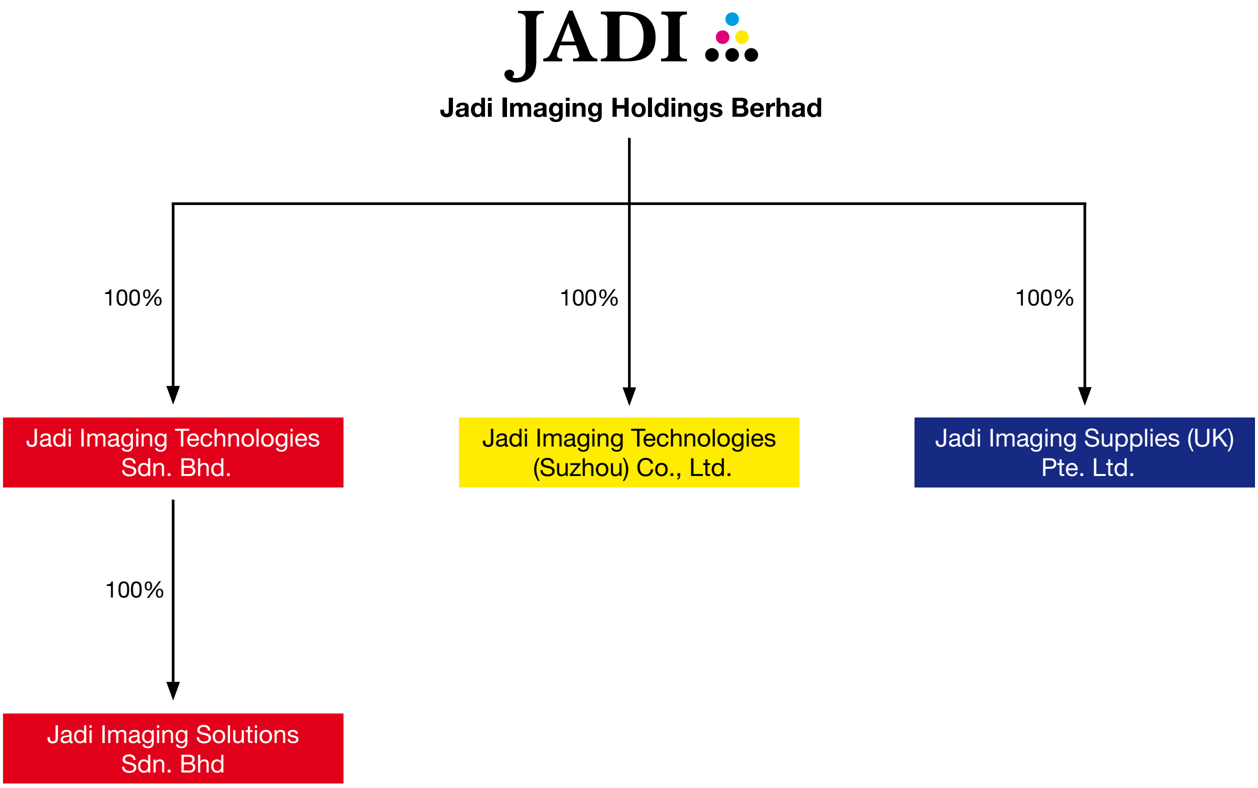
4. Further details of Directors who are standing for re-election as Directors

   The details of the Directors who are standing for re-election at the Seventh Annual General Meeting are set out in the Directors' Profiles in this Annual Report.

   No individual other than the retiring Directors is seeking election as a Director at the Seventh Annual General Meting of the Company.

   No notice of nomination has been received todate from any member nominating any individual for election as a Director at the Seventh Annual General Meeting of the Company.

CORPORATE STRUCTURE



Vision

Our Vision is to be one of the top three biggest independent toner manufacturers in the world by 2008. With our globally competitive, high quality products, we are optimistic that we can further expand our operations and achieve our Vision.

Mission

At Jadi, our customers are our top priority. We are thus committed to total customer satisfaction through providing consistently high quality products and services that meet or exceed the expectations of our worldwide customers.

BOARD OF DIRECTORS

Liew Kim Siong
Executive Chairman/Group CEO

Eu Lan Eng
Executive Director/General Manager

Lim Hock Guan
Executive Director/Corporate Affairs Director

Mohd Salmi bin Mansor
Executive Director/Technical Director

Pathmarajah A/L R Nagalingam
Independent Non-Executive Director

Lim Yew Thoon
Independent Non-Executive Director

Dr Gan Seng Neon
Independent Non-Executive Director

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)

REGISTERED OFFICE

No. 1, Jalan Peguam U1/25A
Seksyen U1, Hicom-Glenmarie
Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

Telephone No.: (603) 7804 0333
Facsimile No.: (603) 7804 3211

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
Level 13 Uptown 1
No.1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Telephone No.: (603) 7718 6000
Facsimile No.: (603) 7722 2311

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd
2A Ground Floor
Wisma Masalam
Jalan Tengku Ampuan Zabedah 3/9C
Seksyen 9
40100 Shah Alam
Selangor Darul Ehsan

OCBC Bank (Malaysia) Berhad
89, 91 and 93 Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

AUDITORS

Horwath
Level 16 Tower C Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Telephone No.: (603) 2166 0000
Facsimile No.: (603) 2166 3099

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Main Board

STOCK CODE

7223

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Jadi and its subsidiaries ("Group") for the financial year ended 31 December 2007.

PERFORMANCE REVIEW

Despite the twin challenges of a depreciating US Dollar and an appreciating Japanese Yen that confronted the Group in 2007, I am happy to report that our Group performed relatively well, achieving a revenue of RM56.67 million and a profit after tax of RM10.68 million for the financial year ended 31 December 2007.

The depreciating US Dollar eroded the Group's revenue and squeezed our profit margins as about 95% of our revenue is derived from foreign markets and all our exports are quoted in US Dollars. The appreciating Japanese Yen, on the other hand, negatively impacted our production cost as our main raw material, resin, is imported from Japan.

The Group's revenue of RM56.67 million in the financial year ended 31 December 2007 was higher by RM1.87 million, or 3.4%, compared to the RM54.80 achieved in the financial year ended 31 December 2006. However, the Group profit after tax of RM10.68 was lower by RM0.46 million or 4.1% compared to the RM11.13 achieved in 2006.

In recognition of the strong shareholder support, your Board declared a bonus issue of 150,925,833 new ordinary shares of RM0.10 each on the basis of I new ordinary share of RM0.10 each for every 3 existing ordinary shares of RM0.10 each in the financial year ended 31 December 2007. The bonus shares were allotted and issued to shareholders whose names appear in the Record of Depositors as at the close of business on 10 August 2007 and were listed and quoted on the Second Board of Bursa Malaysia Securities Berhad on 13 August 2007. In addition, your Board also declared an interim tax-exempt dividend of 5% or 0.5 sen per ordinary share for the financial year ended 31 December 2007 on 7 March 2008.

On behalf of the Board, I would like to convey my thanks and appreciation to the directors, management team and our colleagues for their dedication, diligence and commitment. I would also like to take this opportunity to thank our shareholders, customers, business associates and the relevant government authorities for their continuing support and confidence in Jadi.

CORPORATE DEVELOPMENT

The Group had another exciting and fruitful year in 2007. We executed several key initiatives that will position the Group for healthy growth in the future.

The transfer of the listing of, and the quotation for, the entire issued and paid up share capital of the Company from the Second Board to the Main Board of Bursa Malaysia Securities Berhad in August 2007 just over a year after its initial public listing on the Second Board of Bursa Malaysia Securities Berhad in April 2006 marks another major milestone in the Group's history.

The entire issued and paid-up share capital of RM60,370,333 comprising 603,703,333 ordinary shares of RM0.10 each was transferred from the Second Board to the Main Board of Bursa Malaysia Securities Berhad on 22 August 2007.

To better meet the needs of the Company's rapidly expanding business and its focus on the global market for new business opportunities, the Company appointed Horwath as the Company's auditor at the Company's AGM held on 28 June 2007 in place of Peter I.M. Chieng & Co. The Company wishes to thank Peter I.M. Chieng & Co. for its years of service.

The Group's ongoing R&D on color toners culminated with the release of the first color toners that were developed and manufactured in-house by the Group using the pulverization process. The first full range of color toners (i.e. cyan, magenta, yellow and black) that was launched by the Group in March 2007 is compatible for use in the Samsung CLP 500 series of printers. This was followed by the full range of color toners compatible for use in the Samsung CLP 300 series of printers and the Samsung CLX-3160FN multi-function printer. Next came the full range of color toners compatible for use in the HP Color Laser Jet 2600 series, one of the most popular laser color printers in the world market because of its affordable pricing and high quality prints. Notwithstanding the launching of color toners, the bulk of the Group's production will continue to be dedicated to the production of black toners as they still dominate the demand for toners in the world market today. However, as the profit margins for color toners are much higher than those of black toners, it is the Group's hope that with the rapid growth in demand for color toners as a result of the continued decline in price of color printers and the rapid growth in the use of the Internet, color toners will contribute progressively to a bigger share of the Group's profits in future.

Further progress was also achieved by the Group in 2007 in its joint R&D project to develop chemical toners in collaboration with the Chemistry Department, University of Malaya. The first two post-graduate students who were sponsored by the Group for their M. Sc. degree under the joint R&D project joined the Group as full-time researchers in 2007. Under the programme, the Group sponsors a maximum of two students at any one time to pursue their M. Sc. degree at the university.

The Board recognizes and remains committed to exercising high standards of corporate governance and transparency as the basis for managing the Group's business. Thus, the Group continues to review and enhance the Group's system of internal control and governance to ensure that our business is conducted according to accepted standards of best practice. Subsequent to the financial year ended 31 December 2007, the Group's Audit Committee has approved the outsourcing of the Group's internal audit function to external consultants who shall assist the Board and Audit Committee by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems.

Thus far, the Group had been focusing on the manufacturing of toner. In addition, it had also been focusing exclusively on organic growth to fuel its expansion plans. However, in line with its efforts to capture a bigger share of the global toner market in the midst of an increasingly competitive environment, the company is now widening its focus. Thus, the Group's long term strategy is to serve as a total imaging solution provider to the toner cartridge remanufacturing industry through providing a full range of products and services. In line with this strategy, the Group is considering possible acquisitions of, and mergers and strategic tie-ups with, companies that provide complementary products and services to the industry.

In line with its long term strategic plan in China, the Group invested RM1.9 million to acquire the right to the use of a piece of industrial land measuring 17,791.11 sq.m. in the Suzhou Industrial Park in Jiangsu Province on 8 February 2007. The investment was paid out of internally generated funds. The Group has appointed an architectural firm to design the factory to be built on the site. The lease on its current factory which is also located in the Suzhou Industrial Park is due to expire on 2 September 2008.

OPERATIONS REVIEW

The Group is an independent toner manufacturer which develops, formulates and manufactures toners for laser printers, photocopiers, facsimile machines and multi-function office equipment. An independent toner manufacturer is a manufacturer that is not owned by a hardware manufacturer, often called an original brand maker, or OBM.

The Group manufactures both black and color toners, with black toners making up the bulk of the Group's production. It focuses on the supply of bulk toner and sells mainly to the aftermarket. It does not offer cartridges or any other components for printing and copying systems.

The Group is the sole toner manufacturer in Malaysia and the biggest in Southeast Asia. Currently, it comprises two key wholly-owned operating subsidiaries namely, Jadi Imaging Technologies Sdn. Bhd. in Malaysia, an MS ISO 9001:2000 Quality Management System-certified company, and Jadi Imaging Technologies (Suzhou) Co., Ltd., in China. The China subsidiary caters to the rapidly growing China market while the Malaysian subsidiary caters to the rest of the world.

The Group focuses on the export market. For the financial year ended 31 December 2007, the Group exported to 41 countries throughout the world, with revenue from sales to foreign markets contributing to 94.7 % of its total revenue. The principal markets were Asia (including Malaysia), 63.9%; South America, 21.1%; Eastern Europe, 6.2%; Middle East, 4%; USA, 3.3%; and Western Europe, 1.4%.

Following its listing on the Second Board on 20 April 2006, the Group embarked on a rapid expansion programme. The Group acquired a factory located across the road from its existing factory in Hicom-Glenmarie Industrial Park in Shah Alam, Selangor in 2006 to house the fifth and sixth production line and new R&D centre. It also rented two adjoining units of terrace factories in Bukit Kemuning, Shah Alam, Selangor in 2007 to serve as additional warehouse space for the Group.

The Group's fourth production line commenced commercial production in June 2006 in a rented facility in China and the fifth production line, in December 2006 in Malaysia. The sixth production line which is dedicated exclusively to the production of color toners commenced commercial production in March 2007. With this, the group's total annual production capacity had reached more than 5,000 tonnes, almost double its total production capacity of 3,000 tonnes prior to its listing in 2006.

Therefore, the Group's efforts in 2007 were focused on digesting its expanded production capacity and enhancing its performance through improving the productivity and efficiency of its manufacturing operations. The Group undertook intensive marketing activities to attract new customers and to encourage existing customers to increase purchases. In particular, the Group conducted more technical training and dialogue sessions with both existing and potential customers in order to enlighten them on the quality of the company's products, and where necessary, customize products for their specific requirements. In addition, a new automated material handling system and a centralized dust collection system were installed for the Group's second and third production line located in its main factory in Malaysia. The total investment of RM3.2 million was financed from internally generated funds. Both the systems are similar to the ones that have been installed for the fourth production line in China and fifth production line in Malaysia. The production lines were shut down during the period of the installation.

To promote the Group's products, it continued to participate in industry trade shows and exhibitions as well as advertise in industry magazines in 2007.

The Group participated in the following major international trade shows and exhibitions in 2007:

- Remax Trade Show, a trade show on the global toner and inkjet remanufacturing and printer consumables industry, in Dusseldorf, Germany;
- RechargeEast Trade Show, a trade show on the toner and inkjet remanufacturing and printer consumables industry in the CIS and Russia, in Moscow, Russia;
- Printer China, an imaging supplies industry trade show, in Shanghai, China;
- RechargExpo on imaging supplies for the remanufacturing industry, in Singapore
- World Expo on the imaging supplies industry in Las Vegas, USA;
- ReChina Expo, a trade show on the global printer consumables industry, in Shanghai, China.

In addition, the Group advertised in the following international industry magazines in 2007:

- The Recharge Asia Magazine (published in China and USA);
- The Recharge East Magazine (published in Bulgaria and Canada);
- The Recycler Trade Magazine (English Edition, published in UK);
- The Recharge India Magazine (published in India)

Jadi Suzhou performed according to expectations in its first full year of operation. The company contributed RM10.42 million, or 18.4% of the Group's total revenue and RM2.30 million or 21.5% of the Group's net profit. With the continued rapid growth in demand in China, the Group plans to invest in a second production line in its China operations in 2009/2010.

OUTLOOK AND FUTURE PROSPECTS

In January 2008, the International Monetary Fund ("IMF") updated its forecast for world economic growth in 2008 which it made in September 2007. It cut its forecast for world growth in 2008 to 4.1% from 4.9% in 2007 in the face of the continuing financial market turbulence and weakening U.S. performance. At the same time, it lowered growth expectations for advanced economies, with growth in the US projected at 1.5%, the Euro area at 1.6% and Japan, at 1.5%.

On a positive note, however, the IMF reported that despite some slowing of export growth, emerging market and developing countries have thus far continued to expand strongly, led by China and India. Nevertheless, growth is also expected to ease, moderating from 7.8% in 2007 to 6.9% in 2008, with growth in China expected to decelerate from 11.4% in 2007 to 10% in 2008.

The IMF further cautioned that there was a risk that the ongoing turmoil in financial markets would further reduce domestic demand in the advanced economies with more significant spillovers into emerging market and developing countries.

Given these uncertain financial conditions and the likelihood of slower global demand growth, the Group faces a challenging year ahead. In addition, as all of the Group's export sales are quoted in US Dollars, this is further compounded by the negative impact on the Group's revenue by the continuing appreciation of the Malaysian Ringgit against the US Dollar.

Managing competition, margin and cost pressures in the midst of a slowing world economy will pose challenges to the Group. The appreciation of the Malaysian Ringgit against the US Dollar will continue to erode the Group's revenue and squeeze its profit margins. In addition, the appreciation of the Japanese Yen against the Malaysian Ringgit is also expected to increase the Group's production cost as the main raw material used by the Group, resin, is imported from Japan. However, the strengthening Japanese Yen affects not only the Group but also the Group's major competitors throughout the world as resin manufacturers in Japan are their main suppliers as well. Thus, it has not affected the Group's competitive position in the global market. Rather, as Japanese toner manufacturers are the Group's main competitors, the Board expects the strengthening Japanese Yen to improve the Group's competitive position.

It is imperative, therefore, for the Group to continue to focus on R&D to drive its long term success, be efficient in our operations and processes, and be better than our competitors in customer service. To minimize the negative impact of the appreciation of the Malaysian Ringgit against the US Dollar, the Group will continue to maintain a natural hedge against currency fluctuations by matching its trade receipts which are mainly denominated in US Dollars with the settlement of trade payables on raw material purchases which are transacted in US Dollars and Japanese Yen. In addition, the Group will also continue to monitor its foreign exchange exposure closely and take the necessary steps to minimize its exposure whenever appropriate. However, we may have to review the pricing of our products if the Malaysian Ringgit appreciation continues and reaches a level that threatens our margins.

Liew Kim Siong
Executive Chairman/Group CEO

DIRECTORS' PROFILES

The profiles of the Board of Directors of Jadi Imaging are as follows:

Liew Kim Siong, *Executive Chairman/Group CEO*

Liew Kim Siong, Malaysian, aged 50, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 9 April 2002. He is presently the Executive Chairman and Group CEO of Jadi Imaging Holdings Berhad. He was also a member of the Audit Committee of the Board until he resigned on 15 February 2008.

He obtained a Diploma in Accounting and Finance from the Association of Chartered Certified Accountants ("ACCA"), UK before pursuing a Master in Business Administration from University of Strathclyde, Scotland in 1995.

In 1984, he established Office Business Systems Sdn Bhd, a company involved in the remanufacturing, sales and servicing of copiers and assumed the position of Managing Director. Subsequently in 1992, he established Technitone (M) Sdn Bhd, a toner manufacturing company and was appointed Managing Director of the company. As a result of a change in partnership arrangements, he established Jadi Imaging Technologies Sdn. Bhd. in 1999 to acquire all the assets of Technitone (M) Sdn Bhd and was appointed Chief Executive Officer of the company. With over 20 years of experience in the copier and toner industries, he has been instrumental in the success, growth and development of the Jadi Imaging Group. As the Group Chief Executive Officer, he is responsible for the strategic direction as well as business development of the Group.

Eu Lan Eng, *Executive Director/General Manager*

Eu Lan Eng, Malaysian, aged 50, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 9 April 2002.

She has approximately 12 years experience in the toner industry. Her career started in 1988 when she joined Chang Export Trading House as a Secretary/Coordinator before leaving in 1992 to join Segani Freight Services Sdn Bhd, a freight forwarding company, as an Executive. Subsequently in 1995, she left to take up the position of Executive in Office Business Systems Sdn Bhd, a company involved in the remanufacturing, sales and servicing of copiers. In 1997 she left to join Technitone (M) Sdn Bhd as a Marketing Executive and was promoted to Marketing Manager in 1999. In 2000, she assumed the position as Marketing Manager with Jadi Imaging Technologies Sdn. Bhd. and was later promoted to Deputy General Manager of the company in 2002. In the same year, she was appointed General Manager of Jadi Imaging Technologies Sdn. Bhd, a position she still holds to date. Her main responsibilities include overseeing the overall operations of the Group including the marketing division.

Lim Hock Guan, *Executive Director/Corporate Affairs Director*

Lim Hock Guan, Malaysian, aged 60, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 21 December 2004.

He obtained his Bachelor of Economics (Honours) Degree majoring in Business Administration from the University of Malaya in 1972.

His career started in 1972 when he joined the Malaysian Industrial Development Authority ("MIDA"), Kuala Lumpur as Assistant Director, Investment Promotion Division. MIDA is the investment promotion agency of the government of Malaysia and is headquartered in Kuala Lumpur with offices located throughout the world. In 1974, he left MIDA to take up the position of Officer at Bank of America for a short period of time before returning to MIDA the same year. Since then, he has held various senior positions in MIDA including Deputy Director, MIDA New York (1976-1981); Director, MIDA Singapore (1982-1986); Deputy Director, Non-Metallic Mineral Products Division (1989-1990); Director, MIDA Chicago (1990-1995); Director; MIDA Tokyo (1997-2002); and Director, Communications and Media Division (2002-2004). He joined Jadi Imaging Technologies Sdn. Bhd. as Corporate Affairs Director in 2004 and is responsible for all the corporate affairs of the Jadi Imaging Group. He brings to the Jadi Imaging Group a wealth of experience and wide and in-depth knowledge of Malaysian and foreign government policies on industry.

Mohd Salmi Bin Mansor, *Executive Director/Technical Director*

Mohd Salmi Bin Mansor, Malaysian, aged 41, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 9 April 2002.

He obtained a Bachelor of Science Honours Degree majoring in Chemistry in 1993 from University Science of Malaysia, Penang.

His career started in 1994 when he joined Stephen Hansford Petroleum (M) Sdn Bhd, a manufacturer of automotive and industrial lubricants, as a Laboratory Assistant. In the same year, he left and joined Technitone (M) Sdn Bhd as a Laboratory Assistant and was promoted to Assistant Production Manager later that year. He was mainly responsible for QC and R&D in the company. In 2000, he joined Jadi Imaging Technologies Sdn. Bhd. as Production Manager and was promoted to Factory Manager in 2003 and Technical Director in 2006. His main responsibilities include ensuring all activities involved in production comply with the standards, policies and objectives set by the company.

Pathmarajah A/L Nagalingam, *Independent Non-Executive Director*

Pathmarajah A/L R Nagalingam, Malaysian, aged 51, was appointed to the Board as Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 6 January 2006. He is the Chairman of the Audit Committee of the Board.

He is a practising accountant and a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He was a Senior Manager with Goonting & Chew, an accounting firm, from 1978 until 1990 when he left to start his own practice. He is currently the sole proprietor of Pathmarajah & Co., an accounting firm, and a partner of TextStation Design, a graphic and Internet webpage design firm. He has vast experience in receiverships and liquidation assignments, having handled over 100 of such cases, including those on behalf of Bank Negara Malaysia. He has also handled several cases of investigations and special reporting over the last 30 years.

Lim Yew Thoon, Independent Non-Executive Director

Lim Yew Thoon, Malaysian, aged 55, was appointed to the Board as Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 6 January 2006. He is a member of the Audit Committee of the Board.

He is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA) of England. He is currently the sole proprietor of YT Lim & Co., a practising accounting firm, and a director of a consulting firm specializing in corporate advisory work and internal audit.

Prior to starting his own practice, he had more than 15 years of experience in the audit profession and more than 8 years of commercial experience, of which 3 years were spent in a large public corporation listed on Bursa Malaysia Securities Berhad where he was appointed General Manager of Internal Audit. His commercial experience includes the monitoring of manufacturing and gaming operations located in Malaysia and overseas, as well as participation in the negotiation and takeover of companies. He was also involved in negotiations for a build, operate and transfer contract for a water treatment plant in Vietnam.

Dr. Gan Seng Neon, *Independent Non-Executive Director*

Dr. Gan Seng Neon, Malaysian, aged 60, was appointed to the Board as Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 23 June 2006 and was appointed as a member of the Audit Committee on 15 February 2008. He is currently Professor of Polymer Chemistry at the University of Malaya, Kuala Lumpur.

He obtained his B. Sc. Hons. (Chemistry) Degree in 1973, and his Ph.D Degree in 1976 from the University of Malaya and did his post-doctorate training for one year under a French Government Fellowship at the Centre Des Recherches sur les Macromolecules in Strasbourg in 1978. He was appointed as a Lecturer in 1978 and promoted to Associate Professor in 1986 and Professor in 2000.

Dr. Gan served as a Lecturer at the Centre for Foundation Studies in Science, University of Malaya for 12 years from 1978–1990 after which he was transferred back to the Chemistry Department. He was also attached to various foreign universities including the Tokyo Institute of Technology, Japan as a Foreign Research Scholar for nine months in 1983; PennState University, USA as an exchange scholar for 1 year in 1989; Tokyo University of Agriculture and Technology as a visiting professor in May 1990; and King Mongkut Institute of Technology, Thonburi, Bangkok, Thailand as a visiting professor in April 1997.

He has published more than 40 scientific papers in international journals, and presented over 100 papers in both local and international seminars and conferences. He has also authored and co-authored a few textbooks and dictionaries. In application research, he has filed 10 patents on his inventions and received awards for excellent services and won medals in a number of exhibitions on his inventions and innovations.

Notes:

1. *None of the Directors hold directorships in any other public company.*
2. *None of the Directors have any family relationship with any director and/or major shareholder of the Company.*
3. *None of the Directors have any business arrangement with the Company in which he has personal interest.*
4. *None of the Directors have any conviction for offences within the past 10 years.*
5. *None of the Directors have any sanction and/or penalty imposed on them by any regulatory body during the financial year ended 31 December 2007.*
6. *Please refer to the Analysis of Shareholdings of this Annual Report for details of the directors' shareholdings in the Company.*

The Board of Directors is pleased to present the Report of the Audit Committee ("Committee") and its activities for the financial year under review.

1. COMMITTEE MEMBERS AND MEETINGS

The members of the Committee are:

Pathmarajah A/L R Nagalingam – Chairman
(Independent Non-Executive Director)

Lim Yew Thoon
(Independent Non-Executive Director)

Dr Gan Seng Neon (appointed on 15 February 2008)
(Independent Non-Executive Director)

Liew Kim Siong (resigned on 15 February 2008)
(Executive Chairman/Group CEO)

The Committee is scheduled to meet at least four (4) times in each financial year. At least two (2) members must be present and the majority of the members present must be independent directors. The Company Secretary shall be the Secretary of the Committee.

During the financial year, the Committee conducted six (6) meetings which were attended by all members. The Group's external auditors and certain designated members of management also attended some of the meetings, at the invitation of the Committee.

2. SUMMARY OF ACTIVITIES UNDERTAKEN

During the financial year, the Committee carried out its duties and responsibilities in accordance with the terms of reference. The Committee discharged its duties as set out below:

Financial Results

- Reviewed and recommended to the Board for approval, the quarterly and statutory financial results of the Company and its subsidiaries, including related announcements to ensure adherence to listing requirements, the relevant laws, regulations and applicable accounting standards as well as highlighted significant issues and any accounting judgment to the Board.

External Audit

- Reviewed the external auditors' report on the audit of the statutory financial statements and the unaudited quarterly financial statements of the Group.

- Reviewed the independence, objectivity and effectiveness of the external auditors in meeting their responsibilities before recommending their reappointment and remuneration.

Internal Audit

- Reviewed and deliberated with the Board on the Group's requirement for a specific internal audit function by either setting it up in-house or outsourcing to a consultant.

3. INTERNAL AUDIT FUNCTION

The Board had deliberated on the establishment of the internal audit function of the Company but had decided to perform the review on the system of internal controls internally until such time when the need arose to engage the service of a professional consultant.

Once the internal audit function has been established, the internal auditors will report directly to the Committee. Their functions would be to:

- Perform audit work in accordance with the pre-approved internal audit plan;
- Carry out a review on the system of internal controls of the Group;
- Review and comment on the effectiveness and adequacy of existing control policies and procedures; and
- Provide recommendations, if any, for the improvement of control policies and procedures.

Subsequent to the financial year ended 31 December 2007, the Audit Committee has approved the outsourcing of the Group's internal audit function to external consultants who shall assist the Board and Audit Committee by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems.

All internal auditors' reports will be deliberated by the Audit Committee and recommendations made to the Board and/or the management to be acted upon.

4. TERMS OF REFERENCE

The Committee was established on 9 January 2006 to assist the Board in fulfilling its responsibilities with respect to its oversight responsibilities. The Committee reviews and monitors the integrity of the Group's financial reporting process, its management of risk and system of internal control, its audit process as well as compliance with legal and regulatory matters and other matters that may be specifically delegated to the Committee by the Board from time to time.

Composition and Membership

(1) The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members. In addition, at least one (1) member of the Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and

(i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
(ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
(iii) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad; or

(c) must have an undergraduate/masters/doctorate degree in accounting or finance and at least three (3) years post qualification experience in accounting or finance; or

(d) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

(2) A majority of the Committee members must be Independent Directors.

(3) No alternate director is to be appointed as a member of the Committee.

(4) The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

(5) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once in every three (3) years.

(6) In the event of any vacancy in the Committee resulting in the non-compliance with subparagraphs 15.10(1) of the Listing Requirements, the vacancy must be filled within three (3) months.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Committee meeting at the Registered Office or such other place as may be determined by the Committee.

Duties and Functions

The functions and duties of the Committee shall be:

(1) To review the following and report the same to the Board of Directors:

- (a) with the external auditor, the audit plan;
- (b) with the external auditor, his evaluation of the system of internal controls;
- (c) with the external auditor, his audit report;
- (d) the assistance given by the employees of the Company to the external auditors;
- (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (f) the internal audit program and processes, the results of the internal audit program, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (g) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - (i) changes in, or implementation of, major accounting policies and practices;
  - (ii) significant and unusual events; and
  - (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(i) with management:

   (i) audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
   (ii) interim financial information; and
   (iii) assistance given by officers of the Company to the external auditors.

(j) the appointment and / or re-appointment of auditors, the nature and scope of the audit, the audit fee and any question of resignation or dismissal including recommending the nomination of person or persons as auditors;

(k) any letter of resignation from the external auditors of the Company; and

(l) whether there is reason (supported by grounds) to believe that the Company's external auditors were not suitable for re-appointment;

(m) any allocation of options in accordance with the employees share scheme of the Company at the end of the financial year.

(n) major findings of internal investigations and management's response.

(2) To recommend the nomination of a person or persons as external auditors.

(3) To consider any other functions or duties as may be agreed to by the Committee and the Board.

Authority

The Committee shall:

(1) have the authority to investigate any matter within its terms of reference;

(2) have the resources which are required to perform its duties;

(3) have full and unrestricted access to any information pertaining to the Company within its terms of reference;

(4) have direct communication channels with the external auditors and perform the internal audit function or activity (if any);

(5) be able to obtain independent professional or other advice within its terms of reference; and

(6) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, wherever deemed necessary.

Quorum and Attendance at Meeting

(1) The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

(2) Other Board members and employees may attend meetings at the invitation of the Committee.

(3) The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

(4) All decisions at such a meeting shall be decided by a show of hands on a majority of votes.

(5) The external auditors have the right to appear at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

Frequency of Meetings and Minutes

(1) Meetings shall be held not less than four (4) times a year. In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee member, the Company's Chairman or the internal or external auditors if they consider it necessary.

(2) The Minutes of each meeting shall be distributed to each member of the Board.

Corporate Governance sets out the framework and process by which institutions, through their Board of Directors and Senior Management, regulate their business activities. It balances safe and sound business operations with compliance of the relevant laws and regulations.

The Board of Directors ("the Board") recognizes the tangible impact of corporate governance in safeguarding stakeholders' interest and in enhancing shareholder value, and is fully committed to upholding high standards of corporate governance throughout the Group. To this end, the Board strives to ensure that the principles and best practices in corporate governance as detailed in the Malaysian Code on Corporate Governance ("the Code") are practised and adopted in Jadi and its subsidiaries ("the Group").

1. BOARD OF DIRECTORS

Board Responsibility

The Board is responsible, amongst others, for establishing and communicating the strategic direction and corporate values of the Group, and supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with the relevant laws, regulations, guidelines and directives in the territories in which it operates. It reviews management performance and ensures that the necessary financial and human resources are available to meet the Group's objectives. The Board is also responsible for succession planning, including appointing and fixing the remuneration of, and where appropriate, replacing senior management.

Composition Of The Board

The Board currently has seven (7) members, comprising the Executive Chairman, three (3) Independent Non-Executive Directors and three (3) Executive Directors. This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad which require at least two directors or one-third (1/3) of the Board members, whichever is the higher, to be Independent Directors.

The current composition is a balanced mix of essential skills, experience and knowledge to ensure the capable management and leadership of the Group.

All Board members participate fully in decisions on key issues involving the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board and managing the Group's day-to-day operations. Together with the Independent Non-Executive Directors, they ensure that strategies are fully discussed and examined taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. In addition to the role and guidance of the Independent Non-Executive Directors, each Director nevertheless brings an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

Although the Executive Chairman is also the Group Chief Executive Officer, all decisions of the Board are based on the decision of the majority of the Board, and no single Board member can make any decisions on behalf of the Board unless duly authorised by the entire Board. The good size and balance of the Board's composition ensures that no individual or a group of individuals dominates the decision making process and enables the Board to effectively discharge its principal responsibilities as set out in the Code.

The Directors' Profiles are presented on pages 12 to 14 of this Annual Report.

Board Meetings

The Board meets at quarterly intervals, with additional meetings held when urgent issues and important decisions are required to be taken between the scheduled meetings.

The Board held five (5) meetings during the financial year ended 31 December 2007 and they were attended by the following Directors:

	Attendance At Board Meetings
Liew Kim Siong *Executive Chairman/Group CEO*	5/5
Eu Lan Eng *Executive Director/General Manager*	5/5
Lim Hock Guan *Executive Director/Corporate Affairs Director*	5/5
Mohd Salmi bin Mansor *Executive Director/Technical Director*	4/5
Pathmarajah A/L R Nagalingam *Independent Non-Executive Director*	5/5
Lim Yew Thoon *Independent Non-Executive Director*	5/5
Dr Gan Seng Neon *Independent Non-Executive Director*	4/5

All the Directors have complied with the minimum 50% attendance at Board meetings during the financial year as stipulated by the Listing Requirements. Scheduled Board meetings are structured with a preset agenda. Board papers providing updates on operational, financial and corporate developments as well as minutes of meetings are circulated prior to the Board meetings to give the Directors time to consider and deliberate on the issues to be raised at the Board meetings. The Directors have full access to senior management and the advice and services of the Company Secretaries.

In addition, the Directors may also seek independent professional advice, at the Company's expense, if required. The Directors may also consult with the Executive Chairman and other Board members prior to seeking any independent professional advice.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to participate in other relevant training programmes to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

The following were amongst the training programmes and seminars attended by the members of the Board in 2007:-

1. Investor Relations: A Practical Approach organised by Bursa Malaysia on 25 July 2007;
2. 2008 Budget Talk organised by Malaysian Institute of Taxation on 10 September 2007;
3. Updates on the Companies (Amendment) Act 2007 conducted by Hicks-Woode Corporate Services Sdn Bhd on 27 September 2007;
4. Impact of the 2008 Budget Talk on Business and Tax Updates organised by The Malaysian Institute of Certified Public Accountants ("MICPA") on 9 October 2007;
5. Key Amendments & Developments to the Companies Act, 1965 organised by MICPA on 30 November 2007.

Appointment Of Additional Directors

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board.

Board Committee

The Board is the ultimate authority in decision making for all significant matters. However, to assist the Board in discharging its duties and responsibilities, the Board has established the Audit Committee.

The Audit Committee comprises the following members:

- Pathmarajah A/L R Nagalingam *(Chairman)*
- Lim Yew Thoon
- Liew Kim Siong (resigned on 15 February 2008)
- Dr Gan Seng Neon (appointed on 15 February 2008)

The terms of reference of the Audit Committee have been approved by the Board and where applicable, comply with the recommendations of the Code. The details of the Audit Committee are set out in the Audit Committee's Report in this Annual Report.

Re-Election Of Directors

In accordance with the Articles,

- all directors who are appointed by the Board are subject to election by shareholders of the Company at the first Annual General Meeting after their appointment, and

- one-third, or the number nearest one-third, of the remaining directors shall retire from office and be eligible for re-election.

Notwithstanding the above, the Articles also provide that all the directors of the Company shall retire from office at least once in every three years but shall be eligible for re-election.

To aid shareholders in their decision, sufficient information such as the personal profile, meeting attendance and shareholdings in the Group, if any, of each Director standing for election is furnished in a separate statement accompanying the Notice of Annual General Meeting.

Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Group to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Group effectively. In the case of Executive Directors of the Group, their remuneration is structured to link rewards to corporate and individual performance.

Details of the remuneration of the Directors of the Company during the financial year ended 31 December 2007 are as follows:

Remuneration	**Amount (RM)**	
	Executive	**Non-Executive**
Fees	110,000	85,000
Salary, other remuneration and emoluments	1,828,553	–
Benefits-in-kind (based on an estimated monetary value)	67,250	–

The aggregate remuneration paid to Directors by the Company during the year, analysed into bands of RM50,000, is as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
< RM50,000		3
RM200,001 - RM250,000	2	
RM350,001-RM400,000	1	
RM1,100,001 - RM1,150,000	1	

2. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Group recognises the need to inform shareholders and investors of all major developments of the Group on a timely basis. In addition to the mandatory reporting and public announcements of the Group's quarterly results to the Bursa Malaysia Securities Berhad, regular discussions are held by management to keep investment analysts and fund managers abreast of key corporate developments and Group financial performance. Press releases and announcements for public dissemination are also made periodically to capture any significant corporate event or product launch of the Group that would be of interest to investors and members of the public.

The Annual General Meeting of the Company represents the principal forum for dialogue and interaction with all shareholders. At the Annual General Meeting, the Board will present the progress and performance of the Group's business and encourage shareholders to participate in the question and answer session. The Directors, Chairman of the Audit Committee and external auditors will be available to respond to the questions of shareholders during the Annual General Meeting.

3. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors are responsible for presenting a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinising the information disclosed to ensure reasonableness and adequacy. A Statement by the Directors of their responsibilities in preparing the financial statements is set out on page 29 of this Annual Report.

Internal Control

The Statement on Internal Control set out in this Annual Report provides an overview of the state of internal control within the Group.

Relationship With The Auditors

The Board maintains a formal and transparent professional relationship with the auditors through the Audit Committee. The role of the Audit Committee in relation to this is described in the Audit Committee Report in this Annual Report. The Audit Committee has been explicitly accorded the power to communicate with the auditors of the Group.

STATEMENT ON INTERNAL CONTROL

For the financial year ended 31 December 2007

INTRODUCTION

The Board is committed to maintaining a sound system of internal controls to safeguard shareholders' investments and the Group' assets, and is pleased to include a statement on the state of the Group's internal controls in the annual report pursuant to paragraph 15.27 (b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ('the Guidance").

RESPONSIBILITY

The Board acknowledges its overall responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets as well as reviewing the adequacy and integrity of the system of internal control.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment

- *Organisation Structure & Authorisation Procedures*

  The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Senior Management. It sets out the roles and responsibilities, appropriate authority limits, and review and approval procedures in order to enhance the internal control system of the Group's various operations.

- *Human Resource Policy*

  Comprehensive guidelines on the employment and retention of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

- *ISO Certification*

  Certain of the Group's operations are ISO 9001:2000 certified. With such a certification, audits are conducted by external parties periodically to ensure compliance with the terms and conditions of the certification.

2. Risk Management Framework

Risk Management is regarded by the Board to be an integral part of the business operations. Key risks relating to the Group's operations and strategic and business plans are addressed at Management's periodic meetings. Significant risks identified are brought to the attention of the Board at their scheduled meetings. This currently serves as the on-going process used to identify, evaluate and manage significant risks. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

3. Internal Audit Function

Subsequent to the financial year ended 31 December 2007, the Audit Committee has approved the outsourcing of the Group's internal audit function to external consultants who shall assist the Board and Audit Committee by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. The Audit Committee has approved the internal audit plan developed using a risk based approach and at the date of this report, the external consultants have commenced their audits in accordance with the approved plan. The results of their review shall be tabled at the next Audit Committee meeting.

During the financial year ended 31 December 2007, the Board relied on the ISO audits and representations made by Management in assessing Jadi Imaging Holdings Berhad Group's state of internal controls system. Based on the audits carried out and Management representations, issues identified have been adequately addressed by Management.

4. Information And Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. Monitoring And Review

Scheduled Management meetings are held to discuss and review the business planning and financial and operational performances.

- *Financial and Operational Review*

  The quarterly financial statements containing key financial results and operational performance results are presented to the Board for their review, consideration and approval.

- *Business Planning*

  The Management plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group with the Board's participation in major business plans.

6. Conclusion

The Board is of the view that the Group's system of internal controls is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.

This statement was approved by the Board of Directors on 18 April 2008.

MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material which have been entered into by Jadi Imaging Holdings Berhad or its subsidiaries, involving directors' and major shareholders' interests, either still subsisting as at 31 December 2007 or, if not then subsisting, entered into since the end of the previous financial year:

The service agreement between Jadi Imaging Holdings Berhad and Liew Kim Siong dated 6 March 2006 ("Service Agreement") for the employment of Liew Kim Siong as the Chief Executive Officer of the Group at a basic salary of RM60,000 per month commencing 1 January 2006. Under the Service Agreement, Liew Kim Siong is entitled to receive a contractual bonus of at least one (1) month or such other additional number of months as the Board may decide from time to time at the end of each financial year and a performance bonus from each subsidiary within the Group. Jadi Imaging Holdings Berhad would make an ex-gratia payment of RM3 million to Liew Kim Siong in the event if Jadi Imaging Holdings Berhad terminates the employment of Liew Kim Siong without lawful excuse. This Service Agreement replaced the previous service agreement between Jadi Imaging Technologies Sdn Bhd and Liew Kim Siong dated 11 March 2005 (as varied by a supplemental agreement dated 15 September 2005) which was terminated with effect from 31 December 2005.

Share Buy-Back

The Company did not undertake any share buy-back during the financial year ended 31 December 2007.

Options, Warrants or Convertible Securities

During the financial year ended 31 December 2007, the following options were exercised:

(i) the allotment of 2,777,500 new ordinary shares of RM0.10 each at RM0.196 per share under the ESOS. The shares were issued for cash consideration; and

(ii) the allotment of 333,266 new ordinary shares of RM0.10 each at RM0.147 per share under the ESOS. The shares were issued for cash consideration.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not participate in any ADR or GDR Program during the financial year.

Sanction/Penalties Imposed

No sanctions and/or penalties were imposed on the Group and the Company by the relevant authorities during the financial year.

Non-Audit Fees

During the financial year under review, non-audit fees paid to external auditors of the Company amounted to RM2,050.00.

Variation in Results

There was no material variance between the audited results for the financial year ended 31 December 2007 and the unaudited results previously announced.

Profit Guarantee

No profit guarantees were given by the Company during the financial year.

Material Contracts

No material contracts were entered into by the Group and Company involving directors and major shareholders interest during the financial year save as outlined on page 26 of this Annual Report.

Utilisation of Proceeds from Initial Public Offering

The status of the utilisation of proceeds raised from the initial public offering as at 31 December 2007 is as follows:

	Approved utilisation RM'000	Amount utilised RM'000	Utilised from working capital* RM'000	Balance RM'000	Expected time frame for full utilisation
Acquisition of a new factory	6,000	(5,858)	–	142	By mid 2008
Acquisition of new production lines	20,000	(20,000)	–	–	Fully utilised
Estimated listing expenses*	1,600	(2,054)	454	–	Fully utilised
Working capital*	7,792	(7,338)	(454)	–	Fully utilised
	35,392	(35,250)	–	142	

* Actual expenses for the listing exercise amounted to RM2.054 million. As stated in the Company's prospectus dated 27 March 2006, the additional RM454,000 has been funded out of the portion allocated for working capital.

Revaluation Policy on Landed Properties

The Company has not adopted a revaluation policy on its landed properties.

STATEMENT ON DIRECTORS' RESPONSIBILITY

In respect of the preparation of the financial statements

The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2007 and of the results and cashflows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

(a) adopted suitable accounting policies and applied them consistently;

(b) made judgements and estimates that are prudent and reasonable;

(c) ensured the adoption of applicable approved accounting standards; and

(d) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records which disclose the financial position of the Group and the Company with reasonable accuracy at any time are kept in accordance with the Companies Act, 1965. The Directors are also responsible for ensuring that a proper system of internal control is in place to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

Statutory Financial Statement

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit attributable to shareholders	10,675,653	11,722,714

DIVIDENDS

Since the end of the previous financial year ended 31 December 2006, the Company paid an interim tax-exempt dividend of 0.3 sen per ordinary share amounting to RM1,350,000 in respect of the previous financial year.

In respect of the financial year ended 31 December 2007, the Company declared an interim tax-exempt dividend of 0.5 sen per ordinary share amounting to RM3,020,183 on 7 March 2008 which was subsequently paid on 11 April 2008.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM45,000,000 to RM60,403,660 by way of:-

  (i) a bonus issue of 150,925,833 new ordinary shares of RM0.10 each in the ratio of 1 bonus share for every 3 existing ordinary shares held. The bonus issue was by way of capitalisation of RM4,732,831 and RM10,359,752 from the share premium and retained profits accounts respectively;

  (ii) the allotment of 2,777,500 new ordinary shares of RM0.10 each at RM0.196 per share under the ESOS. The shares were issued for cash consideration; and

  (iii) the allotment of 333,266 new ordinary shares of RM0.10 each at RM0.147 per share under the ESOS. The shares were issued for cash consideration.

  All the new shares issued during the financial year rank pari passu in all respects with the existing shares of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year no options were granted by the Company to any person to take up any unissued shares in the Company. The options granted to directors and eligible employees of the Group to take up any unissued shares of the Company under the Company's Employees' Share Option Scheme are set out below.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS is governed by the By-Laws approved by the shareholders on 4 January 2006. The ESOS was implemented on 10 April 2006 and is to be in force for a period of 5 years from the date of implementation.

The movement in the options to subscribe for the new ordinary shares of RM0.10 each is as follows:-

	Number of options over ordinary shares of RM0.10 each RM
Balance as at 1 January 2007	39,932,000
Bonus issue during the financial year	10,139,330
Exercised during the financial year	(3,110,766)
Forfeited during the financial year	(6,736,500)
Balance as at 31 December 2007	40,224,064

Employees who were granted options under the ESOS are as follows:

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH				
	At 1.1.2007	**Bonus Issue**	**Exercised**	**Forfeited**	**At 31.12.2007**
Lew Choong Teck	2,720,000	–	(680,000)	(2,040,000)	–
Lim Thor Seng	1,920,000	513,333	(380,000)	–	2,053,333
Tan Jaan Soon	2,000,000	666,666	–	–	2,666,666
Pauzi Bin Abdul Manaf	1,750,000	437,500	(437,500)	–	1,750,000
Balvinder Kaur D/O Jit Singh	960,000	240,000	(240,000)	–	960,000
Goh Ah Shik	950,000	–	(237,500)	(712,500)	–
Muhamad Faizal Bin Baharudin	380,000	126,000	(2,000)	–	504,000
Fadzil Bin Sudirman	950,000	237,500	(237,500)	–	950,000
Norazizi Bin Mohd Zin	1,440,000	360,000	(360,000)	–	1,440,000
Mong Mooi Fun	1,800,000	–	–	(1,800,000)	–
Wong Suet Wah	1,800,000	–	–	(1,800,000)	–
Abdul Shakir B. Nasarudin	512,000	–	(128,000)	(384,000)	–
Azizi Bin Musa	100,000	25,000	(25,000)	–	100,000
Mohamad Raffi Bin Suradi	200,000	50,000	(50,000)	–	200,000
Chin Tze Hung	500,000	166,666	(166,666)	–	500,000
Wan Kee Peng	500,000	166,666	(166,600)	–	500,066

The details of the options granted to the directors are shown under directors' interests.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The principal features of the ESOS are as follows:-

1. The total number of options offered under the Scheme shall not exceed 15% of the total issued and paid-up share capital of the Company at any point in time during the duration of the Scheme.

2. Eligibility of participants to the Scheme

   2.1 Any employee shall be eligible to participate in the Scheme if, as at the Date of Offer, the person:-

   (a) has attained the age of eighteen (18) years;

   (b) has been confirmed and on the payroll of a company within the Group; and

   (c) complies with such criteria that the ESOS Committee may decide at its absolute discretion from time to time.

   2.2 Any director of the Group shall also be eligible to participate in the Scheme if at the date of offer, such director:-

   (a) has attained the age of eighteen (18) years; and

   (b) has been appointed as a director of a company within the Group for at least six (6) months.

3. Subject to compliance with the restrictions in the exercise as may be determined and imposed by the ESOS Committee from time to time, an option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the duration of the ESOS.

4. The Scheme shall be administered by the ESOS Committee comprising a director or directors of the Company and other persons appointed by the Board.

5. All the new ordinary shares issued arising from the ESOS shall rank pari passu in all respects with the existing ordinary shares of the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or the allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 41 to the financial statements. At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

LIEW KIM SIONG
EU LAN ENG
LIM HOCK GUAN
MOHD SALMI BIN MANSOR
PATHMARAJAH A/L R NAGALINGAM
LIM YEW THOON
DR GAN SENG NEON

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH				
	AT 1.1.2007	**BONUS ISSUES**	**BOUGHT**	**SOLD**	**AT 31.12.2007**
DIRECT INTERESTS					
LIEW KIM SIONG	9,000,000	3,000,000	–	–	12,000,000
EU LAN ENG	24,337,744	8,112,581	100,000	–	32,550,325
LIM HOCK GUAN	19,513,595	5,749,998	–	(2,263,600)	22,999,993
MOHD SALMI BIN MANSOR	5,712,498	1,904,166	–	–	7,616,664
LIM YEW THOON	187,500	62,500	–	–	250,000
PATHMARAJAH A/L R NAGALINGAM	139,000	39,666	–	(20,000)	158,666
DR GAN SENG NEON	10,000	5,000	5,000	–	20,000
INDIRECT INTEREST					
LIEW KIM SIONG	158,696,611	52,900,512	–	–	211,597,123
LIEW YEW THOON	–	20,000	60,000	–	80,000

	OPTION OVER ORDINARY SHARES OF RM0.10 EACH			
The Company	**AT 1.1.2007**	**BONUS ISSUES**	**EXERCISED**	**AT 31.12.2007**
LIEW KIM SIONG	6,750,000	2,250,000	–	9,000,000
EU LAN ENG	5,500,000	1,833,333	–	7,333,333
MOHD SALMI BIN MANSOR	5,000,000	1,666,666	–	6,666,666
LIM HOCK GUAN	4,200,000	1,400,000	–	5,600,000

The options over ordinary shares of the Company were granted pursuant to the ESOS of the Company at an option price of RM0.147 per share after adjustment on bonus issue.

By virtue of his shareholding in the Company, Liew Kim Siong is deemed to have interests in the shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the options granted to the directors pursuant to the Employees' Share Option Scheme of the Company.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

The significant events during and subsequent to the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

Liew Kim Siong **Eu Lan Eng**

STATEMENT BY DIRECTORS

We, Liew Kim Siong and Eu Lan Eng, being two of the directors of Jadi Imaging Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 39 to 79 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

Liew Kim Siong **Eu Lan Eng**

STATUTORY DECLARATION

I, Liew Kim Siong, I/C No. 581214-10-6889, being the director primarily responsible for the financial management of Jadi Imaging Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 79 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Liew Kim Siong, I/C No. 581214-10-6889,
at Kuala Lumpur in the Federal Territory
on this

Liew Kim Siong

Before me

REPORT OF THE AUDITORS TO THE MEMBERS OF

Jadi Imaging Holdings Berhad

We have audited the financial statements set out on pages 39 to 79. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report. The financial statements of the Group and of the Company for the preceding year were audited by another firm of auditors whose report dated 25 April 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-

   (i) the state of affairs of the Group and of the Company at 31 December 2007 and their results and cash flows for the financial year ended on that date; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, as indicated in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under Sub-section (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/09(J)
Partner

Kuala Lumpur

		THE GROUP		THE COMPANY	
		2007	2006	2007	2006
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	–	–	22,975,557	20,210,478
Property, plant and equipment	7	49,882,314	48,356,581	–	–
Prepaid land lease payments	8	1,910,367	–	–	–
Investment property	9	115,200	117,600	–	–
Other investment	10	50,000	50,000	–	–
		51,957,881	48,524,181	22,975,557	20,210,478
CURRENT ASSETS					
Inventories	11	20,235,889	14,142,650	–	–
Trade receivables	12	4,226,869	4,950,307	–	–
Other receivables, deposits		–	–	–	–
and prepayments	13	1,570,207	1,014,296	37,191	1,000
Amount owing by subsidiaries	14	–	–	32,987,581	22,225,520
Tax refundable		524,135	223,146	215,181	–
Fixed deposits with licensed banks	15	4,680,199	8,255,196	4,680,199	8,255,196
Cash and bank balances		7,749,398	7,292,412	8,415	8,246
		38,986,697	35,878,007	37,928,567	30,489,962
TOTAL ASSETS		90,944,578	84,402,188	60,904,124	50,700,440

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

BALANCE SHEETS

As At 31 December 2007

		THE GROUP		THE COMPANY	
		2007	2006	2007	2006
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	60,403,660	45,000,000	60,403,660	45,000,000
Share premium		58,903	4,466,191	58,903	4,466,191
Foreign exchange reserve	17	(484,212)	(548,747)	–	–
Revaluation reserve	18	1,277,063	1,248,655	–	–
Share option reserve		264,402	348,157	264,402	348,157
Retained profits	19	16,167,338	17,201,437	47,516	34,554
TOTAL EQUITY		77,687,154	67,715,693	60,774,481	49,848,902
NON-CURRENT LIABILITIES					
Long-term borrowings	20	123,704	2,722,454	–	–
Deferred tax liabilities	21	4,674,000	3,747,000	–	–
		4,797,704	6,469,454	–	–
CURRENT LIABILITIES					
Trade payables	22	5,277,361	4,008,891	–	–
Other payables and accruals	23	1,416,174	3,429,890	25,287	571,014
Amount owing to a subsidiary	14	–	–	3,456	3,456
Amount owing to directors	24	304,866	875,772	100,900	128,400
Short-term borrowings	25	1,461,319	1,632,980	–	–
Provision for taxation		–	269,508	–	148,668
		8,459,720	10,217,041	129,643	851,538
TOTAL LIABILITIES		13,257,424	16,686,495	129,643	851,538
TOTAL EQUITY AND LIABILITIES		90,944,578	84,402,188	60,904,124	50,700,440

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

	NOTE	THE GROUP 2007 RM	THE GROUP 2006 RM	THE COMPANY 2007 RM	THE COMPANY 2006 RM
REVENUE	28	56,668,045	54,797,123	14,129,801	10,752,005
COST OF SALES		(37,375,367)	(34,522,645)	–	–
GROSS PROFIT		19,292,678	20,274,478	14,129,801	10,752,005
OTHER INCOME		199,686	497,986	–	–
		19,492,364	20,772,464	14,129,801	10,752,005
SELLING AND DISTRIBUTION EXPENSES		(2,419,317)	(1,786,258)	–	–
ADMINISTRATIVE EXPENSES		(3,919,712)	(4,292,998)	(523,362)	(565,585)
OTHER EXPENSES		(1,001,514)	(500,209)	(63,169)	(9,433)
PROFIT FROM OPERATIONS		12,151,821	14,192,999	13,543,270	10,176,987
FINANCE COSTS		(108,681)	(390,194)	–	–
PROFIT BEFORE TAXATION	29	12,043,140	13,802,805	13,543,270	10,176,987
INCOME TAX EXPENSE	30	(1,367,487)	(2,670,983)	(1,820,556)	(182,000)
PROFIT AFTER TAXATION		10,675,653	11,131,822	11,722,714	9,994,987
ATTRIBUTABLE TO:					
Equity holders of the Company		10,675,653	11,131,822	11,722,714	9,994,987
EARNINGS PER SHARE (SEN)					
- Basic	31	1.77	2.02		
- Diluted	31	1.72	2.01		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2007

THE GROUP	SHARE CAPITAL RM	SHARE PREMIUM RM	REVALUATION RESERVE RM	FOREIGN EXCHANGE RESERVE RM	SHARE OPTION RESERVE RM	RETAINED PROFITS RM	TOTAL RM
Balance at 1.1.2006	7,000,002	–	1,075,463	3,828	–	16,019,611	24,098,904
Bonus issue I	7,700,000	–	–	–	–	(7,700,000)	–
Rights issue	15,699,998	–	–	–	–	–	15,699,998
Public issue	9,600,000	11,520,000	–	–	–	–	21,120,000
Listing expenses	–	(2,053,809)	–	–	–	–	(2,053,809)
Bonus issue II	5,000,000	(5,000,000)	–	–	–	–	–
Exchange translation differences	–	–	–	(552,575)	–	–	(552,575)
Profit for the financial year	–	–	–	–	–	11,131,822	11,131,822
Surplus arising from revaluation of freehold land and building	–	–	173,192	–	–	–	173,192
Dividend (Note 32)	–	–	–	–	–	(2,249,996)	(2,249,996)
Share options granted under ESOS	–	–	–	–	348,157	–	348,157
Balance at 31.12.2006/ 1.1.2007	45,000,000	4,466,191	1,248,655	(548,747)	348,157	17,201,437	67,715,693
Bonus issue	15,092,583	(4,732,831)	–	–	–	(10,359,752)	–
ESOS exercised	311,077	325,543	–	–	(43,240)	–	593,380
Transfer from deferred taxation	–	–	28,408	–	–	–	28,408
Exchange translation differences	–	–	–	64,535	–	–	64,535
Share options forfeited under ESOS	–	–	–	–	(40,515)	–	(40,515)
Profit for the financial year	–	–	–	–	–	10,675,653	10,675,653
Dividend (Note 32)	–	–	–	–	–	(1,350,000)	(1,350,000)
Balance at 31.12.2007	60,403,660	58,903	1,277,063	(484,212)	264,402	16,167,338	77,687,154

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

THE COMPANY	SHARE CAPITAL RM	SHARE PREMIUM RM	SHARE OPTION RESERVE RM	(ACCUMULATED LOSS)/ RETAINED PROFITS RM	TOTAL RM
Balance at 1.1.2006	7,000,002	–	–	(10,437)	6,989,565
Bonus issue I	7,700,000	–	–	(7,700,000)	–
Rights issue	15,699,998	–	–	–	15,699,998
Public issue	9,600,000	11,520,000	–	–	21,120,000
Listing expenses	–	(2,053,809)	–	–	(2,053,809)
Bonus issue II	5,000,000	(5,000,000)	–	–	–
Profit for the financial year	–	–	–	9,994,987	9,994,987
Dividend (Note 32)	–	–	–	(2,249,996)	(2,249,996)
Share options granted under ESOS	–	–	348,157	–	348,157
Balance at 31.12.2006/1.1.2007	45,000,000	4,466,191	348,157	34,554	49,848,902
Bonus issue	15,092,583	(4,732,831)	–	(10,359,752)	–
ESOS exercised	311,077	325,543	(43,240)	–	593,380
Share options forfeited under ESOS	–	–	(40,515)	–	(40,515)
Profit for the financial year	–	–	–	11,722,714	11,722,714
Dividend (Note 32)	–	–	–	(1,350,000)	(1,350,000)
Balance at 31.12.2007	60,403,660	58,903	264,402	47,516	60,774,481

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

CASH FLOW STATEMENTS

For The Financial Year Ended 31 December 2007

	NOTE	THE GROUP 2007 RM	THE GROUP 2006 RM	THE COMPANY 2007 RM	THE COMPANY 2006 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		12,043,140	13,802,805	13,543,270	10,176,987
Adjustments for:-					
Amortisation of investment property		2,400	2,400	–	–
Amortisation of prepaid land lease payments		22,574	–	–	–
Bad debt written off		4,238	–	–	–
Depreciation of property, plant and equipment		5,315,198	3,433,289	–	–
Goodwill written off		–	16,403	–	–
Interest expense		198,371	477,906	–	–
Unrealised loss on foreign exchange		194,360	–	–	–
Share-based payment		(40,515)	348,157	(40,515)	348,157
Dividend income		–	–	(14,054,098)	(10,087,300)
Fair value changes		(114,630)	(100,714)		
Gain on disposal of plant and equipment		(17,288)	–	–	–
Interest income		(179,175)	(414,060)	(75,703)	(364,705)
Operating profit/(loss) before working capital changes		17,428,673	17,566,186	(627,046)	73,139
Increase in inventories		(6,072,434)	(5,554,725)	–	–
Decrease/(Increase) in trade and other receivables		13,987	52,744	(36,191)	2,287,686
(Decrease)/Increase in trade and other payables		(745,111)	2,802,325	(545,727)	551,591
CASH FROM/(FOR) OPERATIONS		10,625,115	14,866,530	(1,208,964)	2,912,416
Interest paid		(198,371)	(477,906)	–	–
Income tax paid		(982,576)	(657,282)	(2,184,405)	(33,332)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		9,444,168	13,731,342	(3,393,369)	2,879,084

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

	NOTE	THE GROUP 2007 RM	THE GROUP 2006 RM	THE COMPANY 2007 RM	THE COMPANY 2006 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		179,175	414,060	75,703	364,705
Dividend received		–	–	14,054,098	10,087,300
Proceeds from disposal of plant and equipment		27,799	–	–	–
Prepaid land lease payments		(1,944,070)	–	–	–
Advances to subsidiaries		–	–	(10,762,061)	(25,055,663)
Investment in subsidiaries		–	–	(2,765,079)	(11,226,408)
Purchase of property, plant and equipment	33	(6,763,631)	(27,025,742)	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(8,500,727)	(26,611,682)	602,661	(25,830,066)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		593,380	36,819,998	593,380	36,819,998
(Repayment to)/Advances from directors		(570,906)	147,535	(27,500)	126,200
Dividend paid		(1,350,000)	(2,249,996)	(1,350,000)	(2,249,996)
Payment of listing expenses		–	(2,053,809)	–	(2,053,809)
Repayment of hire purchase obligations		(1,667,207)	(4,061,395)	–	–
Repayment of term loan		(1,068,574)	(991,027)	–	–
Repayment of bankers' acceptances		–	(400,000)	–	–
Repayment to shareholders		–	(1,427,969)	–	(1,427,969)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(4,063,307)	25,783,337	(784,120)	31,214,424
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,119,866)	12,902,997	(3,574,828)	8,263,442
EFFECTS OF FOREIGN EXCHANGE		1,855	(53,503)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,547,608	2,698,114	8,263,442	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	12,429,597	15,547,608	4,688,614	8,263,442

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

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business is at No.1, Jalan Peguam U1/25A, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market, credit, liquidity and cash flow risks. The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies.

Foreign currency risk is monitored closely and managed to an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group does not have any quoted investments and hence is not exposed to price risks.

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amounts of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's concentration of credit risk relates to amounts owing by seven customers which constituted approximately 45% of its total receivables at the balance sheet date.

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the current financial year, the Group has adopted the following new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"):-

(a) FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

(b) FRSs issued and effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119_{2004}	Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

On 1 January 2006, the Group adopted FRS 117 and FRS 124 in advance of their effective date of 1 October 2006. The adoption of FRS 6 and Amendment to FRS 119_{2004} are not relevant to the Group's operations.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group and the Company have applied this Framework for the financial year ended 31 December 2007 onwards.

On 1 January 2006, the Group has adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 even though the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.

4. BASIS OF PREPARATION (CONT'D)

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group's and the Company's financial statements for the financial year ending 31 December 2008:-

FRS 107 - Cash Flow Statements
FRS 111 - Construction Contracts
FRS 112 - Income Taxes
FRS 118 - Revenue
FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance
FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards ('IASs'), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group and the Company will apply these FRSs from the financial year ending 31 December 2008 onwards.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRS with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group and the Company will apply this FRS from the financial year ending 31 December 2008 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation has been issued and is effective for financial periods beginning on or after 1 July 2007. This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this amendment from the financial year ending 31 December 2008 onwards.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 1372004 and an increase that reflects the passage of time. The Group will apply this interpretation from the financial year ending 31 December 2008 onwards.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

4. BASIS OF PREPARATION (CONT'D)

IC Interpretation 7 - Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Group will apply this interpretation from the financial year ending 31 December 2008 onwards.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(iv) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Revaluation of Properties

The Group's properties which are reported at valuation are based on valuation performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(vii) Share-based Payments

The Group measures the cost of equity settled transactions with directors and eligible employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components at fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Financial Instruments

Financial instruments recognised in the balance sheet

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

<u>Financial instruments recognised in the balance sheet (Cont'd)</u>

Financial instruments are classified as financial assets, financial liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distribution to holders of an equity instrument is debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

- Classification

  The Group classifies its financial assets in the following categories: held-to-maturity investments, financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

  - Held-to-maturity investments

    Held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost.

  - Financial assets at fair value through profit or loss

    Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

    Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise.

  - Loans and receivables

    Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables.

  - Available-for-sale financial assets

    Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the balance sheet date. Unrealised gains and losses arising from changes in the fair value of the investments are recognised directly in the fair value reserve within equity. Realised gains and losses arising from change in the fair value are included in the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

Financial instruments recognised in the balance sheet (Cont'd)

- Recognition and derecognition

  Purchases and sales of investments are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership to the other party.

- Initial measurement

  Financial assets are initially recognised at fair value plus transaction costs except for the financial assets at fair value through profit or loss, which are recognised at fair value.

- Subsequent measurement

  Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

  Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' investment category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of the investment classified as available-for-sales are recognised in the fair value reserve within equity. When the investment classified as available-for-sale are sold or impaired, the accumulated fair value adjustment in the fair value reserve within equity are included in the income statement.

- Determination of fair value

  Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes the fair value by using various techniques. These include the use of the recent arm's length transaction, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances and others, where appropriate.

- Impairment of financial assets

  The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investment classified as available-for-sales, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement – is removed from the fair value reserve within equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investment are not reversed through the income statement, until the equity investments are disposed of.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

Financial instruments recognised in the balance sheet (Cont'd)

- Impairment of financial assets (Cont'd)

  If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discount at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in the income statement.

Financial instruments not recognised in the balance sheet

There were no financial instruments not recognised in the balance sheets.

(c) Financial Assets

- Receivables

  Trade and other receivables, including amount owing by subsidiaries are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amount due according to the original terms of the receivables.

- Other investments

  Other investments are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investments are derecognised or until the investments are determined to be impaired at which time the cumulative gain or loss previously reported in equity are included in the income statement.

(d) Financial Liabilities

- Payables

  Liabilities for trade and other payables, including amounts owing to a subsidiary and directors, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

- Interest-bearing loans and borrowings

  All loans and borrowings are recognised initially at fair value of the consideration received, net of directly attributable transaction cost incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the loans and borrowings using the effective interest method.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for the income statement are translated at the average exchange rates for the year;
- all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve; and
- on disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale of the foreign operations.

(f) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2007.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Basis of Consolidation (Cont'd)

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(g) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessments, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(h) Investments

(i) Investment In Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(ii) Other Investments

Other investments held on a long-term basis is stated at fair value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(i) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost or revalued amount less accumulated depreciation or amortisation and impairment losses, if any. Freehold land is stated at revalued amount less impairment losses, if any, and is not depreciated.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Property, Plant and Equipment (Cont'd)

Depreciation or amortisation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2.5%
Plant and machinery	9% to 20%
Motor vehicles	20%
Renovation	20%
Office equipment	18% to 20%
Furniture and fittings	20%
Tools and equipment	20%

Freehold land and buildings are revalued periodically, at least once in every five years. Surplus arising from the revaluation of the properties are credited to a revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

(j) Prepaid Land Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayments for land use rights are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the term of the lease of 50 years.

(k) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(l) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(i) above.

Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the periods of the respective hire purchase agreements.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(n) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(o) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(q) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee Benefits (Cont'd)

(iii) Share-based Payment Transactions

At grant date, the fair value of options granted to directors and eligible employees is recognised as an expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(q) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables, fixed deposits with licensed banks and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(r) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

(s) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(iii) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY 2007 RM	THE COMPANY 2006 RM
Unquoted shares, at cost	22,975,557	20,210,478

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2007 %	Effective Equity Interest 2006 %	Principal Activities
Jadi Imaging Technologies Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of toner.
Jadi Imaging Technologies (Suzhou) Co, Ltd.*	The People's Republic of China	100	100	Manufacturing and sale of toner.
Jadi Imaging Supplies (UK) Pte. Ltd.*	The United Kingdom	100	–	Dormant.
Jadi Imaging Solutions Sdn.Bhd. #	Malaysia	100	100	Dormant.

* - *Not audited by Horwath.*
\# - *Held through Jadi Imaging Technologies Sdn. Bhd.*

On 22 May 2007, the Company incorporated a wholly-owned subsidiary, Jadi Imaging Supplies (UK) Pte. Ltd., a company incorporated in the United Kingdom of which 2 ordinary shares of £1.00 each has been issued and fully paid-up.

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.1.2007 RM	ADDITIONS RM	DISPOSAL RM	EXCHANGE FLUCTUATION DIFFERENCES RM	DEPRECIATION CHARGE RM	AT 31.12.2007 RM
Freehold land	8,058,509	151,967	–	–	–	8,210,476
Buildings	5,952,887	159,765	–	–	(176,123)	5,936,529
Plant and machinery	32,002,775	5,713,620	–	7,577	(4,331,455)	33,392,517
Motor vehicles	521,952	109,143	–	–	(270,348)	360,747
Renovation	792,400	–	–	–	(187,598)	604,802
Office equipment	451,889	166,203	(10,511)	234	(110,364)	497,451
Furniture and fittings	217,750	237,705	–	–	(75,297)	380,158
Tools and equipment	358,419	305,228	–	–	(164,013)	499,634
	48,356,581	6,843,631	(10,511)	7,811	(5,315,198)	49,882,314

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

THE GROUP	AT 1.1.2006 RM	ADDITIONS RM	REVALUATION ADJUSTMENT RM	EXCHANGE FLUCTUATION DIFFERENCES RM	DEPRECIATION CHARGE RM	AT 31.12.2006 RM
Freehold land	4,726,260	3,205,326	126,923	–	–	8,058,509
Buildings	3,760,947	2,261,206	73,077	–	(142,343)	5,952,887
Plant and machinery	14,242,603	20,428,378	–	–	(2,668,206)	32,002,775
Motor vehicles	755,863	58,722	–	–	(292,633)	521,952
Renovation	312,090	595,822	–	(10,855)	(104,657)	792,400
Office equipment	149,590	379,216	–	(69)	(76,848)	451,889
Furniture and fittings	69,331	165,934	–	–	(17,515)	217,750
Tools and equipment	405,368	84,138	–	–	(131,087)	358,419
	24,422,052	27,178,742	200,000	(10,924)	(3,433,289)	48,356,581

THE GROUP	AT COST RM	AT VALUATION RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.12.2007				
Freehold land	–	8,210,476	–	8,210,476
Buildings	–	6,361,597	(425,068)	5,936,529
Plant and machinery	46,003,534	–	(12,611,017)	33,392,517
Motor vehicles	1,428,210	–	(1,067,463)	360,747
Renovation	884,614	–	(279,812)	604,802
Office equipment	739,277	–	(241,826)	497,451
Furniture and fittings	498,691	–	(118,533)	380,158
Tools and equipment	1,018,479	–	(518,845)	499,634
	50,572,805	14,572,073	(15,262,564)	49,882,314
AT 31.12.2006				
Freehold land	–	8,058,509	–	8,058,509
Buildings	–	6,201,832	(248,945)	5,952,887
Plant and machinery	40,232,688	–	(8,229,913)	32,002,775
Motor vehicles	1,477,845	–	(955,893)	521,952
Renovation	897,057	–	(104,657)	792,400
Office equipment	604,896	–	(153,007)	451,889
Furniture and fittings	260,986	–	(43,236)	217,750
Tools and equipment	713,251	–	(354,832)	358,419
	44,186,723	14,260,341	(10,090,483)	48,356,581

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

	2007 RM	2006 RM
Net book value of freehold land and buildings, had these assets been carried at cost less accumulated depreciation, would have been as follows:-		
Freehold land	8,210,476	8,058,509
Buildings	5,066,720	4,933,706

The freehold land and buildings of the Group were revalued on 30 November 2004 and 15 February 2007 respectively by Mr Tew Kok Huat of Messrs. Henry Butcher Malaysia (Sel) Sdn. Bhd. on the basis of open market value on the existing use bases.

Certain freehold land and buildings with a total net book value of RM8,272,343 (2006 - RM8,379,775) were pledged to a licensed bank to secure banking facilities granted to the Group.

Included in the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	THE GROUP	
	2007 RM	2006 RM
<u>Net Book Value</u>		
Motor vehicles	315,253	465,625
Plant and machinery	–	8,328,724
	315,253	8,794,349

8. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2007 RM	2006 RM
At cost:-		
Land use rights	1,944,070	–
Foreign exchange translation difference	(10,999)	–
At 31 December	1,933,071	–
Less: Accumulated amortisation		
Amortisation for the current financial year	(22,574)	–
Foreign exchange translation difference	(130)	
	1,910,367	–

9. INVESTMENT PROPERTY

	THE GROUP 2007 RM	THE GROUP 2006 RM
At cost:-		
Freehold apartment	120,000	120,000
Less: Accumulated amortisation		
At 1.1.2007/2006	(2,400)	–
Amortisation during the year	(2,400)	(2,400)
At 31.12.2007/2006	(4,800)	(2,400)
	115,200	117,600

10. OTHER INVESTMENT

This represents a golf club membership which approximates its fair value.

11. INVENTORIES

	THE GROUP 2007 RM	THE GROUP 2006 RM
At cost:-		
Raw materials	7,453,766	5,284,774
Work-in-progress	243,904	741,644
Finished goods	12,230,734	7,924,964
Consumables	307,485	191,268
	20,235,889	14,142,650

None of the inventories is carried at net realisable value.

12. TRADE RECEIVABLES

The Group's normal trade credit term is 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	THE GROUP 2007 RM	THE GROUP 2006 RM
Chinese Renminbi	422,849	723,387
United States Dollar	3,429,606	3,654,279

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	721,188	343,888	–	–
Deposits	319,640	292,825	1,000	1,000
Prepayments	529,379	377,583	36,191	–
	1,570,207	1,014,296	37,191	1,000

The foreign currency exposure profile of the other receivables, deposits and prepayments is as follows:-

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Chinese Renminbi	201,427	204,666	–	–
United States Dollar	394,172	–	–	–

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are unsecured, interest-free and are repayable/receivable on demand.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits bore a weighted average effective interest rate of 4.6% (2006 - 5.0%) per annum at the balance sheet date. The fixed deposits of the Group have maturity periods ranging from 30 to 365 days (2006 - 30 to 365 days).

16. SHARE CAPITAL

	THE COMPANY			
	2007	2006	2007	2006
	NUMBER OF SHARES		SHARE CAPITAL RM	RM
ORDINARY SHARES Of RM0.10 EACH:-				
AUTHORISED	1,000,000,000	1,000,000,000	100,000,000	100,000,000
ISSUED AND FULLY PAID-UP				
At 31.12.2006/2005	450,000,000	70,000,020	45,000,000	7,000,002
Bonus issue I	150,925,833	77,000,000	15,092,583	7,700,000
Allotment during the financial year	3,110,766	96,000,000	311,077	9,600,000
Rights issue	–	156,999,980	–	15,699,998
Bonus issue II	–	50,000,000	–	5,000,000
At 31.12.2007/2006	604,036,599	450,000,000	60,403,660	45,000,000

16. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its issued and paid-up share capital from RM45,000,000 to RM60,403,660 by way of:-

(i) a bonus issue of 150,925,833 new ordinary shares of RM0.10 each in the ratio of 1 bonus share for every 3 existing ordinary shares held. The bonus issue was by way of capitalisation of RM4,732,831 and RM10,359,752 from the share premium and retained profits accounts respectively;

(ii) the allotment of 2,777,500 new ordinary shares of RM0.10 each at RM0.196 per share under ESOS. The shares were issued for cash consideration; and

(iii) the allotment of 333,266 new ordinary shares of RM0.10 each at RM0.147 per share under ESOS. The shares were issued for cash consideration.

All the new shares issued during the financial year rank pari passu in all respects with the existing shares of the Company.

17. FOREIGN EXCHANGE RESERVE

The foreign exchange reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

18. REVALUATION RESERVE

The revaluation reserve represents the surplus arising from the revaluation of certain freehold land and buildings and is not distributable by way of cash dividends.

19. RETAINED PROFITS

Subject to agreement with the tax authorities, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income account to frank the payment of dividends out of its entire retained profits at the balance sheet date without incurring any additional tax liability.

20. LONG-TERM BORROWINGS

	THE GROUP	
	2007	**2006**
	RM	**RM**
Hire purchase payables (Note 26)	47,258	1,440,522
Term loan (Note 27)	76,446	1,281,932
	123,704	2,722,454

21. DEFERRED TAX LIABILITIES

	THE GROUP 2007 RM	THE GROUP 2006 RM
At 1.1.2007/2006	3,747,000	1,744,000
Recognised in income statements (Note 30)	955,408	1,976,192
Effects arising from the revaluation of properties	–	26,808
Transfer to revaluation reserve	(28,408)	–
At 31.12.2007/2006	4,674,000	3,747,000

The deferred tax liabilities balance consists of the tax effects of temporary differences arising from the following items:-

	THE GROUP 2007 RM	THE GROUP 2006 RM
Revaluation of properties	331,000	390,000
Accelerated capital allowances	4,343,000	3,357,000
	4,674,000	3,747,000

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

The foreign currency exposure profile of the trade payables is as follows:-

	THE GROUP 2007 RM	THE GROUP 2006 RM
Japanese Yen	4,193,404	2,318,253
United States Dollar	694,779	1,480,202

23. OTHER PAYABLES AND ACCRUALS

	THE GROUP 2007 RM	THE GROUP 2006 RM	THE COMPANY 2007 RM	THE COMPANY 2006 RM
Other payables	698,048	2,125,264	8,554	560,000
Accruals	718,126	1,304,626	16,733	11,014
	1,416,174	3,429,890	25,287	571,014

23. OTHER PAYABLES AND ACCRUALS (CONT'D)

The foreign currency exposure profile of the other payables and accruals is as follows:-

	THE GROUP	
	2007 RM	2006 RM
Chinese Renminbi	107,464	495,796
Japanese Yen	112,393	812,909
United States Dollar	397,712	80

24. AMOUNT OWING TO DIRECTORS

The amount owing is unsecured, interest-free and is repayable on demand.

25. SHORT-TERM BORROWINGS

	THE GROUP	
	2007 RM	2006 RM
Hire purchase payables (Note 26)	214,664	500,522
Term loan (Note 27)	1,246,655	1,132,458
	1,461,319	1,632,980

The weighted average effective interest rates per annum at the balance sheet date are as follows:-

	THE GROUP	
	2007 %	2006 %
Hire purchase payables	3.64	4.02
Term loans	6.00	6.00

26. HIRE PURCHASE PAYABLES

	THE GROUP	
	2007 RM	2006 RM
Minimum hire purchase payments:		
- not later than one year	234,161	1,743,729
- later than one year and not later than five years	69,127	185,533
	303,288	1,929,262
Future finance charges	(13,001)	(51,768)
	290,287	1,877,494
Fair value adjustment	(28,365)	63,550
Present value of hire purchase payables	261,922	1,941,044

26. HIRE PURCHASE PAYABLES (CONT'D)

	THE GROUP 2007 RM	THE GROUP 2006 RM
Current (Note 25):		
- not later than one year	214,664	500,522
Non-current (Note 20):		
- later than one year and not later than five years	47,258	1,440,522
Total	261,922	1,941,044

27. TERM LOAN

	THE GROUP 2007 RM	THE GROUP 2006 RM
Principal outstanding	1,237,808	2,306,382
Fair value adjustment	85,293	108,008
	1,323,101	2,414,390

	THE GROUP 2007 RM	THE GROUP 2006 RM
Current portion (Note 25):		
- repayable within one year	1,246,655	1,132,458
Non-current portion (Note 20):		
- repayable between one to two years	76,446	1,281,932
	1,323,101	2,414,390

The term loan is secured by way of:-

(i) a fixed legal charge over a property of a subsidiary; and

ii) a personal guarantee of a director of the Company.

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalments	Monthly Instalment Amount RM	Commencement Date of Repayment	Amount Outstanding 2007 RM	Amount Outstanding 2006 RM
1	60	101,000	February 2004	1,323,101	2,414,390

28. REVENUE

Revenue of the Group represents the invoiced value of goods sold and services rendered less discounts and returns, and interest income.

Revenue of the company represents the dividend income from a subsidiary and interest income.

29. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Amortisation of prepaid land lease payments	22,574	–	–	–
Amortisation of investment property	2,400	2,400	–	–
Audit fee				
- for the financial year	54,813	27,500	16,500	8,500
- underprovision in the previous financial year	–	500	–	500
Bad debt written off	4,238	–	–	–
Depreciation of property, plant and equipment	5,315,198	3,433,289	–	–
Directors' non-fee emoluments	1,938,553	2,395,232	12,162	8,535
Directors' fee	195,000	160,000	195,000	160,000
Goodwill written off	–	16,403	–	–
Interest expense:				
- bankers' acceptances	–	2,683	–	–
- bank overdraft	–	94	–	–
- hire purchase	54,874	254,156	–	–
- term loan	143,497	220,973	–	–
Loss on foreign exchange:				
- realised	306,561	63,653	–	–
- unrealised	194,360	–	–	–
Rental of machinery	136,150	169,139	–	–
Share-based payment	(40,515)	348,157	(40,515)	348,157
Staff costs	3,568,540	2,518,176	–	–
Dividend income	–	–	(14,054,098)	(10,087,300)
Fair value changes	(114,630)	(100,714)	–	–
Interest income	(179,175)	(414,060)	(75,703)	(364,705)
Realised gain on foreign exchange	–	(69,817)	–	–
Gain on disposal of plant and equipment	(17,288)	–	–	–

30. INCOME TAX EXPENSE

	THE GROUP 2007 RM	THE GROUP 2006 RM	THE COMPANY 2007 RM	THE COMPANY 2006 RM
Current tax:				
- for the current financial year	398,000	684,000	1,820,764	182,000
- under/(over)provision in the previous financial year	14,079	10,791	(208)	–
	412,079	694,791	1,820,556	182,000
Deferred taxation (Note 21):				
- for the current financial year	955,408	1,976,192	–	–
Total tax expense	1,367,487	2,670,983	1,820,556	182,000

During the current financial year, the statutory tax rate in Malaysia was reduced from 28% to 27%.

A reconciliation of income tax expense applicable to profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP 2007 RM	THE GROUP 2006 RM	THE COMPANY 2007 RM	THE COMPANY 2006 RM
Profit before taxation	12,043,140	13,802,805	13,543,270	10,176,987
Tax at the statutory tax rate of 27% (2006 - 28%)	3,251,648	3,864,785	3,656,683	2,849,556
Tax effects of:-				
Reduction in tax rates	(34,000)	–	–	–
Non-deductible expenses	228,624	296,040	53,451	158,147
Non-taxable income	(2,092,864)	(1,549,633)	(1,889,370)	(2,825,703)
Under/(Over)provision in the previous financial year				
- current tax	14,079	10,791	(208)	–
- deferred tax	–	49,000	–	–
	1,367,487	2,670,983	1,820,556	182,000

Subject to agreement with the tax authorities, the Group has unutilised reinvestment allowance of RM1,443,000 (2006 - RM6,167,000) available at the balance sheet date to be carried forward for offset against future taxable business income.

As Jadi Imaging Technologies (Suzhou) Co., Ltd. which is established in the Suzhou Industrial Park, China qualifies as a foreign investment production enterprise, the prevailing Enterprise Income Tax ("EIT") rate applicable is 15% on the taxable income. In accordance with the "Income Tax Law of The People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises" which was approved by the tax authorities, the subsidiary is entitled to full exemption from EIT for the first two years and a 50% reduction for the next three years, commencing from the first profitable year after offsetting all tax losses brought forward from previous years.

31. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of approximately RM10,675,653 (2006 - RM11,131,822) by the weighted average number of ordinary shares in issue during the financial year of approximately 602,315,031 (2006 - 549,973,973).

The fully diluted earnings per share is arrived by dividing the Group's profit attributable to shareholders of approximately RM10,675,653 (2006 - RM11,131,822) by the weighted average number of ordinary shares of 621,828,281 (2006 - 554,410,862) that would have been in issue had all the ESOS been exercised.

32. DIVIDEND

	THE GROUP/ THE COMPANY	
	2007	2006
	RM	RM
Dividend paid:		
In respect of the previous financial year:		
- interim tax-exempt dividend of 0.3 sen (2006 - 0.5 sen) per ordinary share	1,350,000	2,249,996

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2007	2006
	RM	RM
Cost of property, plant and equipment purchased	6,843,631	27,178,742
Amount financed through hire purchase	(80,000)	(153,000)
Cash disbursed for purchase of property, plant and equipment	6,763,631	27,025,742

34. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Fixed deposits with licensed banks	4,680,199	8,255,196	4,680,199	8,255,196
Cash and bank balances	7,749,398	7,292,412	8,415	8,246
	12,429,597	15,547,608	4,688,614	8,263,442

35. CAPITAL COMMITMENT

	THE GROUP	
	2007	2006
	RM	RM
Approved and contracted for:-		
Acquisition of plant and machinery	4,592,980	1,279,975

36. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Executive directors:				
- basic salaries, bonus, and Employees Provident Fund	1,828,553	2,332,232	12,162	8,535
- benefits-in-kind	67,250	63,000	–	–
- fee	110,000	90,000	110,000	90,000
- share-based payment	–	187,017	–	187,017
Non-executive directors:				
- fee	85,000	70,000	85,000	70,000
	2,090,803	2,742,249	207,162	355,552

The details of emoluments for the directors of the Group received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP	
	2007	2006
Executive directors		
RM150,001 – RM200,000	–	1
RM200,001 – RM250,000	2	1
RM250,001 – RM300,000	–	–
RM300,001 – RM350,000	–	1
RM350,001 – RM400,000	1	–
RM1,100,001 – RM1,150,000	1	–
RM1,650,001 – RM1,700,000	–	1
Non-executive directors		
Below RM50,000	3	3

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has a controlling related party relationship with its direct and indirect subsidiaries as disclosed in Note 6 to the financial statements.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Company carried out the following transactions with related parties during the year:

	2007 RM	2006 RM
Dividend received from a subsidiary	14,054,098	10,087,300
Management fee received from a subsidiary	–	300,000
	14,054,098	10,387,300

Management fees received from a subsidiary are based on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(c) The remuneration of directors and other members of key management during the year were as follows:-

	THE GROUP		THE COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term employee benefits	2,048,553	2,485,232	122,162	98,535
Share-based payment	–	187,017	–	187,017
	2,048,553	2,672,249	122,162	285,552

Information regarding outstanding balances arising from related party transactions at year end is disclosed in Notes 14 and 24 to the financial statements.

38. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

The details of the significant events during and subsequent to the financial year are as follows:-

(a) On 22 May 2007, the Company incorporated a wholly-owned subsidiary, Jadi Imaging Supplies (UK) Pte. Ltd., a company incorporated in the United Kingdom of which 2 ordinary shares of £1.00 each have been issued and fully paid-up;

(b) On 22 August 2007, the Company completed its transfer of the listing from the Second Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) to the Main Board of Bursa Securities; and

(c) On 10 March 2008, the Company announced that it proposes to seek the approval of the shareholders at the forthcoming Seventh Annual General Meeting (“AGM”), for authority to purchase its own ordinary shares (“Proposed Share Buy-Back”) of up to ten percent (10%) of the issued and paid-up share capital.

39. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	2007 RM	2006 RM
Chinese Renminbi	0.45	0.45
Japanese Yen	0.03	0.03
United States Dollar	3.31	3.53

40. SEGMENTAL INFORMATION

(a) By Geographical Segments

2007	MALAYSIA RM	OVERSEAS RM	GROUP RM
REVENUE			
Revenue from external customers	46,247,966	10,420,079	56,668,045
RESULTS			
Segment results	8,375,764	2,299,889	10,675,653
OTHER INFORMATION			
Segment assets	71,146,696	19,797,882	90,944,578
Segment liabilities	13,163,786	93,638	13,257,424
Capital expenditure	6,368,338	475,293	6,843,631
Amortisation of investment property	2,400	–	2,400
Amortisation of prepaid land lease payments	–	22,574	22,574
Bad debt written off	–	4,238	4,238
Depreciation of property, plant and equipment	4,374,906	940,292	5,315,198
Unrealised loss on foreign exchange	194,360	–	194,360
(Gain)/Loss on disposal of plant and equipment	(26,990)	9,702	(17,288)

40. SEGMENTAL INFORMATION (CONT'D)

(a) By Geographical Segments (Cont'd)

2006	MALAYSIA RM	OVERSEAS RM	GROUP RM
REVENUE			
Revenue from external customers	48,322,250	6,474,873	54,797,123
RESULTS			
Segment results	10,013,131	1,118,691	11,131,822
OTHER INFORMATION			
Segment assets	69,033,780	15,368,408	84,402,188
Segment liabilities	16,270,378	416,117	16,686,495
Capital expenditure	18,337,544	8,841,198	27,178,742
Amortisation of investment property	2,400		2,400
Depreciation of property, plant and equipment	2,885,807	547,482	3,433,289
Goodwill written off	–	16,403	16,403

40. SEGMENTAL INFORMATION (CONT'D)

(b) By Business Segments

2007	MANUFACTURING RM	INVESTMENT HOLDING RM	ELIMINATION RM	GROUP RM
REVENUE				
Revenue from external customers	56,592,342	–	–	56,592,342
Dividend received	–	14,054,098	(14,054,098)	–
Interest income	–	75,703	–	75,703
	56,592,342	14,129,801	(14,054,098)	56,668,045
RESULTS				
Segment results	11,186,481	11,722,714	(12,233,542)	10,675,653
OTHER INFORMATION				
Segment assets	86,003,592	60,904,124	(55,963,138)	90,944,578
Segment liabilities	13,131,237	129,643	(3,456)	13,257,424
Capital expenditure	6,843,631	–	–	6,843,631
Amortisation of investment property	2,400	–	–	2,400
Amortisation of prepaid land lease payments	22,574	–	–	22,574
Bad debt written off	4,238	–	–	4,238
Depreciation of property, plant and equipment	5,315,198	–	–	5,315,198
Unrealised loss on foreign exchange	194,360	–	–	194,360
Gain on disposal of plant and equipment	(17,288)	–	–	(17,288)

40. SEGMENTAL INFORMATION (CONT'D)

(b) By Business Segments (Cont'd)

2006	MANUFACTURING RM	INVESTMENT HOLDING RM	ELIMINATION RM	GROUP RM
REVENUE				
Revenue from external customers	54,432,418	–	–	54,432,418
Dividend received	–	10,087,300	(10,087,300)	–
Management fee	–	300,000	(300,000)	–
Interest income	–	364,705	–	364,705
	54,432,418	10,752,005	(10,387,300)	54,797,123
RESULTS				
Segment results	11,342,135	9,994,987	(10,205,300)	11,131,822
OTHER INFORMATION				
Segment assets	76,137,746	50,700,440	(42,435,998)	84,402,188
Segment liabilities	15,838,413	851,538	(3,456)	16,686,495
Capital expenditure	27,178,742	–	–	27,178,742
Amortisation of investment property	2,400	–	–	2,400
Depreciation of property, plant and equipment	3,433,289	–	–	3,433,289
Goodwill written off	16,403	–	–	16,403

41. CONTINGENT LIABILITY - UNSECURED

	THE COMPANY 2007 RM	2006 RM
Corporate guarantees to a financial institution for banking facilities granted to a subsidiary	1,323,101	–

42. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Amounts Owing By/(To) Subsidiaries

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

(b) Cash and Bank Balances and Other Short-term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

(c) Hire Purchase Payables

The carrying amounts approximated the fair values of these instruments. The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

(d) Long-term Loan

The carrying amounts approximated the fair values of these instruments. The fair value of long-term loan is determined by discounting the relevant cash flow using the prevailing market rate of the Group at the balance sheet date.

(e) Contingent Liability

The net fair value of the contingent liability is estimated to be minimal as the subsidiary is expected to fulfill its obligations to repay its borrowings.

43. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	THE GROUP	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
BALANCE SHEET (EXTRACT):-		
Trade receivables	4,950,307	4,947,807
Other receivables, deposits and prepayments	1,014,296	1,588,583
Tax refundable	223,146	187,485
Long-term borrowings	2,722,454	1,281,932
Trade payables	4,008,891	6,373,468
Other payables and accruals	3,429,890	1,637,099
Provision for taxation	269,508	233,847
Short-term borrowings	1,632,980	3,073,503

43. COMPARATIVE FIGURES (CONT'D)

	THE GROUP	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
INCOME STATEMENT (EXTRACT):-		
Cost of sales	(34,522,645)	(34,521,419)
Selling and distribution expenses	(1,786,258)	(1,428,895)
Administrative expenses	(4,292,998)	(5,098,412)
Other expenses	(500,209)	(63,653)
Finance costs	(390,194)	(379,925)
CASH FLOW STATEMENT (EXTRACT):-		
Net cash from/(for) operating activities	13,731,342	12,450,908
Net cash (for)/from investing activities	(26,611,682)	(26,764,682)
Net cash (for)/from financing activities	25,783,337	27,216,771

	THE COMPANY	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
BALANCE SHEET (EXTRACT):-		
Fixed deposits with licensed banks	8,255,196	–
Cash and bank balances	8,246	8,263,442
INCOME STATEMENT (EXTRACT):-		
Revenue	10,752,005	10,087,300
Other income	–	664,705
Administrative expenses	(565,585)	(575,018)
Other expenses	(9,433)	–
CASH FLOW STATEMENT (EXTRACT):-		
Net cash from/(for) operating activities	2,879,084	(23,478,348)
Net cash (for)/from investing activities	(25,830,066)	(774,403)
Net cash (for)/from financing activities	31,214,424	32,516,193

LIST OF PROPERTIES

Registered owner	Location	Description/ Existing use	Date of certificate of fitness	Approximate age of building years/Tenure	Land area/ built-up area (sq. ft.)	Audited net book value as at 31.12.2007 (RM'000)
Jadi Imaging Technologies Sdn. Bhd.	No. 1 Jalan Peguam U1/25A Hicom-Glenmarie Industrial Park Seksyen U1, 40150 Shah Alam Selangor	Head office, toner factory	7 April 1995	12 years/ Freehold	67,518/ 50,186	8,272
Horsedale Development Berhad/ Jadi Imaging Technologies Sdn. Bhd.	No. 211 Tingkat 1 Block 1 Jalan Pegawai U1/33 Pangsapuri Sri Kerjaya Seksyen U1, 40150 Shah Alam Selangor	Apartment for foreign workers	1 August 2001	6 years/ Freehold	855	115
Jadi Imaging Technologies Sdn. Bhd.	No. 3 Jalan Peguam U1/25 Hicom-Glenmarie Industrial Park Seksyen U1, 40150 Shah Alam Selangor	Toner factory, R & D Centre	28 February 2002	12 years/ Freehold	45,833/ 24,921	5,875
Jadi Imaging Technologies (Suzhou) Co., Ltd.*	Block No. 41059 South of Xiasheng Road Suzhou Industrial Park Suzhou, Jiangsu 215000 People's Republic of China	Vacant industrial land	8 February 2007 (date of contract)	Tenure of 50 years	191,502	1,910

Note:

* *Pursuant to a contract with China-Singapore Suzhou Industrial Park Development Co., Ltd. for the transfer of the right to the use of land*

Authorised Share Capital	:	RM100,000,000 comprising of 1,000,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Share Capital	:	RM60,403,659.90 comprising of 604,036,599 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
Number of shareholders	:	6,445

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	692	30,711	0.01
100 – 1,000	242	77,439	0.01
1,001 – 10,000	2,119	12,437,599	2.06
10,001 – 100,000	2,985	91,941,736	15.22
100,001 – 30,201,828	405	267,512,332	44.29
30,201,829 and above	2	232,036,782	38.41
TOTAL	**6,445**	**604,036,599**	**100.00**

SUBSTANTIAL SHAREHOLDINGS (HOLDING 5% OR MORE OF THE SHARE CAPITAL)

Shareholders	Direct No. of shares	%	Indirect No. of shares	%
LTL Venture Holdings Sdn Bhd	211,597,123	35.03	0	0
Liew Kim Siong	12,000,000[1]	1.99	211,597,123[2]	35.03
Ng Poh Imm	0	0	211,597,123[2]	35.03
Eu Lan Eng	32,550,325	5.39	0	0

Notes:

[1] *Held via EB Nominees (Tempatan) Sdn Bhd.*
[2] *Deemed interested by virtue of his/her shareholdings in LTL Venture Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

LIST OF DIRECTORS' INTEREST

	Direct No. of shares	%	Indirect No. of shares	%
Liew Kim Siong	12,000,000[1]	1.99	211,597,123[2]	35.03
Eu Lan Eng	32,550,325	5.39	0	0
Lim Hock Guan	22,999,993	3.81	0	0
Mohd Salmi Bin Mansor	7,616,664	1.26	0	0
Lim Yew Thoon	250,000	0.04	80,000[3]	0.01
Pathmarajah A/L R Nagalingam	158,666	0.03	0	0
Dr Gan Seng Neon	20,000	0	0	0

Notes:

[1] *Held via EB Nominees (Tempatan) Sdn Bhd.*
[2] *Deemed interested by virtue of his shareholdings in LTL Venture Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
[3] *Deemed interested by virtue of his brother-in-law, Tan Kok Jie's shareholdings pursuant to Section 6A of the Companies Act, 1965.*

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

	Name	No. of shares held	Percentage (%)
1.	LTL Venture Holdings Sdn Bhd	199,486,457	33.03
2.	Eu Lan Eng	30,671,992	5.08
3.	Lim Hock Guan	22,999,993	3.81
4.	Liew Kim Foong	22,679,460	3.75
5.	Lee Chee Keng	16,772,526	2.78
6.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Liew Kim Siong (SFC)*	12,000,000	1.99
7.	Cimsec Nominees (Tempatan) Sdn Bhd *LTL Venture Holdings Sdn Bhd (JADI ESOS Pool)*	11,777,400	1.95
8.	Lily Maznah Binti Lokman Hakim	8,223,333	1.36
9.	Mohd Salmi Bin Mansor	7,616,664	1.26
10.	PRB Nominees (Tempatan) Sdn Bhd *Rubber Industry Smallholders Development Authority*	7,544,350	1.25
11.	Won Tian Loong	7,215,864	1.19
12.	Won Thean Sang	6,656,598	1.10
13.	Won Thiam Foo	6,244,732	1.03
14.	Yow Yuen Loong	3,145,000	0.52
15.	Teo Kwee Hock	2,515,200	0.42
16.	Chong Weng Choy	2,445,333	0.40
17.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Siew Lai (MARGIN)*	2,418,433	0.40
18.	Southern Investment Bank Berhad *Kumpulan Wang Simpanan Pekerja for Wong Yee Hui (EP0021)*	2,375,266	0.39
19.	Hexa Agresif Sdn Bhd	2,149,000	0.36
20.	Chong Chin Fook	2,055,000	0.34
21.	Lim Hai Young	2,000,000	0.33
22.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chan Yoke Meng (MY0291)*	1,923,966	0.32
23.	Eu Lan Eng	1,878,333	0.31
24.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Kheng Hoe (STA 1)*	1,814,865	0.30
25.	Yeoh Phey Ling	1,520,000	0.25
26.	AIBB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yee Hui*	1,503,366	0.25
27.	Southern Investment Bank Berhad *Employee's Provident Fund*	1,501,333	0.25
28.	Fong Yun Choi	1,500,000	0.25
29.	KTL Selangor Sdn Bhd	1,500,000	0.25
30.	Lau Wai Kok	1,480,000	0.24
	Total	393,614,464	65.16

JADI

JADI IMAGING HOLDINGS BERHAD

(526319-P)
(Incorporated in Malaysia)

PROXY FORM

Number Of Shares Held

* I/We ....

of ....
being a Member/Members of **JADI IMAGING HOLDINGS BERHAD**, hereby appoint #THE CHAIRMAN OF THE MEETING

or Mr/Ms .... of

.... or

failing him/her ....

of .... as *my/our proxy to vote for *me/us on *my/our behalf at the 7th Annual General Meeting of the Company to be held at Mauna Lani B Room, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor on Friday, 16 May 2008 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below :-

Ordinary Resolution		For	Against
1	Re-election of Mr Liew Kim Siong as Director		
2	Re-election of Mr Lim Hock Guan as Director		
3	To approve the Directors' fee for the financial year ended 31 December 2007		
4	Re-appointment of Messrs Horwath as the Auditors		
5	Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
6	Proposed Purchase of Own Ordinary Shares of up to Ten Per Cent (10%) of the Issued and Paid-Up Share Capital of the Company		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

The proportions of my/our shareholding to be represented by my/our proxy(ies) are as follows:

First named Proxy ....%
Second named Proxy..................................%
100%

In case of a vote taken by a show of hands, the First Proxy shall vote on my/our behalf.

As witness my hand this .... day of .... 2008.

....
Signature of Witness

....
Signature/Common Seal of member

* Delete whichever is not applicable

Notes:

(1) A proxy may but need not be a member of the Company. A member shall be entitled to appoint a person, whether a member or not, as his proxy to attend and vote at a meeting of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

(2) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

(3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

(4) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at No. 1, Jalan Peguam U1/25A, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.

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Stamp

The Company Secretary
JADI IMAGING HOLDINGS BERHAD (526319-P)
No. 1, Jalan Peguam U1/25A, Seksyen U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
MALAYSIA

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