



JADI 

Jadi Imaging Holdings Berhad
(Company No. 526319-P)

ANNUAL REPORT **2008**

JADI 

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.

Tel : (603) 7804 0333 Fax : (603) 7804 3211

www.jadi.com.my

Contents

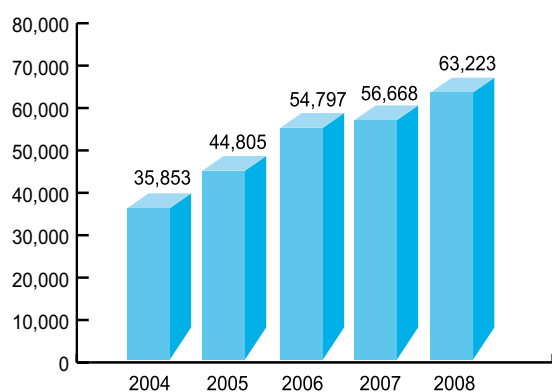
2	FIVE-YEAR PERFORMANCE HIGHLIGHTS
3	NOTICE OF ANNUAL GENERAL MEETING
6	STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING
7	CORPORATE STRUCTURE
8	CORPORATE INFORMATION
9	CHAIRMAN'S STATEMENT
13	DIRECTORS' PROFILES
16	AUDIT COMMITTEE REPORT
20	STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES
26	STATEMENT ON CORPORATE GOVERNANCE
31	STATEMENT ON INTERNAL CONTROL
33	MATERIAL CONTRACTS
34	ADDITIONAL COMPLIANCE INFORMATION
36	STATEMENT ON DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS
37	STATUTORY FINANCIAL STATEMENTS
94	LIST OF PROPERTIES
95	ANALYSIS OF SHAREHOLDINGS
	PROXY FORM



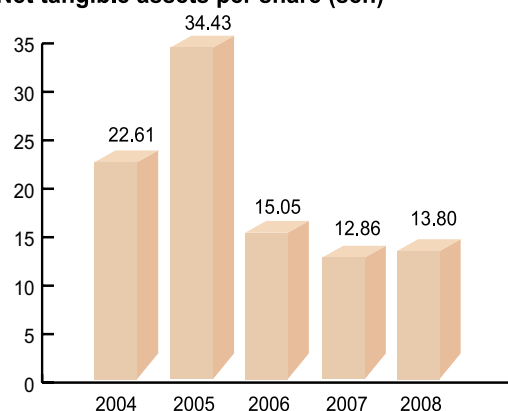
FIVE-YEAR PERFORMANCE HIGHLIGHTS

		2008	2007	2006	2005	2004
Revenue	RM'000	63,223	56,668	54,797	44,805	35,853
Profit before taxation	RM'000	6,210	12,043	13,803	8,777	9,268
Net profit attributable to shareholders	RM'000	6,130	10,676	11,132	8,271	8,014
Shareholders' funds	RM'000	83,386	77,687	67,716	24,099	15,825
Return on shareholders' funds	%	7.35	13.74	16.44	34.32	50.64
Number of shares in issue	'000	604,057	604,037	450,000	70,000	70,000
Net tangible assets per share	sen	13.80	12.86	15.05	34.43	22.61
Basic earnings per share	sen	1.01	1.77	2.02	11.82	11.45
Gross dividend per share	sen	0.50	0.30	0.50	–	5.35

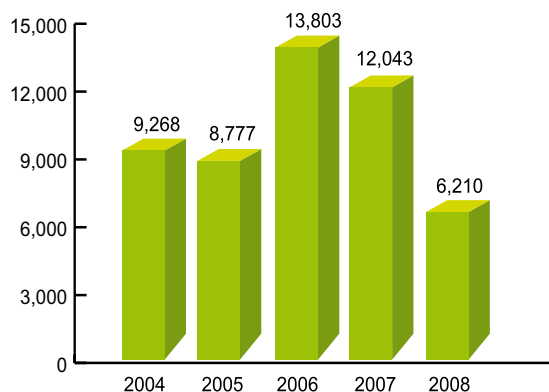
Revenue (RM'000)



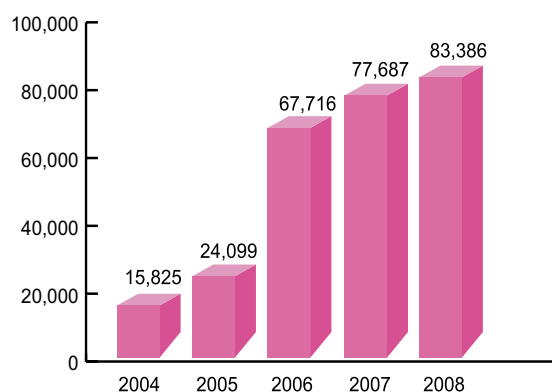
Net tangible assets per share (sen)



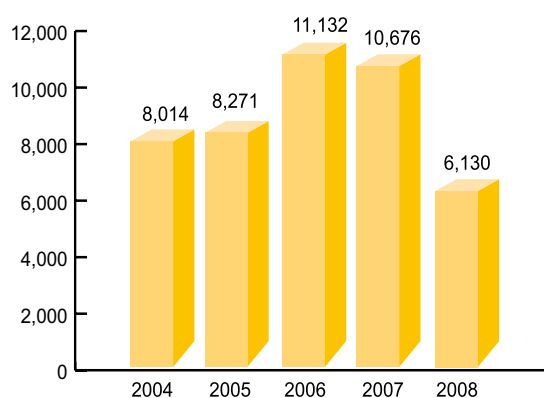
Profit before taxation (RM'000)



Shareholders' funds (RM'000)



Net profit attributable to shareholders (RM'000)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth 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 Wednesday, 20 May 2009 at 10.00 a.m. for the following purposes:-

1. To lay the audited financial statements for the financial year ended 31 December 2008 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 Madam Eu Lan Eng Ordinary Resolution 1
 - 2.2 Encik Mohd Salmi Bin Mansor Ordinary Resolution 2
3. To approve the Directors’ fee in respect of the financial year ended 31 December 2008. 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 Renewal of Authority to Purchase the Company’s Own Shares

“THAT subject to the Companies Act, 1965 (“the Act”), the Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”), the Directors of the Company, with effect from the date on which this resolution is passed, be and are hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;
- (ii) the maximum fund allocated by the Company for the Share Buy-back shall not exceed the total retained profits and/or share premium account of the Company and based on the Audited Financial Statements as at 31 December 2008, the retained profits and share premium account of the Company were RM3,804,014 and RM60,111 respectively;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the authority conferred by this resolution shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting or upon the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first; and
- (iv) upon completion of the purchase(s) of the shares by the Company, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:
 - (a) cancel all the shares so purchased; or
 - (b) retain the shares so purchased as treasury shares; or
 - (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
 - (d) distribute the treasury shares as dividends to shareholders and/or resell on the market of Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

Ordinary Resolution 6

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)
LEE HUEY FEN (MAICSA 7053908)

COMPANY SECRETARIES

Dated this 28th day of April 2009
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING

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 notorially 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 notes to 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 Eighth 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 Renewal of Authority to Purchase the Company's Own Shares

The proposed Ordinary Resolution 6, if passed, will empower the Company to purchase and/or hold up to ten per centum (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 Statement to Shareholders as set out in this Annual Report 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”):

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

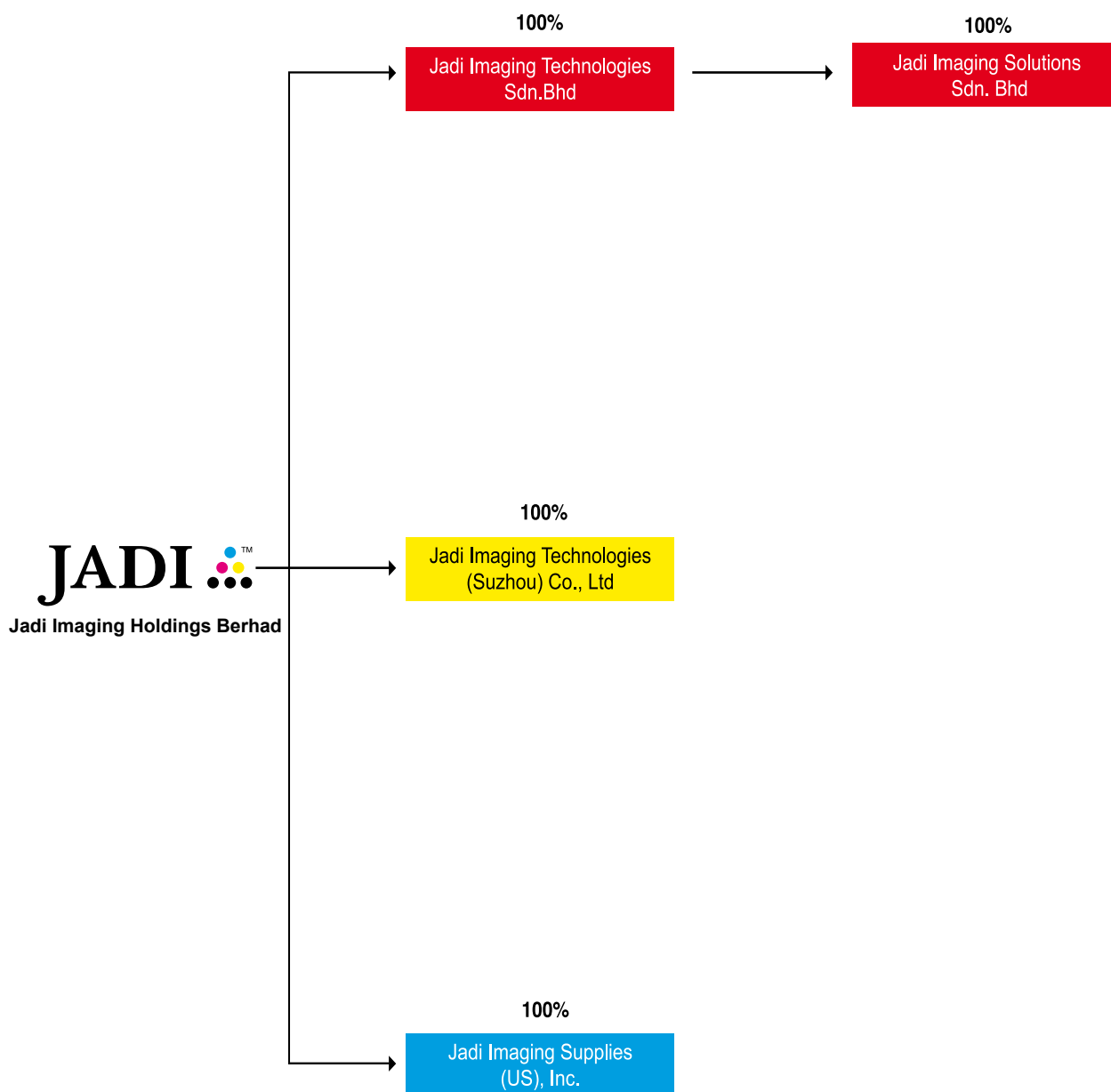
- (a) Madam Eu Lan Eng; and
- (b) Encik Mohd Salmi Bin Mansor.

The details of the above Directors who are standing for re-election are set out in the Directors’ Profiles appearing on pages 13 to 15 of this Annual Report and their attendance of Board Meeting are set out on page 27 of this Annual Report.

Shareholdings of Directors who are standing for re-election

Shareholdings of Directors who are standing for re-election are set out in the Analysis of Shareholdings on page 95 of this Annual Report.

CORPORATE STRUCTURE



Vision

Our Vision is to be the biggest independent toner manufacturer in the world by 2015. 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 expectation of our worldwide customers.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Liew Kim Siong*Executive Chairman / Group CEO***Eu Lan Eng***Executive Director / General Manager***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)**Lee Huey Fen** (MAICSA 7053908)

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 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone No. : (603) 2264 3883

Facsimile No. : (603) 2282 1886

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

Main Board of Bursa Malaysia Securities Berhad

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 2008.

PERFORMANCE REVIEW

Despite the global economic slowdown, I am happy to report that our business has remained resilient and robust operationally. We achieved a revenue of RM63.22 million for the financial year ended 31 December 2008, an increase of 11.57% compared to 2007 due to the increased sales of both black and color toner. The gross profit also increased by 4.98% from RM19.29 million to RM20.25 million in the financial year ended 31 December 2008.



However, the profit before tax fell by 48.42% from RM12.04 million to RM6.21 million, and the profit after tax fell by 42.60% from RM10.68 million to RM6.13 million in the financial year ended 31 December 2008. The main factors contributing to the fall were:

- Forex losses amounting to RM4.03 million including losses of RM2.17 million from USD forward and currency option contracts;
- Expenses amounting to RM1.14 million incurred on a proposed acquisition of an imaging supplies business in Europe which was subsequently aborted when the parties failed to agree on the final terms of the proposed acquisition following the receipt of the preliminary due diligence findings;
- Temporary cessation of production and dismantling of machinery and equipment in the Suzhou factory in the fourth quarter in preparation for the relocation to the new factory which resulted in the writing off of some assets amounting to RM0.43 million while factory overheads including depreciation and workers' salaries amounting to RM0.55 million continued to be incurred and charged;
- Pre-operating expenses of the new U.S. sales and distribution office amounting to RM0.42 million;
- Raw material price increases; and
- Appreciation of the Japanese Yen.

Hence, our basic earnings per share was lower at 1.01 sen per share compared to 1.77 sen per share in 2007.

Your Board declared an interim tax-exempt dividend of 3% or 0.3 sen per ordinary share for the financial year ended 31 December 2008 on 10 April 2009.

On behalf of the Board, I would like to convey my appreciation to Mr. Lim Hock Guan who resigned as an Executive Director from the Board on 1 November 2008 for his invaluable contribution to the Group. I would also like to convey my thanks and appreciation to the directors, management team and our colleagues for their dedication, diligence and commitment and our shareholders, customers, business associates and the relevant government authorities for their continuing support and confidence in Jadi.

CORPORATE DEVELOPMENT

The Group continued to execute several key initiatives in line with our strategic long term plan to remain a key player in the global toner industry despite the global financial crisis and economic downturn in 2008.

Thus far, the Group had been focusing on the manufacturing of toner and 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, it widened its focus in 2008 to include diversifying into complementary products and services to the toner cartridge remanufacturing industry through organic growth or through mergers and acquisitions or strategic tie-ups. Towards this end, the Group had identified an imaging supplies business headquartered in Europe in the early part of the year as a potential acquisition. However, following the receipt of the preliminary due diligence findings, the proposed acquisition was aborted as the parties failed to agree on the final terms of the proposed acquisition.

CHAIRMAN'S STATEMENT

One of the key strategies identified by the Group to help increase its penetration into export markets is strategic tie-ups with companies with extensive and established distribution channels in these markets. Thus, to increase sales to the Central and Western European markets, the Group entered into a strategic partnership in September 2008 with AEG-Elektrofotografie GmbH of Germany ("AEG"), a well-known manufacturer of organic photoconductor drums, a critical component in a toner cartridge. Under the memorandum of understanding signed between the two parties, AEG was appointed as the exclusive distributor for Jadi Imaging Technologies Sdn. Bhd. ("Jadi Imaging") in Western and Central Europe (with exceptions) and in turn, Jadi Imaging was appointed the exclusive distributor for AEG in Southeast Asia (with exceptions). The Group hopes that the arrangement will contribute to increased sales of the Group in Central and Western Europe where its sales had been weak.

The Group had earlier incorporated Jadi Imaging Supplies (UK), Ltd. in May 2007 to serve as its sales and distribution centre for the European market. Subsequently, however, the Group commenced proceedings to strike off the company before it commenced operations when it decided that it would be more effective, and economical, to tie-up with an established distributor in the region. Thus, the company was struck off from the Register of Companies and dissolved on 25 November 2008 pursuant to Section 652A of the Companies Act, United Kingdom.

To capture a bigger share of the US market, the biggest toner market in the world, the Group incorporated a sales and distribution subsidiary, Jadi Imaging Supplies (US), Inc., in Torrance, California, in May 2008. Sales of the Group to the US had been weak, accounting for only 3.3% of Group revenue in 2007. The company, which commenced operations in September 2008, is headed by a US toner industry veteran with more than 20 years of experience.

In line with its long term strategic plan in China, the Group's wholly-owned subsidiary in China, Jadi Imaging Technologies (Suzhou) Co., Ltd., commenced construction of its factory on the land that it acquired in 2007 in the Suzhou Industrial Park. The Group's manufacturing operations which were previously located in a rented facility in the same industrial park has been relocated to our own new factory in the first quarter of 2009.

Also, to meet its future expansion plans in Malaysia, the Group acquired a piece of freehold industrial land measuring 23,901.71 square metres in Klang, Selangor in July 2008. The Group plans to build a warehouse as well as factories on the land. Currently, the Group is renting two adjacent factories in Bukit Kemuning in Shah Alam, Selangor to serve as its warehouse.

The Group focuses on R&D as a key priority to ensure its long term success, conducting both independent in-house R&D and R&D in collaboration with its strategic partners to develop new products and improve its existing products. In particular, in view of the higher margins of color toner, the Group had focused its R&D on color toner and higher value added black toner. Thus, in 2008, the Group launched the following new toners in the global market:

- HP 1022 (JLT-027) compatible toner for use in HP LJ 1010/1012/1015/1018/1020/1022/3035/3055/M1005 printers and MFP (Q2612);
- HP CP3505 (JCLT-08 CMYK) compatible toner for use in the HP CLJ 2700/3000/3600/3800/CP3505 color printers;
- HP P1006 (JLT-028) compatible toner for use in HP LJ P1005/1006 (CB435A), HP LJ P1008(CC388-A) and HP LJ P1505(CB436A) printers;
- Lexmark Universal (JLT-005) compatible toner for use in the latest range of Lexmark's E-series printer models, including the E120, E250, E350 and E450 printers;
- HP CP1515 (JCLT-10 CMYK) compatible toner for use in HP CLJ CP1215/1515n/1518ni printers, CM 1312nfi MFP and Canon LBP 5050/5050n
- HP P4515 (JLT-029) compatible toner for use in HP LJ P4014/4015/4515 (CC364A/X) printers; and
- HP CP2020 compatible toner for use in HP CP 2020 series color printers, including HP CP2025 and CM 2320 printers.

In addition, the Group achieved further progress in 2008 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 sponsored by the Group for their M. Sc. degree under the joint R&D project have joined the Group as full-time researchers. Currently, the Group is sponsoring another student under the programme while an additional student has been identified for sponsorship by the Group. Under the programme, the Group sponsors a maximum of two students at any one time to pursue their M. Sc. degree at the university.

CHAIRMAN'S STATEMENT

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. The Group's internal audit function is outsourced to external consultants who assist the Board and Audit Committee by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems.

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. Currently, black toners make up the bulk of the Group's production but the contribution from color toner is expected to increase significantly in the future due to the higher margin that it commands. The Group 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 2008, the Group exported to 44 countries throughout the world, with revenue from sales to foreign markets contributing to 95.9 % of its total revenue. The principal markets were Asia (including Malaysia), 67.3%; South America, 15.2%; Eastern Europe, 7.0%; USA, 5.1%; Western Europe, 2.7%; and Middle East, 2.6%;

As the Group expects future demand for color toner to increase rapidly, it invested in a new color toner production line in 2008. The new color toner line has an annual production capacity of 300 metric tonnes and is located in the Group's main manufacturing facility in the Hicom-Glenmarie Industrial Park in Shah Alam, Selangor. As the margins from color toners are higher, the Group expects color toner to contribute more significantly to the Group's bottom line in future. The total investment of RM4.4 million was funded by a combination of internally generated funds and bank borrowings.

In preparation for the relocation of the Group's manufacturing operations in China to its new factory in the first quarter of 2009, manufacturing ceased beginning in October to enable the machinery and equipment to be dismantled. During the period when the plant was not running, demand from China that could not be met by the China operation was met from Malaysia.

In the face of increasingly intense competition in a global environment negatively impacted by the financial crisis, economic uncertainty and slow growth, the Group took various measures to promote the sales of the Group's products. These included conducting technical and training sessions for our customers to introduce them to the Group's latest products. In particular, a technical forum was organized jointly by the Group and AEG in Malaysia on 1 August 2008 with participants from Southeast Asian countries and India. Another technical forum was organized in Zhuhai, China on 26 September 2008, also in collaboration with AEG, for our customers in China. The Group plans to conduct technical and training sessions in other parts of the world at the appropriate time.

The Group also continued to participate in industry trade shows and exhibitions as well as advertise in industry magazines in 2008 to promote the Groups' products.

In 2008, the Group participated in the following major international trade shows and exhibitions:

- Remax Europe 2008, a trade show on the global toner and inkjet remanufacturing and printer consumables industry, in Dusseldorf, Germany;
- RechargeExpo 2008, a trade show on imaging supplies for the remanufacturing industry, in Singapore;
- Remax Asia Pacific, a trade show on the imaging supplies industry, in Zhuhai, China
- World Expo 2008, a trade show on the imaging supplies industry, in Las Vegas, USA;
- ReChina Asia Expo, a trade show on the global printer consumables industry, in Shanghai, China.

CHAIRMAN'S STATEMENT

In addition, the Group advertised in the following international industry magazines in 2008:

- The Recharger Magazine
- The Recycler Trade Magazine
- The Recharge Asia Magazine

Jadi Suzhou's performance in 2008 was negatively impacted by severe winter storms that affected large portions of southern and Central China in January and February and the devastating Sichuan earthquake in May. The Summer Olympic Games held in China in August also negatively impacted sales as the whole country focused on the Games. These, together with the temporary cessation of production in the fourth quarter due to the dismantling of machinery and equipment in preparation for the relocation to the Group's new factory, resulted in the fall of its revenue by 23.88% from RM10.42 million to RM7.93 million and profit after tax by 96.09% from RM2.30 million to RM0.09 million

Outlook and Future Prospects

The global financial crisis that first erupted with the U.S. subprime mortgage collapse in August 2007 is unprecedented in its scale and impact. Many advanced economies are close to or moving into recession, while growth in emerging economies is also weakening.

Given the bleak forecast of the global economy in 2009, the Group faces a challenging year ahead. While our strategic direction remains unchanged, we intend to manage our expenses more tightly to remain competitive and to ensure that we are well placed to deal with the challenges ahead. The Group will also continue to enhance its performance through improving the productivity and efficiency of its manufacturing operations and undertake more intensive marketing activities to attract new customers and to encourage existing customers to increase purchases. To protect the Group's profit margins, the Group will focus more on color toners and higher value-added black toner

As in 2008, managing competition, margin and cost pressures in the midst of a rapidly decelerating world economy will continue to pose challenges to the Group. In addition, as all of the Group's export sales are quoted in U.S. dollars and its raw materials are imported mainly from Japan, the volatile U.S. dollar and the appreciating Japanese Yen will continue to pose problems for the Group.

To drive its long term success, the Group will continue to focus on R&D to maintain its competitive edge in the global market. To minimize the negative impact of the volatile U.S. 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. The Group will also continue to monitor its foreign exchange exposure closely and take the necessary steps to minimize its exposure whenever appropriate.

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 51, 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 is a member of the Remuneration Committee.

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 51, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 9 April 2002.

She completed her secondary school education at Sekolah Menengah Kebangsaan Sultan Abdul Aziz, Kuala Selangor, Selangor where she obtained her Malaysian Certificate of Education in 1975.

She has approximately 13 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.

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

Mohd Salmi Bin Mansor, Malaysian aged 42, 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.

DIRECTORS' PROFILES

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

Pathmarajah A/L R Nagalingam, Malaysian aged 52, 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 and a member of the Nomination Committee.

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 56, 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 Remuneration Committee and Nomination Committee and a member of the Audit Committee.

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 61, was appointed to the Board as Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 23 June 2006. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. 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 1976-77. He was appointed as a Lecturer at the University of Malaya 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 16 patents on his inventions and received awards for excellent services and won medals in a number of exhibitions on his inventions and innovations. He holds memberships in a number of professional organizations and has been a Chartered Chemist and Member of the Royal Society of Chemistry, London since 1977. He was elected a Fellow of the Malaysian Scientific Association in December 2006 and became a Fellow of the Malaysian Institute of Chemistry in August 2008.

DIRECTORS' PROFILES

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 2008.*
6. *Please refer to the Analysis of Shareholdings of this Annual Report for details of the directors' shareholdings in the Company.*
7. *The details of attendance of the Directors at the Board Meetings are set out on page 27 of this Annual Report.*

AUDIT COMMITTEE REPORT

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. Composition and Meetings

The members of the Committee and their attendance at committee meetings during the financial year ended 31 December 2008 are as follows:

	<u>Attendance</u>
Pathmarajah A/L R Nagalingam – Chairman <i>(Independent Non-Executive Director)</i>	6/6
Lim Yew Thoon - Member <i>(Independent Non-Executive Director)</i>	6/6
Dr Gan Seng Neon - Member <i>(Independent Non-Executive Director)</i>	6/6

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

- Considered and reviewed the business process presented by the internal audit team to assess the effectiveness of the internal control system.
- Discussed and adopted the internal audit plan.
- Examined findings made by internal auditor and management’s response.

3. Internal Audit Function

The Board recognises the importance of maintaining a sound system of internal controls which cover risk management and financial, organisational, operational and compliance controls. The Board acknowledges its responsibility and accountability for the Company’s system of internal controls and for reviewing the effectiveness, adequacy and integrity of the system.

The Board has delegated the implementation and monitoring of the internal control system to the Management of the Company and has appointed independent consultants to carry out the Internal Audit functions. The Committee assists the Board in overseeing this function.

Information on the Company’s internal control is presented in the Statement on Internal Control on pages 31 to 32.

AUDIT COMMITTEE REPORT

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.

AUDIT COMMITTEE REPORT

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.

AUDIT COMMITTEE REPORT

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.

STATEMENT TO SHAREHOLDERS

In Relation To The Proposed Renewal Of Authority For The Company To Purchase Its Own Ordinary Shares

1. Disclaimer Statement

Bursa Malaysia Securities Berhad (“Bursa Securities”) takes no responsibility for the contents of this Share Buy-Back Statement (“Statement”), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for the Proposed Renewal of Authority for the Purchase by Jadi Imaging Holdings Berhad (“Jadi” or the “Company”) of its own Ordinary Shares of RM0.10 Each (“Shares”) on the Bursa Securities of up to ten per centum (10%) of its Existing Issued and Paid-up Share Capital (“Proposed Renewal”)

Any Share Buy-Back, if implemented pursuant to the Proposed Renewal, is expected to potentially benefit the Company and its shareholders as follows:-

- (a) It will enable the Company to utilise its surplus financial resources which is not immediately required for other uses to purchase Jadi Shares from the market. This may help to stabilise the supply and demand of Jadi Shares traded on the Bursa Securities and thereby support its fundamental value;
- (b) The purchase of its own shares by Jadi, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Jadi Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in Jadi due to the increase in the Company’s earnings per share; and
- (c) The purchased Jadi Shares can be held as treasury shares and resold on the Bursa Securities at a higher price with the intention of realising potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

3. Retained Profits and Share Premium

Based on the audited financial statements for the year ended 31 December 2008, the retained profits and share premium account of the Company stood at RM3,804,014 and RM60,111 respectively.

4. Source of Funds

The funding for the Proposed Renewal will be from internally generated funds and/or borrowings. The actual amount of borrowings will depend on the financial resources available at the time of the Proposed Renewal. The Proposed Renewal will reduce the cash of the Company by an amount equivalent to the purchase price of Jadi Shares and the actual number of Jadi Shares bought back. There is no restriction on the type of funds which may be utilised for the Proposed Renewal so long as it is backed by an equivalent amount of retained profits and/or share premium of the Company.

In the event that the Company decides to utilise external borrowings to finance the Proposed Renewal, the Board would ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cashflow of the Company.

5. Direct and Indirect Interests of the Directors and Substantial Shareholders

Save for the proportionate increase in the percentage of shareholding and/or voting rights in their capacity as the shareholders of the Company, pursuant to the Proposed Renewal, none of the Directors, Substantial Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal and/or resale of treasury shares.

The direct and indirect interest of the Directors and Substantial Shareholders of Jadi as at 1 April 2009 are set out in the tables below together with the effect of the Proposed Renewal assuming that Jadi implements the Proposed Renewal in full and all the shares so purchased are fully cancelled under the following scenarios:

Minimum Scenario:

Assuming that none of the outstanding ESOS Options are exercised.

Maximum Scenario:

Assuming the full exercise of 39,103,998 outstanding ESOS Options.

STATEMENT TO SHAREHOLDERS

In Relation To The Proposed Renewal Of Authority For The Company To Purchase Its Own Ordinary Shares

5. Direct and Indirect Interests of the Directors and Substantial Shareholders (cont'd)

(a) Effects of the Proposed Renewal on Directors' Shareholdings

Minimum Scenario

Name	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kim Siong	13,180,000	2.18	211,597,123 ¹	35.03	13,180,000	2.42	211,597,123 ¹	38.92
Eu Lan Eng	33,770,625	5.59	–	–	33,770,625	6.21	–	–
Mohd Salmi Bin Mansor	7,616,664	1.26	–	–	7,616,664	1.40	–	–
Pathmarajah A/L R Nagalingam	158,666	0.03	–	–	158,666	0.03	–	–
Lim Yew Thoon	250,000	0.04	–	–	250,000	0.05	–	–
Dr Gan Seng Neon	20,000	– [^]	–	–	20,000	– [^]	–	–

Maximum Scenario

Name	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kim Siong ^(a)	22,180,000	3.45	211,597,123 ¹	32.90	22,180,000	3.83	211,597,123 ¹	36.56
Eu Lan Eng ^(b)	41,103,958	6.40	–	–	41,103,958	7.10	–	–
Mohd Salmi Bin Mansor ^(c)	14,283,330	2.22	–	–	14,283,330	2.47	–	–
Pathmarajah A/L R Nagalingam	158,666	0.02	–	–	158,666	0.03	–	–
Lim Yew Thoon	250,000	0.04	–	–	250,000	0.04	–	–
Dr Gan Seng Neon	20,000	– [^]	–	–	20,000	– [^]	–	–

Notes:-

(i) Assuming that the purchase of JADI Shares pursuant to the Proposed Renewal is based on the maximum number of JADI Shares that may be purchased under the respective scenarios.

1 Deemed interested by virtue of his shareholdings in LTL Venture Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act").

[^] Negligible

(a) Liew Kim Siong holds 9,000,000 ESOS Options as at 1 April 2009.

(b) Eu Lan Eng holds 7,333,333 ESOS Options as at 1 April 2009.

(c) Mohd Salmi Bin Mansor holds 6,666,666 ESOS Options as at 1 April 2009.

STATEMENT TO SHAREHOLDERS

In Relation To The Proposed Renewal Of Authority For The Company To Purchase Its Own Ordinary Shares

5. Direct and Indirect Interests of the Directors and Substantial Shareholders (cont'd)

(b) Effects of the Proposed Renewal on Substantial Shareholders' Shareholdings

Minimum Scenario

Name	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LTL Venture Holdings Sdn Bhd	211,597,123	35.03	–	–	211,597,123	38.92	–	–
Liew Kim Siong	13,180,000	2.18	211,597,123 ¹	35.03	13,180,000	2.42	211,597,123 ¹	38.92
Ng Poh Imm	–	–	211,597,123 ¹	35.03	–	–	211,597,123 ¹	38.92
Eu Lan Eng	33,770,625	5.59	–	–	33,770,625	6.21	–	–

Maximum Scenario

Name	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LTL Venture Holdings Sdn Bhd	211,597,123	32.90	–	–	211,597,123	36.56	–	–
Liew Kim Siong ^(a)	22,180,000	3.45	211,597,123 ¹	32.90	22,180,000	3.83	211,597,123 ¹	36.56
Ng Poh Imm	–	–	211,597,123 ¹	32.90	–	–	211,597,123 ¹	36.56
Eu Lan Eng ^(b)	41,103,958	6.40	–	–	41,103,958	7.10	–	–

Notes:-

- (i) Assuming that the purchase of JADI Shares pursuant to the Proposed Renewal is based on the maximum number of JADI Shares that may be purchased under the respective scenarios.
- 1 Deemed interested by virtue of his/her shareholdings in LTL Venture Holdings Sdn Bhd pursuant to Section 6A of the Act.
- (a) Liew Kim Siong holds 9,000,000 ESOS Options as at 1 April 2009.
- (b) Eu Lan Eng holds 7,333,333 ESOS Options as at 1 April 2009.

STATEMENT TO SHAREHOLDERS

In Relation To The Proposed Renewal Of Authority For The Company To Purchase Its Own Ordinary Shares

6. Potential Advantages and Disadvantages of the Proposed Renewal

For the potential advantages of the Proposed Renewal to the Company and its shareholders, kindly refer to Section 2 of this Statement.

The potential disadvantages of the Proposed Renewal to the Company and its shareholders are as follows:-

- (a) the Proposed Renewal will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in the future;
- (b) the cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance a Share Buy-Back;
- (c) as the Proposed Renewal can only be made out of the retained profits and/or share premium account of the Company, it will result in a reduction in the financial resources available for distribution to shareholders of the Company in the immediate future; and
- (d) the Proposed Renewal may reduce the consolidated net assets of the Company if the purchase price of Jadi Shares is higher than the consolidated net assets of the Company at the time of purchase.

Nevertheless, any Share Buy-Back to be undertaken pursuant to the Proposed Renewal is not expected to have any potential material disadvantages to the Company and its shareholders as the Company would purchase Jadi Shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and the Board is of the opinion that it would be in the best interest of the Company and its shareholders to do so.

7. Financial Effects

The financial effects of the Share Buy-Back under the Proposed Renewal are set out below:

(a) Share Capital

	Minimum Scenario No. of Shares as at 1/4/2009	Maximum Scenario No. of Shares as at 1/4/2009
Authorised Share Capital	1,000,000,000	1,000,000,000
Issued and paid-up share capital	604,056,599	604,056,599
Upon full exercise of outstanding ESOS Options	–	39,103,998
	604,056,599	643,160,597
Less:- Shares purchased amounting to ten per cent (10%) of issued and paid-up capital pursuant to Proposed Renewal	(60,405,660)	(64,316,060)
Reduced issued and paid-up capital in the event that the purchased Jadi Shares are cancelled	543,650,939	578,844,537

The Proposed Renewal will have no effect on the issued and paid-up share capital of JADI if all the Purchased JADI Shares are to be retained as treasury shares.

STATEMENT TO SHAREHOLDERS

In Relation To The Proposed Renewal Of Authority For The Company To Purchase Its Own Ordinary Shares

7. Financial Effects (cont'd)

(b) Earnings

The effects of the Share Buy-Back under the Proposed Renewal on the earnings of the Group would depend on the purchase price and the number of Jadi Shares purchased. The effective reduction in the issued and paid-up share capital of the Company pursuant to a Share Buy-Back will, generally, with all else being equal, have a positive impact on the consolidated earnings per share of the Company.

(c) Net Assets ("NA")

The consolidated NA of the Company may increase or decrease depending on the number of Jadi Shares purchased, the purchase prices of the Jadi Shares, the effective cost of funding and the treatment of the Jadi Shares purchased.

The Share Buy-Back will reduce the NA per Jadi Share when the purchase price exceeds the NA per Jadi Share at the time of purchase. On the other hand, the NA per Jadi Share will increase when the purchase price is less than the NA per Jadi Share at the time of purchase.

(d) Working capital

The Share Buy-Back pursuant to the Proposed Renewal would reduce funds available for working capital purposes of the Company, the quantum of which would depend on the purchase price, the actual number of Jadi Shares purchased and any associated costs incurred in making the purchase.

8. Implication of the Malaysian Code on Take-Overs and Mergers 1998 (the "Code")

As at 1 April 2009, LTL Venture Holdings Sdn Bhd ("LTL") and Liew Kim Siong collectively hold 37.21% of the voting issued and paid-up share capital of JADI.

Assuming that the Proposed Renewal is carried out in full and there is no exercise of the ESOS options in a period of six (6) months, the collective shareholdings of the LTL and Liew Kim Siong will increase to 41.34% of the total voting issued and paid-up share capital of JADI. Further, assuming that the Proposed Renewal is carried out in full and the ESOS options are exercised in full in a period of six (6) months, the collective shareholdings of the LTL and Liew Kim Siong will increase to 40.39% of the total voting issued and paid-up share capital of JADI.

Pursuant to the Code, if a person or a group of persons acting in concert holding more than 33% but less than 50% of the voting shares of the Company and such person or group of persons acting in concert acquires in any period of six (6) months more than 2% of the voting shares of the Company, there is an obligation to undertake a mandatory general offer for the remaining JADI Shares not already owned by the said person or group of persons acting in concert.

Practice Note 2.9.10 of the Code allows an exemption from the obligation to undertake a mandatory general offer to a holder of voting shares who, as a result of a reduction of the voting shares of the company through a buy-back scheme under the Act, has increased his holding of voting shares to more than 33% or, if his existing holding of voting shares is more than 33% but less than 50%, by more than 2% in any six (6) month period, if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation.

In the event that JADI decides to purchase its own Shares which will result in LTL's and Liew Kim Siong's shareholdings in JADI increasing by more than 2% in any period of six (6) months, LTL and Liew Kim Siong will seek a waiver from the SC under Practice Note 2.9.10 of the Code before the Company purchases its own Shares

STATEMENT TO SHAREHOLDERS

In Relation To The Proposed Renewal Of Authority For The Company To Purchase Its Own Ordinary Shares

9. Purchases Made in Last Financial Year

The Company did not undertake any Share Buy-Back during the financial year ended 31 December 2008.

10. Public Shareholding Spread

According to Jadi's Record of Depositors as at 1 April 2009, there were 5,504 public shareholders holding not less than 100 Jadi Shares, with a total shareholding of 50.58% of the Company's issued and paid-up share capital.

The public shareholding spread of the Company is expected to be reduced to 40.58% assuming the Company implements the Share Buy-Back in full i.e. up to 10% of the issued and paid-up share capital of the Company and assuming no ESOS options are exercised into new Jadi Shares. Further, the purchased Jadi Shares are assumed to be purchased from the market from shareholders of Jadi who are deemed public, and the number of Jadi Shares held by the Directors and substantial shareholders of Jadi and/or persons connected to them remains unchanged.

Notwithstanding the above, the Company, in implementing any Share Buy-Back, will be mindful in ensuring that the aforesaid public shareholding spread requirement is met and maintained at all times.

11. Directors' Statement

Your Directors, having considered all aspects of the Proposed Renewal, are of the opinion that the Proposed Renewal is in the best interest of the Company.

12. Directors' Recommendation

Your Directors are of the opinion that the Proposed Renewal is in the best interests of the Company and its shareholders. Accordingly, your Directors recommend that you vote in favor of the resolution in relation to the Proposed Renewal to be tabled at the forthcoming Annual General Meeting.

13. Other Information

There is no other information concerning the Proposed Renewal that shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal and the extent of the risks involved in doing so.

STATEMENT ON CORPORATE GOVERNANCE

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 of 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 six (6) members, comprising the Executive Chairman, three (3) Independent Non-Executive Directors and two (2) 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 13 to 15 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.

STATEMENT ON CORPORATE GOVERNANCE

The Board held seven (7) meetings during the financial year ended 31 December 2008 and they were attended by the following Directors:

	Attendance At Board Meetings
Liew Kim Siong <i>Executive Chairman / Group CEO</i>	7/7
Eu Lan Eng <i>Executive Director / General Manager</i>	6/7
Lim Hock Guan* <i>Executive Director / Corporate Affairs Director</i> <i>*Resigned on 1 November 2008</i>	6/6
Mohd Salmi bin Mansor <i>Executive Director / Technical Director</i>	7/7
Pathmarajah A/L R Nagalingam <i>Independent Non-Executive Director</i>	7/7
Lim Yew Thoon <i>Independent Non-Executive Director</i>	7/7
Dr Gan Seng Neon <i>Independent Non-Executive Director</i>	7/7

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 mainly information on the financial performance of the Group 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.

During the financial year ended 31 December 2008, the Directors individually have attended seminars, conferences and/or training in respect of intellectual property rights, finance and taxation to keep abreast of current developments in the general business environment.

Appointment and Re-election of Directors

The appointment of Directors is undertaken by the Board as a whole guided by formal recommendations by the Nomination Committee.

STATEMENT ON CORPORATE GOVERNANCE

In accordance with the Company's Articles of Association, all Board members who are appointed by the Board shall be subject to election by shareholders at the first opportunity of their appointment. The Company's Articles of Association also provide that at least one-third (1/3) of the Directors shall retire by rotation at each Annual General Meeting and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. Presently, there is no Director of the Company who is subject to such re-appointment.

Board Committees

The following principal Board Committees have been established to assist the Board in discharging its duties effectively:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code. These Committees have the authority to examine particular issues and report to the Board with their recommendations. Nonetheless, the ultimate responsibility for the final decision on such matters lies with the Board.

(a) Audit Committee

The Board has established the Audit Committee to assist the Board in discharging its duties. The Audit Committee works closely with the external auditors and maintains a transparent professional relationship with them.

The report of the Audit Committee is set out on pages 16 to 19 of this Annual Report.

(b) Nomination Committee

The Nomination Committee has three members, all of whom are Independent Non-Executive Directors and meets as and when required. The members of the Nomination Committee are as follows:

Lim Yew Thoon – Chairman
(Independent Non-Executive Director)

Dr Gan Seng Neon
(Independent Non-Executive Director)

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

The Nomination Committee has clearly defined written terms of reference approved by the Board and is responsible for nominating new nominees to the Board and assessing the performance of the directors of the Company. The Nomination Committee also reviews the Board composition and balance as well as assesses the effectiveness of Board members and considers the Board's succession planning.

STATEMENT ON CORPORATE GOVERNANCE

(c) Remuneration Committee

The members of the Remuneration Committee are as follows:

Lim Yew Thoon – Chairman
(Independent Non-Executive Director)

Dr Gan Seng Neon
(Independent Non-Executive Director)

Liew Kim Siong
(Executive Chairman/Group CEO)

The responsibility of the Remuneration Committee is to recommend to the Board the remuneration framework for the remuneration packages of each Executive Director. The policy that is to be practised for Directors' remuneration by the Remuneration Committee is to provide remuneration packages necessary to attract, retain and motivate the Directors, and is reflective of the Directors' experience and level of responsibilities. None of the Executive Directors participate in any way in determining their individual remuneration. The remuneration and entitlements of the Non-Executive Directors shall be a matter to be decided by the Board as a whole.

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 2008 are as follows:

Remuneration	Amount (RM)	
	Executive	Non-Executive
Fees	100,833	90,000
Salary, other remuneration and emoluments	1,581,815	3,600
Benefits-in-kind (based on an estimated monetary value)	65,783	–
Share-based payment	90,610	–

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
RM150,001 - RM200,000	1	
RM250,001 - RM300,000	1	
RM400,001 - RM450,000	1	
RM950,001 - RM1,000,000	1	

STATEMENT ON CORPORATE GOVERNANCE

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 36 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

INTRODUCTION

Pursuant to paragraph 15.27(b) of the Bursa Securities Listing Requirements, the Board of Directors of Jadi Imaging Holdings Berhad is pleased to make a statement in the annual report on the state of the internal controls of the Group which has been prepared in accordance with the Listing Requirements and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

BOARD RESPONSIBILITY

The Board has overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness and adequacy to ensure that the Group's assets and shareholders' interests are safeguarded.

Due to the inherent limitations in any system of internal controls, such system put in place by Management can only reduce rather than eliminate all risks of failure to achieve the Group's corporate objectives. Consequently, the system can only provide a reasonable rather than absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

Risk management is seen as an integral part of the Group's business operations by the Board. On a daily basis, the Heads of Department are responsible for managing the risks of their respective department. During the periodic management meetings, significant risks identified and the corresponding internal controls implemented are communicated to Senior Management and key personnel. The key risks relating to the Group's strategic and business plans are addressed at the Board and Senior Management Meetings on a periodical basis.

The abovementioned serves as the on-going process used to identify, evaluate and manage significant risks.

INTERNAL AUDIT

The Group's internal control systems are continually being reviewed and enhanced to ensure that changes in the Group's business and operating environment are adequately managed. The Audit Committee and Board currently obtain regular assurance on the adequacy and effectiveness of the internal control system through independent reviews performed by the internal audit function which is outsourced to a professional services firm.

During the financial year, the internal audit function carried out audits in accordance with the risk based internal audit plan approved by the Audit Committee. Based on the internal audit reviews carried out, the results of the review were presented to the Audit Committee at certain of the committee's scheduled meetings.

An amount of RM45,000 was incurred on internal audit fees during the financial year under review.

STATEMENT ON INTERNAL CONTROL

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Company's internal control systems are:

- An organizational structure, which clearly defines the lines of responsibility, proper segregation of duties and delegation of authority;
- Rigorous review of key information such as financial performance, key business indicators, management accounts and detailed budgets by the Board and Audit Committee;
- The Executive Directors are closely involved in the running of business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large;
- Experienced and dedicated team of personnel across key functional units;
- Regular management meetings are held to discuss the Group's performance, business operations and management issues as well as formulate appropriate measures to address them;
- Established internal policies and procedures for key business units within the Group;
- 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; and
- 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.

CONCLUSION

The Board is of the view that the Company's system of internal controls is adequate to safeguard shareholders' investments and the Company's assets. However, the Board is also cognizant of the fact that the Company'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 20 February 2009.

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 2008 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.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-Back

The Company did not undertake any share buy-back during the financial year ended 31 December 2008.

Options, Warrants or Convertible Securities

During the financial year ended 31 December 2008, the following options were exercised:

- (i) the allotment of 20,000 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 RM5,000.

Variation in Results

There was no material variance between the audited results for the financial year ended 31 December 2008 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 33 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Initial Public Offering

The status of the utilisation of proceeds raised from the initial public offering as at 31 December 2008 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)	–	Fully utilised
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	(7,480)	(454)	–	Fully utilised
Working Capital*			142		
	35,392	(35,392)	–	–	

* 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 have been funded out of the portion allocated for working capital.

* The unused portion amounting to RM142,000 approved for the acquisition of a new factory has been utilized for working capital

Revaluation Policy on Landed Properties

Land and buildings are revalued periodically, at least once in every five years.

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 2008 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

38	DIRECTORS' REPORT
44	STATEMENT BY DIRECTORS
44	STATUTORY DECLARATION
45	INDEPENDENT AUDITORS' REPORT
47	BALANCE SHEETS
49	INCOME STATEMENTS
50	STATEMENTS OF CHANGES IN EQUITY
52	CASH FLOW STATEMENTS
54	NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2008.

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	6,129,819	6,776,673

DIVIDENDS

Since the end of the previous financial year, the Company paid an interim tax-exempt dividend of 0.5 sen per ordinary share amounting to RM3,020,175 in respect of the previous financial year ended 31 December 2007.

In respect of the financial year ended 31 December 2008, the Company declared an interrim tax-exempt dividend of 0.3 sen per ordinary share amounting to RM 1,812,170 on 10 April 2009. The said interim dividend is expected to be paid on 8 May 2009 and has not been included as liability in the financial statements.

The Directors do not recommend the payment of any dividend for the current financial year.

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;

ISSUES OF SHARES AND DEBENTURES (CONT'D)

- (b) the Company increased its issued and paid-up share capital from RM60,403,660 to RM60,405,660 by the allotment of 20,000 new ordinary shares of RM0.10 each at an issue price of RM0.147 per share under the Employees' Share Option Scheme. The shares were issued for cash consideration. The new shares issued 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 except for the options granted pursuant to the Employees' Share Option Scheme.

DIRECTORS' REPORT

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 at the exercise price of RM0.147 per share is as follows:-

	Number of options over ordinary shares of RM0.10 each RM
Balance at 1 January 2008	40,224,064
Exercised during the financial year	(20,000)
Forfeited during the financial year	(1,100,066)
<hr/>	
Balance at 31 December 2008	39,103,998

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

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH			
	At 1.1.2008	Exercised	Forfeited	At 31.12.2008
Lim Hock Guan	5,600,000	–	–	5,600,000
Lim Thor Seng	2,053,333	–	–	2,053,333
Tan Jaan Soon	2,666,666	–	–	2,666,666
Pauzi Bin Abdul Manaf	1,750,000	–	–	1,750,000
Balvinder Kaur D/O Jit Singh	960,000	(20,000)	–	940,000
Muhamad Faizal Bin Baharudin	504,000	–	–	504,000
Fadzil Bin Sudirman	950,000	–	–	950,000
Norazizi Bin Mohd Zin	1,440,000	–	–	1,440,000
Azizi Bin Musa	100,000	–	(100,000)	–
Mohamad Raffi Bin Suradi	200,000	–	–	200,000
Chin Tze Hung	500,000	–	(500,000)	–
Wan Kee Peng	500,066	–	(500,066)	–

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

The salient terms and conditions of the ESOS are as follows:-

1. The ESOS shall be in force for a period of 5 years commencing from the effective date of the implementation of the ESOS;
2. Any employee of the Group or director of the Company who is at least 18 years old and has been confirmed in services for regular full time employment of any company within the Group shall be eligible to participate in the Scheme;
3. The total number of new ordinary shares of the Company, which may be made available under the ESOS, shall not exceed 15% of the total issued and paid-up share capital of the Company at any time during the existence of the ESOS;
4. The total number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or together with one or more of his associates, hold 20% or more of the issued and paid-up share capital of the Company;

DIRECTORS' REPORT

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

The salient terms and conditions of the ESOS are as follows (Cont'd):-

5. 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.
6. 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;
7. The Scheme shall be administered by the ESOS Committee comprising a director or directors of the Company and other persons appointed by the Board; and
8. 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 there are no known bad debts 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 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.

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 47 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

MOHD SALMI BIN MANSOR

PATHMARAJAH A/L R NAGALINGAM

LIM YEW THOON

DR GAN SENG NEON

LIM HOCK GUAN (RESIGNED ON 1 NOVEMBER 2008)

DIRECTORS' REPORT

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 1.1.2008	BOUGHT	SOLD	AT 31.12.2008
<i>DIRECT INTERESTS</i>				
LIEW KIM SIONG	12,000,000	1,080,000	(400,000)	12,680,000
EU LAN ENG	32,550,325	470,400	(100)	33,020,625
MOHD SALMI BIN MANSOR	7,616,664	–	–	7,616,664
LIM YEW THOON	250,000	–	–	250,000
PATHMARAJAH A/L R NAGALINGAM	158,666	–	–	158,666
DR GAN SENG NEON	20,000	–	–	20,000
<i>INDIRECT INTEREST</i>				
LIEW KIM SIONG	211,597,123	–	–	211,597,123

<i>THE COMPANY</i>	OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH		
	AT 1.1.2008	EXERCISED	AT 31.12.2008
LIEW KIM SIONG	9,000,000	–	9,000,000
EU LAN ENG	7,333,333	–	7,333,333
MOHD SALMI BIN MANSOR	6,666,666	–	6,666,666

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

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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 43 to the financial statements.

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 THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 44 to the financial statements.

DIRECTORS' REPORT

AUDITORS

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 15 APRIL 2009**

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 47 to 93 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 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 15 APRIL 2009**

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 47 to 93 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 15 APRIL 2009

Liew Kim Siong

Before me

INDEPENDENT AUDITORS' REPORT

To The Members Of Jadi Imaging Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Jadi Imaging Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 93.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) 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 purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

To The Members Of Jadi Imaging Holdings Berhad (CONT'D)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Horwath

Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee

Approval No: 2271/10/09 (J)
Partner

Kuala Lumpur
15 APRIL 2009

BALANCE SHEETS

At 31 December 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	–	–	64,501,822	55,963,138
Property, plant and equipment	7	64,662,887	49,882,314	–	–
Prepaid land lease payments	8	2,096,681	1,910,367	–	–
Investment property	9	112,800	115,200	–	–
Other investment	10	50,000	50,000	–	–
		66,922,368	51,957,881	64,501,822	55,963,138
CURRENT ASSETS					
Inventories	11	25,744,489	20,235,889	–	–
Trade receivables	12	10,755,550	4,226,869	–	–
Other receivables, deposits and prepayments	13	2,235,792	1,570,207	22,186	37,191
Tax refundable		508,440	524,135	299,446	215,181
Fixed deposits with licensed banks	15	261,259	4,680,199	–	4,680,199
Cash and bank balances		3,388,368	7,749,398	74,369	8,415
		42,893,898	38,986,697	396,001	4,940,986
TOTAL ASSETS		109,816,266	90,944,578	64,897,823	60,904,124

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

BALANCE SHEETS

At 31 December 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	60,405,660	60,403,660	60,405,660	60,403,660
Share premium	17	60,111	58,903	60,111	58,903
Foreign exchange reserve	18	1,929,410	(484,212)	–	–
Revaluation reserve	19	1,303,814	1,277,063	–	–
Share option reserve	20	409,899	264,402	409,899	264,402
Retained profits	21	19,276,982	16,167,338	3,804,014	47,516
TOTAL EQUITY		83,385,876	77,687,154	64,679,684	60,774,481
NON-CURRENT LIABILITIES					
Long-term borrowings	22	1,998,058	123,704	–	–
Deferred taxation	23	4,040,000	4,674,000	–	–
		6,038,058	4,797,704	–	–
CURRENT LIABILITIES					
Trade payables	24	5,428,085	5,277,361	–	–
Other payables and accruals	25	2,289,214	1,416,174	119,150	25,287
Derivative financial instruments	26	1,311,524	–	–	–
Amount owing to a subsidiary	14	–	–	3,456	3,456
Amount owing to directors	27	95,533	304,866	95,533	100,900
Short-term borrowings	28	11,267,976	1,461,319	–	–
		20,392,332	8,459,720	218,139	129,643
TOTAL LIABILITIES		26,430,390	13,257,424	218,139	129,643
TOTAL EQUITY AND LIABILITIES		109,816,266	90,944,578	64,897,823	60,904,124
NET ASSETS PER ORDINARY SHARE (RM)					
	32	0.14	0.13		

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

INCOME STATEMENTS

For The Financial Year Ended 31 December 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
REVENUE	33	63,222,896	56,668,045	8,705,080	14,129,801
COST OF SALES		(42,974,514)	(37,375,367)	–	–
GROSS PROFIT		20,248,382	19,292,678	8,705,080	14,129,801
OTHER INCOME		140,690	199,686	–	–
		20,389,072	19,492,364	8,705,080	14,129,801
SELLING AND DISTRIBUTION EXPENSES		(2,879,942)	(2,419,317)	–	–
ADMINISTRATIVE EXPENSES		(4,879,525)	(3,919,712)	(661,287)	(523,362)
OTHER EXPENSES		(6,175,862)	(1,001,514)	(47,286)	(63,169)
FINANCE COSTS		(243,691)	(108,681)	–	–
PROFIT BEFORE TAXATION	34	6,210,052	12,043,140	7,996,507	13,543,270
INCOME TAX EXPENSE	35	(80,233)	(1,367,487)	(1,219,834)	(1,820,556)
PROFIT AFTER TAXATION		6,129,819	10,675,653	6,776,673	11,722,714
ATTRIBUTABLE TO: Equity holders of the Company		6,129,819	10,675,653	6,776,673	11,722,714
EARNINGS PER SHARE (SEN)					
- Basic	36	1.01	1.77		
- Diluted	36	N/A	1.72		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2008

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 1.1.2007	45,000,000	4,466,191	1,248,655	(548,747)	348,157	17,201,437	67,715,693
Transfer from deferred taxation	-	-	28,408	-	-	-	28,408
Exchange translation differences	-	-	-	64,535	-	-	64,535
Net income recognised directly in equity	-	-	28,408	64,535	-	-	92,943
Profit after taxation	-	-	-	-	-	10,675,653	10,675,653
Total recognised income for the year	-	-	28,408	64,535	-	10,675,653	10,768,596
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)
Dividend (Note 37)	-	-	-	-	-	(1,350,000)	(1,350,000)
Balance at 31.12.2007/ 1.1.2008	60,403,660	58,903	1,277,063	(484,212)	264,402	16,167,338	77,687,154
Transfer from deferred taxation	-	-	26,751	-	-	-	26,751
Exchange translation differences	-	-	-	2,414,706	-	-	2,414,706
Foreign exchange reserve realised from deconsolidation of a subsidiary	-	-	-	(1,084)	-	-	(1,084)
Net income recognised directly in equity	-	-	26,751	2,413,622	-	-	2,440,373
Profit after taxation	-	-	-	-	-	6,129,819	6,129,819
Total recognised income for the year	-	-	26,751	2,413,622	-	6,129,819	8,570,192
ESOS exercised	2,000	1,208	-	-	(268)	-	2,940
Share options granted under ESOS	-	-	-	-	157,322	-	157,322
Share options forfeited under ESOS	-	-	-	-	(11,557)	-	(11,557)
Dividend (Note 37)	-	-	-	-	-	(3,020,175)	(3,020,175)
Balance at 31.12.2008	60,405,660	60,111	1,303,814	1,929,410	409,899	19,276,982	83,385,876

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2008

THE COMPANY	SHARE CAPITAL RM	SHARE PREMIUM RM	SHARE OPTION RESERVE RM	RETAINED PROFITS RM	TOTAL RM
Balance at 1.1.2007	45,000,000	4,466,191	348,157	34,554	49,848,902
Profit after taxation/ Total income recognised for the year	–	–	–	11,722,714	11,722,714
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)
Dividend (Note 37)	–	–	–	(1,350,000)	(1,350,000)
Balance at 31.12.2007/1.1.2008	60,403,660	58,903	264,402	47,516	60,774,481
Profit after taxation/ Total income recognised for the year	–	–	–	6,776,673	6,776,673
ESOS exercised	2,000	1,208	(268)	–	2,940
Share options granted under ESOS	–	–	157,322	–	157,322
Share options forfeited under ESOS	–	–	(11,557)	–	(11,557)
Dividend (Note 37)	–	–	–	(3,020,175)	(3,020,175)
Balance at 31.12.2008	60,405,660	60,111	409,899	3,804,014	64,679,684

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

CASH FLOW STATEMENTS

For The Financial Year Ended 31 December 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		6,210,052	12,043,140	7,996,507	13,543,270
Adjustments for:-					
Amortisation of investment property		2,400	2,400	-	-
Amortisation of prepaid land lease payments		40,934	22,574	-	-
Bad debt written off		-	4,238	-	-
Depreciation of property, plant and equipment		6,006,996	5,315,198	-	-
Plant and equipment written off		433,806	-	-	-
Investment in subsidiary written off		-	-	14	-
Interest expense		280,950	198,371	-	-
Unrealised loss on foreign exchange		1,981,479	194,360	-	-
Share-based payment		145,765	(40,515)	145,765	(40,515)
Dividend income		-	-	(8,642,313)	(14,054,098)
Fair value changes		(56,928)	(114,630)	-	-
Gain on disposal of plant and equipment		-	(17,288)	-	-
Gain on deconsolidation of a subsidiary	38	(1,084)	-	-	-
Interest income		(169,755)	(179,175)	(62,767)	(75,703)
Operating profit/(loss) before working capital changes		14,874,615	17,428,673	(562,794)	(627,046)
Increase in inventories		(4,864,418)	(6,072,434)	-	-
(Increase)/Decrease in trade and other receivables		(7,281,426)	13,987	15,005	(36,191)
Increase/(Decrease) in trade and other payables		680,796	(745,111)	90,853	(545,727)
CASH FROM/(FOR) OPERATIONS		3,409,567	10,625,115	(456,936)	(1,208,964)
Interest paid		(280,950)	(198,371)	-	-
Income tax refund		17,366	-	-	-
Income tax paid		(690,881)	(982,576)	(1,301,089)	(2,184,405)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		2,455,102	9,444,168	(1,758,025)	(3,393,369)
BALANCE CARRIED FORWARD		2,455,102	9,444,168	(1,758,025)	(3,393,369)

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

CASH FLOW STATEMENTS

For The Financial Year Ended 31 December 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
BALANCE BROUGHT FORWARD		2,455,102	9,444,168	(1,758,025)	(3,393,369)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		169,755	179,175	62,767	75,703
Dividend received		–	–	8,642,313	14,054,098
Proceeds from disposal of plant and equipment		–	27,799	–	–
Prepaid land lease payments		–	(1,944,070)	–	–
Advances to subsidiaries		–	–	(6,247,741)	(10,762,061)
Investment in subsidiaries		–	–	(2,290,957)	(2,765,079)
Purchase of property, plant and equipment	39	(16,306,963)	(6,763,631)	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(16,137,208)	(8,500,727)	166,382	602,661
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Proceeds from issuance of shares		2,940	593,380	2,940	593,380
Repayment to directors		(208,756)	(570,906)	(5,367)	(27,500)
Dividend paid		(3,020,175)	(1,350,000)	(3,020,175)	(1,350,000)
Repayment of hire purchase obligations		(925,746)	(1,667,207)	–	–
Repayment of term loan		(1,158,441)	(1,068,574)	–	–
Drawdown of revolving credit		9,800,000	–	–	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		4,489,822	(4,063,307)	(3,022,602)	(784,120)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9,192,284)	(3,119,866)	(4,614,245)	(3,574,828)
EFFECTS OF FOREIGN EXCHANGE		412,314	1,855	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		12,429,597	15,547,608	4,688,614	8,263,442
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	40	3,649,627	12,429,597	74,369	4,688,614

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. 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 INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity and cash flow risk, and capital risk management. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) 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:-

(i) Market Risk

(i) Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar and Japanese Yen. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign currency risk is monitored closely and managed to an acceptable level.

The Group's exposures to foreign currency are as follows:-

Group As at 31 December 2008	United States Dollar RM	Chinese Renminbi RM	Japanese Yen RM	Ringgit Malaysia RM	Total RM
<u>Financial assets</u>					
Trade receivables	9,566,527	1,060,992	–	128,031	10,755,550
Other receivables	115,118	160,446	–	385,390	660,954
Cash and bank balances	939,665	2,090,570	–	358,133	3,388,368
Total financial assets	10,621,310	3,312,008	–	871,554	14,804,872

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

3. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Group As at 31 December 2008	United States Dollar RM	Chinese Renminbi RM	Japanese Yen RM	Ringgit Malaysia RM	Total RM
<u>Financial liabilities</u>					
Trade payables	899,071	-	3,795,109	733,905	5,428,085
Other payables	71,827	138,610	465,296	1,613,481	2,289,214
Amount owing to directors	-	-	-	95,533	95,533
Term loan	-	-	-	79,367	79,367
Lease obligations	-	-	-	3,386,667	3,386,667
Revolving credit	-	-	-	9,800,000	9,800,000
Total financial liabilities	970,898	138,610	4,260,405	15,708,953	21,078,866
Net financial assets/(liabilities)	9,650,412	3,173,398	(4,260,405)	(14,837,399)	(6,273,994)
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	(94,892)	(3,173,398)	-	14,837,399	11,569,109
Foreign currency exposure	9,555,520	-	(4,260,405)	-	5,295,115
Derivative financial instrument	1,311,524	-	-	-	1,311,524
	10,867,044	-	(4,260,405)	-	6,606,639

Sensitivity Analysis

A 5% strengthening of the Ringgit Malaysia against the following foreign currencies at the reporting date would increase equity and profit by the amounts shown below. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit RM	Effect on equity RM
United States Dollar	296,386	-
Japanese Yen	215,626	-

A 5% weakening of Ringgit Malaysia against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

3. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from loans and borrowings. The Group's interest rate profile as monitored by management is set out below:-

	Effective Interest Rate %	2008 RM
Revolving credit	4.7 - 5.1	9,800,000
Term loan	7.5	79,367

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 December 2008, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:-

	2008 RM	2007 RM
<i>Within one year</i>		
Term loan - floating rates	79,367	1,246,655
Revolving credit – fixed rates	9,800,000	–
Lease obligations - fixed rates	1,388,609	214,664
<i>More than one year</i>		
Term loan - floating rates	-	76,446
Lease obligations - fixed rates	1,998,058	47,258

Interest on financial instruments subject to floating interest rates are repriced regularly. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

Accordingly, no interest rate sensitivity analysis is performed on lease obligations as interest rate sensitivity analysis is unrepresentative as the Group's exposure to interest rates on its lease obligations are based on fixed rates.

Interest rate sensitivity analysis

If the interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2008 would decrease/increase by (RM26,113)/RM25,839. This is mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

The sensitivity analysis above have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

3. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(iii) Price Risk

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

(ii) Credit Risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant. As the Group and the Company do not hold any collateral, the maximum exposure to credit risk 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 debts owing by five customers which constituted approximately 46% of its outstanding receivables at the balance sheet date.

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

The trade receivables that are less than three months past due are not considered impaired. As of 31 December 2008, trade receivables of RM2,145,116 were past due but not impaired. The Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due as these relate to a number of independent customers for whom there is no recent history of default.

The age analysis of these trade receivables is as follows:-

	2008 RM
Not past due and not impaired	8,610,434
Past due but not impaired	
- Past due 0 to 3 months	2,026,357
- Past due 4 to 6 months	110,220
- Past due over 6 months	8,539
	2,145,116
	10,755,550

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

3. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks

Liquidity and cash flow risks arise mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group and the Company's derivative and non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:-

	Carrying amount RM	Contractual cash flows RM	Within 1 year or on demand RM	More than 1 year but less than 2 years RM
At 31 December 2008				
The Group				
Trade payables	5,428,085	5,428,085	5,428,085	–
Other payables and accruals	2,289,214	2,289,214	2,289,214	–
Derivative financial instruments	1,311,524	2,099,193	2,099,193	–
Amount owing to directors	95,533	95,533	95,533	–
Term loan	79,367	79,847	79,847	–
Lease obligations	3,386,667	3,622,135	1,539,061	2,083,074
Revolving credit	9,800,000	9,905,508	9,905,508	–
	22,390,390	23,519,515	21,436,441	2,083,074
The Company				
Other payables and accruals	119,150	119,150	119,150	–
Amount owing to a subsidiary	3,456	3,456	3,456	–
Amount owing to directors	95,533	95,533	95,533	–
	218,139	218,139	218,139	–

(b) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which include the borrowings disclosed in Notes 29, 30 and 31, cash and bank balances and equity attributable to equity holders of the parent, comprising issued capital, share premium, reserves and retained earnings.

The Group's policy is to maintain a strong capital base by having low gearing. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total equity.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

3. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The gearing ratio at the financial year end was as follows:

	2008 RM
Debts (i)	13,266,034
Cash and cash equivalents	(3,649,627)
Net debt	9,616,407
Equity (ii)	83,385,876
Net debt to equity ratio	0.12

(i) Debts relate to borrowings disclosed in Notes 29, 30 and 31 to the financial statements.

(ii) Equity includes all capital and reserves of the Group.

(c) Fair Value Estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company 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 Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following:

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

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 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 111 and FRS 120 are not relevant to the Group's operations. The adoption of the other standards did not have any material impact on the form and content of disclosures presented in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

4. BASIS OF PREPARATION (CONT'D)

(a) During the current financial year, the Group has adopted the following (Cont'd):

- (ii) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation issued and effective for financial periods beginning on or after 1 July 2007.

The adoption of this amendment did not have any material impact on the financial statements of the Group.

- (iii) FRS 7 - Financial Instruments: Disclosures

FRS 7 - Financial instruments: Disclosures has been issued and is for financial periods beginning on or after 1 January 2010. The Group adopted FRS 7 in advance of its effective date.

This new standard has resulted in an expansion of the disclosures in these financial statements in respect of the Group's financial instruments.

(b) The following FRSs and IC Interpretations were issued but are not yet effective and have not been applied by the Group:

		For financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 8	Operating Segments	1 July 2009
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The above FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group upon their application.

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 Group's and 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

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-sale, 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 investments are not reversed through the income statement, until the equity investments are disposed of.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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, if any. 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.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and 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.

- Investments in equity instruments

Investments in subsidiaries are measured at cost less accumulated impairment losses, if any.

- 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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group formally designates and documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The documentation also includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instruments effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective throughout the financial reporting periods for which they are designated.

Hedges which meet the criteria for hedged accounting are accounted for as follows:

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Derivative Financial Instruments and Hedge Accounting (Cont'd)

- (iv) Economic hedges (derivatives at fair value through profit or loss and accounted for at fair value through profit or loss).

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

(f) Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described in Note 5(d) to the financial statements.

(g) Intra-group Financial Guarantees

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Functional and Foreign Currency (Cont'd)

(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.

(i) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2008.

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.

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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Investments

(i) Investments 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 are 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.

(l) 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.

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. Surpluses 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.

Construction work-in-progress includes all cost of construction, professional fees and other costs attributable to the construction. There is no depreciation on construction work-in-progress until such time as it is completed and ready for use. Construction work-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(n) 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.

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.

(o) 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(l) 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.

(p) 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.

(q) Revaluation Reserve

Surpluses arising from the revaluation of properties are credited to the revaluation reserve account. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(l) to the financial statements.

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

(s) 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 substantively 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.

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 substantively 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.

(t) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(u) Equity Instruments

Ordinary shares are classified as equity. Incremental cost 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) 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.

(w) 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.

(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. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates as an expense and in a corresponding adjustment to equity over the remaining vesting periods.

(x) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Related Parties

A party is related to an entity if:-

- (a) directly, or indirectly through one or more intermediaries, the party:-
 - (i) controls, is controlled by, or is under common control with, the entity (this include parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives its significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;
- (d) the party is the member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) or;
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(z) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(aa) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	RM	RM
Unquoted shares, at cost	25,266,500	22,975,557
Loan to a subsidiary	39,235,322	32,987,581
	64,501,822	55,963,138

The loan to a subsidiary which forms part of the Company's net investment in the subsidiary is unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the entity, it is stated at cost.

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2008	2007	
		%	%	
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 Solutions Sdn.Bhd. #	Malaysia	100	100	Dormant.
Jadi Imaging Supplies (US), Inc.*	United States of America	100	-	Sale of toner.
Jadi Imaging Supplies (UK) Pte. Ltd.* ^	The United Kingdom	-	100	Dormant.

* - Not audited by Horwath.

- Held through Jadi Imaging Technologies Sdn. Bhd.

^ - On 25 November 2008, a wholly-owned subsidiary of the Company, Jadi Imaging Supplies (UK) Pte. Ltd. had been struck off from the Register of Companies in the United Kingdom and was dissolved pursuant to Section 652A of the Companies Act 1985, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

7. PROPERTY, PLANT AND EQUIPMENT

NET BOOK VALUE	AT 1.1.2008 RM	ADDITIONS RM	WRITEOFF RM	EXCHANGE FLUCTUATION DIFFERENCES RM	DEPRECIATION CHARGE RM	AT 31.12.2008 RM
THE GROUP						
Freehold land	8,210,476	7,300,355	-	-	-	15,510,831
Buildings	5,936,529	87,858	-	-	(177,459)	5,846,928
Plant and machinery	33,392,517	6,487,585	(433,806)	825,203	(4,994,157)	35,277,342
Motor vehicles	360,747	16,380	-	(24)	(198,672)	178,431
Renovation	604,802	-	-	61,937	(187,607)	479,132
Office equipment	497,451	392,396	-	5,221	(170,684)	724,384
Furniture and fittings	380,158	40,720	-	-	(103,629)	317,249
Tools and equipment	499,634	221,296	-	(51)	(174,788)	546,091
Construction work-in-progress	-	5,782,499	-	-	-	5,782,499
	49,882,314	20,329,089	(433,806)	892,286	(6,006,996)	64,662,887

NET BOOK VALUE	AT 1.1.2007 RM	ADDITIONS RM	REVALUATION ADJUSTMENT RM	EXCHANGE FLUCTUATION DIFFERENCES RM	DEPRECIATION CHARGE RM	AT 31.12.2007 RM
THE GROUP						
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

	AT COST RM	AT VALUATION RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
THE GROUP				
AT 31.12.2008				
Freehold land	7,300,355	8,210,476	-	15,510,831
Buildings	87,858	6,361,597	(602,527)	5,846,928
Plant and machinery	52,911,900	-	(17,634,558)	35,277,342
Motor vehicles	1,444,590	-	(1,266,159)	178,431
Renovation	991,787	-	(512,655)	479,132
Office equipment	1,176,020	-	(451,636)	724,384
Furniture and fittings	539,411	-	(222,162)	317,249
Tools and equipment	1,239,775	-	(693,684)	546,091
Construction work-in-progress	5,782,499	-	-	5,782,499
	71,474,195	14,572,073	(21,383,381)	64,662,887

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

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

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

	2008 RM	2007 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	15,210,191	7,909,836
Buildings	4,655,226	4,707,672

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 basis.

Certain freehold land and buildings with a total net book value of RM8,252,021 (2007 - RM8,272,343) were pledged to a licensed bank to secure banking facilities granted to the Group.

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

	THE GROUP	
	2008 RM	2007 RM
<u>Net Book Value</u>		
Motor vehicles	130,876	315,253
Plant and machinery	4,280,164	–
	4,411,040	315,253

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

8. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2008	2007
	RM	RM
At cost:-		
Land use rights	1,933,071	1,944,070
Foreign exchange translation difference	232,176	(10,999)
At 31 December	2,165,247	1,933,071
Less: Accumulated amortisation		
At 1 January	(22,704)	–
Amortisation for the current financial year	(40,934)	(22,574)
Foreign exchange translation difference	(4,928)	(130)
At 31 December	(68,566)	(22,704)
	2,096,681	1,910,367

9. INVESTMENT PROPERTY

	THE GROUP	
	2008	2007
	RM	RM
At cost:-		
Freehold apartment	120,000	120,000
Less: Accumulated amortisation		
At 1 January	(4,800)	(2,400)
Amortisation during the financial year	(2,400)	(2,400)
At 31 December	(7,200)	(4,800)
	112,800	115,200

The fair value of the investment property at the balance sheet date was RM120,000 (2007 - RM120,000).

10. OTHER INVESTMENT

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

11. INVENTORIES

	THE GROUP	
	2008	2007
	RM	RM
At cost:-		
Raw materials	9,514,742	7,453,766
Work-in-progress	–	243,904
Finished goods	16,218,263	12,230,734
Consumables	11,484	307,485
	25,744,489	20,235,889

None of the inventories is carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

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.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	293,927	721,188	–	–
Deposits	367,027	319,640	1,000	1,000
Prepayments	1,574,838	529,379	21,186	36,191
	2,235,792	1,570,207	22,186	37,191

14. AMOUNT OWING TO A SUBSIDIARY

The amount owing is unsecured, interest-free and is repayable on demand. The amount owing is to be settled in cash.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group at the balance sheet date are pledged to a licensed bank as security for banking facilities granted to the Group.

The fixed deposits with licensed banks bore a weighted average effective interest rate of 3.0% (2007 - 4.6%) per annum at the balance sheet date. The fixed deposits at the balance sheet date had an average maturity period of 30 days (2007 - 30 to 365 days).

16. SHARE CAPITAL

	THE COMPANY			
	2008 NUMBER OF SHARES	2007 NUMBER OF SHARES	2008 RM	2007 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 1 January	604,036,599	450,000,000	60,403,660	45,000,000
Bonus issue	-	150,925,833	-	15,092,583
Allotment during the financial year	20,000	3,110,766	2,000	311,077
At 31 December	604,056,599	604,036,599	60,405,660	60,403,660

During the financial year, the Company increased its issued and paid-up share capital from RM60,403,660 to RM60,405,660 by the allotment of 20,000 new ordinary shares of RM0.10 each at an issue price of RM0.147 per share under the Employees' Share Option Scheme. The shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

17. SHARE PREMIUM

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

18. FOREIGN EXCHANGE RESERVE

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

19. REVALUATION RESERVE

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

20. SHARE OPTION RESERVE

The share option reserve relates to the equity-settled share option granted to employees. The share option reserve consists of the cumulative value of employee services received for the issue of share options.

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

The fair value of share options granted is estimated at the date of the grant using a Black-Scholes simulation model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions are as follows:-

Fair value of share options at grant date (sen)	1.04 - 1.67
Share price (sen)	1.47
Exercise price (sen)	1.47
Expected volatility (%)	20.9
Expected life (years)	5
Risk free rate (%)	3
Expected dividend yield (%)	5

The salient terms and conditions of the ESOS are as follows:-

- (i) the ESOS shall be in force for a period of 5 years commencing from the effective date of the implementation of the ESOS;
- (ii) any employee of the Group or director of the Company who is at least 18 years old and has been confirmed in services for regular full time employment of any company within the Group shall be eligible to participate in the Scheme;
- (iii) the total number of new ordinary shares of the Company, which may be made available under the ESOS, shall not exceed 15% of the total issued and paid-up share capital of the Company at any time during the existence of the ESOS;
- (iv) the total number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or together with one or more of his associates, hold 20% or more of the issued and paid-up share capital of the Company;

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

20. SHARE OPTION RESERVE (CONT'D)

The salient terms and conditions of the ESOS are as follows:-(Cont'd)

- (v) 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.
- (vi) 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;
- (vii) The Scheme shall be administered by the ESOS Committee comprising a director or directors of the Company and other persons appointed by the Board; and
- (viii) 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.

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
Balance at 1 January 2008	40,224,064
Exercised during the financial year	(20,000)
Forfeited during the financial year	(1,100,066)
<hr/>	
Balance at 31 December 2008	39,103,998

The expense recognised for employee services received during the year is shown in the following table:

	THE GROUP/THE COMPANY	
	2008	2007
	RM	RM
Expense/(Income) arising from equity-settled share-based payment transactions	145,765	(40,515)

The movements in the number of weighted average exercise prices of share options are as follows:-

	2008		2007	
	Weighted average exercise price per share RM	Options '000	Weighted average exercise price per share RM	Options '000
At 1 January	0.0140	40,224	0.0138	39,932
Bonus issue	-	-	0.0139	10,139
Exercised	0.0134	(20)	0.0104	(3,111)
Forfeited	0.0149	(1,100)	0.0143	(6,736)
<hr/>				
At 31 December	0.0139	39,104	0.0140	40,224

The weighted average share price at the date of exercise for share options exercised during the financial year was RM0.165 (2007 - RM0.267). The options outstanding at the balance sheet date have an exercise price of RM0.147 and a weighted average remaining contractual life of 9.5 months.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

21. RETAINED PROFITS

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

Effective from 1 January 2008, the Company is allowed an irrevocable option to elect for the single tier tax system or continue with the use of the tax credit balance for the purpose of dividend distribution. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system.

22. LONG-TERM BORROWINGS

	THE GROUP	
	2008	2007
	RM	RM
Hire purchase payables (Note 29)	1,998,058	47,258
Term loan (Note 30)	–	76,446
	<hr/> 1,998,058	<hr/> 123,704

23. DEFERRED TAXATION

	THE GROUP	
	2008	2007
	RM	RM
At 1 January	4,674,000	3,747,000
Recognised in income statements (Note 35)	(607,249)	955,408
Transfer to revaluation reserve	(26,751)	(28,408)
	<hr/> 4,040,000	<hr/> 4,674,000

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

	THE GROUP	
	2008	2007
	RM	RM
Deferred tax asset:-		
Unrealised foreign exchange losses	495,000	–
Deferred tax liabilities:-		
Revaluation of properties	298,000	331,000
Accelerated capital allowances	4,237,000	4,343,000
	<hr/> 4,535,000	<hr/> 4,674,000
	<hr/> 4,040,000	<hr/> 4,674,000

24. TRADE PAYABLES

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

25. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	1,335,055	698,048	32,317	8,554
Accruals	954,159	718,126	86,833	16,733
	2,289,214	1,416,174	119,150	25,287

26. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet are as follows:-

	Contract Notional Amount RM	THE GROUP			
		2008		2007	
		Assets RM	Liabilities RM	Assets RM	Liabilities RM
Forward currency contracts	2,168,023	–	162,724	–	–
Future option contracts	12,075,200	–	1,148,800	–	–
		–	1,311,524	–	–

The Company does not apply hedge accounting.

The Company classifies derivative financial instruments as financial liabilities at fair value through profit or loss.

27. AMOUNT OWING TO DIRECTORS

The amount owing is unsecured, interest-free and is repayable on demand. The amount is to be settled in cash.

28. SHORT-TERM BORROWINGS

	THE GROUP	
	2008 RM	2007 RM
Hire purchase payables (Note 29)	1,388,609	214,664
Term loan (Note 30)	79,367	1,246,655
Revolving credit (Note 31)	9,800,000	–
	11,267,976	1,461,319

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

29. HIRE PURCHASE PAYABLES

	THE GROUP	
	2008	2007
	RM	RM
Minimum hire purchase payments:		
- not later than one year	1,539,061	234,161
- later than one year and not later than five years	2,083,074	69,127
	3,622,135	303,288
Future finance charges	(235,468)	(13,001)
	3,386,667	290,287
Fair value adjustment	-	(28,365)
Present value of hire purchase payables	3,386,667	261,922
Current (Note 28):		
- not later than one year	1,388,609	214,664
Non-current (Note 22):		
- later than one year and not later than five years	1,998,058	47,258
Total	3,386,667	261,922

The hire purchase payables at the balance sheet date bore effective interest rates of between 4.5% and 6.4% (2007 - 5.1% and 9.2%) per annum.

The Group has hire purchase contracts for certain motor vehicles as disclosed in Note 7 to the financial statements. There are no restrictions imposed on the Group by the hire purchase arrangements and the Group has not entered into any arrangements for contingent rent payments.

30. TERM LOAN

	THE GROUP	
	2008	2007
	RM	RM
Principal outstanding	79,367	1,237,808
Fair value adjustment	-	85,293
	79,367	1,323,101
Current portion (Note 28):		
- repayable within one year	79,367	1,246,655
Non-current portion (Note 22):		
- repayable between one and two years	-	76,446
	79,367	1,323,101

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

30. TERM LOAN (CONT'D)

The term loan of the Group bore an effective interest rate of 7.5% (2007 - 6.0%) per annum at the balance sheet date and 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 RM	Monthly Instalment Amount	Commencement Date of Repayment	Amount Outstanding	
				2008 RM	2007 RM
1	60	101,000	February 2004	79,367	1,323,101

31. REVOLVING CREDIT

	THE GROUP	
	2008 RM	2007 RM
Principal outstanding (Note 28)		
- Revolving credit 1	6,300,000	-
- Revolving credit 2	3,500,000	-
	9,800,000	-

Details of the repayment terms are as follows:-

- (i) Revolving credit 1 is subject to an annual repayment/limit reduction of RM1,500,000 with effect from 7 October 2009, which is the first anniversary of the implementation date, until full settlement; and
- (ii) Revolving credit 2 is subject to an annual repayment/limit reduction of RM1,500,000 with effect from 20 October 2009, which is the first anniversary of the implementation date, until full settlement.

The revolving credit bore a weighted average effective interest rate of 5.0% (2007 - Nil) per annum at the balance sheet date and is secured by way of:-

- (i) a first and second legal charge over a property of the Group; and
- (ii) a corporate guarantee of the Company.

32. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net asset value of RM83,385,876 (2007 - RM77,687,154) attributable to ordinary shares divided by the number of ordinary shares in issue at the balance sheet date of 604,056,599 (2007 - 604,036,599) shares.

33. REVENUE

Revenue of the Group represents the invoiced value of goods sold less discounts and returns.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

34. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of prepaid land lease payments	40,934	22,574	-	-
Amortisation of investment property	2,400	2,400	-	-
Audit fee	54,750	54,813	24,250	16,500
Bad debt written off	-	4,238	-	-
Depreciation of property, plant and equipment	6,006,996	5,315,198	-	-
Directors' non-fee emoluments	1,741,808	1,895,803	94,210	12,162
Directors' fee	190,833	195,000	190,833	195,000
Interest expense:				
- revolving credit	95,421	-	-	-
- hire purchase	131,970	54,874	-	-
- term loan	53,559	143,497	-	-
Investment in subsidiary written off	-	-	14	-
Gain on deconsolidation of a subsidiary	(1,084)	-	-	-
Loss on foreign exchange:				
- realised	2,046,801	306,561	-	-
- unrealised	1,981,479	194,360	-	-
Rental of property	203,201	136,150	-	-
Share-based payment	145,765	(40,515)	145,765	(40,515)
Staff costs	4,819,662	4,121,958	-	-
Dividend income	-	-	(8,642,312)	(14,054,098)
Fair value changes	(56,928)	(114,630)	-	-
Interest income	(169,755)	(179,175)	(62,767)	(75,703)
Plant and equipment written off	433,806	-	-	-
Gain on disposal of plant and equipment	-	(17,288)	-	-

35. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax:				
- for the current financial year	670,244	398,000	1,203,000	1,820,764
- under/(over)provision in the previous financial year	17,238	14,079	16,834	(208)
	687,482	412,079	1,219,834	1,820,556
Deferred tax expense (Note 23):				
- for the current financial year	(607,249)	955,408	-	-
	80,233	1,367,487	1,219,834	1,820,556

The Malaysian income tax is calculated at the statutory tax rate of 26% (2007 – 27%) of the estimated assessable profit for the year. The Malaysian statutory tax rate will be reduced to 25% from the current year's rate of 26% effective for year of assessment 2009.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

35. INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before taxation	6,210,052	12,043,140	7,996,507	13,543,270
Tax at the statutory tax rate of 26% (2007 - 27%)	1,615,000	3,251,648	2,079,000	3,656,683
Tax effects of:-				
Reduction in tax rates	–	(34,000)	–	–
Effect of different tax rate of subsidiary operating in other jurisdiction	(18,800)	–	–	–
Non-deductible expenses	521,795	228,624	107,000	53,451
Non-taxable income	(15,000)	(2,092,864)	(983,000)	(1,889,370)
Utilisation of reinvestment allowance	(1,537,000)	–	–	–
Under/(Over)provision in the previous financial year				
- current tax	17,238	14,079	16,834	(208)
- deferred tax	(503,000)	–	–	–
	80,233	1,367,487	1,219,834	1,820,556

Subject to agreement with the tax authorities, the Group has unutilised reinvestment allowance of RM1,180,000 (2007 - RM6,487,000) available at the balance sheet date to be carried forward for offset against future taxable business income.

A subsidiary of the Group, namely Jadi Imaging Technologies (Suzhou) Co., Ltd. ("JIT Suzhou"), was established in the Suzhou Industrial Park, China as a foreign investment enterprise. Pursuant to the tax legislations applicable to foreign investment enterprises, JIT Suzhou is entitled to full exemption from The People's Republic of China's ("PRC") income tax for the two years commencing from their first profit-making year of operation and thereafter, is entitled to a 50% relief from the PRC income tax for the next three years.

The tax legislation has been revised to the single tier income tax regime with effect from 1 January 2008. The tax rate of 25% is applicable for both domestic and foreign investment enterprises under the revised tax legislation.

36. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of approximately RM6,129,819 (2007 - RM10,675,653) by the weighted average number of ordinary shares in issue during the financial year of approximately 604,049,202 (2007 - 602,315,031).

The fully diluted earnings per share for the Group in the current financial year was not presented as the assumed conversion from the exercise of the share options under the ESOS would be anti-dilutive.

In the previous financial year, the fully diluted earnings per share was arrived at by dividing the Group's profit attributable to shareholders of approximately RM10,675,653 by the weighted average number of ordinary shares of 621,828,281 that would have been in issue had all the ESOS been exercised.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

37. DIVIDEND

	THE GROUP/THE COMPANY	
	2008	2007
	RM	RM
Paid:		
In respect of the previous financial year:		
- Interim tax-exempt dividend of 0.5 sen (2007 - 0.3 sen) per ordinary share	3,020,175	1,350,000

38. SUMMARY OF EFFECTS ON DECONSOLIDATION OF A SUBSIDIARY

The effects of the deconsolidation of a subsidiary on the financial results of the Group for the financial year are as follows:-

	THE GROUP
	2008
	RM
Revenue	-
Cost of sales	-
Gross Profit	-
Other income	1,084
Administrative expenses	1,084
Other expenses	-
Net gain for the financial year	1,084

The effects of the deconsolidation of a subsidiary on the financial position of the Group at the balance sheet date were as follows:-

	THE GROUP
	2008
	RM
Increase in net assets of the Group	1,084

A wholly-owned subsidiary, namely Jadi Imaging Supplies (UK) Pte. Ltd. had been struck off from the Register of Companies in the United Kingdom and was dissolved pursuant to Section 652A of the Companies Act 1985, United Kingdom.

39. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2008	2007
	RM	RM
Cost of property, plant and equipment purchased	20,329,089	6,843,631
Amount financed through hire purchase	(4,022,126)	(80,000)
Cash disbursed for purchase of property, plant and equipment	16,306,963	6,763,631

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

40. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	261,259	4,680,199	–	4,680,199
Cash and bank balances	3,388,368	7,749,398	74,369	8,415
	3,649,627	12,429,597	74,369	4,688,614

41. CAPITAL COMMITMENTS

	THE GROUP	
	2008 RM	2007 RM
Approved and contracted for:-		
Acquisition of plant and machinery	3,138,981	4,592,980
Construction of factory	3,258,000	–
	6,396,981	4,592,980

42. DIRECTORS' REMUNERATION

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

	THE GROUP		THE COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors:				
- basic salaries, bonus, and Employees Provident Fund	1,581,815	1,826,153	–	9,762
- benefits-in-kind	65,783	67,250	–	–
- fee	100,833	110,000	100,833	110,000
- share-based payment	90,610	–	90,610	–
Non-executive directors:				
- fee	90,000	85,000	90,000	85,000
- other emoluments	3,600	2,400	3,600	2,400
	1,932,641	2,090,803	285,043	207,162

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	
	2008 RM	2007 RM
Executive directors:		
- RM150,001 – RM200,000	1	–
- RM200,001 – RM250,000	–	2
- RM250,001 – RM300,000	1	–
- RM350,001 – RM400,000	–	1
- RM400,001 – RM450,000	1	–
- RM950,001 – RM1,000,000	1	–
- RM1,100,001 – RM1,150,000	–	1
Non-executive directors:		
- Below RM50,000	3	3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

43. RELATED PARTY DISCLOSURES

(a) Identities of related parties:-

- (i) the Company has related party relationships with its subsidiaries as disclosed in Note 6 to the financial statements; and
- (ii) the directors who are the key management personnel.

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

	2008	2007
	RM	RM
(i) Subsidiary		
Dividend income	8,642,312	14,054,098

(ii) Key Management Personnel

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Short-term employee benefits	1,748,431	2,003,403	100,833	119,762
Share-based payments	90,610	–	90,610	–
	1,839,041	2,003,403	191,443	119,762

Information regarding outstanding balances arising from related party transactions at year end is disclosed in Notes 14 and 27 to the financial statements.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (a) On 28 May 2008, the Company incorporated a wholly-owned subsidiary, Jadi Imaging Supplies (US), Inc., in the United States of America of which 1,500 ordinary shares of USD1.00 each have been issued and fully paid-up; and
- (b) On 25 November 2008, a wholly-owned subsidiary, Jadi Imaging Supplies (UK) Pte. Ltd. had been struck off from the Register of Companies in the United Kingdom and was dissolved pursuant to Section 652A of the Companies Act 1985, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

45. 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 were as follows:-

	2008 RM	2007 RM
Chinese Renminbi	0.50	0.45
100 Japanese Yen	3.83	2.95
United States Dollar	3.46	3.31

46. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

Business segments

The Group comprises the following main business segments:-

- | | |
|-------------------------|---------------------------------|
| (i) Manufacturing | Manufacturing and sale of toner |
| (ii) Investment holding | Investment of companies |

Geographical segments

The Group comprises the following principal geographical area:-

- | | |
|---------------|--|
| (i) Malaysia | Manufacturing and sale of toner
Investment of companies |
| (ii) Overseas | Manufacturing and sale of toner |

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of assets.

(a) By Business Segments

2008	MANUFACTURING RM	INVESTMENT HOLDING RM	ELIMINATION RM	GROUP RM
REVENUE				
Revenue from external customers	63,160,129	-	-	63,160,129
Dividend received	-	8,642,312	(8,642,312)	-
Interest income	-	62,767	-	62,767
	63,160,129	8,705,079	(8,642,312)	63,222,896

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

46. SEGMENTAL INFORMATION (CONT'D)

(a) By Business Segments (Cont'd)

2008	MANUFACTURING RM	INVESTMENT HOLDING RM	ELIMINATION RM	GROUP RM
RESULTS				
Segment results	8,170,470	6,802,445	(8,652,752)	6,320,163
Interest expense				(280,950)
Interest income				169,755
Gain on disposal of subsidiary				1,084
Profit before taxation				6,210,052
Income tax expense				(80,233)
Profit after taxation				6,129,819
ASSETS				
Segment assets #	113,047,039	64,598,378	(68,337,591)	109,307,826
Unallocated assets				508,440
Total assets				109,816,266
LIABILITIES				
Segment liabilities *	51,966,851	218,139	(43,060,634)	9,124,356
Unallocated liabilities				17,306,034
Total liabilities				26,430,390
OTHER INFORMATION				
Capital expenditure	20,329,089	–	–	20,329,089
Amortisation of investment property	2,400	–	–	2,400
Amortisation of prepaid land lease payments	40,934	–	–	40,934
Depreciation of property, plant and equipment	6,006,996	–	–	6,006,996
Unrealised loss on foreign exchange	1,981,479	–	–	1,981,479
Plant and equipment written off	433,806	–	–	433,806

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

46. SEGMENTAL INFORMATION (CONT'D)

(a) By Business Segments (Cont'd)

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	13,638,168	12,458,966	(14,034,798)	12,062,336
Interest expense				(198,371)
Interest income				179,175
Profit before taxation				12,043,140
Taxation				(1,367,487)
Profit after taxation				10,675,653
ASSETS				
Segment assets #	85,694,638	60,688,943	(55,963,138)	90,420,443
Unallocated assets				524,135
Total assets				90,944,578
LIABILITIES				
Segment liabilities *	6,872,214	129,643	(3,456)	6,998,401
Unallocated liabilities				6,259,023
Total liabilities				13,257,424
OTHER INFORMATION				
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)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

46. SEGMENTAL INFORMATION (CONT'D)

(b) By Geographical Segments

REVENUE	SOUTH EAST ASIA RM	EAST ASIA RM	SOUTH ASIA RM	SOUTH AMERICA RM	OTHERS RM	TOTAL RM
2008	16,774,449	15,551,885	10,354,566	9,519,762	11,022,234	63,222,896
2007	16,326,533	11,027,129	9,247,820	11,960,265	8,106,298	56,668,045

2008	MALAYSIA RM	OVERSEAS RM	GROUP RM
ASSETS			
Segment assets #	82,888,519	26,419,307	109,307,826
Unallocated assets	474,132	34,308	508,440
Total assets	83,362,651	26,453,615	109,816,266
Capital expenditure			
	14,595,193	5,773,896	20,329,089
2007			
Segment assets #	70,622,561	19,797,882	90,420,443
Unallocated assets	524,135	–	524,135
Total assets	71,146,696	19,797,882	90,944,578
Capital expenditure			
	6,368,338	475,293	6,843,631

- Segment assets comprise total current and non-current assets, less tax refundable.

* - Segment liabilities comprise total current and non-current liabilities, less bank borrowings and tax payable.

47. CONTINGENT LIABILITY - UNSECURED

	THE COMPANY	
	2008 RM	2007 RM
Corporate guarantees given by the Company to licensed banks for banking facilities granted to a subsidiary	13,084,108	1,323,101

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2008

48. COMPARATIVE FIGURES

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

	THE GROUP		THE COMPANY	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
BALANCE SHEET (EXTRACT):-				
Investment in subsidiaries	–	–	55,963,138	22,975,557
Amount owing by subsidiaries	–	–	–	32,987,581

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 31.12.2008 (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	13 years/ Freehold	67,518/ 50,186	8,252
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	7 years/ Freehold	855	113
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	13 years/ Freehold	45,833/ 24,921	5,805
Jadi Imaging Technologies Sdn. Bhd.	GM3626 Lot 719, Mukim Kapar Tempat Sungai Dua Daerah Klang Selangor	Vacant industrial land	–	Freehold	257,278	7,300
Jaid 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 (factory construction in progress)	8 February 2007 (date of contract to purchase land)	Tenure of 50 years	191,502	2,097

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

ANALYSIS OF SHAREHOLDINGS

As at 1 April 2009

Authorised Share Capital	:	RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Share Capital	:	RM60,405,659.90 comprising 604,056,599 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	:	6,305

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	790	35,891	0.01
100 – 1,000	254	87,475	0.01
1,001 – 10,000	2,007	11,696,886	1.94
10,001 – 100,000	2,835	87,662,042	14.51
100,001 – 30,202,828*	417	277,998,223	46.02
30,202,829 and above**	2	226,576,082	37.51
TOTAL	6,305	604,056,599	100.00

Notes:

* - less than 5% of issued shares

** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
LTL Venture Holdings Sdn Bhd	211,597,123	35.03	0	0
Liew Kim Siong	13,180,000	2.18	211,597,123 ¹	35.03
Ng Poh Imm	0	0	211,597,123 ¹	35.03
Eu Lan Eng	33,770,625	5.59	0	0

Notes:

1 Deemed interested by virtue of his/her shareholdings in LTL Venture Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Liew Kim Siong	13,180,000	2.18	211,597,123 ¹	35.03
Eu Lan Eng	33,770,625	5.59	0	0
Mohd Salmi Bin Mansor	7,616,664	1.26	0	0
Lim Yew Thoon	250,000	0.04	0	0
Pathmarajah A/L R Nagalingam	158,666	0.03	0	0
Dr Gan Seng Neon	20,000	- [^]	0	0

Notes:

1 Deemed interested by virtue of his shareholdings in LTL Venture Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

[^] Negligible

ANALYSIS OF SHAREHOLDINGS

As at 1 April 2009

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

Name	No. of shares held	Percentage (%)
1. LTL Venture Holdings Sdn Bhd	192,805,457	31.92
2. Eu Lan Eng	30,671,992	5.08
3. Liew Kim Foong	22,679,460	3.75
4. Cimsec Nominees (Tempatan) Sdn Bhd <i>LTL Venture Holdings Sdn Bhd (JADI ESOS Pool)</i>	18,791,666	3.11
5. Lee Chee Keng	15,772,526	2.61
6. EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Liew Kim Siong (SFC)</i>	11,600,000	1.92
7. Lim Hock Guan	11,031,993	1.83
8. Chong Wai Har Brenda (Mrs Lim Wai Har Brenda)	10,000,000	1.66
9. Won Tian Loong	7,697,664	1.27
10. Mohd Salmi Bin Mansor	7,616,664	1.26
11. Lily Maznah Binti Lokman Hakim	7,223,133	1.20
12. Won Thean Sang	6,756,598	1.12
13. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Siew Lai (Margin)</i>	6,389,733	1.06
14. Won Thiam Foo	6,244,732	1.03
15. PRB Nominees (Tempatan) Sdn Bhd <i>Rubber Industry Smallholders Development Authority</i>	6,169,500	1.02
16. Teo Kwee Hock	5,598,100	0.93
17. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Ching Neoh (MARGIN)</i>	4,636,500	0.77
18. Yow Yuen Loong	3,145,000	0.52
19. Eu Lan Eng	3,098,633	0.51
20. Yeow Lan Soon @ Ngeow Lan Sang	2,905,933	0.48
21. Lim Hai Young	2,500,000	0.41
22. Chong Weng Choy	2,445,333	0.40
23. Hexa Agresif Sdn Bhd	2,149,000	0.36
24. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chan Kheng Hoe (STA 1)</i>	1,814,865	0.30
25. Lee Mui Gek Pauline	1,600,000	0.26
26. Liew Kim Siong	1,580,000	0.26
27. Kenanga Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Wiegelmann Wolfgang (ET)</i>	1,528,000	0.25
28. Yeoh Phey Ling	1,520,000	0.25
29. KTL Selangor Sdn Bhd	1,500,000	0.25
30. Lau Wai Kok	1,480,000	0.24
Total	398,952,482	66.04



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 Eighth 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 Darul Ehsan on Wednesday, 20 May 2009 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below :-

Table with 4 columns: Ordinary Resolution, For, Against. Rows include Re-election of Madam Eu Lan Eng as Director, Re-election of Encik Mohd Salmi Bin Mansor as Director, To approve the payment of Directors' fees, To re-appoint Messrs Horwath as Auditors of the Company, Special Business Authority to allot shares pursuant to Section 132D of the Companies Act, 1965, and Special Business Proposed Renewal of Authority to Purchase the Company's Own Shares.

(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 2009.

Signature of Witness

Signature/Common Seal of member

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* 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.



Please fold here

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

Please fold here