



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

JADI IMAGING HOLDINGS BERHAD ••• annual report 2009



ANNUAL REPORT 2009



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

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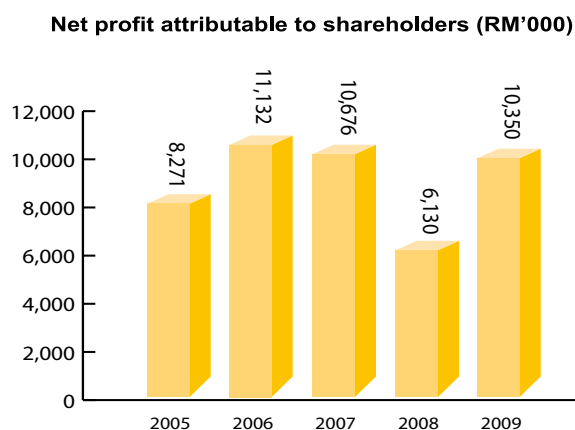
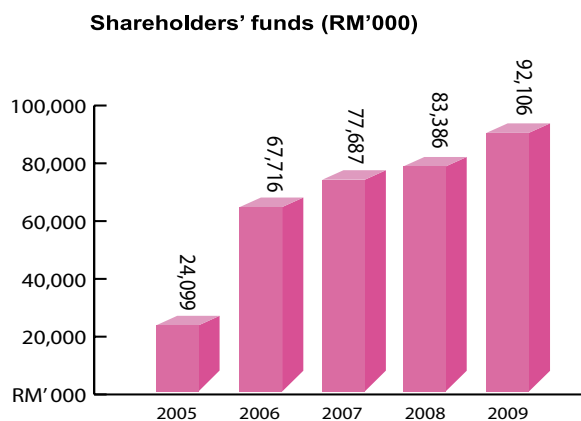
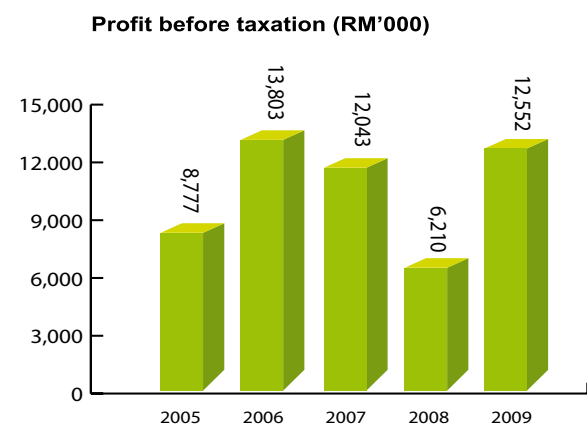
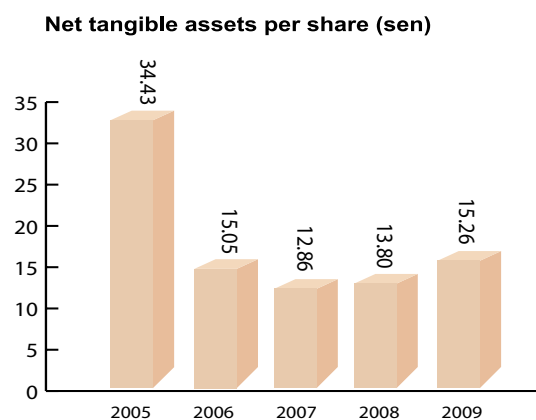
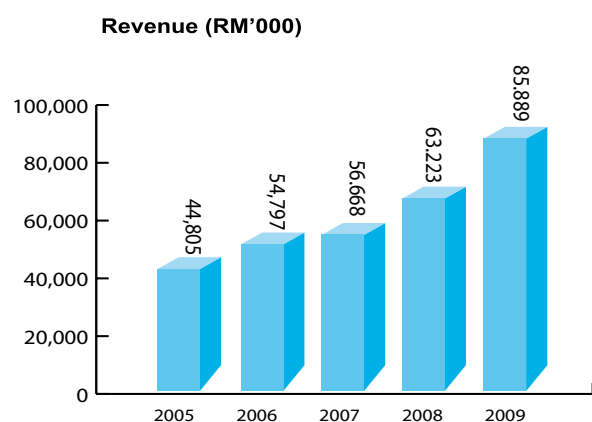
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FIVE-YEAR PERFORMANCE HIGHLIGHTS

		2005	2006	2007	2008	2009
Revenue	RM'000	44,805	54,797	56,668	63,223	85,889
Profit before taxation	RM'000	8,777	13,803	12,043	6,210	12,552
Net profit attributable to shareholders	RM'000	8,271	11,132	10,676	6,130	10,350
Shareholders' funds	RM'000	24,099	67,716	77,687	83,386	92,106
Return on shareholders' funds	%	34.32	16.44	13.74	7.35	11.24
Number of shares in issue*	'000	70,000	450,000	604,037	604,057	603,643
Net tangible assets per share	sen	34.43	15.05	12.86	13.80	15.26
Basic earnings per share	sen	11.82	2.02	1.77	1.01	1.71
Gross dividend per share	sen	–	0.50	0.30	0.50	0.30

* net of treasury shares



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Jadi Imaging Holdings Berhad (“Company” or “Jadi”) will be held at Mauna Lani B Room, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on **Thursday, 20 May 2010 at 10.00 a.m.** for the following purposes:-

AGENDA

A. Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring in accordance with Article 123 of the Articles of Association of the Company:-
 - 2.1 Mr. Lim Yew Thoon Ordinary Resolution 1
 - 2.2 Mr. Pathmarajah A/L R Nagalingam Ordinary Resolution 2
 - 2.3 Dr Gan Seng Neon Ordinary Resolution 3
3. To approve the Directors’ fees in respect of the financial year ended 31 December 2009. Ordinary Resolution 4
4. To re-appoint Messrs Crowe Horwath as Auditors and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

B. Special Business

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

5. **AUTHORITY TO ISSUE SHARES** Ordinary Resolution 6

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting.”
6. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES UP TO 10% OF THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965 (“Proposed Renewal of Share Buy-Back Authority”)** Ordinary Resolution 7

“THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount 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 Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

 - (a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities at any point in time;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the purchase(s); and
- (c) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder and to deal with the shares so purchased in such other manner as may be permitted by the relevant legislations and regulations.

AND THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next Annual General Meeting after the date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities.”

C. Other Business

- 7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD

**WONG WAI FOONG (MAICSA 7001358)
LIM POH YEN (MAICSA 7009745)**

COMPANY SECRETARIES

Kuala Lumpur
27 April 2010

NOTICE OF ANNUAL GENERAL MEETING

NOTES:-

1. Notes on Appointment of Proxy

- (i) A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to 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.
- (ii) 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.
- (iii) 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.
- (iv) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney and any 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.

2. Audited Financial Statements for the financial year ended 31 December 2009

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. Explanatory Notes on Special Business

- (i) Ordinary Resolution 6 – Authority to Issue Shares

The Proposed Ordinary Resolution 6 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

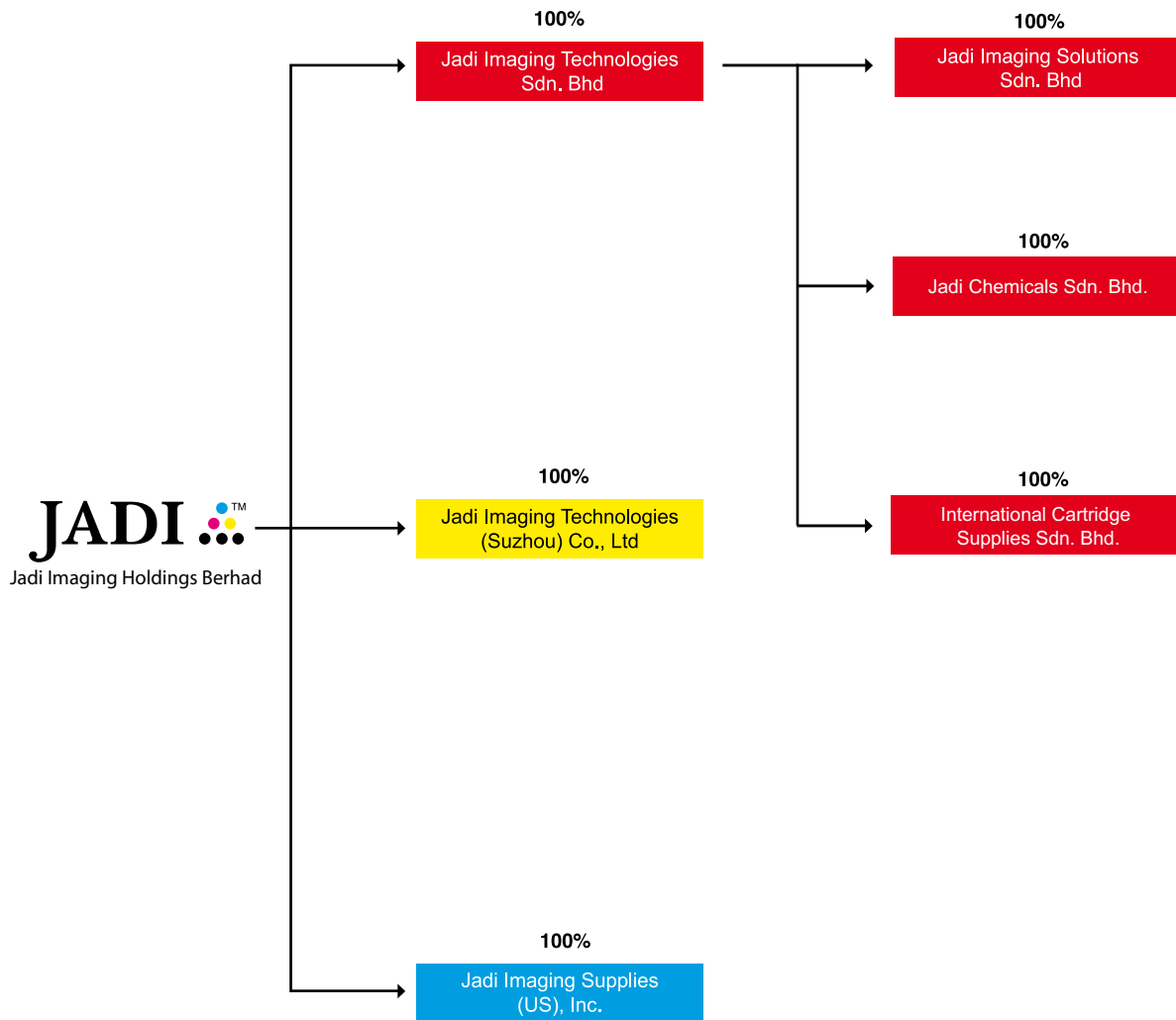
As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Eight Annual General Meeting held on 20 May 2009 and which will lapse at the conclusion of the Ninth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s) and working capital.

- (ii) Ordinary Resolution 7 – Proposed Renewal of Authority to Purchase the Company's Own Shares

The proposed Ordinary Resolution 7, if passed, will provide a mandate for the Company to purchase its own shares up to 10% of the issued and paid-up ordinary share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the approval is obtained from the shareholders of the Company at a general meeting.

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

AUDIT COMMITTEE

Pathmarajah A/L Nagalingam (Chairman)

Lim Yew Thoon (Member)

Dr Gan Seng Neon (Member)

REMUNERATION COMMITTEE

Lim Yew Thoon (Chairman)

Dr Gan Seng Neon (Member)

Liew Kim Siong (Member)

NOMINATION COMMITTEE

Lim Yew Thoon (Chairman)

Dr Gan Seng Neon (Member)

Pathmarajah A/L Nagalingam (Member)

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)

Lim Poh Yen (MAICSA 7009745)

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

Tricor Investor Services Sdn Bhd

(formerly known as Tenaga Koperat Sdn Bhd)

Level 17, The Gardens North Tower

Mid Valley City

Lingkar 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

Crowe 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 Market 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 2009.

PERFORMANCE REVIEW

Despite a challenging global economic environment, I am pleased to report that the Group turned in a commendable performance in the financial year ended 31 December 2009. The Group's revenue increased by 35.86% to RM85.89 million compared to the RM63.22 million achieved in 2008 due to the increase sales volume of both monochrome and color toners. At the same time, the profit before tax increased by 102.09% from RM6.21 million to RM12.55 million and the profit after tax increased by 68.84% from RM6.13 million to RM10.35 million.



Hence, our basic earnings per share were higher at 1.71 sen per share compared to 1.01 sen per share in 2008, an increase of 69.31%.

To reward our loyal shareholders, your Board declared an interim tax-exempt dividend of 3% or 0.3 sen per ordinary share as well as an interim share dividend of one (1) ordinary share for every one hundred and eight (108) existing ordinary shares of RM0.10 each on 27 January 2010.

I would like to record my appreciation for the unwavering support of our customers, business partners and shareholders in these difficult times. I would also like to express my heartfelt thanks to fellow board members for their wise counsel and guidance and to all our employees for their hard work, dedication and commitment.

CORPORATE DEVELOPMENT

In line with our goal to serve as a total imaging solutions provider to the cartridge remanufacturing industry, the Group incorporated two wholly-owned subsidiaries during the year. Jadi Chemicals Sdn Bhd, which was incorporated to engage in the business of manufacturing imaging materials, is currently dormant while International Cartridge Supplies Sdn. Bhd., which was incorporated to engage in the business of manufacturing/remanufacturing and distributing imaging supplies, has commenced operations.

Notwithstanding the uncertainties in the world economy, the Group recognizes the importance of investing in the future. Thus, in August 2009, we commenced the re-development of the existing two blocks of buildings in Klang, Selangor that we acquired in 2008 to meet the Group's future expansion plans in Malaysia. When completed in October 2010, the re-development will provide the Group with two new factories, a research and development laboratory, and warehouse facilities with a total built-up area of approximately 110,000 sq.ft.. A new monochrome toner production line, the Group's eighth, will commence production in this new location in November 2010. In addition, a new chemical toner production line will also commence production in November 2010 as well in this new location. The investment of RM10 million in each of these production lines will be funded by internally generated funds and bank borrowings.

The Group's wholly-owned manufacturing subsidiary in China, Jadi Imaging Technologies (Suzhou) Co., Ltd., moved into its new location in the Suzhou Industrial Park with the completion of construction of our new facility in February 2009. The new facility which was constructed to meet the Group's future expansion plans in China provides the Group with a bigger built-up area of approximately 64,300 sq.ft.. In November 2009, the Group had invested in an additional production line, its seventh production line, to produce monochrome toner to meet the growing demand in China in tandem with the projected growth of the Chinese economy. The investment of RM10 million in the production line was funded by internally generated funds. Production is expected to commence in the third quarter of 2010.

CHAIRMAN'S STATEMENT

As R&D is a key priority of the Group, it conducts 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 2009, the Group continued to focus its R&D on color toner in view of the higher margins that it commands and on higher value added monochrome toner. The following new toners were launched by the Group in the global toner market in 2009:

- HP* CP1515 (7um) compatible color toner

This is an improved and more economical toner compared to the HP* CP 1515 (5 um) compatible color toner launched by the Group in 2008.

- HP* CP3525 compatible color toner.

- Dell* 1320c compatible color toner.

- HP* P1006 HD compatible monochrome toner.

This is an improved version of the HP* P1006 compatible standard toner launched by the Group in 2008.

- HP* P4515 HD compatible monochrome toner.

- Samsung* Universal HD compatible monochrome toner.

This is an improved version of the Samsung* Universal compatible monochrome toner launched by the Group in 2006.

- Lexmark* superior fixing (SF) compatible monochrome toner.

- Kyocera-Mita* KM5035 compatible monochrome toner.

(All brand names and trademarks are the property of their respective owners and are for descriptive purposes only.)*

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.

CORPORATE SOCIAL RESPONSIBILITIES

As a leading global independent toner manufacturer that caters mainly to the cartridge remanufacturing industry, an environmentally-friendly industry that promotes the reuse and recycling of toner cartridges, the Group is particularly mindful of the role that it can play in helping to protect the environment. Thus, we have been collaborating with the Chemistry Department, University of Malaya to conduct R&D on green technology with the aim of gradually replacing petroleum-based raw materials with palm oil-based compounds in the production of toners. The shift to using sustainable and non-toxic plant materials will contribute towards protecting the environment. We have succeeded in the laboratory-scale prototypes to produce chemical toners and have made patent applications on two new inventions to-date.

In addition, to minimize the impact of its production operations on the environment, the Group has implemented measures to recycle materials that it uses whenever possible.

Another initiative under the Group's social responsibility programme is the sponsoring of students at the University of Malaya for their M.Sc. degrees. Since the programme started in 2005, three students have completed their education. The Group is committed to sponsoring a maximum of two students at any one time to pursue their M. Sc. degrees at the university.

CHAIRMAN'S STATEMENT

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 monochrome and color toners. Currently, monochrome toners make up the bulk of the Group's production but the contribution from color toners is expected to increase significantly in the future due to the higher margin that they command. The Group focuses on the supply of bulk toner and sells mainly to the aftermarket.

It is the sole toner manufacturer in Malaysia and the biggest in Southeast Asia. Currently, it comprises three key wholly-owned operating subsidiaries namely, Jadi Imaging Technologies Sdn. Bhd. ("JITSB") and Jadi Imaging Solutions Sdn. Bhd. ("JISSB") in Malaysia and Jadi Imaging Technologies (Suzhou) Co., Ltd. ("JIT Suzhou"), in China. JITSB and JIT Suzhou manufacture monochrome toners and JISSB manufactures color toners. The Group also operates a wholly-owned trading subsidiary in USA, Jadi Imaging Supplies (US), Inc.

The Group focuses on the export market. In the financial year ended 31 December 2009, the Group exported to 40 countries throughout the world, with revenue from sales in foreign markets contributing to 97.8% of its total revenue. The principal markets were Asia (including Malaysia), 56.1%; South America, 26.9%; Eastern Europe, 10.3%; Middle East, 3.3%; USA, 2.2%; and Western Europe, 1.2%.

Against a backdrop of difficult operating conditions, the Group took various measures to promote the sales of its products. These included conducting technical dialogues, training sessions and seminars in India, Brazil, Vietnam, China and Poland to introduce our customers and potential customers to the Group's latest products. In addition, an expanded sales team made more frequent customer visits to promote sales.

The Group also continued to participate in industry trade shows and exhibitions as well as advertise in industry magazines in 2009 to promote the Groups' products.

In 2009, the Group participated in the following major international trade shows and exhibitions:

- Remax 2009, a trade show on the global toner and inkjet remanufacturing and printer consumables industry, in Dusseldorf, Germany;
- World Expo 2009, a trade show on the imaging supplies industry, in Las Vegas, USA;
- Remax Asia Pacific 2009, a trade show on the imaging supplies industry, in Zhuhai, China
- ReChina Asia Expo, a trade show on the global printer consumables industry, in Shanghai, China.

In addition, the Group advertised in the following international industry magazines in 2009:

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

OUTLOOK AND FUTURE PROSPECTS

The Group faces a challenging year ahead in the midst of a fragile world economy. Managing competition, margin and cost pressures as well as minimizing its foreign exchange exposure will continue to pose challenges to the Group.

However, although we remain cautious, we are optimistic that we will achieve double digit growth in revenue and operating profits in the financial year ended 31 December 2010. We have been running at full capacity since the beginning of the financial year and have also introduced several new products. In addition, the expanded production capacity from the commencement of production of the additional two monochrome toner lines and the higher value-added chemical toner line later in the year will further boost the performance of the Group.

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 52, 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 29 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 52, 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 14 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 43, 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 53, 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 57, 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 specialising 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 62, 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 Remuneration Committee, Nomination Committee and Audit Committee. Currently, he is a 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. During past sabbatical leaves, he was 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 45 scientific papers in international journals, and presented over 110 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 2009.*
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 25 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 Committee currently has three (3) members, comprising of all Independent Non-Executive Directors as follows:-

- (a) **Pathmarajah A/L R Nagalingam** – *Chairman*
- (b) **Lim Yew Thoon** – *Member*
- (c) **Dr Gan Seng Neon** – *Member*

The attendance records at the five (5) Committee Meetings held during the financial year ended 31 December 2009 are appended below:

<u>Members</u>	<u>Attendance</u>
Pathmarajah A/L R Nagalingam	5/5
Lim Yew Thoon	5/5
Dr Gan Seng Neon	5/5

The Group’s external auditors and certain designated members of management also attended some of the meetings, at the invitation of the Committee.

The details of the training attended by the Committee are set out in the Statement on Corporate Governance appearing on pages 24 to 29 of this Annual Report.

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’ audit plan and reports on the audit of the statutory financial statements and the unaudited quarterly financial statements of the Group.
- Reviewed the independence, objectivity and effectiveness of the external auditors in meeting their responsibilities before recommending their reappointment and remuneration.

Internal Audit

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

AUDIT COMMITTEE REPORT

3. Internal Audit Function

The Board recognises the importance of maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls. The Board acknowledges its responsibility and accountability for the Company's system of internal controls and 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. The internal audit function is currently outsourced to Audex Governance Sdn Bhd.

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

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 15.09(1) of the Listing Requirements, the vacancy must be filled within three (3) months.

AUDIT COMMITTEE REPORT

Secretary

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

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

Duties and Functions

The functions and duties of the Committee shall be:

- (1) To review the following and report the same to the Board of Directors:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme and processes, the results of the internal audit programme, processes or investigation 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;
 - (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; and
 - (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 persons performing 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 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.

5. Review of Share Option Scheme

The Committee has verified that there were no allocations of options made pursuant to the Employees' Share Option Scheme during the financial year ended 31 December 2009.

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 Main Market of 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 Main Market of 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 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 2009, the retained profits and share premium account of the Company stood at RM3,457,319 and RM375,333 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 25 March 2010 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 33,080,665 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	10,274,259	1.68	213,556,354 ¹	35.01	10,274,259	1.87	213,556,354 ¹	38.89
Eu Lan Eng	34,416,370	5.64	–	–	34,416,370	6.27	–	–
Mohd Salmi Bin Mansor	7,687,188	1.26	–	–	7,687,188	1.40	–	–
Pathmarajah A/L R Nagalingam	160,135	0.03	–	–	160,135	0.03	–	–
Lim Yew Thoon	252,314	0.04	–	–	252,314	0.05	–	–
Dr Gan Seng Neon	70,648	0.01	–	–	70,648	0.01	–	–

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)	19,274,259	3.00	213,556,354 ¹	33.20	19,274,259	3.33	213,556,354 ¹	36.89
Eu Lan Eng ^(b)	41,749,703	6.50	–	–	41,749,703	7.21	–	–
Mohd Salmi Bin Mansor ^(c)	14,353,854	2.23	–	–	14,353,854	2.48	–	–
Pathmarajah A/L R Nagalingam	160,135	0.02	–	–	160,135	0.03	–	–
Lim Yew Thoon	252,314	0.04	–	–	252,314	0.04	–	–
Dr Gan Seng Neon	70,648	0.01	–	–	70,648	0.01	–	–

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 LSI Holdings Sdn Bhd (Formerly known as LTL Venture Holdings Sdn Bhd) pursuant to Section 6A of the Companies Act, 1965 ("the Act").
- (a) Liew Kim Siong holds 9,000,000 ESOS Options as at 25 March 2010.
- (b) Eu Lan Eng holds 7,333,333 ESOS Options as at 25 March 2010.
- (c) Mohd Salmi Bin Mansor holds 6,666,666 ESOS Options as at 25 March 2010.

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	%
LSI Holdings Sdn Bhd (Formerly known as LTL Venture Holdings Sdn Bhd)	213,556,354	35.01	–	–	213,556,354	38.89	–	–
Liew Kim Siong	10,274,259	1.68	213,556,354 ¹	35.01	10,274,259	1.87	213,556,354 ¹	38.89
Ng Poh Imm	–	–	213,556,354 ¹	35.01	–	–	213,556,354 ¹	38.89
Eu Lan Eng	34,416,370	5.64	–	–	34,416,370	6.27	–	–

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	%
LSI Holdings Sdn Bhd (Formerly known as LTL Venture Holdings Sdn Bhd)	213,556,354	33.20	–	–	213,556,354	36.89	–	–
Liew Kim Siong ^(a)	19,274,259	3.00	213,556,354 ¹	33.20	19,274,259	3.33	213,556,354 ¹	36.89
Ng Poh Imm	–	–	213,556,354 ¹	33.20	–	–	213,556,354 ¹	36.89
Eu Lan Eng ^(b)	41,749,703	6.50	–	–	41,749,703	7.21	–	–

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 LSI Holdings Sdn Bhd (Formerly known as LTL Venture Holdings Sdn Bhd) pursuant to Section 6A of the Act.

(a) Liew Kim Siong holds 9,000,000 ESOS Options as at 25 March 2010.

(b) Eu Lan Eng holds 7,333,333 ESOS Options as at 25 March 2010.

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 25/03/2010	Maximum Scenario No. of Shares as at 25/03/2010
Authorised Share Capital	1,000,000,000	1,000,000,000
Issued and paid-up share capital	610,079,932	610,079,932
Upon full exercise of outstanding ESOS Options	–	33,080,665
	610,079,932	643,160,597
Less:-		
Shares purchased amounting to ten per cent (10%) of issued and paid-up capital pursuant to Proposed Renewal	(61,007,993)	(64,316,060)
Reduced issued and paid-up capital in the event that the purchased JADI Shares are cancelled	549,071,939	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.

(e) Dividend

The Proposed Renewal of Share Buy-Back Authority is not expected to have any impact on the policy of the Board in recommending dividends, if any, to shareholders of JADI. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.

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

As at 25 March 2010, LSI Holdings Sdn Bhd (Formerly known as LTL Venture Holdings Sdn Bhd) ("LSI") and Liew Kim Siong collectively hold 36.69% 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 LSI and Liew Kim Siong will increase to 40.76% 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 LSI and Liew Kim Siong will increase to 40.22% 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 LSI's and Liew Kim Siong's shareholdings in JADI increasing by more than 2% in any period of six (6) months, LSI 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

During the financial year ended 31 December 2009, the Company purchased a total of 5,708,400 shares from the open market and retained them as treasury shares.

The Company had on 10 March 2010 distributed 5,588,728 treasury shares as share dividend on the basis of one (1) treasury share for every one hundred and eight (108) existing ordinary shares of RM0.10 each held in the Company to the entitled shareholders.

The information on purchase made by the Company of its own shares for the financial year ended 31 December 2009 has been set out in the "Additional Compliance Information" appearing on pages 33 to 34 of this Annual Report.

10. Public Shareholding Spread

According to JADI's Record of Depositors as at 25 March 2010, there were 5,577 public shareholders holding not less than 100 JADI Shares, with a total shareholding of 56.32% of the Company's issued and paid-up share capital.

The public shareholding spread of the Company is expected to be reduced to 51.47% 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.

Three independent non-executive directors of the Company, namely Mr. Lim Yew Thoon (email: billylim@ytlim.com.my), Mr. Pathmarajah A/L R. Nagalingam (email: pathma@siddha.com.my) and Dr. Gan Seng Neon (email: sengneon@hotmail.com) have been identified as the persons to whom concerns may be conveyed to.

The Directors’ Profiles are presented on pages 11 to 13 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Board Meetings and Supply of Information

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

The Board held six (6) meetings during the financial year ended 31 December 2009 and they were attended by the following Directors:

	Attendance At Board Meetings
Liew Kim Siong <i>Executive Chairman / Group CEO</i>	6/6
Eu Lan Eng <i>Executive Director / General Manager</i>	6/6
Mohd Salmi bin Mansor <i>Executive Director / Technical Director</i>	5/6
Pathmarajah A/L R Nagalingam <i>Independent Non-Executive Director</i>	6/6
Lim Yew Thoon <i>Independent Non-Executive Director</i>	6/6
Dr Gan Seng Neon <i>Independent Non-Executive Director</i>	6/6

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.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2009, the Directors attended the following seminars and training courses:

No.	Name of Director	Seminar/Training Courses Attended
1.	Liew Kim Siong	Effective Managers of this 21st Century
2.	Eu Lan Eng	Effective Managers of this 21st Century
3.	Mohd Salmi Bin Mansor	Effective Managers of this 21st Century
4.	Pathmarajah A/L R. Nagalingam	(a) Limited Liability Partnership and Its Impact on Accounting Practitioners and the Public (b) Market Outlook – Green Shoots or Grey Skies (c) Corporate Governance Guide – Towards Boardroom Excellence (d) 2010 Budget Talk (e) Limited Liability Partnership and Its Potential Legal Framework and Impact to Business (f) Workshop on Basic Tax Practice & Principle (Module 4) (g) Impact of the 2010 Budget on Business and Tax Updates (h) Effective Stock Take Techniques
5.	Lim Yew Thoon	(a) Corporate Governance Guide – Towards Boardroom Excellence (b) Corporate Governance Revisited (c) Update on International Financial Reporting Standards (IFRS) 2009 Version (d) Implementation Guidance on FRS (e) National Seminar on Taxation
6.	Dr. Gan Seng Neon	Corporate Governance Guide – Towards Boardroom Excellence

Appointment and Re-election of Directors

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

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.

STATEMENT ON CORPORATE GOVERNANCE

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 14 to 17 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:

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. The Board considers that the current mix of skills, experiences and other qualities including core competencies of the executive directors and independent non-executive directors is sufficient for the discharge of its duties and responsibilities effectively.

(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.

STATEMENT ON CORPORATE GOVERNANCE

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 2009 are as follows:

Remuneration	Amount (RM)	
	Executive	Non-Executive
Fees	97,500	117,500
Salary, other remuneration and emoluments	1,817,525	–
Benefits-in-kind (based on an estimated monetary value)	58,450	5,550
Share-based payment	52,085	–

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
RM250,001 – RM300,000	1	
RM400,001 – RM450,000	1	
RM1,300,001 – RM1.350,000	1	

The Board views that the transparency in respect of the Directors' Remuneration has been reasonably disclosed by the "band and analysis" as presented above. Therefore, the detailed remuneration of each director is not presented in this Annual Report.

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 encourages 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.

STATEMENT ON CORPORATE GOVERNANCE

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 35 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 AUDIT FUNCTION

The Board of Jadi Imaging Holdings Berhad is pleased to present the Statement on the Internal Audit function for the financial year ended 31 December 2009

The Group's Internal Audit function, which is outsourced to a professional service firm, is an integral part of the assurance mechanism in ensuring that the Group systems of internal controls are adequate and effective. The Internal Audit function reports directly to the Audit Committee.

On an annual basis, an internal audit plan is tabled to the Audit Committee for review and approval, and the Internal Audit function executes the audits based on the approved plan. The results of the audit reviews are periodically reported to the Audit Committee. In addition, the Internal Audit function carries out follow up reviews to ensure that previously reported issues have been adequately addressed by Management and the results of such reviews are also periodically reported to the Audit Committee. Although a number of internal control weaknesses were identified, none of the weaknesses have resulted in any material losses that would require separate disclosure in this annual report.

The total costs incurred for the outsourcing of the Internal Audit function for the financial year ended 31 December 2009 was RM 45,000.

STATEMENT ON INTERNAL CONTROL

The Board of Directors (“the Board”) of Jadi Imaging Holdings Berhad is pleased to present its Statement on Internal Control for the financial year ended 31 December 2009, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies (“the Guidance”). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

Board Responsibility

The Board recognises its overall responsibility in maintaining a sound system of internal control and management information system including systems for compliance with applicable laws, regulations, rules, directives and guidelines, and the need to regularly review its adequacy and integrity. Such system covers not only financial controls but also operational and compliance controls. In view of the limitations inherent in any system of internal control, the system of internal controls put in place can only manage risk within tolerance levels, rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, financial loss or fraud.

Risk Management Framework

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. In addition, the responsibility of managing the risks of each department lies with the respective Heads of Department and it is during the periodic management meetings where significant risks identified and the corresponding internal controls implemented are communicated to the Chief Executive Officer (“CEO”) and Senior Management.

The abovementioned procedures adopted by the Management serves as the on-going process used to identify, evaluate and mitigate significant risks more effectively.

Internal Audit Function

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the internal control system through independent reviews performed by the internal audit function which is outsourced to a professional service provider firm. They report directly to the Audit Committee.

Other Key Elements of Internal Control

The other key elements of the Group’s internal control systems are:-

1. The Group has a well defined organisation structure with clear lines of accountability, approval and control procedures to provide a sound framework within the organisation in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board’s approval.
2. The Audit Committee reviews the quarterly financial reports, annual financial statements and the internal audit report on a periodic basis. Discussions with Management were held to deliberate on the actions that are required to be taken to address internal control matters identified by the outsourced internal audit function.
3. 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.
4. Management meetings are conducted regularly with the Executive Directors, Senior Management and/or Head of Departments in attendance. The meetings discuss and decide on all operational issues as well as inform and update all Senior Management and Head of Departments on all major policies and business strategies directed by the Board.

STATEMENT ON INTERNAL CONTROL

5. Policies and procedures on hiring and training scheme of staff have been established at Group level with individual business group having the flexibility to adapt these policies for their specific needs. Staffs are guided on where and how they can contribute their knowledge and skills through continuous upgrading to meet the demand of their working requirements.
6. Established internal policies and procedures for key business units within the Group.
7. 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 committed towards operating a sound system of internal control and effective risk management practices throughout the Group. The Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control and risk management practices.

This statement was approved by the Board of Directors on 5 April 2010.

MATERIAL CONTRACTS

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 2009 or, if not then subsisting, entered into since the end of the previous financial year:

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-Back

At the Eighth Annual General Meeting of the Company held on 20 May 2009, shareholders of the Company granted authority to the Company to purchase its own ordinary shares provided that 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.

During the financial year ended 31 December 2009, the Company purchased a total of 5,708,400 shares from the open market and retained them as treasury shares. The details of the purchase are as follows:

Date	No. of Shares	Purchase Price/Share (RM)	Total Consideration (RM)
27/05/09	50,000	0.140	7,051.10
07/07/09	55,000	0.125	6,925.32
29/10/09	1,232,300	0.190	235,577.94
16/11/09	2,000,000	0.190	382,214.00
19/11/09	569,000	0.185	105,928.91
25/11/09	523,000	0.180	94,828.08
16/12/09	301,900	0.170	51,698.34
21/12/09	977,200	0.170	167,171.46

The Company had on 10 March 2010 distributed 5,588,728 treasury shares as share dividend on the basis of one (1) treasury share for every one hundred and eight (108) existing ordinary shares of RM0.10 each held in the Company to the entitled shareholders.

Options, Warrants or Convertible Securities

During the financial year ended 31 December 2009, the following options were exercised:-

- (i) the allotment of 5,295,233 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 RM 15,000.

Variation in Results

There was no material variance between the audited results for the financial year ended 31 December 2009 and the unaudited results previously announced.

ADDITIONAL COMPLIANCE INFORMATION

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 32 of this Annual Report.

Revaluation Policy on Landed Properties

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

Recurrent Related Party Transactions of A Revenue Nature

There were no recurrent related party transactions of a revenue nature entered by the Group and the Company during the financial year ended 31 December 2009.

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 2009 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.

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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 2009.

PRINCIPAL ACTIVITIES

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

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit attributable to shareholders	10,350,428	1,465,449

DIVIDENDS

Since the end of the previous financial year, the Company declared and paid an interim tax-exempt dividend of 0.3 sen per ordinary share amounting to RM1,812,144 in respect of the financial year ended 31 December 2008.

In respect of the financial year ended 31 December 2009, the Company declared the following dividends on 27 January 2010:-

- (a) an interim tax-exempt dividend of 0.3 sen per ordinary share amounting to RM1,811,743.
- (b) a share dividend of one treasury share for every one hundred and eight existing ordinary shares held amounting to 5,588,728 treasury shares.

The interim and share dividends were paid on 10 March 2010 and have not been included as liabilities in the current year's financial statements.

The Directors do not recommend the payment of any final 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;
- (b) the Company increased its issued and paid-up share capital from RM60,405,660 to RM60,935,183 by the allotment of 5,295,233 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.

DIRECTORS' REPORT

TREASURY SHARES

During the financial year, the Company purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:-

Date	Price per Share			No. of Shares	Total Consideration RM
	Lowest RM	Highest RM	Average RM		
May 2009	0.140	0.140	0.140	50,000	7,051
July 2009	0.125	0.125	0.125	55,000	6,925
October 2009	0.190	0.190	0.190	1,232,300	235,578
November 2009	0.180	0.190	0.185	3,092,000	582,971
December 2009	0.170	0.170	0.170	1,279,100	218,870
At 31 December 2009				5,708,400	1,051,395

The shares purchased under the share buy-back programme were financed by internally generated funds and retained as treasury shares and are presented as a deduction from shareholders' equity in accordance with the requirements of Section 67A of the Companies Act 1965.

As at the balance sheet date, the Company held as treasury shares a total of 5,708,400 (2008 - Nil) of its 609,351,832 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM1,051,395. Relevant details on the treasury shares are disclosed in Note 17 to the financial statements.

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.

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
Balance at 1 January 2009	39,103,998
Exercised during the financial year	(5,295,233)
Balance at 31 December 2009	33,808,765

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

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH			
	At 1.1.2009	Exercised	Forfeited	At 31.12.2009
Lim Hock Guan	5,600,000	(3,471,900)	–	2,128,100
Lim Thor Seng	2,053,333	(70,000)	–	1,983,333
Tan Jaan Soon	2,666,666	(1,000,000)	–	1,666,666
Pauzi Bin Abdul Manaf	1,750,000	–	–	1,750,000
Balvinder Kaur D/O Jit Singh	940,000	(620,000)	–	320,000
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
Mohamad Raffi Bin Suradi	200,000	(133,333)	–	66,667

DIRECTORS' REPORT

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

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 service 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;
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 adequate allowance had been made for doubtful debts.

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 additional allowance for doubtful debts in the financial statements of the Group and of the Company.

DIRECTORS' REPORT

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 49 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' REPORT

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

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 1.1.2009	BOUGHT	SOLD	AT 31.12.2009
<i>DIRECT INTERESTS</i>				
LIEW KIM SIONG	12,680,000	500,000	3,000,000	10,180,000
EU LAN ENG	33,020,625	750,000	–	33,770,625
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	50,000	–	70,000
<i>INDIRECT INTEREST</i>				
LIEW KIM SIONG	211,597,123	–	–	211,597,123

	OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH		
	AT 1.1.2009	EXERCISED	AT 31.12.2009
The Company			
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 45 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.

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 15 APRIL 2010

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 46 to 99 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 2009 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 2010**

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 46 to 99 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 2010

Liew Kim Siong

Before me
Datin Hajah Raihela Wanchik (No. W - 275)

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 2009 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 46 to 99.

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 judgement, 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 2009 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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/11 (J)
Partner

Kuala Lumpur
15 APRIL 2010

BALANCE SHEETS

At 31 December 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	–	–	58,496,777	64,501,822
Property, plant and equipment	7	68,117,207	64,662,887	–	–
Prepaid land lease payments	8	2,031,128	2,096,681	–	–
Investment property	9	110,400	112,800	–	–
Other investment	10	50,000	50,000	–	–
		70,308,735	66,922,368	58,496,777	64,501,822
CURRENT ASSETS					
Inventories	11	20,402,170	25,744,489	–	–
Trade receivables	12	11,060,768	10,755,550	–	–
Other receivables, deposits and prepayments	13	3,378,405	2,235,792	2,000	22,186
Tax refundable		194,757	508,440	168,257	299,446
Short-term fund	14	5,726,809	–	5,726,809	–
Fixed deposits with licensed banks	15	3,510,244	261,259	–	–
Cash and bank balances		8,331,653	3,388,368	11,690	74,369
		52,604,806	42,893,898	5,908,756	396,001
TOTAL ASSETS		122,913,541	109,816,266	64,405,533	64,897,823

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

BALANCE SHEETS

At 31 December 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	60,935,183	60,405,660	60,935,183	60,405,660
Treasury shares	17	(1,051,395)	–	(1,051,395)	–
Share premium	18	375,333	60,111	375,333	60,111
Foreign exchange reserve	19	1,661,430	1,929,410	–	–
Revaluation reserve	20	1,933,361	1,303,814	–	–
Share option reserve	21	437,307	409,899	437,307	409,899
Retained profits	22	27,815,266	19,276,982	3,457,319	3,804,014
TOTAL EQUITY		92,106,485	83,385,876	64,153,747	64,679,684
NON-CURRENT LIABILITIES					
Long-term borrowing	23	1,332,979	1,998,058	–	–
Deferred taxation	24	4,757,000	4,040,000	–	–
		6,089,979	6,038,058	–	–
CURRENT LIABILITIES					
Trade payables	25	9,917,276	5,428,085	–	–
Other payables and accruals	26	3,745,716	2,289,214	116,130	119,150
Derivative financial instruments	27	97,850	1,311,524	–	–
Amount owing to a subsidiary	28	–	–	3,456	3,456
Amount owing to directors	29	132,200	95,533	132,200	95,533
Provision for taxation		257,394	–	–	–
Short-term borrowings	30	10,566,641	11,267,976	–	–
		24,717,077	20,392,332	251,786	218,139
TOTAL LIABILITIES		30,807,056	26,430,390	251,786	218,139
TOTAL EQUITY AND LIABILITIES		122,913,541	109,816,266	64,405,533	64,879,823
NET ASSETS PER ORDINARY SHARE (RM)					
	34	0.15	0.14		

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

INCOME STATEMENTS

For The Financial Year Ended 31 December 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
REVENUE	35	85,889,179	63,222,896	2,157,809	8,705,080
COST OF SALES		(61,658,588)	(42,974,514)	-	-
GROSS PROFIT		24,230,591	20,248,382	2,157,809	8,705,080
OTHER INCOME		168,502	140,690	-	-
		24,399,093	20,389,072	2,157,809	8,705,080
SELLING AND DISTRIBUTION EXPENSES		(3,026,069)	(2,879,942)	-	-
ADMINISTRATIVE EXPENSES		(6,527,970)	(4,879,525)	(544,753)	(661,287)
OTHER EXPENSES		(1,737,442)	(6,175,862)	(50,631)	(47,286)
FINANCE COSTS		(555,982)	(243,691)	-	-
PROFIT BEFORE TAXATION	36	12,551,630	6,210,052	1,562,425	7,996,507
INCOME TAX EXPENSE	37	(2,201,202)	(80,233)	(96,976)	(1,219,834)
PROFIT AFTER TAXATION		10,350,428	6,129,819	1,465,449	6,776,673
ATTRIBUTABLE TO: Equity holders of the Company		10,350,428	6,129,819	1,465,449	6,776,673
EARNINGS PER SHARE (SEN)					
- Basic	38	1.71	1.01		
- Diluted	38	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2009

THE GROUP	SHARE CAPITAL RM	TREASURY SHARES RM	SHARE PREMIUM RM	FOREIGN EXCHANGE RESERVE RM	REVALUATION RESERVE RM	SHARE OPTION RESERVE RM	RETAINED PROFITS RM	TOTAL RM
Balance at 1.1.2008	60,403,660	-	58,903	(484,212)	1,277,063	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	-	-	-	2,413,622	26,751	-	-	2,440,373
Profit after taxation	-	-	-	-	-	-	6,129,819	6,129,819
Total income recognised for the year	-	-	-	2,413,622	26,751	-	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 39)	-	-	-	-	-	-	(3,020,175)	(3,020,175)
Balance at 31.12.2008/ 1.1.2009	60,405,660	-	60,111	1,929,410	1,303,814	409,899	19,276,982	83,385,876
Revaluation of property, net of tax	-	-	-	-	629,547	-	-	629,547
Exchange translation differences	-	-	-	(267,980)	-	-	-	(267,980)
Treasury shares acquired	-	(1,051,395)	-	-	-	-	-	(1,051,395)
Net (expenses)/income recognised directly in equity	-	(1,051,395)	-	(267,980)	629,547	-	-	(689,828)
Profit after taxation	-	-	-	-	-	-	10,350,428	10,350,428
Total (expense)/income recognised for the year	-	(1,051,395)	-	(267,980)	629,547	-	10,350,428	9,660,600
ESOS exercised	529,523	-	315,222	-	-	(66,346)	-	778,399
Share options granted under ESOS	-	-	-	-	-	93,754	-	93,754
Dividend (Note 39)	-	-	-	-	-	-	(1,812,144)	(1,812,144)
Balance at 31.12.2009	60,935,183	(1,051,395)	375,333	1,661,430	1,933,361	437,307	27,815,266	92,106,485

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2009

THE COMPANY	SHARE CAPITAL RM	TREASURY SHARES RM	SHARE PREMIUM RM	SHARE OPTION RESERVE RM	RETAINED PROFITS RM	TOTAL RM
Balance at 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 39)	–	–	–	–	(3,020,175)	(3,020,175)
Balance at 31.12.2008/1.1.2009	60,405,660	–	60,111	409,899	3,804,014	64,679,684
Treasury shares acquired	–	(1,051,395)	–	–	–	(1,051,395)
Net expense recognised directly in equity	–	(1,051,395)	–	–	–	(1,051,395)
Profit after taxation	–	–	–	–	1,465,449	1,465,449
Total (expense)/income recognised for the year	–	(1,051,395)	–	–	1,465,449	414,054
ESOS exercised	529,523	–	315,222	(66,346)	–	778,399
Share options granted under ESOS	–	–	–	93,754	–	93,754
Dividend (Note 39)	–	–	–	–	(1,812,144)	(1,812,144)
Balance at 31.12.2009	60,935,183	(1,051,395)	375,333	437,307	3,457,319	64,153,747

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

CASH FLOW STATEMENTS

For The Financial Year Ended 31 December 2009

NOTE	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	12,551,630	6,210,052	1,562,425	7,996,507
Adjustments for:-				
Amortisation of investment property	2,400	2,400	-	-
Amortisation of prepaid land lease payments	44,044	40,934	-	-
Allowance for impairment of trade receivables	155,130	-	-	-
Depreciation of property, plant and equipment	6,821,977	6,006,996	-	-
Plant and equipment written off	487,311	433,806	-	-
Share-based payments	93,754	145,765	93,754	145,765
Interest expense	573,930	280,950	-	-
Investment in subsidiary written off	-	-	-	14
Unrealised (gain)/loss on foreign exchange	(24,813)	1,981,479	-	-
Gain on disposal of plant and equipment	(9,428)	-	-	-
Interest income	(148,369)	(169,755)	(126,809)	(62,767)
Dividend income	-	-	(2,031,000)	(8,642,313)
Gain on deconsolidation of a subsidiary	40	(1,084)	-	-
Fair value changes	-	(56,928)	-	-
Operating profit/(loss) before working capital changes	20,547,566	14,874,615	(501,630)	(562,794)
Decrease/(Increase) in inventories	5,275,783	(4,864,418)	-	-
(Increase)/Decrease in trade and other receivables	(1,662,175)	(7,281,426)	20,186	15,005
Increase in trade and other payables	6,186,302	680,796	33,647	90,853
Decrease in derivative liabilities	(1,311,524)	-	-	-
CASH FROM/(FOR) OPERATIONS	29,035,952	3,409,567	(447,797)	(456,936)
Interest paid	(629,722)	(280,950)	-	-
Income tax refund	171,469	17,366	34,213	-
Income tax paid	(1,026,055)	(690,881)	-	(1,301,089)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	27,551,644	2,455,102	(413,584)	(1,758,025)
BALANCE CARRIED FORWARD	27,551,644	2,455,102	(413,584)	(1,758,025)

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

CASH FLOW STATEMENTS

For The Financial Year Ended 31 December 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
BALANCE BROUGHT FORWARD		27,551,644	2,455,102	(413,584)	(1,758,025)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		148,369	169,755	126,809	62,767
Proceeds from disposal of plant and equipment		10,100	–	–	–
Purchase of property, plant and equipment	41	(8,334,028)	(16,306,963)	–	–
Dividend received		–	–	2,031,000	8,642,313
Repayment from/(Advances to) subsidiary		–	–	6,005,045	(6,247,741)
Investment in subsidiaries		–	–	–	(2,290,957)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(8,175,559)	(16,137,208)	8,162,854	166,382
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		778,399	2,940	778,399	2,940
Dividend paid		(1,812,144)	(3,020,175)	(1,812,144)	(3,020,175)
Repayment of hire purchase obligations		(1,879,342)	(925,746)	–	–
Net (repayment)/drawdown of revolving credit		(1,300,000)	9,800,000	–	–
Treasury shares acquired		(1,051,395)	–	(1,051,395)	–
Repayment of term loan		(79,367)	(1,158,441)	–	–
Repayment to directors		–	(208,756)	–	(5,367)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(5,343,849)	4,489,822	(2,085,140)	(3,022,602)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14,032,236	(9,192,284)	5,664,130	(4,614,245)
EFFECTS OF FOREIGN EXCHANGE		(113,157)	412,314	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,649,627	12,429,597	74,369	4,688,614
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	42	17,568,706	3,649,627	5,738,499	74,369

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

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 exposure to foreign currency is as follows:-

Group As at 31 December 2009	United States Dollar RM	Chinese Renminbi RM	Japanese Yen RM	Ringgit Malaysia RM	Total RM
<u>Financial assets</u>					
Trade receivables	10,298,251	638,334	–	124,183	11,060,768
Other receivables	43,594	112,853	–	341,227	497,674
Short term investment	–	–	–	5,726,809	5,726,809
Fixed deposits with a licensed bank	–	–	–	3,510,244	3,510,244
Cash and bank balances	3,200,067	3,576,409	–	1,555,177	8,331,653
Total financial assets	13,541,912	4,327,596	–	11,257,640	29,127,148

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows (Cont'd):-

Group As at 31 December 2009	United States Dollar RM	Chinese Renminbi RM	Japanese Yen RM	Ringgit Malaysia RM	Total RM
<u>Financial liabilities</u>					
Trade payables	2,609,151	110,028	6,662,684	535,413	9,917,276
Other payables	270,202	732,396	47,043	2,696,075	3,745,716
Amount owing to directors	–	–	–	132,200	132,200
Hire purchase obligations	–	–	–	3,399,620	3,399,620
Revolving credit	–	–	–	8,500,000	8,500,000
Total financial liabilities	2,879,353	842,424	6,709,727	15,263,308	25,694,812
 Net financial assets/(liabilities)	 10,662,559	 3,485,172	 (6,709,727)	 (4,005,668)	 3,432,336
 Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	 (96,684)	 (3,485,172)	 –	 4,005,668	 423,812
	10,565,875	–	(6,709,727)	–	3,856,148
Derivative financial instruments	–	–	(97,850)	–	(97,850)
Foreign currency exposure	10,565,875	–	(6,807,577)	–	3,758,298

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows (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 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
<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
Hire purchase 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
Derivative financial instruments	9,555,520	–	(4,260,405)	–	5,295,115
	(1,311,524)	–	–	–	(1,311,524)
Foreign currency exposure	8,243,996	–	(4,260,405)	–	3,983,591

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Sensitivity Analysis

The following table details the sensitivity to a 5% strengthening of Ringgit Malaysia against the following foreign currencies. 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 includes outstanding foreign currency denominated monetary items and foreign operations that have a functional currency different from the presentation currency of the Group entity. The sensitivity analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit RM	Effect on equity RM
United States Dollar	569,958	(36,045)
Chinese Renminbi	(68,436)	68,436
Japanese Yen	30,539	–

A 5% weakening of Ringgit Malaysia against the following foreign currencies at the reporting date would (decrease)/increase profit and equity by the amounts shown below, on the basis that all other variables remain constant.

	Profit RM	Effect on equity RM
United States Dollar	(36,045)	36,045
Chinese Renminbi	75,639	(75,639)

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.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing borrowings.

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 2009, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The following table sets out the carrying amount, by maturity, of the Group's interest-bearing financial instruments:-

	2009 RM	2008 RM
<i>Within one year</i>		
Term loan - floating rates	-	79,367
Revolving credit – fixed rates	8,500,000	9,800,000
Hire purchase payables - fixed rates	2,066,641	1,388,609
<hr/>		
<i>More than one year</i>		
Hire purchase payables - fixed rates	1,332,979	1,998,058
<hr/>		

Interest on financial instruments which are 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.

Accordingly, no interest rate sensitivity analysis is performed in the current financial year as interest rate sensitivity analysis is unrepresentative as the Group's exposure to interest rates on its borrowings are based on fixed rates.

Interest rate sensitivity analysis

The Group's exposure to interest rates on its variable rates borrowings in the previous financial year 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 (RM7,146)/RM6,872.

The sensitivity analysis above has 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.

(iii) Price Risk

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

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

(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 67% of its outstanding trade 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.

As of 31 December 2009, trade receivables of RM5,231,150 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:-

	2009	2008
	RM	RM
Not past due and not impaired	5,829,618	8,610,434
Past due but not impaired		
- Past due 0 to 3 months	5,226,204	2,026,357
- Past due 4 to 6 months	-	110,220
- Past due over 6 months	4,946	8,539
	5,231,150	2,145,116
Past due and impaired	155,130	-
Allowance for impairment of trade receivables	(155,130)	-
	11,060,768	10,755,550

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity and Cash Flow Risks (Cont'd)

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	More than 2 years but less than 3 years RM
At 31 December 2009					
The Group					
Trade payables	9,917,276	9,917,276	9,917,276	-	-
Other payables and accruals	3,745,716	3,745,716	3,745,716	-	-
Derivative financial instruments	97,850	97,850	97,850	-	-
Hire purchase obligations	3,399,620	3,575,999	2,206,846	1,254,091	115,062
Revolving credit	8,500,000	8,574,797	8,574,797	-	-
	25,660,462	25,911,638	24,542,485	1,254,091	115,062
The Company					
Other payables and accruals	116,130	116,130	116,130	-	-
Amount owing to a subsidiary	3,456	3,456	3,456	-	-
Amount owing to directors	132,200	132,200	132,200	-	-
	251,786	251,786	251,786	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity and Cash Flow Risks (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year or on demand RM	More than 1 year but less than 2 years RM	More than 2 years but less than 3 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	–	–
Hire purchase 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 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 31, 32 and 33, cash and bank balances and equity attributable to equity holders of the parent, comprising issued capital, share premium, reserves and retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

3. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

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.

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

	2009 RM	2008 RM
Debts (i)	11,899,620	13,266,034
Cash and cash equivalents	(11,841,897)	(3,649,627)
Net debt	57,723	9,616,407
Equity (ii)	92,106,485	83,385,876
Net debt to equity ratio	0.0006	0.12

(i) Debts relate to borrowings disclosed in Notes 31, 32 and 33 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 2009.

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 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.

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 8 Operating Segments	1 July 2009

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

4. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations (Cont'd)	Effective date
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

4. BASIS OF PREPARATION (CONT'D)

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

FRS 8 replaces FRS 114²⁰⁰⁴ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year.

Amendments to FRS 2: Vesting Conditions and Cancellation clarify the definition of vesting conditions for the purposes of FRS 2, introduce the concept of "non-vesting" conditions, and clarify the accounting treatment for cancellations. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010) clarify that business combination among entities under common control and the contribution of a business upon the formation of a joint venture will not be accounted for under FRS 2. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

Amendments to FRS 7 require enhanced disclosures about fair value measurements and liquidity risk. The amendments will be applied prospectively and therefore will not have any financial impact on the financial statements of the Group for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

4. BASIS OF PREPARATION (CONT'D)

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

IC Interpretation 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity settled or cash settled share-based payment transactions in the separate financial statements of the parent and group companies. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

IC Interpretation 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the group. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

IC Interpretation 17 provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from "prepaid lease payments" to "property, plant and equipment" and measured as such retrospectively.

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:-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vii) *Share-based Payments*

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

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

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

(b) Financial Instruments

Financial instruments recognised in the balance sheet

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial assets of financial liabilities with another entity under conditions that are potentially favourable to the Company.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

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

- Classification (Cont'd)

- Held-to-maturity investments

Held-to-maturity investments 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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

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

- 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.

(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 amounts due according to the original terms of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Assets (Cont'd)

- 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 Currencies

(i) Functional and Presentation Currency

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

(iii) Foreign Operations

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2009.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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% to 5%
Plant and machinery	10% to 20%
Motor vehicles	20%
Renovation	20%
Office equipment	20% to 33.3%
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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of Assets (Cont'd)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all directly attributable transaction costs, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. When such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in shareholders' equity.

(w) 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.

(x) 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.

(y) 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 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) 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 it 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.

(aa) 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.

(ab) 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 2009

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2009	2008
	RM	RM
Unquoted shares, at cost	25,266,500	25,266,500
Loan to a subsidiary	33,230,277	39,235,322
	58,496,777	64,501,822

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
		2009	2008	
		%	%	
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	Manufacturing and sale of toner.
Jadi Imaging Supplies (US), Inc.*	United States of America	100	100	Sale of toner.
Jadi Chemicals Sdn. Bhd. #	Malaysia	100	-	Dormant.
International Cartridge Supplies Sdn. Bhd. #	Malaysia	100	-	Dormant.

* - Not audited by Messrs. Crowe Horwath.

- Held through Jadi Imaging Technologies Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

7. PROPERTY, PLANT AND EQUIPMENT

NET BOOK VALUE	AT		ADDITIONS	TRANSFERS	WRITEOFF/ DISPOSAL	EXCHANGE FLUCTUATION DIFFERENCES	DEPRECIATION CHARGE	AT
	1.1.2009	REVALUATION						
	RM	RM	RM	RM	RM	RM	RM	RM
THE GROUP								
Freehold land	15,510,831	789,524	-	-	-	-	-	16,300,355
Buildings	5,846,928	(213,303)	112,230	8,019,732	-	8,689	(484,599)	13,289,677
Plant and machinery	35,277,342	-	4,084,354	1,339,106	-	(48,985)	(5,686,427)	34,965,390
Motor vehicles	178,431	-	-	-	-	(206)	(72,284)	105,941
Renovation	479,132	-	111,210	405,351	(487,311)	8,232	(43,374)	473,240
Office equipment	724,384	-	233,005	-	-	(210)	(234,068)	723,111
Furniture and fittings	317,249	-	97,674	-	-	-	(111,949)	302,974
Tools and equipment	546,091	-	172,378	-	(672)	(422)	(189,276)	528,099
Construction work-in-progress	5,782,499	-	5,471,264	(9,764,189)	-	(61,154)	-	1,428,420
	64,662,887	576,221	10,282,115	-	(487,983)	(94,056)	(6,821,977)	68,117,207

NET BOOK VALUE	AT		ADDITIONS	WRITEOFF	EXCHANGE FLUCTUATION DIFFERENCES	DEPRECIATION CHARGE	AT
	1.1.2008	RM					
	RM	RM	RM	RM	RM	RM	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)	(4,994,157)	35,277,342
Motor vehicles	360,747	16,380	-	-	(24)	(198,672)	178,431
Renovation	604,802	-	-	61,937	(187,607)	(187,607)	479,132
Office equipment	497,451	392,396	-	5,221	(170,684)	(170,684)	724,384
Furniture and fittings	380,158	40,720	-	-	(103,629)	(103,629)	317,249
Tools and equipment	499,634	221,296	-	(51)	(174,788)	(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)	(6,006,996)	64,662,887

	AT COST RM	AT VALUATION RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
THE GROUP				
AT 31.12.2009				
Freehold land	-	16,300,355	-	16,300,355
Buildings	8,425,083	5,200,000	(335,406)	13,289,677
Plant and machinery	58,175,094	-	(23,209,704)	34,965,390
Motor vehicles	1,444,329	-	(1,338,388)	105,941
Renovation	541,693	-	(68,453)	473,240
Office equipment	1,405,224	-	(682,113)	723,111
Furniture and fittings	637,085	-	(334,111)	302,974
Tools and equipment	1,410,318	-	(882,219)	528,099
Construction work-in-progress	1,428,420	-	-	1,428,420
	73,467,246	21,500,355	(26,850,394)	68,117,207

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

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

	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

2009
RM

2008
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	15,210,191
Buildings	12,422,987	4,655,226

The freehold land and buildings of the Group which were revalued on 13 October 2009 were stated at valuation at the balance sheet date and were revalued by an independent professional valuer, Mr Tew Kok Huat, a registered valuer of Messrs. Henry Butcher Malaysia (Sel) Sdn. Bhd., an independent firm of valuer, using the open market value based on the comparison method and cost method of valuation.

Certain freehold land and buildings in the previous financial year with a total net book value of RM8,252,021 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	
	2009 RM	2008 RM
<u>Net Book Value</u>		
Motor vehicles	74,023	130,876
Plant and machinery	6,204,603	4,280,164
	6,278,626	4,411,040

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

8. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2009 RM	2008 RM
At cost:-		
Land use rights	2,165,247	1,933,071
Foreign exchange translation difference	(23,460)	232,176
At 31 December	2,141,787	2,165,247
Less: Accumulated amortisation		
At 1 January	(68,566)	(22,704)
Amortisation for the current financial year	(44,044)	(40,934)
Foreign exchange translation difference	1,951	(4,928)
At 31 December	(110,659)	(68,566)
	2,031,128	2,096,681

9. INVESTMENT PROPERTY

	THE GROUP	
	2009 RM	2008 RM
At cost:-		
Freehold apartment	120,000	120,000
Less: Accumulated amortisation		
At 1 January	(7,200)	(4,800)
Amortisation during the financial year	(2,400)	(2,400)
At 31 December	(9,600)	(7,200)
	110,400	112,800

The fair value of the investment property at the balance sheet date was RM120,000 (2008 - RM120,000).

10. OTHER INVESTMENT

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

11. INVENTORIES

	THE GROUP	
	2009 RM	2008 RM
At cost:-		
Raw materials	10,039,436	9,514,742
Finished goods	10,362,734	16,218,263
Consumables	-	11,484
At 31 December	20,402,170	25,744,489
	20,402,170	25,744,489

None of the inventories is carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

12. TRADE RECEIVABLES

	THE GROUP	
	2009	2008
	RM	RM
Trade receivables	11,215,898	10,755,550
Allowance for impairment of trade receivables	(155,130)	–
	<hr/> 11,060,768	<hr/> 10,755,550
Allowance for impairment of trade receivables		
At 1 January	–	–
Addition for the financial year	(155,130)	–
	<hr/> (155,130)	<hr/> –
At 31 December		

The Group's normal trade credit terms range from 30 to 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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other receivables	129,383	293,927	1,000	–
Deposits	368,291	367,027	1,000	1,000
Prepayments	2,880,731	1,574,838	–	21,186
	<hr/> 3,378,405	<hr/> 2,235,792	<hr/> 2,000	<hr/> 22,186

14. SHORT-TERM FUND

Short-term fund represents funds deposited with a licensed bank in the money market. The effective interest rate of the short term fund is 2.5% per annum.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM2,500,000 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 2.0% (2008 – 3.0%) per annum at the balance sheet date. The fixed deposits at the balance sheet date had maturity periods ranging from 30 days to 90 days (2008 - 30 days).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

16. SHARE CAPITAL

	THE COMPANY			
	2009 NUMBER OF SHARES	2008	2009 RM	2008 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	604,056,599	604,036,599	60,405,660	60,403,660
Allotment during the financial year	5,295,233	20,000	529,523	2,000
At 31 December	609,351,832	604,056,599	60,935,183	60,405,660

During the financial year, the Company increased its issued and paid-up share capital from RM60,405,660 to RM60,935,183 by the allotment of 5,295,233 new ordinary shares of RM0.10 each at an issue price of RM0.147 per ordinary 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.

Out of the total 609,351,832 issued and fully paid-up ordinary shares as at 31 December 2009, 5,708,400 (2008 - Nil) were held as treasury shares by the Company. As at 31 December 2009, the number of outstanding shares in issue and fully paid-up net of treasury shares amounted to 603,643,432.

17. TREASURY SHARES

The shareholders of the Company, by way of a special resolution passed in the Annual General Meeting held on 20 May 2009, approved the Company's plan to purchase its own ordinary shares up to 10% of its existing total issued and paid-up share capital of the Company.

During the financial year, the Company purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:-

Date	Lowest RM	Price per Share Highest RM	Average RM	No. of Shares	Total Consideration RM
May 2009	0.140	0.140	0.140	50,000	7,051
July 2009	0.125	0.125	0.125	55,000	6,925
October 2009	0.190	0.190	0.190	1,232,300	235,578
November 2009	0.180	0.190	0.185	3,092,000	582,971
December 2009	0.170	0.170	0.170	1,279,100	218,870
At 31 December 2009				5,708,400	1,051,395

The shares purchased under the share buy-back programme were financed by internally generated funds and retained as treasury shares and are presented as a deduction from shareholders' equity in accordance with the requirements of Section 67A of the Companies Act 1965.

As at the balance sheet date, the Company held as treasury shares a total of 5,708,400 (2008 - Nil) of its 609,351,832 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM1,051,395.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

18. 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.

19. 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.

20. 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.

21. 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)	14.7
Exercise price (sen)	14.7
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 service 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;
- (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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

21. SHARE OPTION RESERVE (CONT'D)

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

- (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 2009	39,103,998
Exercised during the financial year	(5,295,233)
Balance at 31 December 2009	33,808,765

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

	THE GROUP/THE COMPANY	
	2009	2008
	RM	RM
Expense arising from equity-settled share-based payment transactions	93,754	145,765

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

	2009		2008	
	Weighted average exercise price per share RM	Options '000	Weighted average exercise price per share RM	Options '000
At 1 January	0.0139	39,104	0.0140	40,224
Exercised	0.0125	(5,295)	0.0134	(20)
Forfeited	-	-	0.0149	(1,100)
At 31 December	0.0142	33,809	0.0139	39,104

The weighted average share price at the date of exercise for share options exercised during the financial year was RM0.194 (2008 - RM0.165). The options outstanding at the balance sheet date have an exercise price of RM0.147 and a remaining contractual life of 15.3 months.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

22. 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.

At the balance sheet date, the Company has not elected for the single tier tax system. 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. Under the single tier tax system, tax on the Company's profit is a final tax and dividends distributed to the shareholders will be exempted from tax.

23. LONG-TERM BORROWING

	THE GROUP	
	2009 RM	2008 RM
Hire purchase payables (Note 31)	1,332,979	1,998,058

24. DEFERRED TAXATION

	THE GROUP	
	2009 RM	2008 RM
At 1 January	4,040,000	4,674,000
Recognised in income statements (Note 37)	770,326	(607,249)
Transfer to revaluation reserve	(53,326)	(26,751)
At 31 December	4,757,000	4,040,000

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

	THE GROUP	
	2009 RM	2008 RM
Deferred tax asset:-		
Unrealised foreign exchange losses	24,000	495,000
Deferred tax liabilities:-		
Revaluation of properties	280,000	298,000
Accelerated capital allowances	4,472,000	4,237,000
Unrealised foreign exchange gains	29,000	-
	4,781,000	4,535,000
	4,757,000	4,040,000

25. 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 2009

26. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	2,289,658	1,335,055	22,130	32,317
Accruals	1,456,058	954,159	94,000	86,833
	3,745,716	2,289,214	116,130	119,150

27. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Contract/ Notional Amount RM	THE GROUP				
		2009		2008		
		Assets RM	Liabilities RM	Contract/ Notional Amount RM	Assets RM	Liabilities RM
Forward currency contracts	6,192,855	–	97,850	2,168,023	–	162,724
Future option contracts	–	–	–	12,075,200	–	1,148,800
		–	97,850		–	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.

28. AMOUNT OWING TO A SUBSIDIARY

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

29. AMOUNT OWING TO DIRECTORS

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

30. SHORT-TERM BORROWINGS

	THE GROUP	
	2009 RM	2008 RM
Hire purchase payables (Note 31)	2,066,641	1,388,609
Revolving credit (Note 32)	8,500,000	9,800,000
Term loan (Note 33)	–	79,367
	10,566,641	11,267,976

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

31. HIRE PURCHASE PAYABLES

	THE GROUP	
	2009	2008
	RM	RM
Minimum hire purchase payments:		
- not later than one year	2,206,846	1,539,061
- later than one year and not later than five years	1,369,153	2,083,074
	3,575,999	3,622,135
Future finance charges	(176,379)	(235,468)
Present value of hire purchase payables	3,399,620	3,386,667
Current (Note 30):		
- not later than one year	2,066,641	1,388,609
Non-current (Note 23):		
- later than one year and not later than five years	1,332,979	1,998,058
Total	3,399,620	3,386,667

The hire purchase payables at the balance sheet date bore effective interest rates of between 4.5% and 6.0% (2008 - 4.5% and 6.4%) 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.

32. REVOLVING CREDIT

	THE GROUP	
	2009	2008
	RM	RM
Principal outstanding (Note 30)		
- Revolving credit 1	6,000,000	6,300,000
- Revolving credit 2	2,500,000	3,500,000
	8,500,000	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 3.9% (2008 - 5.0%) per annum at the balance sheet date and is secured by a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

33. TERM LOAN

	THE GROUP	
	2009 RM	2008 RM
Current portion (Note 30): - repayable within one year	-	79,367

The term loan of the Group in the previous financial year bore an effective interest rate of 6.3% (2008 – 7.5%) per annum at the balance sheet date and was secured by a fixed legal charge over a piece of property of a subsidiary.

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalments	Monthly Instalment Amount RM	Commencement Date of Repayment	Amount Outstanding 2009 RM	2008 RM
1	60	101,000	February 2004	-	79,367

34. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the Group's net asset value of RM92,106,485 (2008 - RM83,385,876) attributable to ordinary shares divided by the number of ordinary shares in issue (excluding treasury shares) at the balance sheet date of 603,643,432 (2008 - 604,056,599) shares.

35. REVENUE

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

36. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of prepaid land lease payments	44,044	40,934	-	-
Allowance for impairment of trade receivables	155,130	-	-	-
Amortisation of investment property	2,400	2,400	-	-
Audit fee				
- current year	76,121	54,750	34,500	24,250
- underprovision in the previous financial year	20,350	-	17,950	-
Depreciation of property, plant and equipment	6,821,977	6,006,996	-	-
Directors' non-fee emoluments	1,933,610	1,741,808	57,635	94,210
Directors' fee	215,000	190,833	215,000	190,833

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

36. PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense:				
- revolving credit	335,903	95,421	-	-
- hire purchase	237,964	131,970	-	-
- term loan	63	53,559	-	-
Investment in subsidiary written off	-	-	-	14
Gain on deconsolidation of a subsidiary	-	(1,084)	-	-
Loss/(Gain) on foreign exchange:				
- realised	1,182,449	2,046,801	-	-
- unrealised	(24,813)	1,981,479	-	-
Plant and equipment written off	487,311	433,806	-	-
Rental of property	200,100	203,201	-	-
Share-based payments	93,754	145,765	93,754	145,765
Staff costs	6,550,923	4,819,662	-	-
Dividend income	-	-	(2,031,000)	(8,642,312)
Fair value changes	-	(56,928)	-	-
Interest income	(148,369)	(169,755)	(126,809)	(62,767)
Gain on disposal of plant and equipment	(9,428)	-	-	-

37. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax:				
- for the current financial year	1,319,550	670,244	-	1,203,000
- underprovision in the previous financial year	111,326	17,238	96,976	16,834
	1,430,876	687,482	96,976	1,219,834
Deferred tax expense (Note 24):				
- for the current financial year	770,326	(104,249)	-	-
- overprovision in the previous financial year	-	(503,000)	-	-
	770,326	(607,249)	-	-
	2,201,202	80,233	96,976	1,219,834

During the financial year, the Malaysian statutory tax rate was reduced from 26% to 25%.

The Malaysian income tax is calculated at the statutory tax rate of 25% (2008 - 26%) of the estimated assessable profit for the year. 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 2009

37. 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation	12,551,630	6,210,052	1,562,425	7,996,507
Tax at the statutory tax rate of 25% (2008 - 26%)	3,138,000	1,615,000	391,000	2,079,000
Tax effects of:-				
Different tax rate of subsidiary operating in other jurisdiction	–	(18,800)	–	–
Tax relief of subsidiary in other jurisdiction	(205,000)	–	–	–
Non-deductible expenses	479,876	521,795	149,000	107,000
Double deductions	(107,000)	–	–	–
Non-taxable income	(37,000)	(15,000)	(540,000)	(983,000)
Utilisation of tax allowances	(1,072,000)	(1,537,000)	–	–
Utilisation of previously unrecognised deferred tax asset	(107,000)	–	–	–
Under/(Over)provision in the previous financial year				
- current tax	111,326	17,238	96,976	16,834
- deferred tax	–	(503,000)	–	–
	2,201,202	80,233	96,976	1,219,834

Subject to agreement with the tax authorities, the Group has unutilised reinvestment allowance of Nil (2008 – RM1,979,000) 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 Solutions Sdn Bhd, had on 12 February 2010 been granted Pioneer Status incentive under the Promotion of Investment Act 1986 by the Ministry of International Trade and Industry Malaysia which qualifies the subsidiary for 70% exemption from income tax on its statutory income from pioneer activities for five years from 1 July 2009 to 30 June 2014.

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 operations and thereafter, is entitled to a 50% relief from the PRC income tax for the next three years, whereby the current statutory tax rate is 25%. JIT Suzhou is in the fourth profit-making year and thus, enjoys a 50% relief from the PRC income tax for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

38. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of approximately RM10,350,428 (2008 - RM6,129,819) by the following weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

	THE GROUP	
	2009	2008
	RM	RM
Issued ordinary shares:-		
At 1 January	604,056,599	604,036,599
Effect of share buy-back	(672,045)	-
Effect of shares issued under ESOS	997,802	12,603
	<hr/>	<hr/>
At 31 December	604,382,356	604,049,202

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.

39. DIVIDEND

	THE GROUP/THE COMPANY	
	2009	2008
	RM	RM
Paid:		
In respect of the previous financial year:		
- Interim tax-exempt dividend of 0.3 sen (2008 - 0.5 sen) per ordinary share	1,812,144	3,020,175

40. 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 previous financial year were as follows:-

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

40. SUMMARY OF EFFECTS ON DECONSOLIDATION OF A SUBSIDIARY (CONT'D)

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 during the previous financial year and was dissolved pursuant to Section 652A of the Companies Act 1985, United Kingdom.

41. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP 2009 2008 RM RM	
Cost of property, plant and equipment purchased	10,282,115	20,329,089
Amount financed through hire purchase	(1,892,295)	(4,022,126)
Interest expense capitalised	(55,792)	–
Cash disbursed for purchase of property, plant and equipment	8,334,028	16,306,963

42. CASH AND CASH EQUIVALENTS

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

	THE GROUP 2009 2008 RM RM		THE COMPANY 2009 2008 RM RM	
Short term investment	5,726,809	–	5,726,809	–
Fixed deposits with licensed banks	3,510,244	261,259	–	–
Cash and bank balances	8,331,653	3,388,368	11,690	74,369
	17,568,706	3,649,627	5,738,499	74,369

43. CAPITAL COMMITMENTS

	THE GROUP 2009 2008 RM RM	
Approved and contracted for:-		
- acquisition of plant and machinery	7,499,427	3,138,981
- construction of factory	5,786,099	3,258,000

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

44. 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors:				
- basic salaries, bonus, and Employees Provident Fund	1,817,525	1,581,815	–	–
- benefits-in-kind	58,450	65,783	–	–
- fee	97,500	100,833	97,500	100,833
- share-based payments	52,085	90,610	52,085	90,610
Non-executive directors:				
- fee	117,500	90,000	117,500	90,000
- other emoluments	5,550	3,600	5,550	3,600
	2,148,610	1,932,641	272,635	285,043

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	
	2009	2008
Executive directors:		
- RM150,001 – RM200,000	–	1
- RM250,001 – RM300,000	1	1
- RM400,001 – RM450,000	1	1
- RM950,001 – RM1,000,000	–	1
- RM1,300,001 – RM1,350,000	1	–
Non-executive directors:		
- Below RM50,000	3	3

45. 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:

	2009 RM	2008 RM
(i) Subsidiary		
Dividend income	2,031,000	8,642,312

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

45. RELATED PARTY DISCLOSURES (CONT'D)

- (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 (Cont'd):

(ii) Key Management Personnel

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	1,973,475	1,748,431	97,500	100,833
Share-based payments	52,085	90,610	52,085	90,610
	<u>2,025,560</u>	<u>1,839,041</u>	<u>149,585</u>	<u>191,443</u>

Information regarding outstanding balances arising from related party transactions at year end is disclosed in Notes 28 and 29 to the financial statements.

46. CORPORATE EVENTS DURING THE FINANCIAL YEAR

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

- (a) On 8 May 2009, the Company incorporated a 50% owned subsidiary, Jadi Chemicals Sdn Bhd ("JCSB") through Jadi Imaging Technologies Sdn Bhd ("JITSB"). Subsequently on 19 May 2009, JITSB purchased the remaining 50% equity interest in JCSB and consequently JCSB became a wholly-owned subsidiary of the Group; and
- (b) On 27 August 2009, the Company incorporated a 50% owned subsidiary, International Cartridge Supplies Sdn Bhd ("ICSB") through Jadi Imaging Technologies Sdn Bhd ("JITSB"). Subsequently on 8 September 2009, JITSB purchased the remaining 50% equity interest in ICSB and consequently ICSB became a wholly-owned subsidiary of the Group.

47. 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:-

	2009 RM	2008 RM
Chinese Renminbi	0.50	0.50
100 Japanese Yen	3.71	3.83
United States Dollar	3.42	3.46

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

48. 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 areas:-

- | | | |
|------|----------|--|
| (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

2009	MANUFACTURING RM	INVESTMENT HOLDING RM	ELIMINATION RM	GROUP RM
REVENUE				
Revenue from external customers	85,762,370	–	–	85,762,370
Dividend received	–	2,031,000	(2,031,000)	–
Interest income	–	126,809	–	126,809
	85,762,370	2,157,809	(2,031,000)	85,889,179
RESULTS				
Segment results	13,644,554	1,562,425	(2,099,219)	13,107,760
Unallocated corporate expenses				(3,760)
Interest expense				(573,930)
Interest income				21,560
Profit before taxation				12,551,630
Income tax expense				(2,201,202)
Profit after taxation				10,350,428

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

48. SEGMENTAL INFORMATION (CONT'D)

(a) By Business Segments (Cont'd)

2009	MANUFACTURING RM	INVESTMENT HOLDING RM	ELIMINATION RM	GROUP RM
ASSETS				
Segment assets #	131,747,576	64,237,276	(73,266,068)	122,718,784
Unallocated assets				194,757
Total assets				122,913,541
LIABILITIES				
Segment liabilities *	51,883,706	251,785	(38,242,449)	13,893,042
Unallocated liabilities				16,914,014
Total liabilities				30,807,056
OTHER INFORMATION				
Amortisation of investment property	2,400	-	-	2,400
Amortisation of prepaid land lease payments	44,044	-	-	44,044
Allowance for impairment of trade receivables	155,130	-	-	155,130
Capital expenditure	10,282,115	-	-	10,282,115
Depreciation of property, plant and equipment	6,821,977	-	-	6,821,977
Plant and equipment written off	487,311	-	-	487,311
Gain on disposal of plant and equipment	(9,428)	-	-	(9,428)
Unrealised gain on foreign exchange	(24,813)	-	-	(24,813)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2009

48. SEGMENTAL INFORMATION (CONT'D)

(a) By Business Segments (Cont'd)

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
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 2009

48. 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
2009	17,953,521	12,700,280	17,856,285	23,116,656	14,262,437	85,889,179
2008	16,774,449	15,551,885	10,354,566	9,519,762	11,022,234	63,222,896

2009	MALAYSIA RM	OVERSEAS RM	GROUP RM
ASSETS			
Segment assets #	93,763,319	28,955,465	122,718,784
Unallocated assets	194,757	-	194,757
Total assets	93,958,076	28,955,465	122,913,541
Capital expenditure	5,652,878	4,629,237	10,282,115
2008			
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

- 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.

49. CONTINGENT LIABILITY - UNSECURED

	THE COMPANY	
	2009 RM	2008 RM
Corporate guarantees given by the Company to licensed banks for banking facilities granted to a subsidiary	11,859,797	13,084,108

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 31.12.2009 (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	14 years/ Freehold	67,518/ 50,186	8,782
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	8 years/ Freehold	855	110
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	14 years/ Freehold	45,833/ 24,921	5,391
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	Toner factory, office	20 January 2009	1 year/ Tenure of 50 years	191,502/ 64,300	10,148

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 25 March 2010

Authorised Share Capital	:	RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Share Capital	:	RM61,007,993.20 comprising 610,079,932 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Number of Shareholders	:	6,509

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 - 99	932	42,731	0.007
100 - 1,000	281	75,982	0.012
1,001 - 10,000	1,595	7,972,727	1.307
10,001-100,000	3,109	90,406,552	14.821
100,001 - 30,498,012*	590	292,509,782	47.955
30,498,013 and above**	2	218,952,486	35.896
Total	6,509	609,960,260	100.000

Notes:

* less than 5% of issued shares

** 5% and above of issued shares

*** Excluding a total of 119,672 ordinary shares brought back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
LSI Holdings Sdn Bhd (formerly known as LTL Venture Holdings Sdn Bhd)	213,556,354 ¹	35.01	0	0
Liew Kim Siong	10,274,259	1.68	213,556,354 ¹	35.01
Ng Poh Imm	0	0	213,556,354 ¹	35.01
Eu Lan Eng	34,416,370	5.64	0	0

Notes:

1 Deemed interested by virtue of his/her shareholdings in LSI Holdings Sdn Bhd (formerly known as LTL Venture Holdings Sdn Bhd) pursuant to Section 6A of the Companies Act, 1965

DIRECTORS' SHAREHOLDINGS

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Liew Kim Siong	10,274,259	1.68	213,556,354 ¹	35.01
Eu Lan Eng	34,416,370	5.64	0	0
Mohd Salmi Bin Mansor	7,687,188	1.26	0	0
Lim Yew Thoon	252,314	0.04	0	0
Pathmarajah A/L R Nagalingam	160,135	0.03	0	0
Dr Gan Seng Neon	70,648	0.01	0	0

Notes:

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

ANALYSIS OF SHAREHOLDINGS

As at 25 March 2010

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

Name	No. of shares held	Percentage (%)
1. LSI Holdings Sdn Bhd (formerly known as LTL Venture Holdings Sdn Bhd)	184,536,116	30.25
2. Eu Lan Eng	30,955,991	5.08
3. Cimsec Nominees (Tempatan) Sdn Bhd LSI Holdings Sdn Bhd (formerly known as LTL Venture Holdings Sdn Bhd) (Jadi ESOS Pool)	29,020,238	4.76
4. Liew Kim Foong	18,491,942	3.03
5. Lee Chee Keng	10,947,966	1.79
6. Liew Kim Siong	10,274,259	1.68
7. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	9,501,159	1.56
8. Chong Wai Har Brenda (Mrs Lim Wai Har Brenda)	8,342,738	1.37
9. Teo Kwee Hock	8,100,586	1.33
10. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Ching Neoh (Margin)	8,040,768	1.32
11. Mohd Salmi Bin Mansor	7,687,188	1.26
12. Won Tian Loong	7,282,677	1.19
13. Won Thean Sang	6,788,696	1.11
14. Won Thiam Foo	6,302,553	1.03
15. Lim Hai Young	4,317,510	0.71
16. Yeow Lan Soon @ Ngeow Lan Sang	3,596,629	0.59
17. Eu Lan Eng	3,460,379	0.57
18. Dato' Chong Weng Choy	2,467,974	0.40
19. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kheng Hoe (STA1)	1,821,576	0.30
20. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wang Choon Seang (E-TMR)	1,776,700	0.29
21. Andy Liew Hock Sim	1,722,468	0.28
22. Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account For Wiegelmann Wolfgang (ET)	1,572,425	0.26
23. Yeoh Phey Ling	1,534,074	0.25
24. KTL Selangor Sdn Bhd	1,513,888	0.25
25. Ng Boo Kean @ Ng Beh Kian	1,503,796	0.25
26. Lau Wai Kok	1,493,703	0.24
27. Eew Sze Chieh @ Yew Sze Kiat	1,433,148	0.23
28. Mayban Nominees (Asing) Sdn Bhd Pledged Securities Account for Choo Bennie	1,412,962	0.23
29. On Thiam Chai	1,321,120	0.22
30. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hong Kim Guan	1,203,541	0.20
Total	378,424,770	62.03



JADI IMAGING HOLDINGS BERHAD

(526319-P)

(Incorporated in Malaysia)

PROXY FORM

No. of ordinary shares held	CDS Account No.

Telephone no. (During office hours)

I/We NRIC No.
(PLEASE USE BLOCK CAPITAL)

of
(FULL ADDRESS)

being a Member(s) of JADI IMAGING HOLDINGS BERHAD (526319-P) hereby appoint*

NRIC No. of

..... or failing him NRIC No.

of

or THE CHAIRMAN OF THE MEETING as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Ninth Annual General Meeting of the Company to be held at Mauna Lani B Room, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 20 May 2010 at 10.00 a.m. and at any adjournment thereof, to vote as indicated below :-

Ordinary Business		For	Against
Ordinary Resolution 1	Re-election of Mr. Lim Yew Thoon as Director pursuant to Article 123 of the Company's Articles of Association		
Ordinary Resolution 2	Re-election of Mr Pathmarajah A/L R Nagalingam as Director pursuant to Article 123 of the Company's Articles of Association		
Ordinary Resolution 3	Re-election of Dr Gan Seng Neon as Director pursuant to Article 123 of the Company's Articles of Association		
Ordinary Resolution 4	Payment of Directors' fees for the financial year ended 31 December 2009		
Ordinary Resolution 5	Re-appointment of Messrs Crowe Horwath as Auditors		
Special Business			
Ordinary Resolution 6	Authority to Issue of shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 7	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%

Dated this day of 2010.

.....
Signature of member(s) or/ Common Seal

Notes:

- (i) A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to 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.
- (ii) 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.
- (iii) 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.
- (iv) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney and any authority, shall be deposited at the Registered Office of the Company at No. 1, Jalan Peguam U1/25A, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.



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Stamp

The Company Secretary

JADI IMAGING HOLDINGS BERHAD (526319-P)

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

Hicom-Glenmarie Industrial Park

40150 Shah Alam

Selangor Darul Ehsan

MALAYSIA

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