

Jadi upbeat on double-digit profit growth

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TONER maker Jadi Imaging Holdings Bhd (7223) expects to record double-digit growth in revenue and profit this year, despite having to contend with the dampening effects of a stronger ringgit. Jadi made RM10.3 million net profit on RM85.8 million revenue for the financial year ended December 31 2009. About 98 per cent of the revenue was from exports. "We have about 30-40 per cent exposure to the strengthening of the ringgit now, so while we may not be as bad as the Japanese who have no imports (of raw materials) to act as buffers, it is substantial," Jadi executive chairman and group chief executive officer Liew Kim Siong told reporters after its extraordinary general meeting in Selangor yesterday. Jadi got shareholders' approval to issue up to 352.2 million of free warrants yesterday, in a move to raise some RM60 million for its expansion plans. For this year, Jadi plans to invest RM50 million for the expansion of three new production lines and a factory in Jalan Kapar, Klang. This is its second fund-raising exercise this year, following a private placement to independent power producer Mega First Corp Bhd. Liew said the company had priced it in such a way that will make it attractive for shareholders to convert their warrants into shares right away. The free warrants have an exercise price of 17 sen, a 27 per cent discount of Jadi's three months volume weighted average market price of 23.5 sen. Meanwhile, Liew said the company hopes to start the commercial production of its new "green" line of toners early next year. Jadi has filed two patents in relation to its new range of palm-oil based Chemically Produced Toner and palm-oil based green toner resin. The company has spent close to RM10 million over the last five years to develop the two new products with University Malaya. "We are not sure how big is the 'green' market (for toners), however with European countries coming up with more rules to on toxicity for exports, it is safe to say that the market is there for the products," Liew said. These "green" toners are expected to command a much higher margin, compared to other products.