



JADI IMAGING HOLDINGS BERHAD (526319 - P)

CONDENSED CONSOLIDATED INCOME STATEMENT

For The First Quarter Ended 31 March 2014

(The figures have not been audited)

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|--------------------|-----------------------|--------------------|----------------------|
| | | Current Year | Preceding Year | Current Year | Preceding Year |
| | | Quarter | Corresponding Quarter | To date | Corresponding Period |
| | | 31 Mar 2014 | 31 Mar 2013 | 31 Mar 2014 | 31 Mar 2013 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | A8 | 17,834 | 19,169 | 17,834 | 19,169 |
| Cost of sales | | (16,312) | (16,941) | (16,312) | (16,941) |
| Gross profit | | 1,522 | 2,228 | 1,522 | 2,228 |
| Other income | | 213 | 348 | 213 | 348 |
| Selling and distribution expenses | | (859) | (705) | (859) | (705) |
| Administrative expenses | | (1,235) | (1,099) | (1,235) | (1,099) |
| Other expenses | | (364) | (137) | (364) | (137) |
| Finance costs | | (175) | (297) | (175) | (297) |
| (Loss)/profit before taxation | | (898) | 338 | (898) | 338 |
| Income tax expense | B5 | 1,068 | (59) | 1,068 | (59) |
| Profit/(loss) after taxation | | 170 | 279 | 170 | 279 |
| Other comprehensive (loss)/income: | | | | | |
| Exchange translation differences | | (989) | 418 | (989) | 418 |
| Total comprehensive (loss)/income | | (819) | 697 | (819) | 697 |
| Profit/(loss) attributable to: | | | | | |
| Equity holders of the Company | | 170 | 279 | 170 | 279 |
| Total comprehensive (loss)/income attributable to: | | | | | |
| Equity holders of the Company | | (819) | 697 | (819) | 697 |
| Earnings per share (sen): | | | | | |
| Basic | B10 | 0.02 | 0.04 | 0.02 | 0.04 |
| Diluted | B10 | 0.02 | 0.04 | 0.02 | 0.04 |

Note:

The unaudited condensed consolidated income statement should be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statements for the financial year ended 31 December 2013.



JADI IMAGING HOLDINGS BERHAD (526319 - P)

CONDENSED CONSOLIDATED BALANCE SHEET

For The First Quarter Ended 31 March 2014

(The figures have not been audited)

| | Current year Quarter 31 Mar 2014 RM'000 | Audited 31 Dec 2013 RM'000 |
|---|--|---|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 104,874 | 108,337 |
| Investment property | 100 | 101 |
| Other investment | 50 | 50 |
| | <u>105,024</u> | <u>108,488</u> |
| CURRENT ASSETS | | |
| Inventories | 32,430 | 33,066 |
| Trade receivables | 10,363 | 10,254 |
| Other receivables, prepayments and deposits | 3,000 | 2,062 |
| Derivative financial instruments | B7 - | - |
| Deferred tax assets | - | - |
| Tax recoverable | 298 | 273 |
| Fixed deposits with licensed banks | - | - |
| Cash and bank balances | 3,755 | 4,607 |
| | <u>49,846</u> | <u>50,262</u> |
| TOTAL ASSETS | <u>154,870</u> | <u>158,750</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 70,631 | 70,631 |
| Treasury shares | (22) | (22) |
| Share premium | 7,622 | 7,622 |
| Revaluation reserve | 1,933 | 1,933 |
| Foreign exchange reserve | 2,909 | 3,898 |
| Share option reserve | - | - |
| Retained profits | 41,274 | 41,104 |
| TOTAL EQUITY | <u>124,347</u> | <u>125,166</u> |
| NON-CURRENT LIABILITIES | | |
| Long-term borrowings | B6 2,053 | 3,156 |
| Deferred tax liabilities | 511 | 1,634 |
| | <u>2,564</u> | <u>4,790</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 5,200 | 5,760 |
| Other payables and accruals | 3,457 | 3,565 |
| Amount due to directors | 126 | 126 |
| Short-term borrowings | B6 19,049 | 19,219 |
| Provision for taxation | 127 | 124 |
| | <u>27,959</u> | <u>28,794</u> |
| TOTAL LIABILITIES | <u>30,523</u> | <u>33,584</u> |
| TOTAL EQUITY AND LIABILITIES | <u>154,870</u> | <u>158,750</u> |
| Net assets per ordinary share (RM) | <u>0.18</u> | <u>0.18</u> |

Note:

Net assets per share as at 31 March 2014 is arrived at based on the Group's Net Assets of RM124.35 million over the number of ordinary shares in issue (excluding treasury shares) of 706,188,777 shares of RM0.10 each. Net Assets per share as at 31 December 2013 was arrived at based on the Group's Net Assets of RM125.17 million over the number of ordinary shares in issue (excluding treasury shares) of 706,188,777 shares of RM0.10 each.

The unaudited condensed consolidated balance sheet should be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statements for the financial year ended 31 December 2013.



JADI IMAGING HOLDINGS BERHAD (526319 - P)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The First Quarter Ended 31 March 2014

(The figures have not been audited)

| | <-----Non-distributable-----> | | | | | <-Distributable-> | | |
|--|-------------------------------|------------------------------|----------------------------|----------------------------------|--|-----------------------------------|----------------------------|-----------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Foreign Exchange Reserve RM'000 | Share option Reserve RM'000 | Retained profits RM'000 | Total RM'000 |
| <u>12 months ended 31 December 2013 (audited)</u> | | | | | | | | |
| At 1 January 2012 (audited) | 70,631 | (22) | 7,622 | 1,933 | 1,078 | - | 39,081 | 120,323 |
| Total comprehensive (loss)/income | - | - | - | - | 2,820 | - | 2,023 | 4,843 |
| Allotment fee expenses - warrant | - | - | - | - | - | - | - | - |
| ESOS exercised | - | - | - | - | - | - | - | - |
| Private placement | - | - | - | - | - | - | - | - |
| Warrant conversion | - | - | - | - | - | - | - | - |
| Share options granted under ESOS | - | - | - | - | - | - | - | - |
| Share options granted under Free Warrant | - | - | - | - | - | - | - | - |
| Distribution of treasury shares | - | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - |
| At 31 December 2013 | 70,631 | (22) | 7,622 | 1,933 | 3,898 | - | 41,104 | 125,166 |
| <u>3 months ended 31 March 2014</u> | | | | | | | | |
| At 1 January 2014 (audited) | 70,631 | (22) | 7,622 | 1,933 | 3,898 | - | 41,104 | 125,166 |
| Total comprehensive income | - | - | - | - | (989) | - | 170 | (819) |
| Allotment fee expenses - warrant | - | - | - | - | - | - | - | - |
| ESOS exercised | - | - | - | - | - | - | - | - |
| Private placement | - | - | - | - | - | - | - | - |
| Warrant conversion | - | - | - | - | - | - | - | - |
| Share options granted under ESOS | - | - | - | - | - | - | - | - |
| Share options granted under Free Warrant | - | - | - | - | - | - | - | - |
| Distribution of treasury shares | - | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - |
| At 31 March 2014 | 70,631 | (22) | 7,622 | 1,933 | 2,909 | - | 41,274 | 124,347 |

Note:

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statements for the financial year ended 31 December 2013.



JADI IMAGING HOLDINGS BERHAD (526319 - P)

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

For The First Quarter Ended 31 March 2014

(The figures have not been audited)

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|--------------------|-----------------------|--------------------|----------------------|
| | | Current Year | Preceding Year | Current Year | Preceding Year |
| | | Quarter | Corresponding Quarter | To date | Corresponding Period |
| | | 31 Mar 2014 | 31 Mar 2013 | 31 Mar 2014 | 31 Mar 2013 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| CASHFLOWS (FOR)/FROM OPERATING ACTIVITIES | | | | | |
| (Loss)/profit before taxation | | (898) | 338 | (898) | 338 |
| Adjustments for: | | | | | |
| Depreciation | | 3,048 | 2,429 | 3,048 | 2,429 |
| Interest expense | | 175 | 298 | 175 | 298 |
| Unrealised (gain)/loss on foreign exchange | | 7 | 65 | 7 | 65 |
| Interest income | | (5) | (3) | (5) | (3) |
| Others | | 11 | 11 | 11 | 11 |
| Operating profit before working capital changes | | 2,338 | 3,138 | 2,338 | 3,138 |
| Inventories | | 310 | 2,476 | 310 | 2,476 |
| Receivables | | (1,083) | 271 | (1,083) | 271 |
| Payables | | (612) | 3,455 | (612) | 3,455 |
| Cash (for)/from operations | | 953 | 9,340 | 953 | 9,340 |
| Interest paid | | (175) | (298) | (175) | (298) |
| Tax paid | | (76) | (30) | (76) | (30) |
| Net cash (for)/from operating activities | | 702 | 9,012 | 702 | 9,012 |
| CASHFLOWS FOR INVESTING ACTIVITIES | | | | | |
| Interest received | | 5 | 3 | 5 | 3 |
| Purchase of property, plant and equipment | | (246) | (2,328) | (246) | (2,328) |
| Net cash for investing activities | | (241) | (2,325) | (241) | (2,325) |
| CASHFLOWS (FOR)/FROM FINANCING ACTIVITIES | | | | | |
| Drawdown of trade finance | | 34 | - | 34 | - |
| Repayment of hire purchase | | (37) | (35) | (37) | (35) |
| Repayment of term loan | | (1,271) | (1,855) | (1,271) | (1,855) |
| Advance from/(repayment) to directors | | - | (61) | - | (61) |
| Net cash (for)/from financing activities | | (1,274) | (1,951) | (1,274) | (1,951) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (813) | 4,736 | (813) | 4,736 |
| EFFECTS OF CHANGES IN FOREIGN EXCHANGE | | (39) | (80) | (39) | (80) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER | | 4,607 | 7,550 | 4,607 | 7,550 |
| CASH AND CASH EQUIVALENTS AT END OF THE QUARTER | A15 | 3,755 | 12,206 | 3,755 | 12,206 |

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 31 March 2014 and is to be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statements for the financial year ended 31 December 2013.



JADI IMAGING HOLDINGS BERHAD (526319 - P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS For The First Quarter Ended 31 March 2014

A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

The interim financial statements are unaudited and have been 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (Revised) Employee Benefits

MFRS 127 Separate Financial Statements

MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 9 (2009) Financial Instruments

MFRS 9 (2010) Financial Instruments

MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)

Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 119: Defined Benefits Plans - Employee Contributions

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Annual Improvements to MFRSs 2010 - 2012 Cycle

Annual Improvements to MFRSs 2011 - 2013 Cycle

Effective Date

To be announced
by MASB

1 January 2014

1 July 2014

1 January 2014

1 January 2014

1 January 2014

1 January 2014

1 July 2014

1 July 2014



JADI IMAGING HOLDINGS BERHAD (526319 - P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS For The First Quarter Ended 31 March 2014

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A1 Basis of preparation (Cont'd)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Company's operations except as follows:-

MFRS 9 (2009), MFRS 9 (2010) & Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.

Amendments to MFRS 119: Employee Contributions

The amendments to MFRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Group is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.



JADI IMAGING HOLDINGS BERHAD (526319 - P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

For The First Quarter Ended 31 March 2014

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A2 Audit report of preceding annual financial statements

The preceding year annual audited financial statements for the financial year ended 31 December 2013 were not subjected to any audit qualification.

A3 Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical changes during the current quarter under review.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim period or financial year which have a material effect in the current quarter under review.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current quarter under review.



JADI IMAGING HOLDINGS BERHAD (526319 - P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
For The First Quarter Ended 31 March 2014

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A7 Dividend paid

There were no dividends paid during the current quarter under review.

A8 Segmental information

Current quarter 31 March 2014 / Current year to date 31 March 2014

| | Manufacturing | Investment Holding | Elimination | Group |
|---------------------------------|----------------------|---------------------------|--------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Revenue</u> | | | | |
| Revenue from external customers | 17,834 | - | - | 17,834 |
| Interest income | - | - | - | - |
| | <u>17,834</u> | <u>-</u> | <u>-</u> | <u>17,834</u> |

Results

| | | | | |
|--------------------------------------|-------|-------|---|--------------|
| Segment results | (582) | (146) | - | (728) |
| Other unallocated corporate expenses | | | | - |
| Interest expense | | | | (175) |
| Interest income | | | | <u>5</u> |
| Loss before taxation | | | | (898) |
| Income tax expense | | | | <u>1,068</u> |
| Profit after taxation | | | | <u>170</u> |

| | Malaysia | China | USA | Elimination | Group |
|---------------------------------|-----------------|---------------|---------------|--------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Revenue</u> | | | | | |
| Revenue from external customers | 13,293 | 4,541 | - | - | 17,834 |
| Interest income | - | - | - | - | - |
| | <u>13,293</u> | <u>4,541</u> | <u>-</u> | <u>-</u> | <u>17,834</u> |

Results

| | | | | | |
|--------------------------------------|-------|-------|---|---|--------------|
| Segment results | (565) | (163) | - | - | (728) |
| Other unallocated corporate expenses | | | | | - |
| Interest expense | | | | | (175) |
| Interest income | | | | | <u>5</u> |
| Loss before taxation | | | | | (898) |
| Income tax expense | | | | | <u>1,068</u> |
| Profit after taxation | | | | | <u>170</u> |



JADI IMAGING HOLDINGS BERHAD (526319 - P)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
For The First Quarter Ended 31 March 2014**

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A8 Segmental information (Cont'd)

Current quarter 31 March 2013 / Current year to date 31 March 2013

| | Manufacturing | Investment Holding | Elimination | Group |
|---------------------------------|----------------------|-------------------------------|--------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Revenue</u> | | | | |
| Revenue from external customers | 19,169 | - | - | 19,169 |
| Interest income | - | - | - | - |
| | 19,169 | - | - | 19,169 |

| | | | | |
|--------------------------------------|-----|-------|-------|-------|
| <u>Results</u> | | | | |
| Segment results | 866 | (118) | (113) | 635 |
| Other unallocated corporate expenses | | | | (2) |
| Interest expense | | | | (298) |
| Interest income | | | | 3 |
| Profit before taxation | | | | 338 |
| Income tax expense | | | | (59) |
| Profit after taxation | | | | 279 |

| | Malaysia | China | USA | Elimination | Group |
|---------------------------------|-----------------|---------------|---------------|--------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Revenue</u> | | | | | |
| Revenue from external customers | 15,171 | 3,998 | - | - | 19,169 |
| Interest income | - | - | - | - | - |
| | 15,171 | 3,998 | - | - | 19,169 |

| | | | | | |
|--------------------------------------|-----|----|---|-------|-------|
| <u>Results</u> | | | | | |
| Segment results | 671 | 77 | - | (113) | 635 |
| Other unallocated corporate expenses | | | | | (2) |
| Interest expense | | | | | (298) |
| Interest income | | | | | 3 |
| Profit before taxation | | | | | 338 |
| Income tax expense | | | | | (59) |
| Profit after taxation | | | | | 279 |



JADI IMAGING HOLDINGS BERHAD (526319 - P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

For The First Quarter Ended 31 March 2014

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A9 Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter under review. The valuation of property, plant and equipment has been brought forward without amendments from the financial statements for the financial year ended 31 December 2013.

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the end of this quarter that have not been reflected in the financial statements for the current quarter under review.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A12 Changes in contingent liabilities or contingent assets

The Directors are of the opinion that there were no changes in contingent liabilities or contingent assets since the last annual balance sheet date which, upon crystallisation would have a material impact on the financial position and business of the Group as at 13 May 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A13 Capital commitments

Capital expenditure of the Group approved by the Directors but not provided for in the condensed financial statements are as follows:

| | Current year To date 31 Mar 2014 RM'000 |
|-------------------------------|--|
| Approved and contracted for: | |
| Purchase of plant & equipment | 272 |
| | <u>272</u> |

A14 Significant related party transactions

There was no significant related party transaction for the current quarter under review.

A15 Cash and cash equivalents

| | Current year To date 31 Mar 2014 RM'000 |
|------------------------------------|--|
| Cash and bank balances | 3,755 |
| Fixed deposits with licensed banks | - |
| | <u>3,755</u> |



JADI IMAGING HOLDINGS BERHAD (526319 - P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

For The First Quarter Ended 31 March 2014

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1 Detailed Analysis

The Group posted a lower revenue of RM17.83 mil for the current quarter under review as compared to RM19.17 million recorded in the corresponding quarter ended 31 March 2013 mainly contributed by decrease in sales volume of colour toner and competitive pricing of toner product despite the increase in sales volume of monochrome toner.

The Group has recorded a loss before taxation of RM898k as compared to a profit before taxation of RM338k in the corresponding quarter ended on 31 March 2013, mainly contributed by the higher production cost due to higher overhead and competitive pricing of toner product.

Comparison results of current quarter and previous year corresponding quarter

The performance of the two business segments for Q1 2014 as compared to previous year corresponding quarter is as below:

a) Manufacturing

Revenue for the current quarter under review has decreased by approximately 7% as compared to the previous year corresponding quarter ended 31 March 2013 mainly attributed to the decrease in sales volume of colour toner and competitive pricing of toner product despite the increase in sales volume of monochrome toner.

The Group has recorded loss before taxation of RM898k for the current quarter under review as compared to the previous year corresponding quarter ended 31 March 2013 with a profit before taxation of RM338k, mainly due to decrease in sales of colour toner coupled with higher production cost due to higher overhead cost.

b) Investment Holding

There were no fixed deposit placements with any financial institutions.

B2 Variation of results against preceding quarter

Compared to preceding quarter ended 31 December 2013, the Group has lower revenue in the current quarter under review with a decrease of 4.7% or RM887k from RM18.15 mil to RM17.83 mil. The decrease in revenue is contributed by lower sales volume of color toner in the current quarter ended 31 March 2014 as compared to preceding quarter ended 31 December 2013.

There has been a higher loss before taxation amounted to RM898k as compared to RM274k in the preceding quarter ended 31 December 2013. The decrease in Q1 2014 is attributed to higher overhead cost has resulted in higher production cost.

B3 Prospects

The global economic outlook continues to remain weak and uncertain, therefore, adversely affecting market demand across different geographical regions including the United States, Europe and China. Despite the gradual decline in consumer printing demand, particularly in the home and small office end-user segment, the Group shall continue to intensify its efforts in R&D, placing greater emphasis on the development of higher value colour toners for use in colour and business printing, which is still experiencing growth in demand. Since the start of resin production in early 2013, the Group has converted up to 90% of its toner formulations with its own in-house produced resin, thus reducing its reliance on imported resins, and enabling further cost savings to be derived once economies of scale is achieved.

B4 Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group.



JADI IMAGING HOLDINGS BERHAD (526319 - P)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

For The First Quarter Ended 31 March 2014

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (Cont'd)

B5 Income tax expense

| | Current quarter 31 Mar 2014 RM'000 | Current year To date 31 Mar 2014 RM'000 |
|-------------------------------|---|--|
| Income tax | | |
| Current year | 55 | 55 |
| Over provision in prior years | - | - |
| Deferred tax expense | | |
| Current year | (1,123) | (1,123) |
| | <u>(1,068)</u> | <u>(1,068)</u> |

The effective tax rate for the current quarter is lower than the statutory tax rate principally due to tax savings arising from tax incentive and tax allowance available.

B6 Group's borrowings and debt securities

As at 31 March 2014, the Group had total borrowings of approximately RM21.10 million, details of which are set out below:

| | RM'000 |
|------------------------------|---------------|
| Interest bearing borrowings: | |
| <i>Short term borrowings</i> | |
| Unsecured: | |
| Revolving credit | 10,303 |
| Secured: | |
| Term loan | 3,819 |
| Hire purchase | 152 |
| Trade finance | 4,775 |
| | <u>19,049</u> |
| <i>Long term borrowings</i> | |
| Secured: | |
| Term loan | 2,053 |
| Hire purchase | - |
| | <u>2,053</u> |
| Total | <u>21,102</u> |

As at 31 March 2014, the Group does not have any foreign currency denominated borrowings.

B7 Derivatives

As at 31 March 2014, the Group does not have any outstanding derivatives.

B8 Material litigation

Neither the Company nor its subsidiary companies is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS

For The First Quarter Ended 31 March 2014

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (Cont'd)

B9 Dividends

The Board of Directors do not recommend the payment of any dividend for the current quarter under review.

B10 Earnings per share

| | Current Quarter 31 Mar 2014 | Current Year to date 31 Mar 2014 |
|--|--|---|
| <i>(a) Basic earnings per share</i> | | |
| Profit/(loss) attributable to ordinary equity holders of the Company (RM'000) | 170 | 170 |
| Issued ordinary shares at 1 January 2014 ('000) | 706,189 | 706,189 |
| Effect of distribution of treasury shares ('000) | - | - |
| Effect of employee share option scheme ('000) | - | - |
| Effect of private placement ('000) | - | - |
| Effect of warrant conversion ('000) | - | - |
| Weighted average number of ordinary shares in issue ('000) | <u>706,189</u> | <u>706,189</u> |
| Basic earnings/(loss) per share (sen) | <u>0.02</u> | <u>0.02</u> |
| <i>(b) Diluted earnings per share</i> | | |
| (Loss)/profit attributable to ordinary equity holders of the Company (RM'000) | 170 | 170 |
| Weighted average number of ordinary shares for basic earnings per share ('000) | 706,189 | 706,189 |
| Effect of dilution under employee share option scheme ('000) | - | - |
| Effect of dilution under warrant conversion ('000) | - | - |
| Weighted average number of ordinary shares in issue ('000) | <u>706,189</u> | <u>706,189</u> |
| Diluted earnings/(loss) per share (sen) | <u>0.02</u> | <u>0.02</u> |

B11 Status of corporate proposals

There were no pending corporate proposals.



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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (Cont'd)

B12 Realised and unrealised profits/losses disclosure

The breakdown of the retained profits of the Group as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

| | As at 31 Mar 2014 RM'000 | As at 31 Dec 2013 RM'000 |
|---|---|---|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 40,767 | 41,629 |
| - Unrealised | (511) | (1,542) |
| | <u>40,255</u> | <u>40,086</u> |
| Less: Consolidation adjustments | 1,019 | 1,018 |
| | <u>41,274</u> | <u>41,104</u> |
| Total group retained profits as per consolidated accounts | | |

B13 Profit/(loss) before taxation

| | Current Quarter 31 Mar 2014 RM'000 | Current Year to date 31 Mar 2014 RM'000 |
|--|---|--|
| Profit/(loss) before taxation is arrived at after charging/(crediting):- | | |
| Interest income | (5) | (5) |
| Other income | (47) | (47) |
| Interest expense | 175 | 175 |
| Depreciation and amortisation | 2,150 | 2,150 |
| Foreign exchange (gain)/loss | <u>73</u> | <u>73</u> |

The following items are not applicable for the quarter/year:

1. Provision for and write off of receivables
2. (Gain)/loss on derivatives
3. (Gain)/loss on disposal of quoted or unquoted investments or properties
4. Impairment of assets
5. Exceptional items

B14 Authorisation for issue

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

Jadi Imaging Holdings Berhad

20 May 2014