

## Mega First buys more Jadi shares

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MEGA First Corp Bhd (MFCB)(3069), a power producer, has almost doubled its stake in Southeast Asia's biggest toner maker Jadi Imaging Holdings Bhd in just a month, indicating its belief in the latter's potential. Jadi shares have surged 79 per cent so far this year and closed 1.7 per cent higher to 30 sen yesterday. However, JF Apex Securities Bhd, which appears to be the only research house covering the stock, has advised investors to take profit as it values Jadi at 23 sen. "We are maintaining our target price of RM0.23 since there are no changes to our earnings forecast," it said in a recent note. On July 16, MFCB bought about 9 per cent of Jadi, or 61.46 million shares, for RM12.29 million under a private placement. On Monday, Jadi told Bursa Malaysia that MFCB had raised its stake by another 8.89 per cent, bringing its total to 17.92 per cent. It is unclear if MFCB plans to raise its stake in Jadi further. MFCB declined to comment. "I believe that it was done for pure investment and more for capital gain," said the JF Apex analyst. MFCB would also be a passive investor, which means it would not interfere with management decisions. Jadi, which is valued at RM204 million, has been profitable for the last five years and has also paid out dividends for the last four. It is the sole toner manufacturer in Malaysia. Almost all of its revenue comes from the export market, with Asia making up half of it. Jadi reported a net profit of RM10.33 million for the year to December 31 2009, a 69 per cent jump from the year before. JF Apex thinks its net profit could rise 21 per cent to RM12.45 million for 2010.