



[Company No.: 200501009101 (686148-A)]

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 MARCH 2023**

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter	Preceding Year	Current Year	Preceding Year
	31.3.23	Quarter	To Date	Corresponding
	RM'000	31.3.22	31.3.23	Period
		RM'000	RM'000	31.3.22
				RM'000
Revenue	90,115	100,012	90,115	100,012
Cost of sales	<u>(81,202)</u>	<u>(81,166)</u>	<u>(81,202)</u>	<u>(81,166)</u>
Gross profit	8,913	18,846	8,913	18,846
Other operating income	1,749	816 *	1,749	816 *
Administrative expenses	<u>(7,065)</u>	<u>(6,314)</u>	<u>(7,065)</u>	<u>(6,314)</u>
Operating profit	3,597	13,348	3,597	13,348
Finance costs	(943)	(586)	(943)	(586)
Finance income	190	38 *	190	38 *
Share of loss of associated companies	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>(119)</u>
Profit before tax	2,844	12,681	2,844	12,681
Tax expenses	<u>(1,245)</u>	<u>(3,182)</u>	<u>(1,245)</u>	<u>(3,182)</u>
Total comprehensive income for the period	<u>1,599</u>	<u>9,499</u>	<u>1,599</u>	<u>9,499</u>
Profit/(loss) attributable to:				
-Owners of the parent	1,753	9,657	1,753	9,657
-Non-controlling interests ("NCI")	<u>(154)</u>	<u>(158)</u>	<u>(154)</u>	<u>(158)</u>
	<u>1,599</u>	<u>9,499</u>	<u>1,599</u>	<u>9,499</u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	<u>0.29</u>	<u>1.62</u>	<u>0.29</u>	<u>1.62</u>

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this report.

* Reclassification finance income from other operating income

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 31.3.23 RM'000	(Audited) At End of Preceding Financial Year 31.12.22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	148,496	146,031
Right-of-use assets	3,026	3,041
Investment in associated companies	-	-
Goodwill on Consolidation	21,532	21,532
	<u>173,054</u>	<u>170,604</u>
Current assets		
Inventories	16 81,330	95,212
Trade receivables	155,885	155,343
Other receivables, deposits and prepayments	3,968	4,092
Contract Assets	3,941	4,611
Tax recoverable	745	411
Cash and cash equivalents	56,690	61,941
	<u>302,559</u>	<u>321,610</u>
TOTAL ASSETS	<u>475,613</u>	<u>492,214</u>
EQUITY AND LIABILITIES		
Share capital	132,533	132,533
Retained profits	175,659	173,906
Capital reserve	(277)	(277)
	<u>307,915</u>	<u>306,162</u>
Non controlling interests	148	302
Total equity	<u>308,063</u>	<u>306,464</u>
Non-current liabilities		
Borrowings	23 29,061	31,208
Lease liabilities	1,387	2,070
Deferred tax liabilities	5,632	5,552
	<u>36,080</u>	<u>38,830</u>
Current liabilities		
Trade payables	57,812	59,988
Other payables and accruals	22,926	20,572
Refund liabilities	-	115
Borrowings	23 37,512	53,748
Lease liabilities	1,596	925
Contract liabilities	5,090	4,511
Tax payables	6,534	7,061
	<u>131,470</u>	<u>146,920</u>
Total liabilities	<u>167,550</u>	<u>185,750</u>
TOTAL EQUITY AND LIABILITIES	<u>475,613</u>	<u>492,214</u>

JHM CONSOLIDATION BERHAD
[Company No.: 200501009101 (686148-A)]

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 31.3.23 RM'000	(Audited) At End of Preceding Financial Year 31.12.22 RM'000
Net assets per share (RM)	<u>0.51</u>	<u>0.51</u>

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this report.

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JHM CONSOLIDATION BERHAD
[Company No.: 200501009101 (686148-A)]

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	----- Attributable to the owners of the parent -----				Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Retained Profits RM'000			
Balance as at 1 January 2023	132,533	-	(277)	173,906	306,162	302	306,464
Total comprehensive income for the period	-	-	-	1,753	1,753	(154)	1,599
<i>Transaction with owners:</i>							
Issuance of share to Non-controlling interest of a subsidiary	-	-	-	-	-	-	-
Balance as at 31 March 2023	<u>132,533</u>	<u>-</u>	<u>(277)</u>	<u>175,659</u>	<u>307,915</u>	<u>148</u>	<u>308,063</u>
Balance as at 1 January 2022	113,231	-	(15,957)	152,252	249,526	312	249,838
Total comprehensive income for the period	-	-	-	9,657	9,657	(158)	9,499
<i>Transaction with owners:</i>							
Issuance of share to Non-controlling interest of a subsidiary	-	-	-	-	-	625	625
Balance as at 31 March 2022	<u>113,231</u>	<u>-</u>	<u>(15,957)</u>	<u>161,909</u>	<u>259,183</u>	<u>779</u>	<u>259,962</u>

Note:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this report.

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 31.3.23 RM'000	(Unaudited) Preceding Year Corresponding Period 31.3.22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,844	12,681
Adjustments for:		
-Non cash items	4,385	2,281
-Interest expense	879	569
-Interest income	(277)	(38)
Operating profit before working capital changes	7,831	15,493
(Increase) / Decrease in inventories	14,191	5,563
(Increase) / Decrease in receivables	1,555	(22,991)
Increase / (Decrease)/Increase in payables	(2,075)	1,746
Change in contract assets	547	-
Change in contract liability	579	-
Cash generated from operations	22,628	(189)
Net income tax (paid) / refund	(2,032)	161
Interest paid	(879)	(569)
Net cash generated from operating activities	19,717	(597)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	277	38
Purchase of property, plant and equipment*	(6,212)	(8,455)
Net cash used in investing activities	(5,935)	(8,417)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown / (Payment) of hire purchase loans	(951)	1,392
Payment of lease liabilities	(556)	(470)
Drawdown / (Repayment) of trade financing	(13,835)	3,357
Drawdown / (Repayment) of term loans	(1,918)	(3,480)
Drawdown / (Repayment) of Revolving credit	(974)	(703)
Proceeds from issuance of shares to non-controlling interest of subsidiary	-	625
Net cash from financing activities	(18,234)	721
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4,452)	(8,293)
CASH AND CASH EQUIVALENTS AT BEGINNING	52,684	38,348
CASH AND CASH EQUIVALENTS AT END	48,232	30,055
The cash and Cash equivalents are represented by:		
Cash and cash equivalents	56,690	38,534
Less: Fixed deposits pledged to licensed bank	(8,458)	(8,479)
	48,232	30,055
Less: Bank overdraft	-	-
	48,232	30,055

JHM CONSOLIDATION BERHAD
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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 31.3.23 RM'000	(Unaudited) Preceding Year Corresponding Period 31.3.22 RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	6,352	8,455
Acquired under finance lease	(140)	-
Total cash acquisition	<u><u>6,212</u></u>	<u><u>8,455</u></u>

Note:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this report.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

1. Basis Of Preparation

The condensed consolidated interim financial statements ("Report") are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. The explanatory notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the financial year ended ("FYE") 31 December 2022.

The adoption of the new/amended MFRS and its amendments does not give rise to any adjustment to the opening balances of retained profit of prior and current years or changes in comparatives.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the FYE 31 December 2022 were not subject to any audit qualification.

3. Seasonality or Cyclicity Factors

The Group's operations were not materially affected by any major seasonal or cyclical changes during the financial year and the current quarter under review.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or exceptional items for the current quarter to date under review.

5. Material Changes in Estimates of Amounts Reported

There were no material changes in the estimates used for the preparation of this interim financial report.

6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

7. Dividend Paid

No dividend has been paid in respect of the current quarter under review.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

8. Segmental Information

Segmental information is presented in respect of the Group's business segments.

Results for the Year-To-Date ended 31 March 2023

	< ----- Manufacturing ----- >			Investment Holding RM'000	Adjustment RM'000	Total RM'000
	Automotive RM'000	Industrial RM'000	Others RM'000			
Segment Revenue						
Revenue from external customers	62,539	27,459	20	97	-	90,115
Inter-segment revenue	5,985	591	-	(429)	(6,147)	-
Total revenue	<u>68,524</u>	<u>28,050</u>	<u>20</u>	<u>(332)</u>	<u>(6,147)</u>	<u>90,115</u>
Segment Results	5,830	(2,086)	(45)	(102)	-	3,597
Interest income						190
Interest expense						(943)
Share of loss of associated companies						-
Profit before tax						<u>2,844</u>
Tax expenses						<u>(1,245)</u>
Net profit for the period						<u>1,599</u>

Results for the Year-To-Date ended 31 March 2022

	< ----- Manufacturing ----- >			Investment Holding RM'000	Adjustment RM'000	Total RM'000
	Automotive RM'000	Industrial RM'000	Others RM'000			
Segment Revenue						
Revenue from external customers	67,832	32,163	-	17	-	100,012
Inter-segment revenue	8,751	425	-	429	(9,605)	-
Total revenue	<u>76,583</u>	<u>32,588</u>	<u>-</u>	<u>446</u>	<u>(9,605)</u>	<u>100,012</u>
Segment Results	11,844	2,104	-	(600)	-	13,348
Interest income						38
Interest expense						(586)
Share of loss of associated companies						(119)
Profit before tax						<u>12,681</u>
Tax expenses						<u>(3,182)</u>
Net profit for the period						<u>9,499</u>

9. Valuation of Property, Plant and Equipment

There has been no revaluation of property, plant and equipment during the quarter ended 31 March 2023.

As at 31 March 2023, all property, plant and equipment were stated at cost less accumulated depreciation.

10. Significant Events After the Reporting Period

There were no significant events subsequent to the end of the current quarter under review and up to the date of this announcement.

11. Changes in the Composition of the Group

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

12. Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2022.

13. Capital Commitments

Authorised and contracted but not provided for :	RM'000
Purchase of property, plant and equipment	<u>9,500</u>

14. Review of Results for the Quarter and Year to Date

	Current Quarter & Year To-Date 31.03.2023	Preceding Year Corresponding Period 31.03.2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	90,115	100,012	(9,897)	-9.90%
Operating profit	3,597	13,348	(9,751)	-73.05%
Profit before tax ("PBT")	2,844	12,681	(9,837)	-77.57%
Profit after tax ("PAT")	1,599	9,499	(7,900)	-83.17%
Profit attributable to ordinary equity holders of the parent	1,753	9,657	(7,904)	-81.85%

The Group recorded revenue and PBT of RM90.12 million and RM2.84 million respectively for the current quarter ended 31 March 2023, representing a reduction of 9.90% and 77.57% respectively as compared to the revenue and PBT of RM100.01 million and RM12.68 million achieved in the same quarter a year ago.

Operating profit margin is lower was mainly due to the following:

- (i) Increase in operating cost mainly due to higher labour cost;
- (ii) Lower sales from industrial segment resulting drop in economy of scale;
- (iii) Lower margin of product mix from automotive segment;
- (iv) Margin pressure due to unfavorable exchange rate as explained below:

	<u>Average rate for the quarter</u>
Revenue recognition for current quarter	RM4.3732
Materials cost captured in 4th Quarter 2022	RM4.6189
Negative impact on margin	-5.62%

- (v) Newly set up divisions yet to be in mass production mode.

15. Comparison With Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER			
	31.03.2023	31.12.2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	90,115	86,774	3,341	3.85%
Operating profit	3,597	5,554	(1,957)	-35.24%
Profit before tax ("PBT")	2,844	4,452	(1,608)	-36.12%
Profit after tax ("PAT")	1,599	2,136	(537)	-25.14%
Profit attributable to ordinary equity holders of the parent	1,753	2,218	(465)	-20.96%

The Group posted revenue and PAT of RM90.12 million and RM1.60 million respectively for the current quarter under review as compared to the revenue and PAT of RM86.77 million and RM2.14 million respectively for the immediate preceding quarter.

The results were generally due to the situation as described in Note 14.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

16. Statement of Financial Position review

	As at	As at	Changes	
	31.03.2023	31.12.2022		
	RM'000	RM'000	RM'000	RM'000
Inventories	81,330	95,212	(13,882)	-14.58%
Borrowings	66,573	84,956	(18,383)	-21.64%

Inventories

The inventories was reduced from RM95.21 million as at 31 December 2022 to RM81.33 million as at 31 March 2023, a reduction of 14.58%.

Borrowings

Total borrowings was reduced from RM84.96 million as at 31 December 2022 to RM66.57 million, a reduction of 21.64%. The Group has settled the short term trade financing

17. Statement of Cash Flow review

	As at	As at	Changes	
	31.03.2023	31.3.2022		
	RM'000	RM'000	RM'000	%
Net cash generated from operating activities	19,717	(597)	20,314	3402.68%
Net cash used in investing activities	(5,935)	(8,417)	2,482	29.49%
Net cash used in financing activities	(18,234)	721	(18,955)	2628.99%

Operating activities

The Group generated positive net cash from operating activities of RM19.72 million for the Financial Period Ended ("FPE") 2023 as compared to negative cash of RM0.60 million for FPE 2022. This was mainly due to depletion of inventory especially in automotive segment.

Investing activities

The net cash outflow in investing activities was mainly due to the acquisition of property, plant and equipment for both automotive and industrial segments.

Financing activities

The net cash outflow in financing activities was mainly attributable from the repayment of trade financing of RM13.84 million.

18 Commentary on Prospects

The Board anticipates that the operating environment continues to be challenging especially for industrial segments due to slowdown in semiconductors industry. Hence, the Group will continue to strive and accord the highest efficiency and innovative means with lean manufacturing and effective costs management as key performance drivers. Barring any unforeseen circumstances, the Board believes that the Group's prospects in this financial year ending 31 December 2023 remains positive.

19. Profit Forecast or Profit Guarantee

Not applicable as no profit forecast or profit guarantee was announced or published.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

20. Tax expenses

Current Year Quarter 31.03.2023 RM'000	Current Year To Date 31.03.2023 RM'000
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Tax expenses comprise the following :

Based on results for the period
- Current tax

1,245	1,245
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21. Corporate Proposals

There was no corporate proposal announced but not completed as at the date of this report.

22 Status of Utilisation of Proceeds

On 3 November 2022, the Company had announced that the Board intends to vary the utilisation of proceeds to be raised from the Private Placement ("Variation"). Based on the indicative issue price of RM0.82 per Placement Share, the Private Placement is expected to raise gross proceeds amounting to RM45.72 million.

On 23 December 2022, the Company completed the listing of 48,400,000 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM0.73 per ordinary share and total proceeds of RM35.33 million was received from the said placement.

The total proceeds raised of RM35.33 million has been utilised as follows:

Details of Utilisation	Variation	Proposed utilisation based on proceed received	Actual Utilisation	Balance Unutilised Proceed as at 31 March 2023	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	RM'000	
i. Capital expenditure for its existing automotive segment and industrial products segment	5,000	3,860	2,450	1,410	12 months
ii. General working capital requirements	28,000	21,640	6,477	15,163	12 months
iii. Investment in embedded design	5,000	3,860	-	3,860	24 months
iv. Partial repayment of interest-bearing borrowing	7,220	5,580	5,580	-	12 months
v. Expenses for the corporate proposal	500	390	351	39	
Total	45,720	35,330	14,858	20,472	

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

23 Group Borrowings And Debt Securities

Particulars of the Group's borrowings are as follow:-

	As at 31 March 2023					
	Short term		Long term		Total	
	Foreign * '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Hire purchase loans	-	6,003	-	8,769	-	14,772
Banker acceptance	-	7,271	-	-	-	7,271
Term Loan	3,222	2,807	7,187	13,105	10,409	15,912
Revolving credit	18,209	-	-	-	18,209	-
Unsecured:						
Bank overdraft	-	-	-	-	-	-
	21,431	16,081	7,187	21,874	28,618	37,955

* Exchange rate @ RM4.417/USD

Total borrowing 66,573

	As at 31 March 2022					
	Short term		Long term		Total	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Hire purchase loans	-	6,242	-	9,599	-	15,841
Banker acceptance	-	15,268	-	-	-	15,268
Term Loan	2,565	2,773	7,877	15,876	10,442	18,649
Revolving credit	19,046	-	-	-	19,046	-
Unsecured:						
Bank overdraft	-	-	-	-	-	-
	21,611	24,283	7,877	25,475	29,488	49,758

* Exchange rate @ RM4.206/USD

Total borrowing 79,246

24 Dividend Payable

No dividend has been recommended for the current quarter under review.

25 Profit before tax

Profit before tax is derived from after charging/(crediting)	Current Quarter & Year To Date 31.03.2023 RM'000	Current Quarter & Year To Date 31.03.2022 RM'000
Depreciation of property, plant and equipment	3,887	3,344
Depreciation of right-of-use assets	250	168
Interest expense	879	569
Interest expense on lease liabilities	64	22
Interest income	(277)	(38)
Realised loss / (gain) on foreign exchange	(634)	(74)
Unrealised loss / (gain) on foreign exchange	164	(473)

Other than the above items, there were no impairment of assets, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and financial period ended 31 March 2023.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2023**

26 Earnings Per Share

The basic earnings per share for the quarter and cumulative year to date are computed as follow:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.23	Preceding Year Corresponding Quarter 31.3.22	Current Year To Date 31.3.23	Preceding Year Corresponding Period 31.3.22
Net profit attributable to owners of the parent (RM'000)	<u>1,753</u>	<u>9,009</u>	<u>1,753</u>	<u>9,009</u>
Weighted average number of ordinary shares issued ('000)	<u>606,000</u>	<u>557,600</u>	<u>606,000</u>	<u>557,600</u>
Basic Earnings Per Share based on weighted average number of ordinary shares issued (sen)	<u>0.29</u>	<u>1.62</u>	<u>0.29</u>	<u>1.62</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current year quarter and current year to date.

-- END OF UNAUDITED FIRST QUARTER INTERIM FINANCIAL REPORT --