



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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 JUNE 2023**

Content	Page
Unaudited Condensed Consolidated Statement of Comprehensive Income	1
Unaudited Condensed Consolidated Statement of Financial Position	2 - 3
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Unaudited Condensed Consolidated Statement of Cash Flows	5 - 6
Notes to the Condensed Consolidated Financial Statements for the Second Quarter Ended 30 June 2023	7 - 13

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.6.23	30.6.22	30.6.23	30.6.22
	RM'000	RM'000	RM'000	RM'000
Revenue	95,420	93,143	185,535	193,155
Cost of sales	<u>(83,836)</u>	<u>(77,006)</u>	<u>(165,038)</u>	<u>(158,172)</u>
Gross profit	11,584	16,137	20,497	34,983
Other operating income	261	1,118 *	2,010	1,934 *
Administrative expenses	<u>(1,764)</u>	<u>(4,170)</u>	<u>(8,829)</u>	<u>(10,484)</u>
Operating profit	10,081	13,085	13,678	26,433
Finance costs	(868)	(684)	(1,811)	(1,270)
Finance income	272	39 *	462	77 *
Share of loss of associated companies	<u>-</u>	<u>(305)</u>	<u>-</u>	<u>(424)</u>
Profit before tax	9,485	12,135	12,329	24,816
Tax expenses	<u>(2,817)</u>	<u>(2,558)</u>	<u>(4,062)</u>	<u>(5,740)</u>
Total comprehensive income for the period	<u><u>6,668</u></u>	<u><u>9,577</u></u>	<u><u>8,267</u></u>	<u><u>19,076</u></u>
Profit/(loss) attributable to:				
-Owners of the parent	6,717	9,772	8,470	19,429
-Non-controlling interests ("NCI")	<u>(49)</u>	<u>(195)</u>	<u>(203)</u>	<u>(353)</u>
	<u><u>6,668</u></u>	<u><u>9,577</u></u>	<u><u>8,267</u></u>	<u><u>19,076</u></u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	<u><u>1.11</u></u>	<u><u>1.75</u></u>	<u><u>1.40</u></u>	<u><u>3.48</u></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 SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 30.6.23 RM'000	(Audited) At End of Preceding Financial Year 31.12.22 RM'000
	Note	
ASSETS		
Non-current assets		
Property, plant and equipment	154,725	146,031
Right-of-use assets	2,776	3,041
Investment in associated companies	-	-
Goodwill on Consolidation	21,532	21,532
	<u>179,033</u>	<u>170,604</u>
Current assets		
Inventories	16 83,875	95,212
Trade receivables	149,091	155,343
Other receivables, deposits and prepayments	3,894	4,092
Contract Assets	4,317	4,611
Tax recoverable	237	411
Cash and cash equivalents	69,391	61,941
	<u>310,805</u>	<u>321,610</u>
TOTAL ASSETS	<u>489,838</u>	<u>492,214</u>
EQUITY AND LIABILITIES		
Share capital	132,533	132,533
Retained profits	181,982	173,906
Capital reserve	(277)	(277)
	<u>314,238</u>	<u>306,162</u>
Non controlling interests	493	302
Total equity	<u>314,731</u>	<u>306,464</u>
Non-current liabilities		
Borrowings	23 29,634	31,208
Lease liabilities	1,370	2,070
Deferred tax liabilities	5,631	5,552
	<u>36,635</u>	<u>38,830</u>
Current liabilities		
Trade payables	63,911	59,988
Other payables and accruals	26,320	20,572
Refund liabilities	-	115
Borrowings	23 34,859	53,748
Lease liabilities	1,383	925
Contract liabilities	4,393	4,511
Tax payables	7,606	7,061
	<u>138,472</u>	<u>146,920</u>
Total liabilities	<u>175,107</u>	<u>185,750</u>
TOTAL EQUITY AND LIABILITIES	<u>489,838</u>	<u>492,214</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 30.6.23 RM'000	(Audited) At End of Preceding Financial Year 31.12.22 RM'000
Net assets per share (RM)	<u>0.52</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.

[Remainder page intentionally left blank]

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 30.6.23 RM'000	(Unaudited) Preceding Year Corresponding Period 30.6.22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,329	24,816
Adjustments for:		
-Non cash items	3,849	2,741
-Interest expense	1,731	1,228
-Interest income	(554)	(79)
Operating profit before working capital changes	17,355	28,706
(Increase) / Decrease in inventories	11,647	3,999
(Increase) / Decrease in receivables	16,309	(40,226)
Increase / (Decrease)/Increase in payables	4,493	1,852
Change in contract assets	160	-
Change in contract liability	(119)	-
Cash generated from operations	49,845	(5,669)
Net income tax paid	(3,271)	(1,179)
Interest paid	(1,731)	(1,228)
Net cash generated from operating activities	44,843	(8,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	554	79
Proceeds from disposal of an associate	-	800
Acquisition of non-controlling interest #	-	-
Proceed from disposal of property, plant and equipment	70	69
Purchase of property, plant and equipment*	(13,595)	(22,184)
Net cash used in investing activities	(12,971)	(21,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown / (Payment) of hire purchase loans	(3,151)	(2,683)
Payment of lease liabilities	(1,114)	(940)
Drawdown / (Repayment) of trade financing	(14,605)	7,648
Drawdown / (Repayment) of term loans	(2,327)	(1,672)
Drawdown / (Repayment) of Revolving credit	(2,475)	-
Proceeds from issuance of ordinary shares to non-controlling interest of a subsidiary	-	625
Net cash from financing activities	(23,672)	2,978
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,200	(26,334)
CASH AND CASH EQUIVALENTS AT BEGINNING	52,684	38,348
CASH AND CASH EQUIVALENTS AT END	60,884	12,014
The cash and Cash equivalents are represented by:		
Cash and cash equivalents	69,391	20,493
Less: Fixed deposits pledged to licensed bank	(8,507)	(8,479)
	60,884	12,014
Less: Bank overdraft	-	-
	60,884	12,014

- Amount less than RM1,000

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 30.6.23 RM'000	(Unaudited) Preceding Year Corresponding Period 30.6.22 RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	16,537	24,766
Acquired under finance lease	(2,942)	(2,582)
Total cash acquisition	<u>13,595</u>	<u>22,184</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.

[Remainder page intentionally left blank]

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 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 ("FYE") 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 FYE 31 December 2022.

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the 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 SECOND QUARTER ENDED 30 JUNE 2023**

8. Segmental Information

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

Results for the Year-To-Date ended 30 June 2023

Segment Revenue	< ----- Manufacturing ----- >			Investment Holding RM'000	Adjustment RM'000	Total RM'000
	Automotive RM'000	Industrial RM'000	Others RM'000			
Revenue from external customers	133,373	51,999	40	123	-	185,535
Inter-segment revenue	15,333	1,212	-	858	(17,403)	-
Total revenue	<u>148,706</u>	<u>53,211</u>	<u>40</u>	<u>981</u>	<u>(17,403)</u>	<u>185,535</u>
Segment Results	17,138	(2,802)	(75)	(583)	-	13,678
Interest income						462
Interest expense						(1,811)
Share of loss of associated companies						-
Profit before tax						12,329
Tax expenses						(4,062)
Net profit for the period						<u>8,267</u>

Results for the Year-To-Date ended 30 June 2022

Segment Revenue	< ----- Manufacturing ----- >			Investment Holding RM'000	Adjustment RM'000	Total RM'000
	Automotive RM'000	Industrial RM'000	Others RM'000			
Revenue from external customers	129,338	63,792	3	22	-	193,155
Inter-segment revenue	17,672	836	-	5,858	(24,366)	-
Total revenue	<u>147,010</u>	<u>64,628</u>	<u>3</u>	<u>5,880</u>	<u>(24,366)</u>	<u>193,155</u>
Segment Results	22,934	4,373	(12)	(864)	-	26,431
Interest income						79
Interest expense						(1,270)
Share of loss of associated companies						(424)
Profit before tax						24,816
Tax expenses						(5,740)
Net profit for the period						<u>19,076</u>

9. Valuation of Property, Plant and Equipment

There has been no revaluation of property, plant and equipment during the quarter ended 30 June 2023.

As at 30 June 2023, all property, plant and equipment were stated at cost less accumulated depreciation.

10. Significant Events After the Reporting Period

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

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review except the Company acquired the non-controlling interest of 625,000 ordinary shares in Mace Hermetic Components Sdn Bhd, representing 25% equity interest for a total cash consideration of Ringgit Malaysia Twenty Five (RM25.00) only.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 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>3,800</u>

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

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Year Quarter 30.6.23	Preceding Year Corresponding Quarter 30.6.22	Changes		Current Year To-Date 30.6.23	Preceding Year Corresponding Period 30.6.22	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	95,420	93,143	2,277	2.44%	185,535	193,155	(7,620)	-3.95%
Operating profit	10,081	13,085	(3,004)	-22.96%	13,678	26,433	(12,755)	-48.25%
Profit before tax	9,485	12,135	(2,650)	-21.84%	12,329	24,816	(12,487)	-50.32%
Profit after tax ("PAT")	6,668	9,577	(2,909)	-30.37%	8,267	19,076	(10,809)	-56.66%
Profit attributable to ordinary equity holders of the parent	6,717	9,772	(3,055)	-31.26%	8,470	19,429	(10,959)	-56.41%

For the quarter under review, the Group achieved revenue of RM95.42 million as compared to RM93.14 million for the corresponding quarter last year. However, the Group posted lower PAT at RM6.67 million for the current quarter as compared to RM9.58 million in the same quarter a year ago.

For the six months period ended 30 June 2023, the Group recorded revenue and PAT of RM185.54 million and RM8.27 million respectively, these represent a decline of 3.95% in revenue and 56.67% in PAT as compared to the same period a year ago.

PAT 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; and
- (iv) Newly set up divisions yet to be in mass production mode.

15. Comparison With Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER			
	30.6.23	31.3.22	Changes	
	RM'000	RM'000	RM'000	%
Revenue	95,420	90,115	5,305	5.89%
Operating profit	10,081	3,597	6,484	180.26%
Profit before tax ("PBT")	9,485	2,844	6,641	233.51%
Profit after tax ("PAT")	6,668	1,579	5,089	322.29%
Profit attributable to ordinary equity holders of the parent	6,717	1,753	4,964	283.17%

The Group posted revenue and PAT of RM95.42 million and RM6.67 million respectively for the current quarter under review as compared to the revenue and PAT of RM90.11 million and RM1.58 million respectively for the immediate preceding quarter. The overall improved performance was mainly driven by the automotive segment and strengthening of USD against MYR.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2023**

16. Statement of Financial Position review

	As at	As at	Changes	
	30.6.23	31.12.22		
	RM'000	RM'000	RM'000	RM'000
Inventories	83,875	95,212	(11,337)	-11.91%
Borrowings	64,493	84,956	(20,463)	-24.09%

Inventories

The inventories was reduced from RM95.21 million as at 31 December 2022 to RM83.88 million as at 30 June 2023, a reduction of 11.91%.

Borrowings

Total borrowings was reduced from RM84.96 million as at 31 December 2022 to RM64.49 million, a reduction of 24.09%. The Group has reduced the short term trade financing and revolving credit.

17. Statement of Cash Flow review

	As at	As at	Changes	
	30.6.23	30.6.22		
	RM'000	RM'000	RM'000	%
Net cash generated from operating activities	44,843	(8,076)	52,919	-655.26%
Net cash used in investing activities	(12,971)	(21,236)	8,265	-38.92%
Net cash used in financing activities	(23,672)	2,978	(26,650)	-894.90%

Operating activities

The Group generated positive net cash from operating activities of RM44.84 million for the Financial Period Ended ("FPE") 2023 as compared to negative net cash of RM8.08 million for FPE 2022. This was mainly due to depletion of inventory especially in automotive segment as well as collection from customers.

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 settlement of trade financing, finance lease, term loan and revolving credit.

18. Commentary on Prospects

The continued uncertainties in the global economic environment, escalation of costs due to inflationary pressure and fluctuation of foreign exchange rates are amongst factors that may impact the Group's performance. 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 SECOND QUARTER ENDED 30 JUNE 2023**

20. Tax expenses

Current Year Quarter 30.6.23 RM'000	Current Year To Date 30.6.23 RM'000
--	--

Tax expenses comprise the following :

Based on results for the period
- Current tax

2,817	4,062
-------	-------

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 30 June 2023	Intended Timeframe for Utilisation	Status
		RM'000	RM'000	RM'000	RM'000		
i.	Capital expenditure for its existing automotive segment and industrial products segment	5,000	3,860	3,250	610	12 months	In progress
ii.	General working capital requirements	28,000	21,640	13,935	7,705	12 months	In progress
iii.	Investment in embedded design	5,000	3,860	-	3,860	24 months	In progress
iv.	Partial repayment of interest-bearing borrowing	7,220	5,580	5,580	-	12 months	Completed
v.	Expenses for the corporate proposal	500	390	351	39		Completed
	Total	45,720	35,330	23,116	12,214		

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2023**

23. Group Borrowings And Debt Securities

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

	As at 30 June 2023					
	Short term		Long term		Total	
	Foreign Loan	MYR Loan	Foreign Loan	MYR Loan	Foreign Loan	MYR Loan
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Secured:						
Hire purchase loans	-	5,428	-	7,758	-	13,186
Banker acceptance	-	6,500	-	-	-	6,500
Term Loan	3,404 *	2,819	9,475 *	12,401	12,879 *	15,220
Revolving credit	16,708 *	-			16,708 *	-
Unsecured:						
Bank overdraft	-		-	-	-	-
	20,112	14,747	9,475	20,159	29,587	34,906

* Foreign loan in USD @ RM4.6650 /USD

Total Borrowing **64,493**

	As at 30 June 2022					
	Short term		Long term		Total	
	Foreign Loan	MYR Loan	Foreign Loan	MYR Loan	Foreign Loan	MYR Loan
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Secured:						
Hire purchase loans	-	6,145	-	8,400	-	14,545
Banker acceptance	-	19,559	-	-	-	19,559
Term Loan	3,207 ^	2,786	9,560 ^	15,176	12,767 ^	17,962
Revolving credit	19,724 ^	-			19,724 ^	-
Unsecured:						
Bank overdraft	-		-	-	-	-
	22,931	28,490	9,560	23,576	32,491	52,066

^ Foreign loan in USD @ RM4.4080 /USD

Total Borrowing **84,557**

24. Dividend Payable

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2023**

25. Profit before tax

Profit before tax is derived from after charging/(crediting)	Current Quarter 30.6.23 RM'000	Year To Date 30.6.23 RM'000	Year To Date 30.6.22 RM'000
Depreciation of property, plant and equipment	3,948	7,835	6,926
Depreciation of right-of-use assets	250	500	336
Gain on disposal of property, plant and equipment	-	-	(37)
Interest expense	851	1,731	1,228
Interest expense on lease liabilities	17	80	42
Interest income	(277)	(554)	(79)
Property, plant and equipment written off	-	-	6
Realised loss / (gain) on foreign exchange	(211)	(845)	1,296
Unrealised loss / (gain) on foreign exchange	(4,960)	(4,796)	(4,551)

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 30 June 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 30.6.23	Preceding Year Corresponding Quarter 30.6.22	Current Year To Date 30.6.23	Preceding Year Corresponding Period 30.6.22
Net profit attributable to owners of the parent (RM'000)	<u>6,717</u>	<u>9,772</u>	<u>8,470</u>	<u>19,429</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>1.11</u>	<u>1.75</u>	<u>1.40</u>	<u>3.48</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 SECOND QUARTER INTERIM FINANCIAL REPORT --