



**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 JUNE 2017**

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JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter 30.6.17 RM'000	Preceding Year Corresponding Quarter 30.6.16 RM'000	Current Year To Date 30.6.17 RM'000	Preceding Year Corresponding Period 30.6.16 RM'000
Revenue	63,815	47,328	129,157	92,979
Cost of sales	<u>(48,547)</u>	<u>(39,185)</u>	<u>(99,877)</u>	<u>(76,450)</u>
Gross profit	15,268	8,143	29,280	16,529
Other operating income	1,221	722	3,346	1,430
Administrative expenses	<u>(5,698)</u>	<u>(2,685)</u>	<u>(11,142)</u>	<u>(7,589)</u>
Operating profit	10,791	6,180	21,484	10,370
Finance costs	<u>(307)</u>	<u>(284)</u>	<u>(628)</u>	<u>(508)</u>
Profit before taxation	10,484	5,896	20,856	9,862
Taxation	<u>(2,506)</u>	<u>(1,346)</u>	<u>(5,111)</u>	<u>(2,308)</u>
Total comprehensive income for the period	<u>7,978</u>	<u>4,550</u>	<u>15,745</u>	<u>7,554</u>
Profit attributable to:				
-Owners of the parent	7,930	4,524	15,738	7,276
-Non-controlling interests	<u>48</u>	<u>26</u>	<u>7</u>	<u>278</u>
	<u>7,978</u>	<u>4,550</u>	<u>15,745</u>	<u>7,554</u>
Earnings per share				
- Basic	<u>5.77</u>	<u>3.68</u>	<u>12.05</u>	<u>5.92</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 2016 and the accompanying explanatory notes attached to this report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) At End of Current Year To Date 30.6.17 RM'000	(Audited) At End of Preceding Financial Year 31.12.16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,338	30,887
Development costs	-	-
	<u>30,338</u>	<u>30,887</u>
Current assets		
Inventories	22,233	20,480
Trade receivables	85,139	64,882
Other receivables, deposits and prepayments	1,150	2,157
Tax recoverable	8	256
Cash and cash equivalents	10,926	9,172
	<u>119,456</u>	<u>96,947</u>
TOTAL ASSETS	<u>149,794</u>	<u>127,834</u>
EQUITY AND LIABILITIES		
Share capital	24,747	12,373
Share premium	-	3,538
Retained profits	48,248	41,199
	<u>72,995</u>	<u>57,110</u>
Capital reserve	(277)	(277)
	<u>72,718</u>	<u>56,833</u>
Non controlling interests	704	-
Total equity	<u>73,422</u>	<u>56,833</u>
Non-current liabilities		
Borrowings	7,611	7,787
Deferred tax liabilities	1,236	1,213
	<u>8,847</u>	<u>9,000</u>
Current liabilities		
Trade payables	38,087	33,727
Other payables and accruals	5,992	9,763
Borrowings	18,567	16,278
Provision for taxation	4,879	2,233
	<u>67,525</u>	<u>62,001</u>
Total liabilities	<u>76,372</u>	<u>71,001</u>
TOTAL EQUITY AND LIABILITIES	<u>149,794</u>	<u>127,834</u>
Net assets per share (RM)	<u>0.30</u>	<u>0.46</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 2016 and the accompanying explanatory notes attached to this report.

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

2017	----- Attributable to the owners of the parent -----					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	Total RM'000		
Balance as at 1 January 2017	12,373	3,538	(277)	41,199	56,833	-	56,833
Bonus share issued	12,374	(3,538)	-	(8,836)	-	-	-
Total comprehensive income for the period	-	-	-	15,885	15,885	704	16,589
Balance as at 30 June 2017	<u>24,747</u>	<u>-</u>	<u>(277)</u>	<u>48,248</u>	<u>72,718</u>	<u>704</u>	<u>73,422</u>
Balance as at 1 January 2016	12,300	2,954	-	21,031	36,285	(545)	35,740
Total comprehensive income for the period	-	-	-	7,276	7,276	218	7,494
Balance as at 30 June 2016	<u>12,300</u>	<u>2,954</u>	<u>-</u>	<u>28,307</u>	<u>43,561</u>	<u>(327)</u>	<u>43,234</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 2016 and the accompanying explanatory notes attached to this report.

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 30.6.17 RM'000	(Unaudited) Preceding Year Corresponding Period 30.6.16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,856	9,862
Adjustments for :		
-Non cash items	4,648	3,257
-Interest expense	628	508
-Interest income	(26)	(13)
Operating profit before working capital changes	26,106	13,614
Increase in inventories	(1,681)	(3,338)
Increase in receivables	(22,415)	(4,778)
Increase/(Decrease) in payables	2,299	(4,401)
Cash generated from operations	4,309	1,097
Income tax paid	(2,067)	(457)
Interest paid	(628)	(508)
Net cash generated from operating activities	1,614	132
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	26	13
Acquisition of subsidiary, net of cash and cash equivalents acquired	(640)	(60)
Proceed from disposal of property, plant and equipment	30	-
Purchase of property, plant and equipment *	(740)	(2,545)
Net cash used in investing activities	(1,324)	(2,592)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of banker acceptance	1,975	-
(Repayment)/Drawdown of finance lease	(867)	3,483
Proceeds of trade financing	-	2,061
Drawdown of invoice financing	500	-
Repayment of term loans	(144)	(141)
Net cash from financing activities	1,464	5,403
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,754	2,943
CASH AND CASH EQUIVALENTS AT BEGINNING	9,172	2,783
CASH AND CASH EQUIVALENTS AT END	10,926	5,726
Represented by:		
Short term funds with a licensed financial institution	137	3
Cash and bank balances	6,240	5,723
Fixed deposits with license financial institution	4,549	-
	10,926	5,726

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 30.6.17 RM'000	(Unaudited) Preceding Year Corresponding Period 30.6.16 RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	740	3,100
Acquired under hire purchase loans	-	(555)
Total cash acquisition	<u>740</u>	<u>2,545</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 2016 and the accompanying explanatory notes attached to this report.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
SECOND QUARTER ENDED 30 JUNE 2017**

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 2016. 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 2016.

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the financial year ended 31 December 2016.

At the date of authorisation of this Report, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

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

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue - Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the FYE 31 December 2016 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
SECOND QUARTER ENDED 30 JUNE 2017**

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
SECOND QUARTER ENDED 30 JUNE 2017

8. Segmental Information

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

Results for the Year-To-Date ended 30 June 2017

	Electronic products RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Segment Revenue				
Revenue from external customers	129,157	-	-	129,157
Inter-segment revenue	16,578	-	(16,578)	-
Total revenue	<u>145,735</u>	<u>-</u>	<u>(16,578)</u>	<u>129,157</u>
Segment Results	21,843	(385)	-	21,458
Interest income				26
Interest expense				(628)
Profit before taxation				20,856
Taxation				(5,111)
Net profit for the period				<u>15,745</u>

Results for the Year-To-Date ended 30 June 2016

	Electronic products RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Segment Revenue				
Revenue from external customers	92,808	171	-	92,979
Inter-segment revenue	13,530	-	(13,530)	-
Total revenue	<u>106,338</u>	<u>171</u>	<u>(13,530)</u>	<u>92,979</u>
Segment Results	10,773	(32)	(384)	10,357
Interest income				13
Interest expense				(508)
Profit before taxation				9,862
Taxation				(2,308)
Net profit for the period				<u>7,554</u>

9. Valuation Of Property, Plant And Equipment

There has been no revaluation of property, plant and equipment during the quarter ended 30 June 2017.

As at 30 June 2017, all property, plant and equipment were stated at cost less accumulated depreciation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
SECOND QUARTER ENDED 30 JUNE 2017

10. Material Post Balance Sheet Events

There were no material 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.

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 2016.

13. Capital Commitments

Authorised and contracted but not provided for :

RM'000

Purchase of property, plant and equipment

1,000

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

	INDIVIDUAL PERIOD (2nd Quarter)				CUMULATIVE PERIOD			
	Current Year Quarter 30.6.17	Preceding Year Corresponding Quarter 30.6.16	Changes		Current Year To-Date 30.6.17	Preceding Year Corresponding Period 30.6.16	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	63,815	47,328	16,487	34.84%	129,157	92,979	36,178	38.91%
Operating profit	10,791	6,180	4,611	74.61%	21,484	10,370	11,114	107.17%
Profit before tax	10,484	5,896	4,588	77.82%	20,856	9,862	10,994	111.48%
Profit after tax ("PAT")	7,978	4,550	3,428	75.34%	15,745	7,554	8,191	108.43%
Profit attributable to ordinary equity holders of the parent	7,930	4,550	3,380	74.29%	15,738	7,276	8,462	116.30%

For the quarter under review, the Group posted a revenue and PAT of RM63.82 million and RM7.98 million respectively. These represent improvement in revenue and PAT of 34.84% and 75.34% respectively against the corresponding quarter ended 30 June 2016 ("FY 2016").

For the six months period ended 30 June 2017, the Group recorded revenue and PAT of RM129.16 million and RM15.75 million respectively, these represent increase of 38.91% in revenue and 108.43% in PAT as compared to the same period a year ago.

The Group achieved higher revenue and PAT for the quarter under review and the financial year-to-date as compared with the corresponding quarter/period of FY 2016 were mainly attributable to higher demand in LED lamps of automotive industry couple with better utilisation of fixed factory overhead.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
SECOND QUARTER ENDED 30 JUNE 2017

15. Comparison With Immediate Preceding Quarter's Results

	Individual Quarter ended			
	30.6.17 RM'000	31.3.17 RM'000	Changes	
			RM'000	%
Revenue	63,815	65,342	(1,527)	-2.34%
Operating profit	10,791	10,693	98	0.92%
Profit before tax	10,484	10,372	112	1.08%
Profit after tax ("PAT")	7,978	7,767	211	2.72%
Profit attributable to ordinary equity holders of the parent	7,930	7,808	122	1.56%

The Group posted revenue and PAT of RM63.82 million and RM7.98 million respectively for the current quarter under review as compared to revenue and PAT of RM65.34 million and RM7.77 million respectively for the immediate preceding quarter.

Despite of slight decline in revenue, the Group has achieved higher profit margin in operating profit as well as PAT. This was driven from improvement in operational efficiency.

16. Commentary On Prospects

The use of LEDs in automotive lighting systems continue to gain automotive lightings manufacturers' confidence and consumers' wide acceptance owing to its proven and superior reliability and high energy efficiency. More importantly, it enables and facilitates the state of the art design aesthetics over conventional lighting systems. Its significant application versatility and demand growth continue to gain more traction as there are already projects in the work in using LEDs as the light source even in the motorcycle industry in Malaysia. Hence, the board remains optimistic in achieving satisfactory performance in the coming financial quarter given the favorable market development.

17. Profit Forecast Or Profit Guarantee

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

18. Taxation

Current Year Quarter 30.6.17 RM'000	Current Year To Date 30.6.17 RM'000
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Taxation comprise the following :

Based on results for the period
- Current taxation

2,506	5,111
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19. Corporate Proposals

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
SECOND QUARTER ENDED 30 JUNE 2017

20. Group Borrowings And Debt Securities

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

	As at 30 June 2017					
	Short term		Long term		Total	
	USD'000 ^	RM'000	USD'000 ^	RM'000	USD'000 ^	RM'000
Secured:						
Finance lease liabilities	-	3,152	-	5,580	-	8,732
Banker acceptance (USD)	1,760	7,557	-	-	1,760	7,557
Banker acceptance (RM)	-	7,050	-	-	-	7,050
Term Loan	-	308	-	2,031	-	2,339
Unsecured:						
Invoice financing	-	500	-	-	-	500
		18,567		7,611		26,178

	As at 30 June 2016					
	Short term		Long term		Total	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured:						
Finance lease liabilities	-	3,154	-	6,777	-	9,931
Banker acceptance (RM)	-	8,250	-	-	-	8,250
Term Loan	-	293	-	2,338	-	2,631
Unsecured:						
Invoice financing	-	1,000	-	-	-	1,000
		12,697		9,115		21,812

^ Exchange rate @ 4.294

21. Dividend Payable

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

22. Profit before taxation

	Current Year Quarter 30.6.17 RM'000	Current Year To Date 30.6.17 RM'000
Profit before taxation is derived from after charging/(crediting)		
Depreciation of property, plant and equipment	1,336	2,705
Gain on disposal of property, plant and equipment	(5)	(5)
Interest expense	310	631
Interest income	(18)	(26)
Property, plant and equipment written off	-	96
Realised gain on foreign exchange	(1,491)	(3,045)
Unrealised loss on foreign exchange	965	1,852

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 2017.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
SECOND QUARTER ENDED 30 JUNE 2017**

23. Disclosures of Realised And Unrealised Profits/Losses

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised is as follow:-

	(Unaudited) As at 30.6.17 RM'000	(Audited) As at 31.12.16 RM'000
Total retained profits of the Company and its subsidiaries:		
-Realised	55,157	47,601
-Unrealised	<u>(1,236)</u>	<u>(1,213)</u>
	53,921	46,388
Less: Consolidation adjustments	<u>(5,673)</u>	<u>(5,189)</u>
Total group retained profits as per consolidated accounts	<u><u>48,248</u></u>	<u><u>41,199</u></u>

24. 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 30.6.17	Preceding Year Corresponding Quarter 30.6.16	Current Year To Date 30.6.17	Preceding Year Corresponding Period 30.6.16
Net profit attributable to owners of the parent (RM'000)	<u>7,930</u>	<u>4,524</u>	<u>15,738</u>	<u>7,276</u>
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	<u>137,481</u>	<u>123,000</u>	<u>130,607</u>	<u>123,000</u>
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.10 each in issue (sen)	<u>5.77</u>	<u>3.68</u>	<u>12.05</u>	<u>5.92</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 --